




KAREN BASS
MAYOR

To: General Managers of All City Departments (Except Airports, Harbor, Water and Power, LACERS, and Fire and Police Pensions)

From: Mayor Karen Bass 

Subject: **Fiscal Year 2024-25 Proposed Budget Development – a Message from the Mayor**

Date: October 3, 2023

Since taking office nearly ten months ago, I am grateful for the support of City Council, Department heads and their staff. Thanks to your hard work and collaborative efforts, we have made significant progress towards addressing the homeless crisis and making Los Angeles a safer and more livable City for all.

In partnership with the City Council, we have committed an unprecedented level of funding towards homeless solutions. At the same time, we have made significant investments towards restoring our public safety ranks and expanding violence prevention programs.

Because of these investments, we are seeing real progress on both fronts. But despite the progress achieved, there are significant long-term challenges and uncertainties that we must face ahead.

I continue to believe the potential of Los Angeles is limitless. However, the financial resources for the upcoming budget cycle are projected to attain only modest growth that could be adversely impacted by unforeseen factors, including the possibility of an economic downturn.

At this time, we are still in the process of negotiating successor contracts with our civilian and sworn employees. While we intend to ensure the bargaining process results in fair and equitable agreements, particularly for employees at the lowest compensation levels, any resulting adjustments will increase the City's ongoing obligations for the upcoming and subsequent budget cycles.

Homelessness is a continuing emergency that cannot be resolved within a single budget cycle, and we will need to determine a way forward to continue making progress in eliminating

encampments and moving people inside. In consideration of these challenges, it is critical that we continue to exercise fiscal restraint and keep our reserve levels strong.

Members of my administration will meet with you in the upcoming weeks to discuss priorities for your 2024-25 budget requests. Budget requests that align with the following objectives will be prioritized for consideration of funding:

- ❖ Providing outstanding services for residents and businesses
- ❖ Implementing strategies to end homelessness and expand housing access
- ❖ Preventing crime and interrupting cycles of violence
- ❖ Advancing environmental justice, sustainability and climate change mitigations
- ❖ Institutionalizing equity principles to expand opportunities for Angelenos

Given our limited resources, Departments are asked to provide cost-neutral budget proposals through offsets of new revenues or cost reductions. Requests for new capital projects should be limited to addressing the most critical needs, with funding prioritized to address shortfalls for existing projects and project backlogs. Programs carrying high balances of unspent funds will require strong justification to support the consideration of additional funding.

My administration is working diligently to secure new sources of state and federal funding. Departments are expected to engage in strategic efforts to leverage external funds that would reduce demands on the General Fund. Similarly, Departments should maximize Special Fund resources and propose strategies to reduce General Fund subsidies.

Almost every City Department continues to struggle with high vacancy levels that compromise our ability to deliver City services effectively. Departments should prioritize filling existing position vacancies over requests for new staff authorities. Any requests for new positions should be limited and considered in instances where similar outcomes cannot be achieved through process improvements or technological solutions.

In developing your budget proposals, please provide performance metrics that define both meaningful and measurable outcomes. Departments are also asked to propose innovative solutions for addressing the City's long-term structural challenges.

My management team is coordinating with the Office of the City Administrative Officer (CAO) to provide detailed instructions and the accompanying budget forms that will be released shortly following this letter. Your 2024-25 budget submissions will be due no later than **Friday, November 17, 2023 by 5:00 pm**. My administration will conduct joint meetings with the CAO beginning late February to provide Departments an opportunity to discuss their priorities and inform funding decisions for my Proposed Budget.

I look forward to continuing our collaborative efforts in the upcoming months to implement another historic budget that addresses our City's most pressing challenges, while laying the foundation for a more resilient and sustainable government that will serve as a legacy for both current and future generations of Angelenos.