



ANTONIO R. VILLARAIGOSA  
MAYOR

**MEMORANDUM**

**To:** All Heads of City Departments

**From:** Antonio R. Villaraigosa, Mayor 

**Subject:** Urgent Directive

**Date:** February 4, 2010

I am writing in my capacity as Chief Executive Officer to confirm specific steps we will take to mitigate the current financial crisis. The decisions we must make and action we must take are difficult, but necessary to address the current year shortfall within the remaining five months of our fiscal year.

We have been living beyond our means and we have to act now to protect our financial future. As our City Administrative Officer (CAO) stated in the Financial Status report, we will deplete at least \$300,000 of our much needed reserves every day we spend studying these options, rather than taking action. We cannot pay bills with wishful projections of future collections or voter approved taxes.

Like hardworking Angelenos across this great City, we have to make difficult choices. We are spending more than we are taking in and it is unsustainable. We must make these changes immediately.

The following are the immediate actions we will take to improve our financial condition:

1. **Transfers**. I have instructed the Personnel Department to begin the administrative process of placing general funded employees into special funded and proprietary departments with the goal that the transfers will be effective February 16, 2010. I believe these transfers will permit approximately 360 employees to avoid layoff. I have instructed the Personnel Department and LACERS to work to fill as many of the approximately 723 positions of those who are retiring through ERIP who are funded through special funds or proprietary departments.

Because this is such an ambitious timeline, it is essential that each of you work closely with the Personnel Department to facilitate these transfers. The

Personnel Department will attempt to match employees subject to layoff with open positions in special funded classifications.

Due to the tight timeline it is necessary to expedite the selection process, which will be online. Please instruct your available administrative staff to assist employees who may not have the technological skills to advance through the process. Applicants will need to complete a questionnaire that will allow supervisors to assess the individual's qualifications.

The timeline is as follows:

Feb 4 - Departments will be contacted and provided information on the process.

Feb 4 - Personnel Department will develop transfer applications that will allow employees to volunteer for transfer and later permit the evaluation of an employee's training and experience by the transferee departments.

Feb 5 - Candidates will be identified for transfer and notified by the Personnel Department.

Feb 5,6,7,8 - Interested applicants will submit a Transfer Application Form.

Feb 8, 9 - Personnel sends completed Transfer Application Forms to hiring department for review.

Feb 9, 10, 11 - Department heads select employees to fill vacancies.

Feb 11 and 12 - Job offers are made, department heads approve transfers, and transfer paper work is completed online.

Feb 15 - Employee starts new job in new department.

Please direct any questions you may have to Maggie Whelan, General Manager, Personnel Department. She can be reached at 213.473.3470.

2. **Layoffs**. The department heads will effectuate the elimination of 1,000 filled, full-time positions. I have instructed the Personnel Department to immediately begin the process of calculating layoff, displacement seniority and/or transfers of employees filling these targeted positions, in accordance with Charter Section 1015, Civil Service Rule 8 and existing agreements.
3. **Instructions to Proprietary Departments**. At a meeting today I have asked the managers of Airport, Harbor and DWP to hire as many displaced workers as

feasible. I have asked for a report within one week from these managers, setting forth their projected hiring needs over the next 12 months.

4. **Processing of ERIP Participants.** While the CAO has done everything he can to strike a balance with the ERIP retirements, recognizing both the needs of individual departments and the City as a whole, the deteriorating economic conditions have dictated that we must retire all General Funded ERIP applicants as quickly as possible. This includes any General Funded employees who were identified as "Priority B", meaning that they were the employees you wanted to go out the door last. Removing all General Funded ERIP participants – regardless of the priority they were originally assigned – as quickly as possible is imperative at this point.

This means that most of the Priority B General Funded employees will be off the payroll by March 13<sup>th</sup>.

Do not ask the CAO or the Los Angeles City Employees' Retirement System (LACERS) for exceptions when you receive your list of March retirees. We all recognize you designated these employees as Priority B for a reason, but we have no choice but to retire them now.

5. **Proposals to Council.** I'm also calling on the Council to adopt an ordinance to allow City employees who are members of LACERS to retire without the usual 30 to 60 day advance application requirement. (This would not apply to members retiring under ERIP as LACERS needs to manage that process and already is maximizing the employees it is retiring under that program.) Waiving this advance application requirement will not only expedite retirements, which will provide needed relief to the General Fund, but also will allow those employees who are facing layoffs and who are retirement eligible to leave the City family in the most humane way possible. I will be submitting a draft ordinance to the City Council by close of business today.
6. **Immediately Build-up the Reserve Fund.** The Controller's warning on the status of the Reserve Fund rings loud and clear. I am asking Council to move their uncommitted special and discretionary funds, totaling up to \$40 million, into the Reserve Fund until such time that the City Reserve Fund reaches 5% of the overall budget.

Thank you for your commitment to fiscal integrity.