

Communication from Public

Name: LIONEL MARES

Date Submitted: 04/13/2025 11:04 PM

Council File No: 25-0600

Comments for Public Posting: Hon. City Council: I am a Neighborhood Council Budget Advocate (Region 1), and I am writing for myself as an individual. In March 2025, the Neighborhood Council Budget Advocates released their Annual 2025 White Paper. The Neighborhood Council Budget Advocates provide guidance for addressing the city's structural deficit. Neighborhood Council Budget Advocates have met with City Departments, and in the 2025 White Paper provide guidance in addressing the \$1 Billion Financial Deficit. I urge you to take the time to READ the 2025 White Paper. Thank you. Lionel Mares



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Neighborhood Council Budget Advocates provide guidance for L.A.'s deficit

City News Service

UPDATED: March 25, 2025 at 7:09 PM PDT

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The Neighborhood Council Budget Advocates delivered a letter to Los Angeles

elected officials on Tuesday, March 25, urging them to avoid across-the-board cuts without considering their long-term impacts and offered recommendations to address a nearly \$1 billion deficit at City Hall in the coming fiscal year.

Glenn Bailey and Jay Handal, co-chairs of the Neighborhood Council Budget Advocates, delivered the group's annual White Paper, a report on the city's spending and services, to Mayor Karen Bass and the Los Angeles City Council. They urged the city to evaluate the structure of city departments and to consolidate them if necessary, as well as to consider moving employees back into City Hall or offer work-from-home opportunities to reduce costs with leases.

"This is a pivotal moment in our city's history," the letter reads. "It is not a time for politics but for responsible financial stewardship. We must make tough but rational decisions."

"This is also an opportunity to think about what kind of city we want in 10 years and structure the decisions accordingly," the letter continued.

The budget advocates also noted that history has shown "indiscriminate reductions" — especially in revenue-generating departments — can result in unintended consequences. They warned against slashing critical administrative functions such as personnel, which could leave the city struggling to recover once economic conditions improve.

In the letter, the budget advocates provided the following recommendations:

- Update the four-year General Fund budget outlook to reflect anticipated raises for city employees;
- Develop a two-year budget;

- Conduct open and transparent labor negotiations that require significant outreach to Angelenos before, during and after the negotiations;
- Place a ballot measure that would prohibit the city from entering into any labor agreement that would create a current or future deficit, which in the short term could be implemented via an ordinance;
- Develop a long-term infrastructure plan;
- Create robust reserve fund that can only be used in declared emergencies and not to balance the budget (a current practice); and
- Establish an Office of Transparency and Accountability to oversee the city’s budget and finances in real time.

In its 116-page report, the budget advocates also provide a department-by-department list of potential cost-saving measures, which can be viewed at budgetadvocates.org/white-papers.

Under a system established in 1999, members of Neighborhood Councils are volunteers elected by residents of their respective communities. The councils advocate on issues such as homelessness, housing, land use and public safety.

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Communication from Public

Name: LIONEL MARES
Date Submitted: 04/13/2025 11:19 PM
Council File No: 25-0600

Comments for Public Posting: Hon. City Council: I am concerned about the \$1 Billion Budget Deficit that the City of Los Angeles is facing. I am concerned about cuts to city services, and city employees being laid off. I am concerned about the future of Los Angeles. There are some City Departments that provide essential services to the residents of Los Angeles and a cut to their workforce would have an impact on the delivery of those services due to staff shortages and delays. Currently, the LAPD has the biggest operating budget, and the city gets sued for police misconduct, liability payouts come out from the General Fund. Any payouts for LAPD misconduct should come out from THEIR own budget rather than the general fund that other city departments rely on. The LAPD has cost the city millions of dollars in liability payouts due to police misconduct and abuse of authority. The mayor's office is considering eliminating and or laying off city employees to "Balance the Budget". It is unfair to punish other city departments because of LAPD's misconduct and financial mismanagement such as liability payouts. The City of L.A. should protect non-sworn civilian positions from furloughs. I urge the city council and mayor to protect city departments from massive layoffs for the next fiscal year.

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\$1 billion LA budget gap could mean 'thousands' of layoffs, service cuts



Los Angeles Mayor Karen Bass speaks to the media before the annual homeless count on Tuesday, Feb. 18, 2025. (Photo by David Crane, Los Angeles Daily News/SCNG)



By **CITY NEWS SERVICE** | news@socalnews.com

UPDATED: March 19, 2025 at 10:39 PM PDT

By **JOSE HERRERA**

A top financial advisor to the city of Los Angeles shared a grim outlook Wednesday for fiscal year 2025-26, saying elected officials need to address a projected \$1 billion gap that will require tough financial decisions and could lead to thousands of layoffs.

City Administrative Officer Matt Szabo said [Mayor Karen Bass'](#) proposed budget, which will be released April 21, will close that gap, but it will require difficult "cost-cutting decisions." He warned that the severity of revenue declines and rising costs has created a budget gap that makes layoffs "nearly inevitable."

"We are not looking at dozens or even hundreds of layoffs, but thousands," Szabo said. "While layoffs may be necessary, it cannot and will not be the only solution."

"I can tell you that the mayor is absolutely committed to preserving as many jobs and city services as possible as we face these economic head winds," he added.

Among areas of concern highlighted by Szabo is a \$61 million starting gap, which will be exacerbated by \$315 million in lower-than-anticipated revenue from taxes, \$100 million in liability payouts that are expected to increase, \$275 million needed to restore the reserve fund, \$80 million related to solid waste fees and \$100 million to cover pensions for members of the Los Angeles police and fire departments.

Szabo attributed the fiscal crisis in part to rising legal payouts in recent years. The CAO previously reported \$112 million in payouts, and most recently projected that by the end of FY 2024-25 that expense will increase to \$320 million.

As a potential solution, the City Attorney's Office is working with the state Legislature on a bill to cap damages.

Pay raises for city employees are set to begin July 1, the start of the fiscal year, adding an additional \$250 million in costs for the city.

After Szabo's presentation, the City Council entered into a closed session Wednesday to discuss the city's contracts with several unionized public employees such as police officers, firefighters, trash truck drivers and librarians.

Elected officials may look to defer the scheduled raises or make other concessions.

Bass issued a statement regarding her proposed budget Wednesday, which she said will "deliver fundamental change in the way the city operates." She directed the CAO to report to her with strategies to "reduce spending significantly while protecting essential services."

"This year, we must deliver fundamental change in the way the city operates and base our budget on how the city can best serve the people of Los Angeles and to best use their scarce budget dollars," Bass said in her statement.

According to Bass' office, downward economic trends mean the city is projected to take in hundreds of millions of dollars less than previously projected. In addition to these trends, costs associated with the recent wildfires are also expected to add to the burden.

In the last two years, Bass and the City Council have approved new contracts with unions representing [police officers](#), civilian city workers and firefighters.

In a letter sent out earlier this week, Council President Marqueece Harris-Dawson and Councilwoman Katy Yaroslavsky, chair of the budget committee, outlined their 10 priorities for the upcoming [budget deliberations](#), which include preserving the emergency reserve, covering legal payouts and seeking state relief to address budget shortfalls.

City officials have been dipping into the reserve fund, an emergency account used to maintain operations during tough financial years or to address specific challenges. Currently, the reserve fund is 3.22% of the general fund — well below the city’s minimum 5% policy. If the account drops below 2.75%, it will trigger a “fiscal emergency,” meaning any expenditure using these funds will require a majority vote.

The City Controller’s Office released a report projecting year-end revenues will fall \$140 million below the adopted FY 2024-25 budget. Sales and business taxes combined are projected to be \$92 million below budget.

Projections also showed revenues will fall short \$320 million in FY 2025-26 as a result of factors including federal trade, immigration policies and [the impact of this year’s wildfires to local taxes](#), among other challenges. General fund revenue is likely to decrease by \$73 million, primarily due to a projected decrease of \$198.5 million in grants.

As elected officials consider ways to increase revenues, some options may lead to higher taxes, fees, and other costs for taxpayers.

One such increase could be the solid waste fee, which has not been raised in several years. Szabo estimated that the general fund will subsidize that program by \$200 million, an increase of \$80 million compared to FY 2024-25.

The last major fiscal crisis the city experienced was in FY 2009-10, following the nationwide housing crash in 2008. The gap that year was about \$500 million when the total general fund budget was around \$5 billion, according to Szabo.

Originally Published: March 19, 2025 at 5:27 PM PDT