



BUDGET ADVOCATES REPORT July 2023

Los Angeles City Budget Update

The City's \$7.9 billion General Fund budget is subject to change as events will pressure the City to alter course.

The City announced that the "point in time" homeless count increased by 10% to 46,260 individuals, an increase of 4,280 homeless persons. Will this require additional spending on the Mayor's homeless efforts? Will the City expand its \$250 million Inside Safe program, either through the purchase of motels and hotels or master leasing motels? What is the source of funding?

The City is considering the purchase of the 294 room Mayfair Hotel that is in the Westlake neighborhood, about a mile east of McArthur Park, for around \$70 million, or about \$240,000 a room. At this rate, the Inside Safe program would be able to purchase less than 1,100 rooms for interim housing.

The budget is also under pressure because of "Mission Creep," where the City provides health and social services that are the responsibility of the County.

As previously reported, the City will be entering into new labor agreements with the City's civilian unions that take effect in January. The City has not budgeted for any increases other than for inflation. This could result in an unbudgeted expense of an estimated \$50-100 million for the last six months (January through June) of the fiscal year. This will be financed by tapping into the Reserve Fund, which should be used only in emergencies, not for day-to-day operational expenses.

The City is issuing about \$1.5 billion of short-term Tax and Revenue Anticipation Notes. \$1.3 billion will be used to prefund its Annual Required Contributions to its two pension plans and the balance for working capital purposes. These notes actually save the City money because they prepay the pension, earning more money than the cost of the loan. The working capital portion of this loan is repaid with property tax revenue. The City makes four payments into a fund designed to hold the repayment funds. The interest is already included in the budget.

There will be three initiatives on the March 2024 primary ballot. They involve the minimum hourly wages for healthcare workers, a cap on compensation for healthcare executives, and requirements for hotels to set aside vacant rooms for the homeless.

Over the next year or two, we will likely see ballot measures for additional homeless housing like HHH, the \$1.2 billion bond measure that was approved in 2016; for LAUSD that has a structural deficit; and for Metro's proposed congestion pricing plan.

Budget Advocates Activity

Budget Day 2023 was held Saturday, June 17 and included welcomes from Interim DONE General Manager Vanessa Serrano and Board of Neighborhood Commissioners President Ray Regalado. This was followed by keynotes from City Council President Paul Krekorian who discussed corruption in City Hall, Controller Kenneth Mejia who recommended a 2-year budget, and City Council Budget, Finance, and Innovation Committee Chair Bob Blumenfield who spoke about where the City budget fits in in the grand scheme of things including the federal and state taxes. Councilmember Blumenfield also spoke about the importance of the reserve funds, a position the Budget Advocates strongly support. We also note that the Budget Advocates are aligned with Controller Mejia's position as we have supported multi-year budgeting for years.

After the keynote addresses there was a panel discussion on the theme "Restart, Reform, Refocus..." The panel members were City Administrative Officer Matt Szabo who had great command of the numbers, Chief Deputy Controller Rick Cole whose blunt and direct commentary was a breath of fresh air, the CAO Office's Chief of Finance Jacob Wexler, the Department of Civil + Human Rights and Equity's Director of Equity David Price who oversees the Department's participatory budgeting program L.A. REPAIR, and Mayor Bass's Senior Budget Director Bernyce Hollins who also participated in one of the regional breakout sessions. The panel discussion was moderated by Liz Chou from the Los Angeles Public Press.

If you didn't attend Budget Day, you can still watch this engaging plenary session by visiting our website at [BudgetAdvocates.org](https://www.budgetadvocates.org) and click on the [Budget Day 2023 tab](#) or use this link: <https://bit.ly/BudgetDay2023video>

The day ended with regional breakout sessions where we had lively discussions about the services in the various neighborhoods. We were also able to elect Budget Advocates to fill the vacancies in Regions 3, 10 and 12. It's not too late to let the Budget Advocates know the issues you have with City Services. Please email us at labudgetadvocates@gmail.com.

In all, there were registrations from 81 Neighborhood Councils. The Budget Advocates thank all who participated.

With the seating of new boards, it is time to think about appointing Budget Representatives. Each Neighborhood Council may have up to two. Please let your Budget Advocate know who your Budget Representatives are even if you are not making changes. If you have any questions, please contact us at labudgetadvocates@gmail.com.

Lastly, the Budget Advocates elected officers for the 2023-2024 fiscal year. Please visit [BudgetAdvocates.org](https://www.budgetadvocates.org) to learn more.