

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Richard H. Llewellyn, Jr.
CITY ADMINISTRATIVE OFFICER

ASSISTANT
CITY ADMINISTRATIVE OFFICERS

PATRICIA J. HUBER
BEN CEJA
YOLANDA CHAVEZ

November 10, 2020

VIA E-MAIL

Craig Lally, President
Los Angeles Police Protective League
1308 W. 8th Street, Suite 400
Los Angeles, CA 90017-4440

Mr. Lally,

I am writing to request a meeting regarding the City's current economic situation and the City's obligations relative to MOU 24.

The City's economic outlook and revenue forecasts have been significantly and negatively impacted by COVID quarantines, business closures, and reduced tourism. In its First Financial Status Report (FSR) issued on October 23, 2020, the City Administrative Officer reported that through September 2020, General Fund revenue was \$146.1 million below projected levels with a worsening outlook on the horizon. Based on the September receipts and other confirmed shortfalls that will be realized in the months ahead, our revised year end revenue shortfall stands at \$400 million to \$600 million. The magnitude of this revised year-end revenue gap cannot be understated. A \$400 million revenue gap is equal to six percent of the 2020-21 Budget and would exhaust all but \$14 million of the City's total reserves inclusive of the Reserve Fund, Unappropriated Balance (UB) Reserve for Mid-Year Adjustments, and Budget Stabilization Fund. A \$600 million revenue shortfall equates to nine percent of the 2020-21 Budget, which would deplete all available reserves.

Absent increased or new sources of funds, the City will likely need to resort to aggressive cost and service reductions. The Mayor and Council have directed City departments to identify spending reductions. Working with departments, this Office will present an initial set of recommendations for budget reductions in the Second FSR.

In addition to the Mayor and Council instructions to City departments, the City has engaged its civilian labor partners and have identified \$17.8 million in savings attributed to two unpaid days for civilian employees and the deferral of the January 2021 excess sick leave payment to January 2022. In addition, the estimated savings in 2020-21 related to the Separation Incentive Program is \$2.6 million. Despite these savings, we already have begun talking to our civilian labor partners about additional cost saving ideas. We would

like to discuss with you similar measures that could help weather our current economic crisis.

Please contact me at your earliest convenience to schedule a time to meet. I can be reached by phone at 213-978-7676 or by email at dana.brown@lacity.org. I look forward to speaking with you.

Respectfully,

A handwritten signature in blue ink, appearing to read "Dana Brown". The signature is fluid and cursive, with the first name "Dana" being more prominent than the last name "Brown".

Dana Brown
Chief Employee Relations Officer
City of Los Angeles

RHL:DB:07210054A