




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 2025-26 Proposed Budget Development – a Message from the Mayor

Date: September 25, 2024

Over the last year and a half, in partnership with the City Council, we have broken with the status quo to create real change. Together, we saw an unprecedented ten percent drop in street homelessness, violent crime came down and millions of city services were delivered to our residents and businesses. Thank you for the work you do each and every day on behalf of the people of Los Angeles.

As we begin budgeting for the new fiscal year, we must be clear-eyed about the City's economic forecast, which anticipates lagging revenues and rising costs, similar to other cities and states across the country. Significant deficits are expected until Fiscal Year 2028-29, even after the difficult choices we had to make during the budget process for Fiscal Year 2024-25.

Together, we must continue breaking from the old ways and embracing a fresh approach that continues to advance our priorities for Los Angeles. We must continue our urgent momentum toward confronting the homelessness crisis, keeping Angelenos safe, delivering world-class services, building a greener L.A. and creating opportunities for all Angelenos.

Last year, we pledged to use this process as a "reset" to the old way of budgeting. Our attention is fixed on making this process more honest and transparent in a way that efficiently and effectively allocates our tax dollars to continue moving Los Angeles forward with urgency and continuing the services that your departments deliver every day.

This year, the department budget proposal process will be streamlined to help us focus on measurable outcomes and service delivery for Angelenos. We are implementing a new procedure that cuts back on paperwork and allows you to focus on the core priorities of your departments and, with feedback from my team, on the investments that will move L.A. forward.

To that end, we are asking you to conduct an analysis of your spending, reporting on the following:

### **Comprehensive Analysis of Department Services and Measurable Outcomes**

- ❖ **Analyze your “base-budget” to determine major services, functions and outcomes** – To focus on outcomes for Angelenos, each department’s “base budget” must be thoroughly reviewed and ensure that your staffing and resources are aligned with the challenges we face in delivering services for Angelenos, a practice that hasn’t been undertaken in years. Keep an eye towards equity and service of less advantaged communities in your review. Make recommendations to modify service levels, or discontinue those that are underperforming or non-responsive to current needs.
- ❖ **Develop forward-looking procurement and contract schedule to anticipate costs, efficiency opportunities** – Provide a general breakdown of all current contract services, including total funding, tentative timing to initiate the next procurement process as applicable, and other relevant considerations.
- ❖ **Identify your personnel’s key duties** – Describe personnel duties at the broad program level, including current status of positions, and any proposed realignments within Department programs.
- ❖ **Prepare to coordinate closely with staff in the Mayor’s office** – Bring budget solutions to the Deputy Mayors and members of the Budget Team to engage on a balancing strategy that seeks to utilize a variety of budget solutions, including the leveraging of new revenues and Special Funds, driving costs savings through new technologies and business practices, and through other innovative practices that you should propose as part of your 2025-26 budget submissions. Be prepared to join working groups to provide insight in order to make strategic budget decisions.
- ❖ **Develop new budget requests with purpose and focus** – Take an honest evaluation of your current expenses, service delivery and outcomes to determine if existing commitments are meeting the mark for Angelenos and where there are opportunities to continue breaking with the status quo. Any new or expanded service budget requests must follow a streamlined, two-step process outlined in the enclosures and subsequent instructions you will receive from the Office of the City Administrative Officer.

It is essential for Departments to maintain strong controls to avoid overspending. The preservation and continued growth of our reserve levels will keep us resilient in the face of the unknown and ensure that we can weather unforeseen circumstances should they come our way.

This is the next step in a new budget making process for our City that is focused on outcomes and results as we make our city more livable for our 3.8 million residents as we continue our preparations to be on the world stage for international events in the coming years. I thank you in advance for embracing this new approach to your department's proposals. Together, we can continue our urgent work to move L.A. in a new direction.

Enclosures:

1. Overview of Mayoral Priorities
2. Request for New or Expanded Services (Sample "Short Form")
3. Budget Instructions for "Short Form"

The logo for Mayor Karen Bass is a dark blue rounded rectangle. Inside, the text "Mayor Karen Bass" is written in white. Below the text is a horizontal bar divided into three segments of green, yellow, and red.

## Priorities: 2023 to 2026

**Confront the Homelessness & Housing Crisis** - The City is working with urgency to bring Angelenos inside at an unprecedented rate and build more housing throughout Los Angeles. We are scaling our efforts to bring more people inside who are living in tents, in encampments and RVs and connecting them with housing and supportive services. At the same time, we are building out a permanent interim housing infrastructure and helping to encourage the building of housing to lower the cost of confronting this crisis and to help prevent people from falling into homelessness in the first place.

**Keep Angelenos Safe** - Our number one job is to keep Angelenos safe. This means doing all we can to address crime swiftly when it happens and prevent crime from happening in the first place. We are prioritizing the hiring and retention of officers and investing in comprehensive solutions that break the cycle of crime.

**Invest in City Services** - We need to make our city more livable for all. That includes improving our city services to make sure Los Angeles is the clean city we deserve. That also means celebrating the culture of our city and ensuring that the basic needs of all Angelenos are met, especially as we prepare to host the world for the 2026 World Cup and the 2028 Olympic and Paralympic Games.

**Build a Greener Los Angeles** - We are continuing to implement green initiatives such as 100% clean energy by 2035 that bring us closer to our goals. We also are creating an inclusive green economy and making sure that our city is resilient in the face of worsening climate change and extreme weather events.

**Create Opportunity** - We are working to create opportunity at every corner of Los Angeles — ensuring our economy is working for everyone through quality jobs and livable wages. We will work to make sure small businesses are able to thrive and support our port, airport and other world-class facilities as well. Economic inequality and affordability issues must be addressed and we are working actively to make that happen.

Enclosure No. 2: REQUEST FOR NEW OR EXPANDED SERVICES - "SHORT FORM" (Due: October 24, 2024)

DEPARTMENT: \_\_\_\_\_

POINT(S) OF CONTACT \_\_\_\_\_

A. RANK	B. PROGRAM / SERVICE	C. ALIGNMENT WITH BUDGET CATEGORIES:						D. DESCRIPTION / JUSTIFICATION	E. NEW STAFF		F. ESTIMATED COST IMPACT						
		Homelessness & Housing	Public Safety	Improved Services	Environ. & Decarb.	Equity	2028 Games		Reg.	Reso.	General Fund	MICLA	Special Fund (SF)	Total	List SF Sources	Cost Neutral	Explanation of Cost Neutrality / Proposed Offsets
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### Enclosure No. 3 - Instructions for New or Expanded Service Requests (“Short Form”)

#### ❖ **Stage 1: Submissions for New or Expanded Service Requests (Short Form)**

Requests for new or expanded services will be considered through a two-step, streamlined process to reduce the workload associated with the preparation of the annual budget, and enable Departments to devote more of their administrative resources to the delivery of their core services.

For the initial stage, Departments would provide a brief overview of budgetary requests falling under this category, using a new supplemental Google Form that will be shared with you electronically (refer to Enclosure No. 2 for sample format).

The initial “Short Form” is due no later than **3:00 p.m. Thursday, October 24, 2024**, by providing an email notification for the completed Google Form to both the Mayor’s Office of Citywide Budgeting (MOCB) at [mayor.budget@lacity.org](mailto:mayor.budget@lacity.org), and your respective Deputy Mayor(s).

The MOCB will contact each Department to identify proposals selected for further consideration. Departments would then prepare a full formal request through the “Stage 2” process described in the Section below.

Each new or expanded service request will require compelling justification to warrant further consideration, along with any potential cost offsets that may include the realignment of existing resources. Please also refer to the guidance provided below:

Data Field(s)	Instructions *
<b>Department Name</b>	(Your Department name will be pre-populated)
<b>Point of Contact(s)</b>	Reflect the name(s) and phone number(s) for the personnel who will serve as the primary point of contact for follow-up questions.
<b>A. (Priority) Rank</b>	Indicate the priority level of the budget request in numerical order, with “1” representing the highest priority. Each request needs to be assigned its own distinct priority ranking, without assigning the same ranking to multiple proposals.
<b>B. Program/Service</b>	Reflect the name of the relevant program and associated service. Use the standard name for any existing programs as they appear in the 2024-25 Adopted Budget. Reflect any new programs proposed in <b>bold font</b> .
<b>C. Alignment with Budget Category</b>	Indicate whether the specific program services align with the budget categories reflected in the spreadsheet (refer to Enclosure No. 1 to the Mayor’s Budget Letter for additional context).

### Enclosure No. 3 - Instructions for New or Expanded Service Requests (“Short Form”)

<b>D. Description / Justification</b>	<p>Provide a succinct description and purpose of each new or expanded service request.</p> <p>Provide compelling justification(s) to warrant further consideration, including how the request addresses any legal or liability factors; applicable returns on investments (ROI); anticipated savings for operation and maintenance (O&amp;M) expenses; along with improvements for citywide operations, or those impacting multiple departments.</p>
<b>E. New Staff Request</b>	<p>Reflect the number of new regular and/or resolution position(s) associated with each new or expanded service proposed (if any).</p> <p>Any new Executive position(s) should be identified as part of Column D – Description / Justification.</p>
<b>F. Estimated Cost Impact</b>	<p><u>Estimated Cost Impact</u>: Provide a preliminary estimate of additional funding needed (if any) to implement the proposed new or expanded service.</p> <p><u>Cost Neutral</u>: Use the checkbox provided to denote any new or expanded service requests that do not require additional funding investments.</p> <p><u>Explanation of Cost Neutrality / Proposed Offsets</u>: Provide a succinct explanation of how the new or expanded service request can be implemented within the Department’s existing resources.</p>
* Please direct questions regarding the “short” form to <a href="mailto:mayor.budget@lacity.org">mayor.budget@lacity.org</a> .	

#### ❖ **Stage 2: Submission of Annual Budget Package with Supplemental Forms**

We are working in close collaboration with the Office of the City Administrative Officer (CAO) to facilitate the “base-budget” review. To the extent possible, the supplemental forms will include pre-populated data to reduce the workload involved.

The CAO will release a comprehensive memorandum to provide further instructions, along with all the remaining budget forms.

As part of this submission package, Departments would include new or expanded service requests identified for further consideration as part of the “Stage 1” process.

Departments would submit their final budget package electronically no later than **3:00 p.m. on Friday, November 22, 2024**, and also provide **two hard copies** to the MOCB, which is located on the 15<sup>th</sup> floor of City Hall (Suite 1533).

Department submissions that are non-responsive to the budgetary instructions will be returned for modification.