

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to fiscal concerns and prioritization of critical hiring.

Recommendations for Council action:

1. INSTRUCT all City Departments to limit all hiring to the critical areas identified by the City Administrative Officer (CAO) report dated January 19, 2024, attached to Council file No. 23-0660-S115.
2. INSTRUCT the CAO, in collaboration with the Mayor's Office and the Chief Legislative Analyst (CLA), to develop and implement a process for prioritizing critical hiring, as described in the CAO report.
3. INSTRUCT the CAO to report monthly to the City Council following the implementation of the priority critical hiring process described in the CAO report on positions that departments have filled through the process described in the CAO report.
4. INSTRUCT the CAO to propose to Council, within 45 days, the elimination of all non-critical vacant positions, as defined in the CAO report. The report should include the number of consultants and contractors that will be needed to perform City work as a result of eliminating the proposed non-critical vacant positions.
5. INSTRUCT the CAO to report on the restructuring of services, programs, and/or other organizational components of the City that will be necessitated by the elimination of positions.
6. INSTRUCT the CAO, with assistance of various City departments, to report on opportunities to update fees for service and other revenue enhancement opportunities including ballot measures.
7. INSTRUCT the CAO to provide a written report within 45 days, and in every Financial Status Report thereafter, on attrition rates across all City departments. The report should include:
 - a. A breakdown of positions with high attrition rates and low attrition rates.
 - b. An analysis of how employment levels are affected by the hiring and promotional freeze and their effects on City services.
 - c. Recommendations for implementing effective retention strategies throughout the City.
8. INSTRUCT the CAO, with the assistance of the CLA, to provide a written report on the duplication and possible consolidation of services within the City's Budget, including the Homeless Budget and the City's Alternative Response Services. The report should include:
 - a. A breakdown of the services that are duplicated across the City and the success metrics associated with each service.
 - b. An analysis of the potential benefits and challenges associated with consolidating duplicate services.
 - c. An analysis on how service consolidation may impact the quality of services provided by the City.
9. INSTRUCT the CLA, with the assistance of the CAO, to report back on sole source contracts related to homelessness initiatives and alternative response initiatives and the possibility of

replacing sole source contracted services with City workforce, therefore decreasing the number of vacancy eliminations.

10. INSTRUCT the CAO to report on the number of department and proprietary department staff that are on loan to other departments and offices.
11. INSTRUCT the CAO to add the Clean LA Program and the Workforce Equity Demonstration program to the list of "Categories of prioritized critical hiring requiring review process" (page 5 in the CAO report).
12. INSTRUCT the CAO and the CLA to also report back to the Personnel, Audits, and Hiring committee for all future reports.

Fiscal Impact Statement: The CAO reports that adopting the recommendations stated will mitigate the City's current unresolved over expenditures totaling \$143 million, provide additional protection against a potential General Fund revenue shortfall currently estimated at \$158 million, support the City's efforts to maintain a Reserve Fund balance above the five percent policy minimum, and facilitate the development of a 2024-25 Budget that maintains critical service levels.

Financial Policies Statement: The CAO reports that the recommendations in stated are consistent with the City's Financial Policies insofar as they would help to ensure that current appropriations are limited to the sum of available cash and revenues to be received this fiscal year.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on January 24, 2024, your Budget, Finance and Innovation Committee considered a CAO report relative to fiscal concerns and prioritization of critical hiring.

After an opportunity for public comment was held, the Committee recommended to move forward the recommendations contained in the CAO report, as detailed above, as amended, to expand on Recommendation No. 4 and to add Recommendation Nos. 7-12. This matter is now submitted to the Council for consideration.

Respectfully Submitted,



BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD	YES
HARRIS-DAWSON	YES
YAROSLAVSKY	ABSENT
MOSKOWITZ	YES
RODRIGUEZ	YES

LV 1.24.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-