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ERIC GARCETTI
MAYOR

April 21, 2021

The Honorable Members of the Budget and Finance Committee
City Clerk
City Hall, Room 395
Attention: Mandy Morales

OFFICE OF FINANCE FISCAL YEAR 2021-22 PROPOSED BUDGET

Dear Honorable Members:

The Office of Finance (Finance) is grateful for the opportunity to comment on the Mayor's Proposed Budget. We recognize the vast and complex challenges that the City has faced as a result of COVID-19 and greatly appreciate the Council and Mayor's leadership in guiding us through these difficult times.

We would like to thank the Mayor's Office, as well as the Office of the City Administrative Officer, for supporting Finance operations. As the largest revenue generation and collection City agency, Finance's day-to-day work supports that of all other departments, providing a range of financial services that keeps the City moving forward. This ranges from maximizing our investments, to processing all City transactions, to collecting over \$2 billion in General Fund revenue. As the City begins reopening the economy, and expanding City services, Finance's role in maintaining the underlying financial infrastructure cannot be understated.

Salaries and Hiring

Finance greatly appreciates the partial restoration of salaries funding. Although the decline of services as a result of SIP are not unique to our department, the impacts are far reaching, impeding global revenue collection and generation, as well as exposing the City's finances to larger than necessary transactional risks. Our main priority now is to receive authorization to fill critical vacancies and leverage the funds in the salaries account to mitigate risks and restore revenue-based operations.

One of Finance's goals in the next few years is to reassert itself as the primary revenue collection and generation policy advisor to City leadership by overhauling in-house operations and retooling existing data practices to prioritize cash and revenue management citywide.

We believe that the restoration of salaries and the flexibility in hiring will allow us to right-size our supporting infrastructure to a point where we can shift our focus to reestablishing a prominent revenue management operation.

Systems

An area of recent concern and opportunity is our internal systems. Many of our technologies are on the cusp of losing support and we have been exploring ways to upgrade and sustain systems to avoid any gaps in service and promote cybersecurity. We are thankful for the additional investment in our contractual services account dedicated toward the backbone of the City's tax system, LATAX.

In the fall of 2020, upon mutual agreement between ITA and Finance, ITA discontinued providing support services to LATAX. The decision was based on several factors: there were substantial changes made to the system resulting in City staff no longer being familiar with the application, coupled with the loss of institutional knowledge in ITA and Finance resulting from SIP and the inability to backfill as a result of the citywide hiring freeze. This greatly impacted the ability for Finance to ensure the ongoing operationality of the system. Finance established a new contractual services agreement with Infosys, which had modernized the LATAX codebase from Powerbuilder to Java, to provide ongoing system support to troubleshoot day-to-day issues or implement required changes in functionality in-lieu of the discontinued support previously provided by ITA.

The funds included in the 2021-22 Budget will be necessary to continue ongoing operations and help secure LATAX by shifting it to a cloud-based system to improve the management of the technical environment along with making it more resilient and accessible to staff and the public. Funds will also be used to hire a technical expert to work with Finance technical staff and to interface with Infosys on the technical adjustments necessary to stabilize the system, make it portable to a cloud-based environment, and ensure the code and development environment fits within Finance's long-term technical support strategy.

Customer service enhancements are also a critical component. Other program adjustments will include making the web-based system more public user friendly so that taxpayers can automatically receive basic information or make basic adjustments to their account so that Finance staff can focus on more complicated customer service requests. This is especially important as we are severely understaffed in comparison to prior years, which has contributed to large backlogs in emails and long wait times at the public counter and over the phone.

Finance recognizes the importance of having a robust, in-house Systems team, which is why it is one of our priorities to staff up as soon as we are allowed to do so. Until we are able to fill the necessary number of positions and train staff, we will continue to have limited flexibility and will need to rely even more heavily on contractual services to survive through these challenging times.

Conclusion

We are incredibly grateful to the Mayor, the Budget and Finance Committee, and the City Council for your continued support of the Office of Finance. We respectfully request that our budget be left intact and that Finance is given the flexibility to fill staff vacancies in order to maintain our financial infrastructure's integrity, ensure the security of our systems, and maximize the City's revenue generation and collection.

Sincerely,



Diana Mangioglu
Director of Finance/City Treasurer

Cc: Matt Szabo, Office of the Mayor
Jeanne Holm, Office of the Mayor
Ha To, Office of the City Administrative Officer
Augusto Gutierrez, Office of the City Administrative Officer

