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COUNTY OF LOS ANGELES

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Chief Executive Officer

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

March 04, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**HARD-HIRING FREEZE AND FREEZE ON NON-ESSENTIAL SERVICES,
SUPPLIES AND EQUIPMENT PURCHASES
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Recent events have placed enormous pressures on the County's budget for the foreseeable future. To address these pressures, the Chief Executive Officer (CEO) is recommending that the Board of Supervisors (Board) authorize the implementation of a hard-hiring freeze and freeze on non-essential services, supplies and equipment purchases pursuant to Section 9.140 of the Board Policy Manual, and delegate authority to the CEO to implement the freezes as necessary and appropriate to protect the County's limited financial resources.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the implementation of a hard-hiring freeze, excluding critical health and safety positions as determined by the CEO.
2. Authorize the CEO, or her designee, to implement and administer a hard-hiring freeze as needed to protect the County's limited resources, as determined by the CEO.
3. Authorize the CEO, or her designee, to work with the Auditor-Controller to freeze appropriation of non essential purchases of services, supplies, and equipment, including non-essential travel and training, as needed, to protect the County's limited resources, as determined by the CEO.

4. Direct the CEO, or her designee, to establish a protocol that allows departments to request an exception to both freezes based on necessity for essential services/purchases on a case by case basis.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County budget faces unprecedented pressures brought on by multiple challenges. Slow growth in sales of the local housing market coupled with the loss of properties resulting from the devastating January wildfires in Altadena, Pacific Palisades, and other areas will mute property tax revenues. Property taxes make up the largest share of locally generated revenues, which finance the net County cost portion of the County budget. In addition, expenditures related to the wildfires are encumbering already limited resources, while Assembly Bill 218 settlement and judgements will strain finances for the near and long term. The ability to delay payment of certain property taxes, due to the wildfires presents an additional pressure. Finally, potential policy changes from the new presidential administration could lead to a pause or end of federal funding for programs administered by the County. These challenges require that appropriate steps be taken to mitigate the known and unknown yet likely impacts on the County budget.

As a result of these challenges, I recommend that the Board authorize the CEO to implement: 1) a hard hiring freeze, excluding critical health and safety positions and other positions as necessary; and 2) an appropriation freeze on non essential purchases of services, supplies, and equipment to reduce expenditures. This authorization will provide flexibility to the CEO to implement any freezes deemed necessary to help weather this period of economic stress in Fiscal Year 2025-26.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County Strategic Plan, specifically North Star 3 – Realize Tomorrow’s Government Today by strengthening our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility. Approval of these recommendations will ensure fiscal sustainability through proactive and prudent fiscal practices.

FISCAL IMPACT/FINANCING

Implementing the hiring, services, supplies and equipment freeze on non-essential purchases will help the County manage its finances during this time of tremendous budgetary pressures and fiscal uncertainty. Without appropriate controls on spending, coupled with the uncertainty around the revenue impacts and other pressures, the situation could devolve into a fiscal crisis requiring more severe measures.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 9.140 of the Board Policy Manual “Hard-Hiring Freeze and Freeze on Non-Essential Services, Supplies and Equipment Purchases” provides authority and guidelines to implement action that may help mitigate these negative impacts.

The policy indicates that the Board may impose a hard-hiring freeze and/or restrict the purchase of non-essential services, supplies, and equipment as a method of control to reduce expenditures during periods of budgetary uncertainties. A freeze may also be instituted due to State and/or

federal budget cuts that impact County-administered programs or delays in reimbursement from outside entities that would have a serious impact upon the County's cash flow.

The policy also dictates that the CEO shall be responsible for administering the hard-hiring freeze and/or restriction on non-essential purchases of services, supplies and equipment. The CEO will provide guidelines and procedures to departments when requesting approval to hire and purchase non-essential services, supplies, and equipment when a freeze is in place. The hiring-freeze will exempt certain classes of positions (e.g., critical health and safety positions) due to the high-priority services provided to County residents during times of crisis.

During the Great Recession in 2008 and again during COVID-19, the County implemented a similar freeze, which proved to be an effective tool to reduce costs as the County weathered that period of economic stress. These measures are again necessary to help the County manage its financial position due to the unprecedented strain on its budget from multiple fronts.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Critical health and safety positions and purchases will be exempt from the freezes.

Respectfully submitted,



FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:MRM

MM:YR:cg

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller