

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

Date: July 18, 2018

To: The Mayor  
The Council

From: Jon Merritt, President  
Innovation and Performance Commission



Subject: **RECOMMENDATION TO REVIEW LOS ANGELES CITY BUDGET PROCESS**

At the May 3, 2018 special meeting of the Innovation and Performance Commission, the Commission adopted the recommendations outlined in the document attached. This document is now transmitted for further consideration and action.

A similar recommendation was previously transmitted to the City Council, and can be found under Council File 17-1414.

Attachment

*JM:BLS: 11180075h*

cc: *Herb Wesson, Council President*  
*Paul Krekorian, Councilmember, Chair of the Budget and Finance Committee*  
*Miguel Sangalang, Deputy Mayor, Mayor's Office of Budget and Innovation*  
*Richard H. Llewellyn, Jr., City Administrative Officer*

Innovation & Performance Commission  
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Los Angeles, CA 90012-4190

## IPC Motion of Action

### Recommendation to Review Los Angeles City Budget Process

SPONSOR: Commissioner Sargent

CO-SPONSOR: Commissioner Kaz

ISSUE: The City of Los Angeles annual budget process is incredibly complex, labor intensive, frustrating for almost everyone involved, and currently results in almost the exact same budget as in previous years. Year over year budget constraints enable relatively limited creativity in both the process and the ultimate budget allocations. Hundreds of city employees are fully or partially dedicated year-round to support a process that results in limited material change from previous budgets. If there is any one single internal process that seems to cause agitation with every city worker, it's how complicated and seemingly defeatist the current process is for just about everyone involved.

This is not to say that the budget process is a waste of effort. Quite the opposite, this suggests that we have an opportunity as a City to critically review the way the budget process is conducted today, looking at areas for improvement – and, perhaps, a very different system altogether.

Potential options include:

- Moving to a two-year budget cycle with some set-aside for special programs
- Three-year budget and a three-year baseline budget with the goal of understanding the longer-term consequences of its policies and recommendations

Previously recommended by the IPC on 5/8/17.

#### RECOMMENDATION:

1. Create an Ad Hoc Committee of the City Council, including representation from the CAO, Mayor's Office, and the IPC.
2. Task this Ad Hoc Committee with either reviewing the current process for improvement recommendations or commissioning an external study to ultimately recommend improvements to the process.
3. Support the "Truth in Budgeting Ordinance" recommendation from the Los Angeles 2020 Commission (Council File # 14-1184-S2).



#### President

Jon Merritt

#### Vice President

Tony Hoang

#### Commissioners

Lisa Kaz

Jerry Levey

Jason Seward

Dr. John T. Walker

\*OPEN (Blumenfield)

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DISTRIBUTION: Mayor Eric Garcetti; City Council President Herb Wesson; Budget and Finance Committee Chairperson Councilmember Paul Krekorian; Deputy Mayor Miguel Sangalang; City Administrative Officer Richard Llewellyn, Jr.; and additional parties as deemed necessary