

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: December 12, 2017

To: The Mayor
The Council

From: Todd Sargent, President 
Innovation and Performance Commission

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

At the September 11, 2017 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.

Attachment

TS:BLS: 11180012h

cc: *Herb Wesson, Council President*
Paul Krekorian, Councilmember, 2nd District
Miguel Sangalang, Deputy Mayor, Mayor's Office of Budget and Innovation
Richard H. Llewellyn, Jr., Interim City Administrative Officer

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Innovation and Performance Commission (IPC) Motion of Action

Recommendation to Review Los Angeles City Budget Process



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SPONSOR: Commission President Todd Sargent

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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

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).

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