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| Title: Back to Basics Budget Proposal-City of Los Angeles | Item No. |
| Meeting Date: May 2, 2017 | |
| Agendized By: Government Affairs-City Services Committee | |
| Contact Person: Mark Redick | Phone Number: |
| Committee Vote (if appropriate):Unanimous | |
| Does this item have a fiscal impact on the Neighborhood Council? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | |
| Additional documents attached? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | |

RECOMMENDATION: Motion: “The Neighborhood Council of Westchester-Playa (NCWP) hereby support the works of the Neighborhood Council Budget Advocates and their White Paper dated 03/08/2017 and approve the filing of a Community Impact Statement for Council File 17-0600.”

BACKGROUND: The City continues to have a Structural Deficit. This occurs when expenditures (primarily salaries, benefits and pension contributions) increase faster than revenues. While the City’s revenues have increased by \$1 billion (22%) over the last four years, the City has made little progress in addressing the financial issues that have historically impacted its budget for the last four years.

DISCUSSION: On February 28, 2017, the Mayor indicated that there was a budget gap of \$250 million for the upcoming fiscal year (2017-2018). The City’s Reserve Fund is under pressure to maintain its mandated minimum levels because of the need to fund potential budget deficits. The mandated minimum level is equal to 5% of General Fund revenues, or \$279 million. As of November 21, the fund’s balance was \$295 million, only \$16 million more than the mandated minimum level.

The ongoing Structural Deficits, along with increased demands from competing priorities have created an unsustainable budget situation. The Neighborhood Council Budget Advocates have reviewed both the City’s budget and City Department Operations. The NCBAs have submitted a “Back to Basics” White Paper outlining solutions to the current deficits, while offering recommendations for a sustainable future.

FISCAL ANALYSIS: Unless the City comes to grips with the continued Structural Deficits, it is quite likely that City services will be cut in order to fund mandated liabilities, including the City’s underfunded pension obligations. The cuts would be dramatic in the cases of Public Safety, road and sidewalk repair and improvements along with other infrastructure demands.

ATTACHMENTS: “Back to Basics” White Paper submitted by the Neighborhood Council Budget Advocates

MOTION:

The Neighborhood Council of Westchester-Playa (NCWP) hereby supports the works of the Neighborhood Council Budget Advocates and their White Paper dated 03/08/17 and approve the filing of a Community Impact Statement for Council File 17-0600.