

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 31, 2006

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Council File No. 06-0600

Council District: All

To: Antonio R. Villaraigosa, Mayor
Eric Garcetti, Council President
Bernard C. Parks, Chair, Budget and Finance Committee

From: William T Fujioka, City Administrative Officer



Reference: 2006-07 Adopted Budget

Subject: First Financial Status Report

SUMMARY

The Office of the City Administrative Officer monitors the budget and transmits frequent reports detailing the City's current financial condition to both the Mayor and Council. As instructed in the 2006-07 Adopted Budget, this Office is transmitting the first financial status report for 2006-07. This report details the final July 1, 2006 Reserve Fund balance, provides projected revenue and expenditure data, discusses issues that may affect the City's budget, and makes recommendations for budgetary adjustments.

Reserve Fund

The Controller reports that the Reserve Fund cash balance as of July 1, 2006, is \$432 million. The Reserve Fund available balance is \$178.8 million after adjustments for the following:

- The \$231 million transfer to the 2006-07 budget for maintaining and adding services such as street resurfacing, Fire recruit training, library books and materials purchases, gang reduction programs, solid waste integrated resource and contamination reduction plans, homeland security improvements, Police in-car videos and other equipment, replacement of the City's financial management system, providing for petroleum price increases, and operating new/reopened facilities like animal shelters, the Griffith Park Observatory, and Fire and Police stations;
- The return of \$14 million in short-term loans made by the Controller at year-end; and,
- Approved reappropriations of \$36.3 million to various departments, mainly for the Capital Improvement Expenditure Program (CIEP) and construction accounts.

The \$178.8 million balance is approximately \$7 million less than the 2006-07 Reserve Fund budget.

A late County of Los Angeles remittance of approximately \$44 million of 2005-06 property tax revenue, normally transmitted to the City before the end of the fiscal year, was delayed until July 2006. If received in June 2006 as scheduled, the receipts would have reverted to the Reserve Fund as unallocated revenue. This reversion was anticipated in the Budget. This Office recommends that the revenue be kept in the General Fund to offset revenues threatened by legal challenges, a projected 2007-08 budget shortfall or until needed to cover potential departmental shortfalls.

The charts below present a comparison between the budgeted and actual Reserve Fund, and the basis of the difference. The Reserve Fund balance of \$178.8 million is 4.1 percent of 2006-07 General Fund revenue. In comparison, the Reserve Fund balance on July 1, 2005 was \$159 million, or 4.0 percent of the General Fund. If the additional \$44 million in 2005-06 property tax receipts had been received before the close of the fiscal year and reverted to the Reserve Fund on June 30, 2006, as planned, the Reserve Fund balance would be \$222.8 million or 5.1% of the General Fund revenue.

Reserve Fund Available Balance			
(millions)			
	2006-07	July 1	
	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Cash Balance, July 1	\$ 411.1	\$ 432.4	\$ 21.3
Transfer to Budget	(231.3)	(231.3)	-
Other Adjustments	6.0	(22.3)	(28.3)
Available Balance	\$ 185.8	\$ 178.8	\$ (7.0)

Reserve Fund Emergency and Contingency Accounts			
(millions)			
	2006-07	July 1	
	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Emergency Account	\$ 108.5	\$ 108.5	-
Contingency Account	77.3	70.3	\$ (7.0)
Total	\$ 185.8	\$ 178.8	\$ (7.0)
Percent of General Fund	4.3%	4.1%	(0.2)%

The Reserve Fund is about \$7 million below expectations primarily due to delayed receipt of 2005-06 property taxes, which are partially offset by reversions and other items as follows:

Basis for Decrease in Reserve Fund (millions)	
	<u>Amount</u>
Revenue (Attachment 1)	\$ (27.0)
Reversions (Attachment 5)	45.5
Reappropriations	(26.3)
Loan repayments	4.2
Early Reversion of Prior-Year Encumbrances	(2.9)
Charter 261i Loans	(5.6)
Others	<u>5.1</u>
Total	\$ (7.0)

Revenue

The 2005-06 revised budget estimate was increased \$213 million (5 percent) more than the adopted budget on the strength of the very active local real estate market, the strong local economy, higher natural gas prices and increased recovery of costs from special funds. Actual 2005-06 revenue was \$27 million below the revised estimate. A County system problem delayed the remittance of \$44 million in 2005-06 property tax receipts to July 2006. Since this \$44 million was received after the close of 2005-06, it will be recognized as 2006-07 revenue for budget purposes.

City 2005-06 revenue would have been \$17 million (4/10^{ths} of 1 percent) more than the revised budget estimate without the revenue delay. This \$17 million is composed primarily of real-estate and economy-related revenues which were higher than the revised budget.

Attachments 1 and 2 provide a summary and detail of the variance between actual 2005-06 revenue and the revised revenue estimates. Actual 2005-06 revenue was 5.8 percent higher than the prior year and would have been 6.9 percent higher if the delayed revenue was counted. One particularly encouraging sign is that business tax receipts grew by nearly 10 percent even with a 3.1 percent tax rate cut and other relief to business taxpayers. Other revenues such as the electric users' tax receipts, police-related grant reimbursements and reimbursements for services to the proprietary departments were behind plan. Some revenues that did well, such as the property-related tax receipts, will be slowing due to changes in the local real estate market. Also, the economy-sensitive revenues such as the transient occupancy and sales tax receipts would be very sensitive to any slowing in the economy.

Although 2005-06 revenue was very close to the revised budget, certain traditional City revenue sources are threatened by legal proceedings, policy changes and changes in the telecommunications marketplace. The City is a party to some of these cases and would also be affected if long-standing taxing practices in California are not upheld. No specific estimates of monetary amounts are available, but legal proceedings place a large portion of receipts from the telephone users' tax at risk. Because of this risk, the City Communications Tax Equity Task Force continues to evaluate options and make recommendations for clarification of the City's communications-related taxes and fees. Also, City elected officials and staff are working closely with the League of California Cities and other jurisdictions to develop a strategy to best defend local revenue sources. Additional detail on this important issue is presented in the Discussion Section of this report. This Office will continue to report in future financial status reports on all issues which have a bearing on City revenue.

Reversions

Attachment 5 details \$101.3 million in department reversions, which exceeded the Adopted Budget amount by \$45.5 million. Significant net positive variances include savings from salary (\$19 million) and expense accounts (\$20 million) and higher than anticipated reversions from Capital Improvement Projects and General Services' construction accounts (\$29 million).

Reappropriations approved through the 2006-07 budget resolution for departmental, capital and construction accounts total \$36.3 million, which exceed the Adopted Budget amount by \$26.3 million. In addition, Attachment 6 of this report details \$10.2 million in recommended reappropriations for various purposes explained within the Discussion Section of this report. Thus, the net positive variance of \$45.5 million is reduced by \$36.5 million for an overall net variance of \$9.0 million.

Five Year Forecast

Attachment 14 provides a five-year budget forecast for the General Fund reflecting a potential shortfall of approximately \$261.2 million for 2007-08. Major changes to the June 1, 2006, forecast were made to incorporate the three-year sworn labor contract, updated costs of pension benefits and new facilities, and a lower than anticipated trash fee offset due to timing of rate increases. It is important to note that this estimate does not include cost of living increases for civilian employees beyond their current labor contract. The previously combined Police hiring plan costs and replacement of Vehicle License Fee funds have been separated into two line items for clarity. The potential EOC/DOC/FOC/Fire Dispatch systems project expenditures are more evenly spread over two years rather than in one fiscal year. Revenue has been slightly amended to be in line with the 2006-07 Budget.

This Office will continue to make adjustments to the forecast in the coming months as information becomes available. Because of the large shortfall projected for 2007-08, at this time, the City must remain fiscally prudent and preserve any current year savings to help balance next year's budget. Currently, this Office is exploring various options to create efficiencies and savings in the current fiscal year that may be used to enhance the City's Reserve Fund balance in preparation for 2007-08. In the meantime, appropriations from the Unappropriated Balance should be restricted to only critical uses.

Budgetary Adjustments

Budgetary adjustments totaling \$53,211,937 are recommended in this report. A breakdown of these adjustments are as follows:

- \$19,801,903 are for Bond and construction projects;
- \$10,177,739 for reappropriations from the Reserve Fund;
- \$6,742,975 for appropriations from special funds;
- \$5,150,000 for appropriations from the Unappropriated Balance;
- \$3,512,000 for an appropriation from the Reserve Fund;
- \$5,237,846 for transfers between accounts within various departments and funds;
- \$1,574,765 for reappropriations from special funds;
- \$767,556 for transfers between various departments and funds;
- \$206,041 for a Reserve Fund loan; and,
- \$41,112 to process a payment to the Department of Fire and Police Pensions.

Issues of Concern

In the 2005-06 Year End Financial Status Report, we discussed issues surrounding the utility users' taxes paid by telephone users and remitted by telephone service providers. In the Discussion Section of this report, we identify additional issues and provide updates where available. Additional issues include a potentially greater than anticipated drop in documentary transfer tax receipts and a potential drop in the collection rate of property tax receipts. Over the next few months, this Office will track these issues and provide updates on their potential impact to the City.

Additional Details

The Discussion Section of this report and the following attachments provide additional details:

1. Fiscal Year 2005-06 Revenue Summary
2. Detail of Changes to 2005-06 Actual Revenue from Revised Budget
3. Fiscal Year 2006-07 General Fund Receipts (Pages 1 through 10)
4. Status of the Reserve Fund
5. Schedule of Reversions – Fiscal Year Ending June 30, 2006
6. Reappropriations from the Reserve Fund
7. Reappropriations from Special Funds
8. Transfers between Accounts within Departments and Funds
9. Transfers between Departments and Funds
10. Special Fund Appropriations
11. Transfers between Bond Funds and Departments
12. Employment Level Report
13. Status of the Unappropriated Balance
- 13a. Appropriations from the General Account within the Unappropriated Balance
14. Five-Year General Fund Revenue and Expenditure Forecast
- 14a. Five-Year Forecast – Assumptions

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Transfer \$10,177,739 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to departments, as specified in Attachment 6;
2. Reappropriate \$1,574,765 from special funds to various departments and accounts, as specified in Attachment 7;
3. Transfer \$5,237,846 between accounts within various departments and funds as specified in Attachment 8;
4. Transfer \$412,198 between various departments and funds, as specified in Attachment 9;
5. Appropriate \$4,199,698 from special funds to various departments and funds, as specified in Attachment 10;
6. Authorize the Controller to increase the appropriations to the General Services Department Fund No. 100/40 in the amount of \$804,803 from the Proposition Q Public Safety General Obligation Bond Fund Nos. 15U and 15N as follows, and instruct the Board of Public Works to transfer cash from the bond funds to reimburse the General Fund on an as-needed basis, upon proper documentation from General Services and approval by the applicable Program Manager:

- a) Transfer \$800,000 within the Public Safety General Obligation Bond Fund No. 15U/50, from Account V310, Renovations Police, to the General Services Department Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$200,000
1121	Benefits, Hiring Hall Construction	50,000
3180	Construction Materials	<u>550,000</u>
	Total	\$800,000

- b) Transfer \$4,803 within the Public Safety General Obligation Bond Fund No. 15N/50, from Account T312, Valley Traffic Division/VBH, to the General Services Department Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Overtime Salaries	\$ 1,523
1100	Hiring Hall Salaries	1,669
1120	Benefits, Hiring Hall	715
3160	Maintenance Materials & Supplies	346
3230	Petroleum	<u>550</u>
	Total	\$ 4,803

7. Authorize the Controller to increase appropriations to the General Services Department Fund No. 100/40 in the amount of \$2,707 from MICLA Fund No. 298/50, Account W550, Police Headquarters, for the fabrication and installation of four signs on the Police Headquarters Facility construction site:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1100	Hiring Hall Salaries	\$ 1,895
1120	Benefits, Hiring Hall	<u>812</u>
	Total	\$ 2,707

8. In accordance with Recommendation No. 7, instruct the Bond Fund Administrator to transfer cash from MICLA Fund No. 298 to reimburse the General Fund on an as-needed basis upon proper documentation from General Services and approval of the Citywide Public Safety Program Manager and City Administrative Officer;
9. Authorize the Controller to increase appropriations to various departments totaling \$4,685,088 as delineated in Attachment 11 from the Proposition Q Citywide Safety General Obligation Bond Fund Nos. 15U and 16A, and authorize the Board of Public works to reimburse the General Fund on an as-needed basis upon proper demand of the Bond Fund Administrator and with the approval of the Program Manager and City Administrative Officer;
10. Authorize the Controller to increase the appropriations to the General Services Department Fund No. 100/40 in the amount of \$1,855,727 from the Proposition Q Public Safety General Obligation Bond Fund Nos. 15U and 16A as follows, and instruct the Board of Public Works to transfer cash from the bond funds to reimburse the General Fund on an as-needed basis, upon proper documentation from General Services and approval of the applicable Program Manager:

- a) Transfer \$990,481 within the Public Safety General Obligation Bond Fund No. 15U/50, from Account V309, Renovations Fire, to the General Services Department, Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$594,289
3180	Construction Materials and Supplies	<u>396,192</u>
	Total	\$990,481

- b) Transfer \$865,246 within the Public Safety General Obligation Bond Fund No. 16A/50, from Account W309, Renovation Fire, to the General Services Department, Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$519,147
3180	Construction Materials and Supplies	<u>346,099</u>
	Total	\$865,246

11. Authorize the Controller to increase the appropriations to the General Services Department Fund No. 100/40 in the amount of \$80,000 from the Proposition F Public Safety General Obligation Bond Fund Nos. 15H and 15T as follows, and instruct the Board of Public Works to transfer cash from the bond funds to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval of the applicable Program Managers:

- a) Transfer \$35,000 within the Public Safety General Obligation Bond Fund No. 15T/50, from Account V304, Encino Fire Station 83, to the General Services Department Account A140 and appropriate therefrom to the General Services Fund No. 100/40, Account 3180, Construction Materials; and,
- b) Transfer \$18,000 within the Public Safety General Obligation Bond Fund No. 15H/50, Account S317, West Los Angeles Station 59, and \$27,000 within the Public Safety General Obligation Bond Fund No. 15T/50, from Account V313, Watts Fire Station 65, to the General Services Department Account A140 and appropriate therefrom to the General Services Fund No. 100/40, Account 1101, Hiring Hall Construction;

12. Authorize the Controller to increase appropriations to the General Services Department Fund No. 100/40 in the amount of \$150,000 from MICLA Fund No. 297/50, Account V335, CD 7 CSC Design, for demolition services:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$ 50,000
3180	Construction Materials and Supplies	<u>100,000</u>
	Total	\$150,000

13. In accordance with Recommendation No. 12, instruct the Bond Fund Administrator to transfer cash from MICLA Fund No. 297 to reimburse the General Fund on an as-needed basis upon proper documentation from General Services and approval of the Project Manager and City Administrative Officer;

14. Transfer \$201,649, within Sites and Facilities Fund No. 209/88, Account Y239, Crestwood, to the General Services Department, Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$ 17,855
1121	Benefits, Hiring Hall Construction	43,156
3180	Construction Materials and Supplies	<u>140,638</u>
	Total	\$201,649

15. Authorize the Controller to transfer appropriations of \$31,987 within Department of Recreation and Parks Special Accounts Fund No. 302/89, from Account 460K, Subdivision Fees Trust, to the General Services Department Account 140A and appropriate therefrom to the General Services Fund No. 100/40, Account 3180, Construction Materials and Supplies;

16. In accordance with Recommendation No. 15, instruct the Department of Recreation and Parks to transfer cash from the Department of Recreation and Parks Special Accounts Fund to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval by the applicable Program Manager and Department of Recreation and Parks;
17. Authorize the Controller to transfer appropriations of \$197,926 within Proposition K Fund No. 43K/10, from Account Y576, Crestwood Hills Park, to the General Services Department Account A140 and appropriate therefrom to the General Services Fund No. 100/40, Account 1101, Hiring Hall Salaries;
18. In accordance with Recommendation No. 17, instruct the General Services Department to submit expenditure reports to Bureau of Engineering, the Department of Recreation and Parks, and the City Administrative Officer on a monthly basis;
19. In accordance with Recommendation No. 17, instruct the Board of Public Works to transfer cash from the Proposition K Fund to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval of the applicable Program Manager and the City Administrative Officer;
20. Authorize the Controller to transfer \$563,500 within the Proposition K Fund No. 43K/10 from Account Y399, Ferraro Soccer Fields, to the General Services Department, Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$200,000
1121	Benefits, Hiring Hall Construction	63,500
3180	Construction Materials and Supplies	<u>300,000</u>
	Total	\$563,500

21. In accordance with Recommendation No. 20, instruct the General Services Department to submit expenditure reports to the Bureau of Engineering, the Department of Recreation and Parks, and the City Administrative Officer on a monthly basis;
22. In accordance with Recommendation No. 20, instruct the Board of Public Works to transfer cash (not to exceed \$563,500) from the Proposition K Fund to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval of the applicable Program Manager and the City Administrative Officer;

23. Transfer \$900,000 from the Capital Improvement Expenditure Program Fund No. 100/54, Account Y609, Echo Park Recreation Center, to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$400,000
1121	Benefits, Hiring Hall Construction	100,000
3180	Construction Materials and Supplies	<u>400,000</u>
	Total	\$900,000

24. In accordance with Recommendation No. 23, instruct the General Services Department to submit expenditure reports to the Bureau of Engineering, the Department of Recreation and Parks, and the City Administrative Officer on a monthly basis;

25. Authorize the Controller to transfer appropriations of \$600,000 within Department of Recreation and Parks Special Accounts Fund No. 302/89, from Account 460K, Subdivision Fees Trust, to the General Services Department Account 140A and appropriate therefrom to the following accounts within the General Services Fund No. 100/40 for the Ross Snyder Recreation Center Baseball Field Refurbishment project:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$300,000
1121	Benefits, Hiring Hall Construction	100,000
3180	Construction Materials and Supplies	<u>200,000</u>
	Total	\$600,000

26. Authorize the Controller to transfer appropriations of \$500,000 within Proposition K Fund No. 43K/10, from Account Y585, Ross Snyder Recreation Center, to the General Services Department Account A140 and appropriate therefrom to the following accounts within the General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$262,000
1121	Benefits, Hiring Hall Construction	98,000
3180	Construction Materials and Supplies	<u>140,000</u>
	Total	\$500,000

27. In accordance with Recommendation Nos. 25 and 26, instruct the General Services Department to submit expenditure reports to the Bureau of Engineering, the Department of Recreation and Parks, and the City Administrative Officer on a monthly basis;

28. In accordance with Recommendation Nos. 25 and 26, instruct the Department of Recreation and Parks to transfer cash (not to exceed \$600,000) from the Department of Recreation and Parks Special Accounts Fund and the Board of Public Works to transfer cash (not to exceed \$500,000) from the Proposition K Fund to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval of the applicable Program Manager, Department of Recreation and Parks, and the City Administrative Officer;

29. Establish a new account in the Sites and Facilities Fund No. 209/88 entitled Rustic Canyon Recreation Center Facility Enhancement Project and appropriate \$300,000 from the Sites and Facilities Fund No. 209 available balance to this account;

30. Authorize the Controller to transfer appropriations of \$240,000 within Proposition K Fund No. 43K/10, from Account Y010, West Hills Park, to the General Services Department Account A140 and appropriate therefrom to the following accounts within the General Services Department Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$170,000
1121	Benefits, Hiring Hall Construction	40,000
3180	Construction Materials and Supplies	<u>30,000</u>
	Total	\$240,000

31. In accordance with Recommendation No. 30, instruct the General Services Department to submit expenditure reports to the Bureau of Engineering, the Department of Recreation and Parks, and the City Administrative Officer on a monthly basis;

32. In accordance with Recommendation No. 30, instruct the Board of Public Works to transfer cash (not to exceed \$240,000) from the Proposition K Fund to reimburse the General Fund on an as-needed basis, upon proper documentation from the General Services Department and approval of the applicable Program Manager and the City Administrative Officer;

33. Appropriate \$15,000 from the Unappropriated Balance Fund No. 100/58, Account 0001, General Account, and transfer to the Office of the City Clerk Fund No. 100/14, Account 6010, Office and Administrative Expense, for expenses associated with facilitating off-site Council meetings;

34. Authorize the Controller to increase appropriations for Convention Center Fund No. 725/48, Account 148A, by \$1,095,000 from available balance within the Los Angeles Convention Center Revenue Fund No. 725, and appropriate therefrom to the following accounts within the Convention Center Fund No. 100/48:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1070	As-Needed Salaries	\$ 600,000
1090	Overtime Salaries	400,000
3040	Contractual Services	72,000
3160	Maintenance Materials & Supplies	8,000
3380	Electrical Services	5,000
6020	Operating Supplies	<u>10,000</u>
	Total	\$1,095,000

35. In accordance with Recommendation No. 34, instruct the Convention Center to recognize revolvable receipts in the Convention Center Revenue Fund and transfer cash from the Convention Center Revenue Fund to reimburse the General Fund;

36. Authorize the Controller to increase appropriations for Convention Center Fund No. 725/48, Account 148A, by \$400,000 from available balance within the Los Angeles Convention Center Revenue Fund No. 725, and appropriate therefrom to the Convention Center Fund No. 100/48, Account 9150, Building Modifications, for the replacement of the West Hall electrical switchgear;
37. Authorize the Controller to transfer appropriations of \$355,358 within Los Angeles Convention and Visitors Bureau Trust Fund No. 429/10, from Account Y200, Unallocated, to the Los Angeles Convention and Visitors Bureau Account Y429;
38. Authorize the Controller to increase appropriations for the Los Angeles Convention and Visitors Bureau, Fund No. 429/10, Account Y429, by \$1,048,277 from available balance within the Los Angeles Convention and Visitors Bureau Trust Fund No. 429;
39. In accordance with Recommendation No. 38, authorize the City Administrative Officer to pay the LA INC., The Convention and Visitors Bureau, the final invoices for 2005-06;
40. Authorize the Controller to appropriate \$105,000 from Department of Recreation and Parks Special Accounts Fund No. 302/89, Account 140A, General Services, to the following accounts within the General Services Fund No. 100/40 for the Sherman Oaks Castle project and instruct the Department of Recreation and Parks to transfer cash on an as-needed basis to reimburse the General Fund upon approval of expenditure reports submitted by the General Services Department:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$ 52,500
1121	Benefits, Hiring Hall Construction	10,500
3180	Construction Materials and Supplies	<u>42,000</u>
	Total	\$105,000

41. Authorize the Controller to appropriate \$343,218 from Department of Recreation and Parks Special Accounts Fund No. 302/89, Account 140A, General Services, to the following accounts within the General Services Fund No. 100/40 for the Fairfax Senior Citizen Center project and instruct the Department of Recreation and Parks to transfer cash on an as-needed basis to reimburse the General Fund upon approval of expenditure reports submitted by the General Services Department:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$ 98,864
3180	Construction Materials and Supplies	<u>244,354</u>
	Total	\$343,218

42. Authorize the Controller to transfer appropriations of \$150,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account A365, Bridge and Tunnel Maintenance, to the Bureau of Street Services Account A186 and appropriate therefrom to the following accounts within the Bureau of Street Services Fund No. 100/86 for bridge and tunnel maintenance projects:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$100,000
1090	Overtime Salaries	10,000
3030	Construction Expense	28,000
6010	Office and Administrative	2,000
6020	Operating Supplies	<u>10,000</u>
Total		\$150,000

43. Authorize the Controller to transfer appropriations of \$150,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account A601, Guardrail Construction, to the Bureau of Street Services Account A186 and appropriate therefrom to the following accounts within the Bureau of Street Services Fund No. 100/86 for guardrail construction projects:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$100,000
1090	Overtime Salaries	10,000
3030	Construction Expense	28,000
6010	Office and Administrative	2,000
6020	Operating Supplies	<u>10,000</u>
Total		\$150,000

44. Authorize the Controller to transfer appropriations of \$300,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account A702, Drainage Projects-Variou Locations, to the Bureau of Street Services Account A186 and appropriate therefrom to the following accounts within the Bureau of Street Services Fund No. 100/86 for drainage projects at various locations:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$158,000
1090	Overtime Salaries	20,000
3030	Construction Expense	50,000
3040	Contractual Services	20,000
6010	Office and Administrative	2,000
6020	Operating Supplies	<u>50,000</u>
Total		\$300,000

45. Authorize the Controller to transfer appropriations of \$60,000 within GOB 2005A Clean Water Cleanup Fund No. 16F/50, from Account Y304, Inserts Construction Management, to the Bureau of Street Services Account A186 and appropriate therefrom to the following accounts within the Bureau of Street Services Fund No. 100/86 for the installation of catch basin inserts and screens:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$30,000
1090	Overtime Salaries	25,000
1100	Hiring Hall Salaries	5,000
	Total	\$60,000

46. Authorize the Controller to process a payment of \$41,112 for the City contribution of Tier 5 service buybacks (period January 1, 2002 to June 30, 2006) from General City Purposes Fund No. 100/56, Account 0823, Fire/Police Pension Defrayal, to the Department of Fire and Police Pensions Fund No. 916/64, Revenue Source 4711, Pension/Retirement Contribution-Employer;
47. Appropriate \$5,000,000 from the Unappropriated Balance Fund No. 100/58, Account 0130, GSD-Petroleum Products, and transfer to the General Services Department Fund No. 100/40, Account 3230, Petroleum Products;
48. Authorize the Controller to increase appropriations to the General Services Department Fund No. 100/40, Account 1010, General Salaries, in the amount of \$193,000 from MICLA Fund No. 298/70, Account Y735, Police Helicopters, for the installation of additional airframe, avionics and mission equipment prior to the deployment of the new helicopters;
49. In accordance with Recommendation No. 48, instruct the Bond Fund Administrator to transfer cash from MICLA Fund 298 to reimburse the General Fund on an as-needed basis upon proper documentation from General Services and approval of the City Administrative Officer;
50. Authorize the Controller to accept funds in 2006-07 from the Community Redevelopment Agency, as specified in Council File No. 05-1292, in the amount of \$175,000, and deposit into the General Services Department Fund No. 100/40, Revenue Source 3741, Revenue from Community Redevelopment Agency, for reimbursement of construction services, and appropriate into the General Services Department Fund No. 100/40, Account 3180, Construction Materials;

51. Authorize the Controller to accept funds in 2006-07 from the Community Redevelopment Agency, as specified in Council File No. 05-1292, in an amount not to exceed \$2,748,327, and deposit into the General Services Department Fund No. 100/40, Revenue Source 3741, Revenue from Community Redevelopment Agency, for reimbursement of asset management and construction services, and for the same deposited amount, subject to the review and approval of the City Administrative Office, appropriate to the following accounts within the General Services Department Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>
1010	Salaries General
1014	Salaries Construction
1090	Salaries Overtime
1101	Hiring Hall Construction
1121	Benefits, Hiring Hall Construction
3040	Contractual Services
3180	Construction Materials

52. Authorize the Controller to increase appropriations to the Information Technology Agency Fund No. 100/32, Account 1010, General Salaries, in the amount of \$158,000 from MICLA Fund No. 290/70, Account S929, Mobile Data Radio System Upgrade, for the installation of Mobile Digital Computers into Police Department vehicles;

53. In accordance with Recommendation No. 52, instruct the Bond Fund Administrator to transfer cash from MICLA Fund 290 to reimburse the General Fund on an as-needed basis upon proper documentation from the Information Technology Agency and the approval of the City Administrative Officer;

54. Establish a new account in the Capital Improvement Expenditure Program Fund No. 100/54, entitled Van Nuys City Hall, and transfer \$767,971 from the Information Technology Agency Fund No. 100/32, Account 1010, Salaries General, to this account;

55. Transfer \$206,041 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the following accounts within the Commission on Children, Youth and Their Families Fund No. 100/27, as a reimbursable advance for the City's Safe Corridors Project:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1070	Salaries As Needed	\$ 83,908
2120	Printing and Binding	45,000
2130	Travel	4,000
3040	Contractual Services	32,981
6010	Office and Administrative	<u>40,152</u>
	Total	\$206,041

56. In accordance with Recommendation No. 55, instruct the Commission on Children, Youth and Their Families to reimburse the Reserve Fund a total of \$206,041 upon receipt of funds from the California State Office of Traffic Safety;
57. Appropriate \$135,000 from the Unappropriated Balance Fund No. 100/58, Account 0078, LAPD Consent Decree Program, and transfer to the Police Department Fund No. 100/70, Account 7340, Transportation Equipment, for vehicles required by staff added to the Office of the Inspector General;
58. Authorize the Police Department to use \$1,150,000 from MICLA Fund No. 296/70, Account 7340, Transportation Equipment, to purchase and install communications equipment through a vendor to accommodate two new radio frequencies for the new Area Police Stations in the West Valley and Mid-City Areas;
59. Authorize the Controller to increase the appropriations to the General Services Department Fund No. 100/40 in the amount of \$1,902,000 from the MICLA Fund No. 298 and the Zoo Improvement Construction Obligation Bond Fund No. 15K as follows, and instruct the Bond Fund Administrators to transfer cash from the bond funds to reimburse the General Fund on an as-needed basis, upon proper documentation from General Services Department and approval by the applicable Program Manager:

- a) Transfer \$1,724,000 within MICLA Fund No. 298/50, Account Y621, Middle Zoo-Pachyderm Forest, to the General Services Department Account A140 and appropriate therefrom to the following accounts within General Services Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$970,000
1121	Benefits, Hiring Hall Construction	338,000
3180	Construction Materials	<u>416,000</u>
	Total	\$1,724,000

- b) Transfer \$178,000 within the Zoo Improvement Construction General Obligation Bond Fund No. 15K/50, Account T211, Middle Zoo-Pachyderm Forest, to the General Services Department Account A140 and appropriate therefrom to General Services Fund No. 100/40, Account 3180, Construction Materials.
60. In connection with Recommendation No. 59, transfer \$276,000 within the Zoo Enterprise Trust Fund No. 40E/87 from Account W187, Zoo, to Account A140, General Services, and appropriate therefrom to General Services Department Fund No.100/40, Account 3180, Construction Materials, for the Pachyderm Forest Exhibit (Phase I) project;

61. Authorize the Controller to transfer \$210,000 within MICLA Fund No. 296/40, from Account V323, Alt Fuel Program, to Account A140, General Services Department, and appropriate therefrom to the following accounts within the General Services Fund No. 100/40 for the Alternative Fuels Compliance-West Valley Maintenance Shop project, and instruct the Bond Fund Administrator to transfer cash to reimburse the General Fund upon proper documentation by General Services Department and approval by the City Administrative Officer:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1101	Hiring Hall Construction	\$164,000
1121	Benefits, Hiring Hall Construction	46,000
	Total	\$210,000

62. Establish a new account in the Unappropriated Balance Fund No. 100/58 entitled LINX Replacement System and transfer \$3,312,000 from the Reserve Fund to this account;

63. Authorize the Controller to transfer \$200,000 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to Project Restore Trust Fund No. 869/40, Account 0392, Project Restore 2006-07;

64. Authorize the City Administrative Officer to make technical corrections as necessary to those transactions included in this report to implement the Mayor and Council's intentions.

FISCAL IMPACT STATEMENT

Transfers, appropriations and adjustments totaling \$53,211,937 are recommended in this report. Of this amount, \$19,801,903 are for Bond and construction projects, \$10,177,739 for reappropriations from the Reserve Fund, \$6,742,975 for appropriations from special funds, \$5,150,000 for appropriations from the Unappropriated Balance, \$3,512,000 for an appropriation from the Reserve Fund, \$5,237,846 for transfers between accounts within various departments and funds, \$1,574,765 for reappropriations from special funds, \$767,556 for transfers between various departments and funds, \$206,041 for a Reserve Fund loan, and \$41,112 to process a payment to the Department of Fire and Police Pensions. Additionally, at this time, there is no change from the 2006-07 Adopted Budget projected Reserve Fund balance at June 30, 2007.

DISCUSSION

1. BASIS FOR REPORT

Throughout the course of the fiscal year, the Office of the City Administrative Officer monitors the budget and transmits frequent reports to the Mayor and Council detailing the City's current financial status. This first report: 1) reviews the status of estimated City receipts; 2) estimates potential budgetary problems in departments; 3) highlights Citywide concerns that may impact the budget; and, 4) recommends various budgetary adjustments.

2. GENERAL FUND REVENUE

Current year revenue is ahead of plan at September due to a carryover of 2005-06 property tax receipts and an early transfer from the Reserve Fund. Also affecting the positive variance are interest earnings now credited to the General Fund that need to be distributed to special funds and the proprietary departments. Finally, several departments have earlier than anticipated receipts that help with cash flow but do not change the fiscal year projection. The variance from plan through September is shown on Attachment 3, Page 1.

Although the 2006-07 revenue is ahead of plan at September, this Office believes that several threats to current year revenue exist that, if realized, may prevent the City from achieving its overall 2006-07 revenue target. These threats affect the City's telephone users' taxes, documentary transfer taxes, grant receipts and property taxes.

The primary positive variance available to help finance the current year budget, if other revenues fall short, is the carryover of \$44 million in 2005-06 property tax revenue. Due to a system problem, the County Auditor-Controller delayed remitting \$44 million in 2005-06 property tax receipts until July 2006. The City's accounting method requires that these delayed receipts be recorded as current year revenue since the cash was actually received this year. This receipt is available to either replenish the Reserve Fund or to offset likely shortfalls in other revenue accounts.

Other positive variances in revenue include \$3.1 million in prior-year vehicle license fees received from the state and potentially higher than estimated business tax receipts. Actual 2005-06 business tax receipts were \$14 million more than the 2005-06 revised budget, which suggests the possibility that the base for the 2006-07 business tax estimate may be low. Although this Office is optimistic, the projection of a specific revision at this time would be speculative.

On May 25, 2006, the U.S. Treasury Department announced it is conceding a series of legal disputes regarding the federal excise tax (FET) on long-distance telephone service. The Department of Justice will no longer pursue litigation, and the Internal Revenue Service will issue refunds for FET collections on long-distance service for the past three years. In addition to ending the litigation, the Secretary of the Treasury has called on Congress to terminate the remainder of the FET by repealing the excise tax on local service as well.

The City's telephone users' tax exempts charges which are not taxable under the FET. The City is reviewing the Department of Treasury's May 25, 2006 announcement and Notice 2006-50 issued in connection with that announcement to determine the effect of these changes on the City's telephone users' tax.

In addition, a portion of the City's telephone users' tax on wireless telephone charges has been challenged under an action entitled AT&T Wireless et al. v. City of Los Angeles. Specifically, the case challenged the City's request (as a result of changes in federal law) that all wireless carriers collect utility users' tax on the calling portion of wireless telephone bills effective March 2003, regardless of whether they had previously collected the tax on that portion of the bill. The suit alleges that the City's action is a change in the taxing methodology for wireless phone calls and is a tax increase that, under the provisions of Proposition 218, requires voter approval. The judge in this Superior Court case issued a writ of mandate and judgment requiring the City to withdraw its request as to two cellular service providers and revert to prior collection practices as to those carriers. The City disagrees with this decision and has appealed. The City believes that only a clarification of its ordinance is required. The portion of the utility users' tax that is derived from wireless telephone service is estimated to be \$163 million in the 2006-07 Budget.

The City's total telephone tax revenue for 2006-07 is projected to be \$270 million or about 6 percent of the General Fund receipts. In addition to the above, changing technologies in the telephone marketplace, such as the shift to wireless telephone and Voice-Over-Internet services, have created uncertainties and challenges to this portion of the utility users' tax.

For a number of reasons, we are unable to establish a reliable estimate of the potential revenue loss that would result from an adverse final judgment in AT&T Wireless et al. and pending changes in federal excise tax practices. However, our Office believes that a significant portion of the \$270 million telephone users' tax could be at risk. The City has a task force developing various options to address the potential loss of revenue, and is also working with other affected jurisdictions and at the state level to resolve this issue.

The 2006-07 Budget projects an 11 percent decline in documentary transfer tax receipts from 2005-06. Receipts through September are 16 percent below the same period last fiscal year. This account generally trails real estate market activity by one calendar quarter. Receipts to date are based on real estate activity during Spring 2006. Based on receipts to date, a shortfall of \$15 million or more from the 2006-07 Budget may occur. Since press reports and anecdotal information strongly suggest that further declines in real estate activity occurred in the summer, it is likely that City revenue from this category will continue to fall below the revenue plan in the coming months. This Office will continue to track revenue from this category and will update real estate statistics in future reports.

Projected police hiring and offsetting attrition for the current fiscal year may prevent full utilization of COPS Universal Hiring Program grant funds. Grant receipts are projected to be \$5 million below the 2006-07 revenue plan. Any grant receipts not realized may indicate a need to reduce Police appropriations from the VLF Gap Financing Proceeds Fund.

The 2006-07 revenue plan includes a \$31.6 million water revenue transfer from the Department of Water and Power. This amount is based on a historic practice previously upheld by the courts that allowed the City to factor water revenue transfers into its water rate calculations. A recent California Supreme Court case now holds that rates for water consumption are property-related and are subject to Proposition 218 requirements, which may impact the City's water revenue transfer. This Office believes that Proposition 218 requirements may have been met when voters approved the revised City Charter in 1999, which would allow the continued use of the current water rate calculation method. The City will seek validation from the court that would allow the revenue transfers to continue. If the court does not provide validation, the City can lose its ability to continue this practice. This Office will continue to monitor this issue and recommend a future action in a later financial status report if warranted.

The complex provisions of Proposition 13 work to mitigate the effects of sudden shifts in the real estate market on City property tax revenue, but the City property tax is not immune to the current real estate downturn. A minor change in the collection rate of property taxes could translate into a significant revenue loss. Real estate foreclosure activity is rising. Historically, property owners in default or nearing default defer a property tax payment which decreases the tax collection rate. Currently, each collection rate percentage point equals \$8 million in City property tax revenue. In the last real estate downturn, the collection rate fell by 6 percentage points. Such a sudden drop is not likely in the current year, but current trend data indicates that the collection rate could fall by one to two percentage points in 2006-07. The collection rate peaked at 98.2 percent in 2002-03 but declined to 96.8 percent in 2004-05. The 2004-05 rate was used for the 2006-07 budget.

Properties assessed after the January 1st lien date, as a result of real estate sales or improvements, are counted as supplemental taxes. As a result of the active real estate market, estimated 2006-07 supplemental receipts are double the 2003-04 level and only 9.4 percent below last year's record level. If the real estate market slows enough, property tax supplemental receipts could fall below budget.

Finally, the economy sensitive sales, transient occupancy and parking occupancy taxes are generally close to budget and no adjustments are suggested at this time. Since these are all currently very close to plan, any slowing in the economy would reduce revenue from these sources. Parking fine revenue is \$1.7 million behind plan at September, and this Office is following up with Department of Transportation staff to determine the cause. This Office will continue to monitor these revenue categories closely and will recommend revisions to the budget revenue estimates if warranted.

Additional details on the revenue categories discussed above are provided in Attachment 3.

3. REAPPROPRIATIONS, BUDGETARY ADJUSTMENTS AND POTENTIAL SURPLUSES/SHORTFALLS

The following are brief descriptions by department of reappropriation and budgetary adjustment recommendations included in this report, and potential surpluses and shortfalls.

**A. Aging
Attachment 8**

Transfers totaling \$35,000 between accounts within the Department are recommended for as-needed staff to assist with job training, unsubsidized placements and expanded outreach to local employers.

**B. Animal Services
Attachment 8**

The Department is projecting a shortfall of approximately \$175,000 in its Private Veterinary Care Expenses account appropriation due to vacant Veterinarian positions. The Veterinarian classification recently received a 9 percent pay increase which should assist in the filling of the Department's vacancies. Until all Veterinarian positions can be filled, the Department will continue to utilize private veterinary care to meet its current workload. Projected salary savings from the vacant positions should allow the Department to absorb the projected shortfall. A transfer of \$54,000 from Salaries General is recommended to allow the Department to continue providing the expected level of veterinary care services until a more accurate year-end projection is available. This Office will monitor the expenses from this account and recommend a future transfer in a later financial status report if warranted.

C. City Attorney

The City Attorney is projecting a shortfall in its Litigation account appropriation. Although the City Attorney is making efforts to control expenditures from this account, an additional appropriation may be needed before year-end. Within the Unappropriated Balance (UB), \$750,000 is available, which should be sufficient to cover any shortfalls that may occur in the City Attorney's Litigation account. This Office will monitor expenditures from this account and recommend a transfer from the UB in a later financial status report if warranted.

The City Attorney was not provided with a 2006-07 appropriation to pay for outside counsel services. Instead, \$2.7 million was placed in the UB, under an account entitled Outside Counsel Including Workers' Compensation, of which \$1 million has been recently appropriated to the City Attorney to pay for these services. Additionally, Council has approved (Council File No. 04-0893) a \$1 million transfer from Liability Claims to the City Attorney to pay for outside counsel services. The City Attorney is projecting current year expenditures of \$5.6 million for outside counsel services. If these expenditures are realized, a shortfall of \$1.9 million will occur. This Office will monitor the expenses for outside counsel services and recommend future actions in a later financial status report if warranted.

**D. City Clerk
Recommendation No. 33**

An appropriation of \$15,000 from the Unappropriated Balance is recommended to reimburse the City Clerk for expenses associated with facilitating off-site Council meetings.

**E. Commission on Children, Youth and Their Families
Recommendation Nos. 55 and 56**

The Department received a grant from the California State Office of Traffic Safety, which funds the City's Safe Corridors Project (CFN 04-0135). Although there is no City match requirement, the City is required to provide advance funding for the project and seek reimbursement through the grant. Therefore, a loan of \$206,041 is recommended from the Reserve Fund to the Department for this purpose and that the Reserve Fund be reimbursed upon receipt of grant funds during 2006-07.

**F. Controller
Attachment 6**

Reappropriations totaling \$642,500 from the Reserve Fund are recommended to complete the Charter mandated audits of the City's pension and retirement systems (\$600,000) and to audit the Community Redevelopment Agency (\$42,500). The Community Redevelopment Agency will reimburse the General Fund upon completion of the audit. The Controller has indicated that the cost of the pension audit may exceed \$600,000. Therefore, additional funds may be needed when the audit contract comes before the Council.

**G. Convention Center
Recommendation Nos. 34 through 36**

The Convention Center Revenue Fund is a special fund established for the receipt of revenues from shows and conventions at the Convention Center. Section 8.148 of the Los Angeles Administrative Code requires that expenses related to the operation, management, maintenance and improvement of the Convention Center be paid out of the Convention Center Revenue Fund. In 1999, the Salaries and Expense Reimbursement Account, a revolving fund account, was established as part of the Convention Center Revenue Fund. This account was established for the sole purpose of reimbursing the Convention Center Department (Department) for salary costs and other expenses incurred relative to client requested services and materials. The revenues from billings to service requestors for provided services and materials are deposited into the Salaries and Expense Reimbursement Account. At the end of each fiscal year, all unencumbered funds in the Salaries and Expense Reimbursement Account in excess of \$100,000 are transferred to the Convention Center Revenue Fund.

In the past, the Department would reimburse its operating budget (Fund No. 100/48) by reducing the expenditure amounts in the Salaries General and other impacted expense accounts and transferring the expended amounts into corresponding expense accounts in the Convention Center Revenue Fund. While this practice has no operational impact, the actual expenditures in the impacted accounts are not reflected in the final accounting statements for the Department operating budget. The Controller indicates that, for audit trail purposes, this practice should be discontinued. Therefore, the Controller informed the Department that it would no longer process accounting documents that reduce the expenditure amounts in the Department operating budget. Due to this procedural change, the Department now requires an additional appropriation in various accounts for a total of \$1,095,000.

G. Convention Center (continued)

This represents funding for the first six months of the 2006-07 fiscal year, and will allow the Department to utilize the funding in accordance with the Controller's requirements. It is expected that similar adjustments totaling an estimated \$1,095,000 will be required in future financial status reports.

Finally, the Department indicates that the West Hall electrical switchgear is over 30 years old and almost impossible to maintain or repair due to lack of spare parts. The Department reports that the Department of Water and Power (DWP) has determined that the switchgear needs to be replaced. DWP, through its Finance Group, will provide the Department a loan in the amount of \$400,000 to replace the equipment. An appropriation is now required in the Department's Building Modification Account 9150 to allow the Department to issue a purchase order for the equipment. The Department has identified a contractor, OneSource Distributors, Contract No. 57806, to supply the new switchgear on "turn key" basis. The Department anticipates the loan proceeds from DWP to be released in November 2006. Repayment will be processed through the Water and Electricity account with energy consumption savings from the new, more efficient equipment.

H. Cultural Affairs

The 2006-07 budget includes \$107,597 in the Unappropriated Balance (UB) for the Nate Holden Theater Center. The Department was directed to serve as a caretaker of the facility for six months or until a vendor was selected to operate the Theater. The \$107,597 of funds set aside in the UB covers six months of operating cost. To date, the request for proposals process has not begun. The Department indicates that it does not have sufficient savings to absorb the cost of serving as a caretaker for the entire fiscal year. This Office will monitor this situation and recommend a future transfer in a later financial status report if warranted.

The Department reports potential unfunded commitments by the previous General Manager. The previous General Manager was in discussions with several non-profit organizations, community groups and artists before her departure. The City Attorney is working with the Department in identifying whether the City is obligated to follow through on these discussions, which may result in City commitments totaling \$171,992.

The Department reports that the Charles Mingus Youth Arts Center is scheduled to open in January 2006. The Department has requested \$182,900 to pay for expenditures associated with the Center after it opens. This Office will monitor this situation and recommend a future transfer in a later financial status report if warranted.

I. Disability Attachment 6

Reappropriations totaling \$9,000 from the Reserve Fund are recommended to carry out the Mayor and Council's intent to mitigate the impact of 2006-07 reduced grant funding for the City's AIDS program. The department's 2005-06 reversion to the Reserve Fund totaled \$9,000. This reversion was not from Disability accounts approved for reappropriation by the 2006-07 budget resolution.

**J. Fire
Attachment 7**

Reappropriations totaling \$400,570 from the Homeland Security Assistance Fund are recommended to continue the pre-CERT Disaster Awareness Course and expansion of the existing Community Emergency Response Team program. Funding and authority for these items comes from the State Homeland Security Grant (Council File No. 05-2675). The Department proposes to supplement personnel with variable staffing overtime to complete the program within the grant timeline.

The Department is projecting an overall net shortfall of approximately \$6.1 million in its total budget appropriation of \$509.4 million. This shortfall is primarily attributable to 191 platoon-duty vacancies that must be backfilled, field equipment expenses and Firefighter uniforms. The Fire Academy has graduated two classes (84 recruits) this fiscal year and is anticipated to graduate another three before the end of the fiscal year. This Office will monitor the Department's expenses and recommend a future transfer in a later financial status report if warranted.

**K. Finance
Attachments 6 and 7**

Reappropriations totaling \$113,000 from the Reserve Fund (\$90,000) and the Tax Reform Fund (\$23,000) are recommended for prior year funding of items that inadvertently reverted. These items include software maintenance and support for the tax discovery system (\$10,000), Dun and Bradstreet database services utilized by staff to check businesses for auditing purposes (\$30,000), modular furniture for the Revenue Enhancement Unit (\$50,000), and modular furniture (funded from the Tax Reform Fund) for the AB63 Unit (\$23,000).

**L. General City Purposes
Recommendation No. 46**

The purchase of service time and collection of missed pension contributions from Tier 5 Plan members are processed through a purchase service contract that initiates the collection of payments through additional pension contributions or by way of lump sum payment. The Department of Fire and Police Pensions has submitted a bill for the City contribution portion of service buybacks for the period January 1, 2002 to June 30, 2006. A payment of \$41,112 is recommended to settle the bill. This payment does not require an additional appropriation.

**M. General Services Department
Attachment 6, 8 and 9
Recommendation Nos. 47, 50 and 51**

Reappropriations totaling \$1,086,698 from the Reserve Fund are recommended to acquire and implement a Building Management System approved in the 2005-06 budget (see related Information Technology Agency reappropriation recommendation). This system will perform as a centralized property database to manage the construction, repair and maintenance of the City property portfolio. The Request For Proposal has been issued and vendor selection is anticipated shortly.

M. General Services Department (continued)

The Department is projecting a shortfall between \$7.8 million and \$14.0 million in its Petroleum Products account appropriation due to the tremendous volatility in the market. During the first few months of the current fiscal year, the price for unleaded gasoline ranged from \$2.24/gallon to \$2.91/gallon. An appropriation of \$5 million from the Unappropriated Balance is recommended to allow the Department to continue managing the purchase of petroleum products until a more accurate year-end projection is available. This Office will continue to monitor fuel prices and provide updated estimates in future reports.

The Department is projecting a shortfall of approximately \$2 million in its Overtime Salaries account appropriation due to the significant number of vacancies within the newly created Office of Public Safety (OPS) and a need to use overtime to provide a consistent level of security services within the City when required. Due to the background checks and specialized training required, the hiring of security personnel often takes more than six months to complete. A transfer of \$1 million from Salaries General is recommended to allow the Department to continue providing the expected level of security until a more accurate year-end projection is available.

The Department is projecting a shortfall of approximately \$1 million in its Contractual Services account budget appropriation (\$16,948,421) due to the significant number of vacancies within the newly created OPS and a need to contract security for the Sanitation Treatment Plants. The Department estimates that it will take approximately six months to hire the necessary OPS staff to replace the contract security at the treatment plants. Contract security must be used until OPS can transition staff to the treatment plants. A transfer of \$550,000 from Salaries General is recommended at this time. The Sewer Construction Maintenance Fund is reimbursing the General Fund for actual costs associated with providing security to the Sanitation Treatment Plants.

Last fiscal year, the Department upgraded the Supply Management System (SMS) to Version 8.9. This upgrade has uncovered several issues and problems between SMS and the Financial Management Information System. A report will be forthcoming from the Department explaining these issues in more detail. However, approximately \$2 million may be needed to fund a consultant contract to rectify the problems.

Under mandate from the United States Postal Service (USPS), all postage meters used for processing bulk mailings must be replaced before the end of the calendar year to meet new, improved standards. GSD has five postage machines that fall within this mandate. Should these machines not be replaced, USPS will not accept mass mailings from the City. In order to meet this deadline, a transfer of \$130,000 from Mailing Services to Equipment and Contractual Services is recommended.

M. General Services Department (continued)

The Department of Water and Power provides a reduced rate for water meters dedicated solely for irrigation purposes. Currently, the City is billed a domestic rate for the water used for the landscaping at Barnsdall Park. By adding an additional water meter and creating a dedicated irrigation system at this facility, the City should realize more than \$162,000 in savings annually in the Water and Electricity Fund. To achieve these savings, a transfer of \$99,728 from the Water and Electricity Fund to construction accounts is recommended.

The Department has stated to the Municipal Facilities Committee that the Bar Code Automation Unit will be relocated from City Hall to Los Angeles Mall Space 10. In order to complete this relocation, specialized ventilation systems need to be installed. A transfer of \$62,846 from Mailing Services to construction accounts is recommended to complete this work.

The Department has a cooperation agreement with the Community Redevelopment Agency (CRA) to provide asset management and construction services on an as needed basis for various CRA projects. The adoption of language to enable GSD to receive payment from the CRA is recommended.

N. Information Technology Agency Attachments 6, 7, 8 and 9

Reappropriations totaling \$1,880,537 from the Reserve Fund (\$1,860,656) and the Construction Services Trust Fund (\$19,881) are recommended for prior year funding of items that inadvertently reverted. These items include installation services that will be reimbursed by the Special Police Communications/911 System Tax Fund for Police vehicle mobile data terminals (\$105,656), upgrade of the back-up recorder for the Fire Department Dispatch Center's ComLogger (\$85,000), integration services for the 3-1-1 Citywide Service Request System (\$550,000), implementation services for the EOC/DOC/Fire Dispatch System (\$400,000), a new systems server for General Services Department's (GSD) Building Management System (\$13,000 – see related General Services Department reappropriation recommendation), technical equipment needed to increase the City firewall bandwidth (\$96,000), an emergency generator for Mount Lee (\$130,000), communications services for the Hollywood Municipal Building (\$11,000), equipment for the Fire voice radio system (\$220,000), equipment for the Fire Station Alerting Network (\$250,000), and technical equipment (funded from the Construction Services Trust Fund) for a Storage Area Network system that will contribute towards the City's participation in the county-wide Los Angeles Region Imagery Acquisition Consortium (\$19,881).

Additionally, this Office is recommending transfers totaling \$50,000 between accounts within the Department as a technical correction to fulfill the Citywide Document Management Initiative funded by the 2006-07 Budget, and a transfer of \$9,642 from the Homeland Security Assistance fund for reimbursement of work performed under the Protective Security Center Demonstration Grant (Council File No. 05-2318).

**O. LA INC., The Convention and Visitors Bureau
Recommendation Nos. 37 through 39**

The City's contract with LA INC, The Convention and Visitors Bureau (LA INC.) provides annual funding in the amount equivalent to one percent of the Transient Occupancy Tax (TOT). Quarterly payments are made based on the estimated TOT and reconciled at the end of the fiscal year. In 2005-06, one percent of the actual TOT collected amounted to \$9,768,385. LA INC has received \$8,364,750, leaving a balance of \$1,403,635. It is recommended that funds be appropriated from unallocated and available balances in the Los Angeles Convention and Visitors Bureau Trust Fund No. 429 to permit the final payments for 2005-06.

P. Liability Claims

\$2.9 million of the Liability Claims Over \$100,000 account appropriation has been used to pay for prior year expenditures. Two settlement checks issued last fiscal year, which totaled \$2.9 million, were cancelled by the Controller, due to technical changes in payee instructions, and re-issued using the current year appropriation. The amounts for the cancelled checks were recorded as current year departmental receipts to the General Fund. This transaction may lead to a shortfall in this account if the \$2.9 million in departmental receipts are not recognized and appropriated to the Liability Claims account as reimbursement for the re-issuing of the settlement checks. This Office will monitor this account and recommend future actions in a later financial status report if warranted.

**Q. Planning
Attachments 7 and 8**

Reappropriations totaling \$168,934 from the Venice Area Real Property Trust Fund are recommended to continue the Community Design Overlay District for Lincoln Boulevard.

The Department is projecting a \$365,500 shortfall in its Overtime Salaries account appropriation due to its desire to address operational demands, such as significant case backlogs, while having a high vacancy rate (16.8%). The projection for this year is consistent with prior year spending. Projected salary savings from vacant positions should allow the Department to absorb the projected shortfall. The Director of Planning is currently working on a new plan for the Department that could result in accelerated hiring and less reliance on overtime to address operational demands. At this time, transfers totaling \$200,000 between accounts within the Department are recommended to partially address this projected shortfall. This Office will monitor the expenses from this account and recommend a future transfer in a later financial status report if warranted.

R. Police
Recommendation Nos. 8 and 57
Attachments 6, 7 and 8

Reappropriations totaling \$6,113,885 from the Reserve Fund (\$6,088,885) and the Local Law Enforcement Block Grant Fund (\$25,000) are recommended for prior year funding of items that inadvertently reverted. These items include flashlights for the department (\$561,510), tactical vests for the 19 geographical areas and the Gang Impact Teams (\$71,375), furniture for the department's Ergonomic Pilot Program that is part of the clerical Memorandum of Understanding (\$90,000), upgrade of Police mobile radios (\$5,100,000), equipment for the Automatic License Plate Recognition program (\$266,000), and a horse trailer (funded from the Local Law Enforcement Block Grant Fund) for the Metropolitan Division (\$25,000).

Funding is required in the Department's Travel account. There are surplus funds in the Office and Administrative Expense account that can be used for this purpose. A transfer of \$56,000 from the Office and Administrative Expense account to the Travel account is recommended.

The Department hired a larger than expected number of civilian employees in July and continues to pursue an aggressive civilian hiring plan, causing a projected shortfall in the Salaries General account. The Police Department proposes transferring surplus funds from the Salaries Sworn account to cover the shortfall. A transfer of \$3,000,000 from the Salaries Sworn account to the Salaries General account is recommended. This transfer will not impact the Department's sworn hiring goal.

The Department is currently projecting a surplus of approximately \$15 million in the Salaries Sworn account due to higher than anticipated attrition and various other factors. This surplus may be available to compensate for projected shortfalls in the Salaries General and Sworn Overtime accounts.

The Department is currently projecting a shortfall of approximately \$20 million in the Overtime Sworn account. Of this amount, \$4.3 million is unbudgeted overtime to be reimbursed by LAWA and \$6.1 million is overtime to be reimbursed by various grants. The remaining \$9.6 million shortfall is due to non-reimbursable overtime, reflecting approximately 183,000 hours over the Police Department's 1.2 million hour overtime cap. The 183,000 hour overage is due to both discretionary and non-discretionary overtime. The major non-discretionary causes include Court Directed Reporting and Use of Force Investigations. The major discretionary causes include Gang Enforcement and Narcotics Enforcement Activities. It is the Department's stated opinion that the 1.2 million hour cap is insufficient to meet the public safety needs of the Department and the City.

During the adoption of the 2006-07 Budget, the Council added seven additional staff to the Office of the Inspector General. In order to properly perform their duties, four additional vehicles are required. An appropriation of \$135,000 from the Unappropriated Balance is recommended to purchase the required vehicles.

**S. Bureau of Sanitation
Attachments 6 and 10**

Reappropriations totaling \$400,000 from the Reserve Fund are recommended to complete Phase II of the Solid Waste Alternative Disposal Technologies study.

The Department reports a need to fund litigation currently underway between the City and the former owner/operator (BLT Enterprises) of the Central Los Angeles Recycling Transfer Station (CLARTS). Therefore, an appropriation of \$50,000 to the City Attorney from the Solid Waste Resources Fund is recommended.

The Department reports a need to reimburse the General Services Department for printing costs associated with approximately 1.5 million notices to rate payers, which were required under provisions of Proposition 218 in regards to the trash collection fee increase. Therefore, an appropriation of \$66,478 to General Services' Printing Revolving Fund from the Solid Waste Resources Fund is recommended.

The Department reports a need to fund the annual operational costs of CLARTS with payments received from private haulers. Therefore, appropriations totaling \$3,909,536 within the CLARTS Trust Fund are recommended.

The Department reports a need to fund 2005-06 Fourth Quarter expenses of the CLARTS Community Amenities Trust Fund with payments received from private haulers. Therefore, an appropriation of \$173,684 to the CLARTS Amenities Trust Fund from the CLARTS Trust Fund is recommended.

The General Fund has funded year-to-date operational costs of CLARTS through the Department's Contractual Services account pending the establishment of 2006-07 appropriations within the CLARTS Trust Fund. Since this report establishes these appropriations, it is recommended that \$299,536 be transferred from CLARTS Trust Fund accounts to the Department's Contractual Services account. This action will reimburse the General Fund for private hauling and disposal expenses incurred through mid-September. An additional reimbursement may be necessary if additional amounts are paid out of the Contractual Services account before the establishment of 2006-07 appropriations within the CLARTS Trust Fund. This Office will recommend a future transfer in a later financial status report if warranted.

**T. Bureau of Street Lighting
Attachment 7**

Reappropriations totaling \$653,874 from the Street Lighting Maintenance Assessment Fund (\$553,594), the Special Gas Tax Street Improvement Fund (\$95,193) and the Street Furniture Revenue Fund (\$5,087) are recommended for prior year funding of items that inadvertently reverted. These items include the completion of the Pacoima Phase II project (\$553,594), the completion of the Stairway Walkway Lighting Unit 4 project (\$95,193), and to perform the light installation for the crosswalk, at the northeast corner of Tujunga Avenue at California Street, across from Sendak Elementary School in North Hollywood (\$5,087).

U. Bureau of Street Services Attachment 7

Reappropriations totaling \$283,506 from the Oxford Triangle/Venice Neighborhood Protection and Off-Site Street Beautification Fund are recommended to undertake sidewalk repair and other street related work in the Oxford Triangle area of Venice.

V. Transportation

The Department is projecting a \$2.5 million shortfall in its Overtime Salaries account appropriation due to an increased number of downtown demonstrations. If this projection is realized, it would result in an increase of 11.3% over 2005-06 actual Overtime Salaries expenditures. It is likely that there will be a shortfall in Overtime Salaries, though the agreed upon projected shortfall amount and the extent to which the Department can absorb this shortfall is yet to be determined. This Office is currently working with the Department to clarify their findings and adjust this projection and/or identify offsetting surpluses within the Department. This Office will continue to monitor this account and will provide additional information, including more specific reasons for the shortfall and a plan for attempting to eliminate it, in the next financial status report.

W. Treasurer

The Budget and Finance Committee instructed this office to report in each Financial Status report on position vacancies in the Office of the Treasurer and on the status of the Treasury Workstation.

The Department has 38 authorized regular positions and 2 resolution authority positions. Currently, 37 positions are filled. The current vacancies are a Finance Specialist III, an Assistant Treasurer and an Executive Administrative Assistant III.

The Workstation is in the testing phase in the Office of the Treasurer. Some problems have been experienced with the functionality of the system and technical issues are being resolved with the vendor. The pilot program with the Convention Center, which began in August 2006, is progressing. Currently, new accounts are being set up. However, the Convention Center will not be brought on line until successful completion of the Workstation testing phase. At present, there is no estimated time line for completion of the testing phase.

The Department is projecting shortfalls at year-end primarily due to unplanned and unbudgeted expenditures. Several workers' compensation claims have resulted in the need to purchase ergonomic supplies and equipment. The department is currently using its Office and Administrative account appropriation to front fund this expense. The Department also requires funding to replace a critical server that is failing. This Office will work with the Department to resolve any fiscal issues within existing resources and will recommend a future transfer in a later financial status report if warranted.

**X. Unappropriated Balance
Recommendation No. 62**

A transfer of \$3,312,000 from the Reserve Fund to the Unappropriated Balance is recommended to set aside funds to replace the Personnel Department's LINX system, which is used to track workers' compensation claims. Funding provides for a needs assessment study, software, implementation costs, third-party maintenance and support, equipment and other technical upgrades. A pending report from this Office will recommend the usage of these funds.

**Y. Project Restore Trust Fund
Recommendation No. 63**

A transfer of \$200,000 from the Reserve Fund to the Project Restore Trust Fund is recommended for funding that was inadvertently omitted from the 2006-07 Adopted Budget.

4. BOND AND CONSTRUCTION PROJECTS

**A. Proposition Q - Citywide Public Safety Bond Program (Police Facilities)
Recommendation No. 6**

Proposition Q includes a \$45 million citywide renovation program for Police Department facilities. The Proposition Q Administrative Oversight Committee (AOC) approves the renovation work in phases as estimates are developed, with the General Services Department (GSD) providing construction services. On May 27, 2004, the AOC approved \$7,525,000 in renovation work for the Van Nuys Police Station. Since then, the Proposition Q Program Manager has issued Notices to Proceed totaling \$4,914,328 to GSD for its work at this station.

An additional appropriation of \$800,000 is now needed for GSD to undertake the approved renovation work to address security, fire safety, and building and safety issues. Actual cost reimbursement will occur on a monthly basis after review and approval of General Services cost reports by the Proposition Q Program Manager.

Proposition Q also includes \$30.3 million for the Valley Traffic Division/Bureau Headquarters. The Project Management Team has identified \$4,803 for GSD's Building Maintenance Division to install a power generator. The appropriation will enable GSD to perform the installation work as authorized by the Notice to Proceed from the Project Manager. Actual cost reimbursement will occur after review and approval of General Services cost reports by the Citywide Public Safety Program Manager.

**B. Police Headquarters Facility
Recommendation Nos. 7 and 8**

The Project Management Team for the Police Headquarters Facility (PHF) has identified funding in the amount of \$2,707 for the General Services Department Maintenance Division to fabricate and install four project signs on the PHF construction site. The appropriation will enable GSD to perform the installation work as authorized by the Notice to Proceed from the Project Manager. Actual cost reimbursement will occur after review and approval of General Services cost reports by the Citywide Public Safety Program Manager.

**C. Proposition Q - Citywide Public Safety Bond Program (Fire Facilities)
Attachment 11 - Transfers between Bond Funds and Departments
Recommendation Nos. 9 and 10**

Proposition Q includes \$22 million to renovate Fire Department facilities citywide. The renovation work is approved in phases by the Proposition Q Administrative Oversight Committee (AOC) as estimates are developed, and the General Services Department is authorized to perform the work through the issuance of Notices to Proceed and Change Orders. An appropriation of \$1,855,727 to GSD is now required to complete AOC approved renovation work at various Fire Stations, including: hazardous materials abatement; flooring upgrades; apparatus bay upgrades; kitchen remodeling; plumbing/shower upgrades; office remodeling and station modification for emergency medical services; facility expansions; cord reel renovations; and, electrical panel upgrades. Notices to Proceed and Change Orders have already been issued or will be issued, and renovation projects approved as part the Proposition Q program work plan for the current fiscal year. Also included within the \$1,855,727 is retroactive appropriations totaling \$193,227 for Fire Stations 9, 33, 39, 59, 69, 79, 97, and 109, and \$570,000 in additional funding for Fire Station 85 as approved by the Proposition Q Administrative Oversight Committee on August 31, 2006. Actual cost reimbursement occurs on a monthly basis following the review and approval of the General Services cost reports by the Proposition Q Program Manager.

The sum of \$4,685,088 is recommended to be appropriated to various departments to offset costs associated with the Proposition Q-Citywide Public Safety General Obligation Bond Program as delineated in Attachment 7. Positions for these programs are authorized by resolution, and funding for those resources that directly support the program is provided on a reimbursement basis consistent with bond requirements. At the July 2006 meeting, the Proposition Q AOC approved the amount of bond funds to be allocated this year for staff costs. Mayor and Council approval is now required to appropriate General Fund monies, which will be reimbursed by the bond funds based on actual costs incurred. This amount of \$4.7 million reflects the estimated expenses for the first and second quarters of 2006-07. Services provided by City staff include program, project and construction management, project control, property acquisition and specialized support.

**D. Proposition F - Fire Facilities Bond Program
Recommendation No. 11**

At its meeting of August 31, 2006, the Proposition F Administrative Oversight Committee recommended that the General Services Department (GSD) be authorized and funded to perform certain post-construction activities at Fire Stations 59, 65 and 83. While the total value of the work is estimated at \$117,000, it is recommended that \$80,000 be appropriated at this time for the following work: landscaping at Fire Station 59 (\$18,000); sidewalk repairs at Fire Station 65 (\$27,000), and installation of a submersible stormceptor valve at Fire Station 83 (\$35,000). The remaining work, increasing the height of the perimeter wall at Fire Station 65 (\$37,000), is subject to Planning Department approval, which may take a number of months. Thus, an appropriation of \$37,000 will be deferred until such time as the Planning Department approves the increase in wall height.

**E. Pacoima Neighborhood City Hall
MICLA Funds
Recommendation Nos. 12 and 13**

The new Pacoima Neighborhood City Hall is to be located at 13510 West Van Nuys Blvd. In order to begin construction in January 2007, the General Services Department (GSD) will be providing demolition services to clear five existing buildings at the site. To fund demolition, GSD now requires an appropriation of \$150,000. MICLA funds have been authorized by Council in 2003-04 (Council File No. 03-0600-S53) for this project. Consistent with requirements for bond funds, actual cost reimbursements will occur on a monthly basis after review and approval of cost reports from General Services by the Project Manager.

**F. Crestwood Hills Park Facility Enhancements
Proposition K, Sites & Facilities, and
Department of Recreation and Parks Special Accounts Funds
Recommendation Nos. 14 through 19**

The Board of Recreation and Park Commissioners (RAP) has selected the General Services Department (GSD) to act as the general contractor, and authorized a Memorandum of Understanding (MOU) among the Bureau of Engineering, RAP and GSD for facility enhancement work to be done at the Crestwood Hills Park. The MOU was executed on June 30, 2006 for an amount not to exceed \$431,562. Work outlined in the MOU consists of constructing new restrooms to comply with ADA requirements, renovating and reconstructing the park office, replacing an existing inoperable sliding wall with a new solid wall for children's handball and basketball activities, adding approximately 100 square feet of new lobby area, and replacing non-structural walls with additional windows to provide improved natural lighting. In addition, and as funds allow, the scope of work may include striping for outdoor children's game courts and installation of a handicap access ramp from the park entrance area to the recreation center building.

**G. John Ferraro Soccer Fields (Phase II) at Griffith Park
Proposition K
Recommendations Nos. 20 through 22**

On June 15, 2006, the Board of Recreation and Park Commissioners (RAP) selected the General Services Department (GSD) to act as the general contractor, and authorized a Memorandum of Understanding (MOU) among the Bureau of Engineering, RAP and GSD, for improvements to the parking lot and Field No. 5 of the Ferraro Sports Complex in Griffith Park. This improvement will turn the existing field into a multipurpose field for football, soccer and rugby. Field amenities include new bleachers, new multi-purpose goal posts, a new electronic scoreboard, improvements to the existing irrigation, and new chain link fencing around the perimeter. Improvements to the existing parking lot include repaving and re-striping to accommodate additional vehicles, installation of landscaping, and construction of a new ADA accessible path from the parking lot to the bleachers. Picnic tables will also be added.

**H. Echo Park Recreation Center
Capital Improvement Expenditure Program
Recommendations Nos. 23 and 24**

In October 2005, Council identified and approved the use of \$900,000 in the Capital Improvement Expenditure Program (CIEP) for seismic retrofit work on the Echo Park Recreation Center (C.F. 05-0600-S34). The project consists of seismic upgrades to the building structure and tenant improvements to the lower floor of the Center. To date, the General Services Department (GSD) has received \$660,000 in Proposition K funds for the tenant improvement portion of the project. The CIEP portion of the construction budget now needs to be transferred to GSD to cover costs for the seismic retrofit work.

**I. Ross Snyder Recreation Center - Baseball Field Refurbishment
Proposition K and Department of Recreation and Parks Special Accounts Funds
Recommendations Nos. 25 through 28**

On June 21, 2006, the Board of Recreation and Park Commissioners (RAP) selected the General Services Department (GSD) to act as the general contractor, and authorized a Memorandum of Understanding (MOU) among the Bureau of Engineering, RAP and GSD for improvements to complete construction of the Ross Snyder Recreation Center - Baseball Field Refurbishment project. Work on the project will include the refurbishment of two existing baseball fields with installation of synthetic turf in the outfields, revision of the field irrigation system and construction of new perimeter fencing around the fields. It is recommended that \$1,100,000 (\$500,000 in Proposition K funds and \$600,000 in Department of Recreation and Parks Special Accounts funds) be appropriated to the Department of General Services (GSD) to complete the project.

**J. Rustic Canyon Recreation Center Project
Sites and Facilities Fund
Recommendations No. 29**

Funding is recommended to perform various facility enhancements at the Rustic Canyon Recreation Center. The 1996 Proposition K Ballot Measure authorized \$300,000 for facility enhancements and irrigation at this Recreation Center. However, available funds were insufficient to cover the allocated cost of the project. Since funds are now available from the Sites and Facilities Fund cash balance, and the City is legally obligated to complete the specified scope of work, it is recommended that an additional \$300,000 be provided for the project.

**K. West Hills Park – Parking Lot and Park Expansion
Proposition K
Recommendations Nos. 30 through 32**

The Board of Recreation and Park Commissioners (RAP) has approved a Memorandum of Understanding (MOU) among the Bureau of Engineering (BOE), General Services Department (GSD) and RAP in the amount of \$240,000 for the security lighting, signage, fencing, grading and minor landscaping work at West Hills Park. Work outlined in the MOU consists of the construction of a new parking lot on a leased, Los Angeles County owned, former pipe yard. In addition to the items listed above, the project will include a new traffic signal and crosswalk to allow safe access to the existing West Hills Park across Valley Circle Boulevard from the new parking lot. It should be noted, however, that the traffic related scope of the project was not awarded to GSD as BOE will coordinate this work with other City departments.

**L. Sherman Oaks Castle
Department of Recreation and Parks Special Accounts Fund
Recommendation No. 40**

The Department of Recreation and Parks operates and maintains the Sherman Oaks Castle in the Sepulveda Basin Recreation Area. The Department executed a Memorandum of Understanding (MOU) with the General Services Department (GSD) for the construction and expansion of restroom facilities at the Sherman Oaks Castle. The MOU was subsequently amended to include the construction of a disabled access ramp to miniature golf playing area. The Board of Recreation and Park Commissioners approved the allocation of \$105,000 from the Department's Concession Improvement Account for this purpose.

**M. Fairfax Senior Citizen Center
Department of Recreation and Parks Special Accounts Fund
Recommendation No. 41**

The Department of Recreation and Parks operates and maintains the Fairfax Senior Citizen Center (Center) located in Council District 5. The Board of Recreation and Park Commissioners (Board) approved a Memorandum of Understanding (MOU) with the General Services Department (GSD) for the installation of a new heating, ventilation and air conditioning system and new roof for the Center. The Board also approved the allocation of Department of Recreation and Parks Special Accounts funds collected within one mile of the Center for the project. Additionally, the Department reports that Community Development Block Grant funds are available for the project.

**N. Various Projects to be Performed by the Bureau of Street Services
Special Gas Tax Street Improvement Fund
Recommendation Nos. 42 through 44**

The 2006-07 Adopted Budget for Capital Improvement Expenditure Program (CIEP) lists projects funded through the Special Gas Tax Street Improvement Fund. These projects will be performed by the Bureau of Street Services and include Bridge and Tunnel Maintenance (\$150,000), Guardrail Construction (\$150,000), and Drainage Projects-Variou Locations (\$300,000).

**O. Installation of Catch Basin Inserts and Screens
GOB 2005A Clean Water Cleanup Fund
Recommendation No. 45**

The Bureau of Street Services (BSS) receives reimbursement for work associated with the installation of catch basin inserts and screens. The sum of \$60,000 is recommended to be appropriated to BSS to offset costs associated with the installation of catch basin inserts and screens at various locations.

**P. Final Configuration of Police Helicopters
MICLA Funds
Recommendation Nos. 48 and 49**

The Police Department recently purchased two replacement helicopters. MICLA funding totaling \$5.4 million was included in the 2005-06 budget for this purpose. The Police Department requests that General Services Department (GSD) install additional airframe, avionics and mission equipment prior to the deployment of the new helicopters and that GSD receive reimbursement for work from MICLA funds. The sum of \$193,000 is recommended to be appropriated to GSD as reimbursement for this work.

**Q. Mobile Digital Computer Replacement Project
MICLA Funds
Recommendation Nos. 52 and 53**

The Information Technology Agency (ITA) is in the process of installing Mobile Digital Computers into Police Department vehicles. The Department requests reimbursement for the work from MICLA funds. The sum of \$158,000 is recommended to be appropriated to ITA as reimbursement for this work.

R. Police Stations in West Valley and Mid-City Areas

MICLA Funds

Recommendation No. 58

The Department needs to purchase and install communications equipment required to accommodate two new radio frequencies for the new Police Stations in the West Valley and Mid-City Areas. The stations will be opening in 2007-08, but funds are required at this time to meet the vendor's work schedule. Construction of these new stations is funded by Proposition Q. However, this equipment is not Proposition Q eligible as it is not on site and is not solely dedicated to use by the new stations. There are surplus funds available from a MICLA account established to purchase Department vehicles. Authorization is recommended to allow the use of \$1.15 million in MICLA surplus funds for this item.

S. Van Nuys City Hall

Capital Improvement Expenditure Program

Recommendation No. 54

A number of seismic and other improvements have been made to Van Nuys City Hall, including technology improvements that would be eligible for funding from ITA. Initially, it was anticipated that funds would be available in the Telecommunications Development Account to cover eligible technology costs when needed, but sufficient funds are not currently available for work needed to complete the project. However, salary savings that have accumulated from vacancies at ITA are available and can now be transferred to the CIEP for work to be done at Van Nuys City Hall to enable the building to receive a permanent certificate of occupancy. Therefore authorization is recommended to establish a new account in the Capital Improvement Expenditure Program and transfer \$767,971 from the Information Technology Agency's Salaries General account.

T. Pachyderm Forest Exhibit (Phase I)

Zoo Improvement Construction GOB, MICLA, and Zoo Enterprise Trust Funds

Recommendation Nos. 59 and 60

The General Services Department (GSD) requires an appropriation of \$2.178 million to begin demolition and site preparation for the expanded Pachyderm Forest Exhibit (Phase I), one of five remaining projects within the Zoo's \$169 million capital improvement program. Funding is available from three funding sources: Zoo Improvement Construction General Obligation Bond (\$178,000), MICLA (\$1.724 million), and the Zoo Enterprise Trust Fund (\$276,000). The sum of \$2.178 million is recommended to be appropriated to GSD as reimbursement for this work.

**U. Alternative Fuels Compliance - West Valley Maintenance Shop
MICLA Funds
Recommendation No. 61**

In order to provide additional alternative-fuel compliant repair facilities at the West Valley Yard, as approved by the Mayor and City Council, the General Services Department now requires an appropriation of \$210,000 for salaries to prepare the facility for expansion. The scope of work generally includes existing office space and restroom modification and locker relocation. An additional \$190,000 will be spent directly from the MICLA account to purchase construction materials for the project.

5. STATUS OF THE CITY'S MICLA COMMERCIAL PAPER PROGRAM

The City's Financial Policies instruct this Office to periodically report on the status of the MICLA Commercial Paper (CP) Program. In June 2004, the Mayor and Council approved a \$200 million CP program to be used as temporary financing for the construction and purchase of capital projects and for the acquisition of capital equipment. A significant part of these funds has been used for the acquisition and tenant improvements to the recently purchased Public Works Building. CP will be used during the next few months on previously approved MICLA projects and the Police Headquarters Facility. This Office is beginning the process of refunding CP through the use of long-term MICLA financing. Approximately \$100 million will be refunded in December 2006 and the remaining amount in 2007. Below is the status of the MICLA CP Program for the quarter ending on September 30, 2006:

<u>Range of Interest Rates</u>	<u>Amount</u>
3.3% (tax-exempt)	\$169,981,000
5.0% (taxable)	<u>3,019,000</u>
Total	\$173,000,000

6. AVAILABLE FUNDS

The Contingency Reserve Account in the Reserve Fund has a current available balance of \$25.1 million (see Attachment 4). These funds could be used to cover current year shortfalls if necessary. Monies held in the Emergency Reserve Account, which can only be used in the event of a fiscal emergency or declared disaster, total \$108.5 million. The balance of the two accounts currently totals approximately \$133.6 million.

7. EMPLOYMENT LEVEL REPORT

Citywide employment authority from all funding sources totaled 39,269 at the end of August 2006. Filled positions increased by 163 from 34,893 at the end of July to 35,056 at the end of August. Departments reported a total of 4,213 vacant positions, 3,717 General Fund and 496 special funded. (see Attachment 12).


Matias Farfan, Finance Specialist

APPROVED:


Assistant City Administrative Officer

WTF:RPC:MF:010600022c
Attachments

ATTACHMENT 1

REVENUE SUMMARY
FISCAL YEAR 2005-06
 (Thousand Dollars)

	Adopted Budget	Revised Budget (per 2006-07 Budget)	Actual Receipts (per Controller Preliminary Financial Report)	Variance (Actual Receipts Less Revised Budget)
Property Tax	\$ 1,139,777	\$ 1,151,066	\$ 1,121,848	\$ (29,218)
Utility Users Tax	588,394	610,340	604,947	(5,393)
Licenses, Permits, Fees and Fines	438,924	485,131	477,231	(7,900)
Sales Tax	310,200	321,997	323,555	1,558
Business Tax	385,145	420,220	434,529	14,309
State Motor Vehicle License Fees	20,900	24,000	23,676	(324)
Power Revenue Transfer	160,000	157,894	157,894	-
Documentary Transfer Tax	156,000	213,946	217,147	3,201
Transient Occupancy Tax	114,470	122,600	126,989	4,389
Parking Fines	113,000	113,000	113,060	60
Parking Users' Tax	70,800	75,000	74,098	(902)
Grant Receipts	16,100	17,281	12,118	(5,163)
Franchise Income	46,850	54,138	53,920	(218)
Water Revenue Transfer	29,800	27,914	27,914	-
Interest Income	31,110	38,480	38,064	(416)
Tobacco Settlement	10,280	10,447	9,334	(1,113)
Transfer from Tax Reform Fund	15,250	15,250	15,250	-
Transfer from Telecommunications Dev. Acct.	1,471	1,471	1,471	-
Residential Development Tax	3,358	4,250	4,348	98
Transfer from Reserve Fund	295,265	295,265	295,265	-
	<u>\$ 3,947,094</u>	<u>\$ 4,159,690</u>	<u>\$ 4,132,658</u>	<u>\$ (27,032)</u>

Additional detail is presented on Attachment 2.

ATTACHMENT 2

**Detail of Changes to
2005-06 Actual Revenue from Revised Budget**

(Thousand Dollars)

	Variance by Account	Summary by Category of Change	Total
FY 2005-06 Revenue Revised per FY 2006-07 Budget			\$ 4,159,690
Real Estate-Related Revenue*			
Supplemental Property Tax	\$ 7,398		
Adjustments to CRA, Refunds, Redemptions and Other Property Taxes	5,389		
Documentary Transfer Tax	3,201		
Unsecured Property Tax	1,995		
Residential Development Tax	<u>98</u>	\$ 18,081	
Economy-Related Revenue			
Business Tax	\$ 14,309		
Transient Occupancy Tax	4,389		
Sales Tax	<u>1,558</u>	20,256	
Utility Users' Taxes			
Gas Users' tax	\$ 1,558		
Telephone Users' tax	(231)		
Electric Users' Tax	<u>(6,720)</u>	(5,393)	
Other City Receipts			
Reimbursement for City Services to Airports, Harbor and DWP	\$ (7,900)		
Police-Related Grants	(5,163)		
Tobacco Settlement	(1,113)		
Parking Users' Tax, Parking Fines, Interest Income, Vehicle License Fees, Franchise Income	<u>(1,800)</u>	<u>(15,976)</u>	
Changes (Actual Receipts* less FY 2005-06 Revised Revenue Estimate)			16,968
Delayed Property Tax Receipts			<u>(44,000)</u>
FY 2005-06 Actual Revenue			<u><u>\$ 4,132,658</u></u>

* Restated to include FY 2005-06 secured property tax received in July 2006.

City Receipts would have been \$17 million (4/10th of 1%) more than the revised budget, except that a county processing error delayed remittance of \$44 million in secured property tax receipts scheduled for May until July. Since this revenue was received after the close of FY 2005-06, it will be recognized as FY 2006-07 revenue. On that basis, City FY 05-06 revenue is \$27 million (6/10ths of 1%) below the revised budget estimate.

Fiscal Year 2006-07 General Fund Variance

As of September 30, 2006
(Thousand Dollars)

	Fiscal Year Budget	Plan	Receipts	Variance (Receipts Less Plan)	
Property Tax	\$1,298,371	\$54,190	\$103,130	\$48,940	\$44 million of this is carryover from FY 2005-06.
Utility Users' Tax	613,448	145,404	146,767	1,363	
Licenses, Permits, Fees and Fines	526,841	91,809	107,314	15,504	Variance due to earlier than anticipated collections.
Business Tax	421,720	11,462	15,418	3,956	It is still too early in the year to recommend a change; based on FY 2005-06 additional revenue is possible.
Sales Tax	338,097	81,747	82,762	1,016	We need to see a few more months.
Transfer from Reserve Fund	231,304		50,000	50,000	Cash flow decision by Controller.
Documentary Transfer Tax	192,500	58,000	51,689	(6,311)	This account is soft and will fall below budget.
Power Revenue Transfer	175,000				
Transient Occupancy Tax	133,600	34,736	33,071	(1,665)	We need to see a few more months.
Parking Fines	122,328	26,000	24,242	(1,758)	We will follow up with DOT.
Parking Users' Tax	82,350	20,100	19,974	(126)	
Franchise Income	50,946	10,609	10,991	382	
Interest Income	44,060	9,501	25,721	16,220	Current cash receipts include reserves for interest to be allocated to special funds. Variance is not meaningful.
Water Revenue Transfer	31,600				
State Motor Vehicle License Fees	25,000	5,600	10,945	5,345	\$3.1 million of variance is due to one-time correction by state.
Grant Receipts	17,061	4,194	1,606	(2,588)	Based on police hiring, this account figures to be short \$4 to 5 million.
Transfer from Tax Reform Fund	14,390				
Tobacco Settlement	10,473				
Transfer from Telecommunications Fund	5,364				
Residential Development Tax	4,250	1,062	1,313	251	
General Fund	\$4,338,703	\$554,414	\$684,943	\$130,529	This variance needs to be adjusted as shown below
Adjustments					
Delayed Property Tax Receipt				(\$44,000)	This is delayed FY 2005-06 revenue; it is available but is not properly counted as a variance from budget.
Interest Income				(16,220)	This is most likely temporary cash flow only.
Licenses, Permits, Fees and Fines				(15,504)	This is most likely temporary cash flow only.
Reserve Fund				(50,000)	This early transfer was for cash flow purposes only.
Total General Fund adjusting for timing of cash receipts.	\$4,338,703	\$554,414	\$684,943	\$4,805	The significant variance from plan does not indicate a fundamental improvement from the time of budget adoption.

Fiscal Year 2006-07 General Fund Projection
As of September 30, 2006
(Thousand Dollars)

	Fiscal Year Budget	Variance at September	Most Likely Year End Variance	
Property Tax (Excluding \$44 million FY 2005-06 Carryover)	\$1,298,371	\$4,940		Property tax estimate may still be achievable. Much depends on how fast real estate market slows.
Property Tax Carryover		44,000	\$44,000	This counts as FY 2006-07 revenue.
Utility Users' Tax	613,448	1,363		Pending legal issues are not expected to affect FY 2006-07 telephone tax receipts; but early adverse court decisions could reduce revenue. Declining natural gas commodity prices could reduce the gas users' tax.
Licenses, Permits, Fees and Fines	526,841	15,504		Current variance due to earlier than anticipated collections; there is cause for concern in ambulance billings and some other accounts.
Business Tax	421,720	3,956		Based on FY 2005-06 receipts, additional revenue is possible. It is too early to fine-tune this account.
Sales Tax	338,097	1,016		A few more months of data are needed to estimate a variance.
Transfer from Reserve Fund	231,304	50,000		This account is soft and will fall below budget; amount of shortfall is speculative at this time.
Documentary Transfer Tax	192,500	(6,311)	(15,000)	
Power Revenue Transfer	175,000			
Transient Occupancy Tax	133,600	(1,665)		
Parking Fines	122,328	(1,758)		
Parking Users' Tax	82,350	(126)		
Franchise Income	50,946	382		
Interest Income	44,060	16,220		Current cash receipts include reserves for interest to be allocated to special funds. Variance is not meaningful.
Water Revenue Transfer	31,600			A review of this traditional revenue source is in progress.
State Motor Vehicle License Fees	25,000	5,345	3,100	A portion of variance is due to one-time adjustment by the State.
Grant Receipts	17,061	(2,588)	(5,000)	Based on police hiring, this account figures to be short \$4 to 5 million.
Transfer from Tax Reform Fund	14,390			
Tobacco Settlement	10,473			
Transfer from Telecommunications Fund	5,364			
Residential Development Tax	4,250	251		
General Fund	\$4,338,703	\$130,529	\$27,100	This positive projected variance is at risk from a weaker real estate market or early adverse action affecting the telephone users' tax or water revenue transfer. Other threats to the budget estimate are a slowing economy which could reduce economy-sensitive revenues such as the sales, business, hotel and parking taxes. Still another threat is declining energy prices which could reduce gas users' tax receipts.

**REVENUE MONTHLY STATUS REPORT
UTILITY USERS' TAX**

(Thousand Dollars)

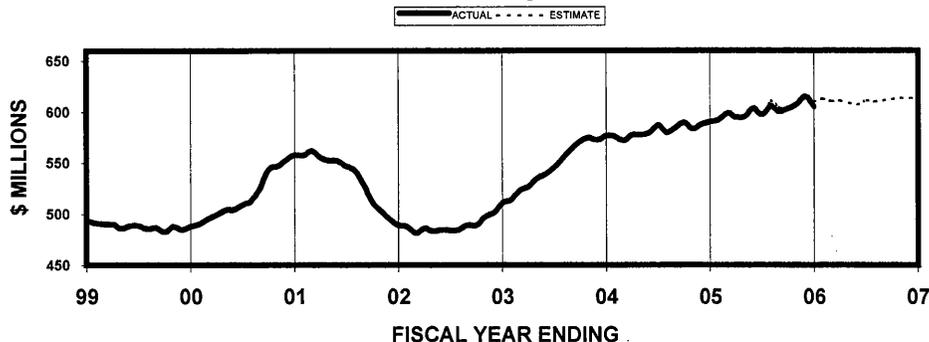
MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$43,569	\$43,435	\$45,125	\$47,445	\$47,890	\$445
AUGUST	51,330	46,994	53,738	51,507	51,715	208
SEPTEMBER	44,305	49,723	45,956	46,452	47,162	710
OCTOBER	48,319	48,390	49,045	47,004		
NOVEMBER	45,036	47,157	54,872	53,166		
DECEMBER	45,760	52,735	46,681	50,631		
JANUARY	51,692	44,784	53,518	57,419		
FEBRUARY	53,264	58,119	52,808	53,647		
MARCH	49,402	54,479	57,177	53,019		
APRIL	50,038	43,740	47,845	50,404		
MAY	42,502	47,088	54,596	54,251		
JUNE	51,034	53,215	43,588	48,502		
TOTAL	\$576,251	\$589,858	\$604,947	\$613,448		
% CHANGE	12.9%	2.4%	2.6%	1.4%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$43,569	\$43,435	\$45,125	\$47,445	\$47,890	\$445
AUGUST	94,899	90,429	98,862	98,952	99,605	653
SEPTEMBER	139,204	140,152	144,818	145,404	146,767	1,363
OCTOBER	187,523	188,542	193,863	192,408		
NOVEMBER	232,559	235,699	248,735	245,574		
DECEMBER	278,319	288,434	295,416	296,205		
JANUARY	330,011	333,218	348,933	353,624		
FEBRUARY	383,275	391,336	401,741	407,271		
MARCH	432,677	445,815	458,918	460,290		
APRIL	482,714	489,556	506,763	510,695		
MAY	525,216	536,643	561,359	564,946		
JUNE	576,251	589,858	604,947	613,448		

Receipts are close to plan in all categories. Electric is currently ahead and gas is a little below plan. There is more downside risk than upside potential in the two energy-realized accounts. The telephone users' tax is even a bigger uncertainty.

UTILITY USERS' TAX

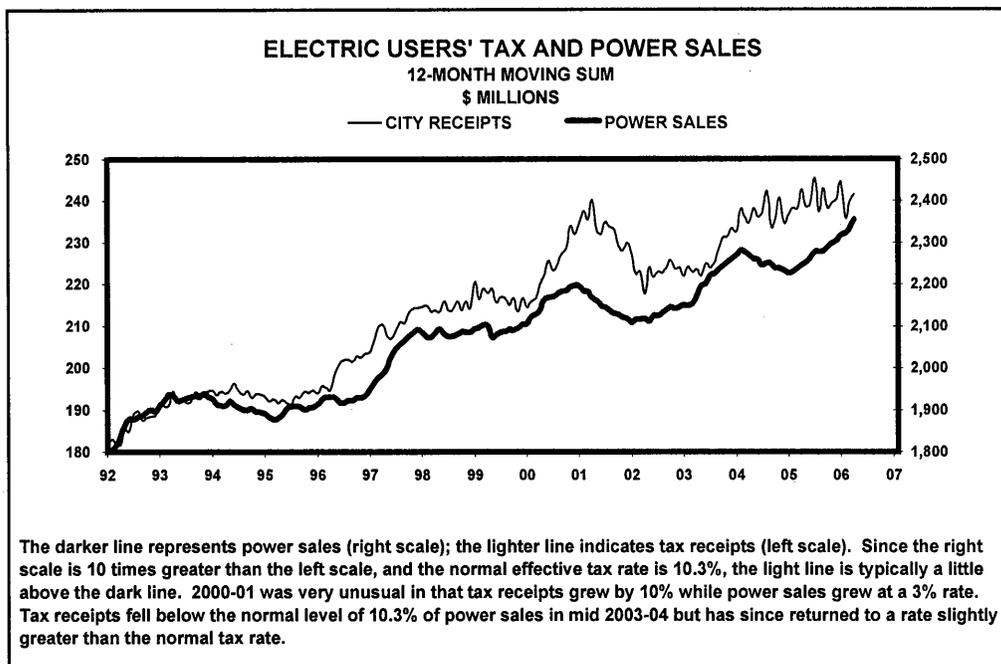
12-month Moving Sum



REVENUE MONTHLY STATUS REPORT
ELECTRIC USERS' TAX
(Thousand Dollars)

MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$17,026	\$15,231	\$14,989	\$18,977	\$18,992	\$15
AUGUST	\$20,754	\$19,219	\$23,849	23,721	25,698	1,977
SEPTEMBER	\$18,810	\$22,384	\$18,308	18,977	20,069	1,092
OCTOBER	\$22,515	\$20,445	\$21,034	18,977		
NOVEMBER	\$19,290	\$20,146	\$26,445	23,721		
DECEMBER	\$18,210	\$23,484	\$15,238	18,977		
JANUARY	\$21,870	\$13,458	\$19,192	23,721		
FEBRUARY	\$21,704	\$23,432	\$18,750	18,977		
MARCH	\$18,178	\$23,345	\$24,577	18,977		
APRIL	\$20,797	\$14,784	\$15,492	18,977		
MAY	\$16,945	\$18,825	\$23,063	23,721		
JUNE	\$21,763	\$23,478	\$14,771	18,977		
TOTAL	\$237,863	\$238,231	\$235,708	\$246,700		
% CHANGE	6.2%	0.2%	-1.1%	4.7%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$17,026	\$15,231	\$14,989	\$18,977	\$18,992	\$15
AUGUST	37,780	34,450	38,838	42,698	44,690	1,992
SEPTEMBER	56,590	56,834	57,146	61,675	64,759	3,084
OCTOBER	79,106	77,279	78,180	80,652		
NOVEMBER	98,396	97,425	104,625	104,373		
DECEMBER	116,606	120,909	119,864	123,350		
JANUARY	138,476	134,367	139,056	147,071		
FEBRUARY	160,180	157,798	157,806	166,048		
MARCH	178,358	181,143	182,383	185,025		
APRIL	199,155	195,927	197,874	204,002		
MAY	216,100	214,752	220,937	227,723		
JUNE	237,863	238,231	235,708	246,700		

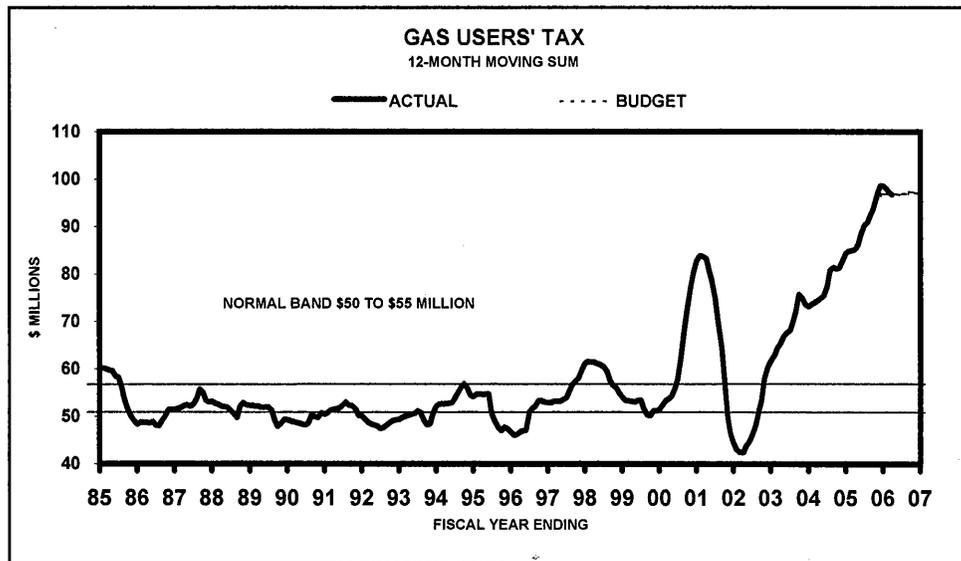


REVENUE MONTHLY STATUS REPORT
GAS USERS' TAX
(Thousand Dollars)

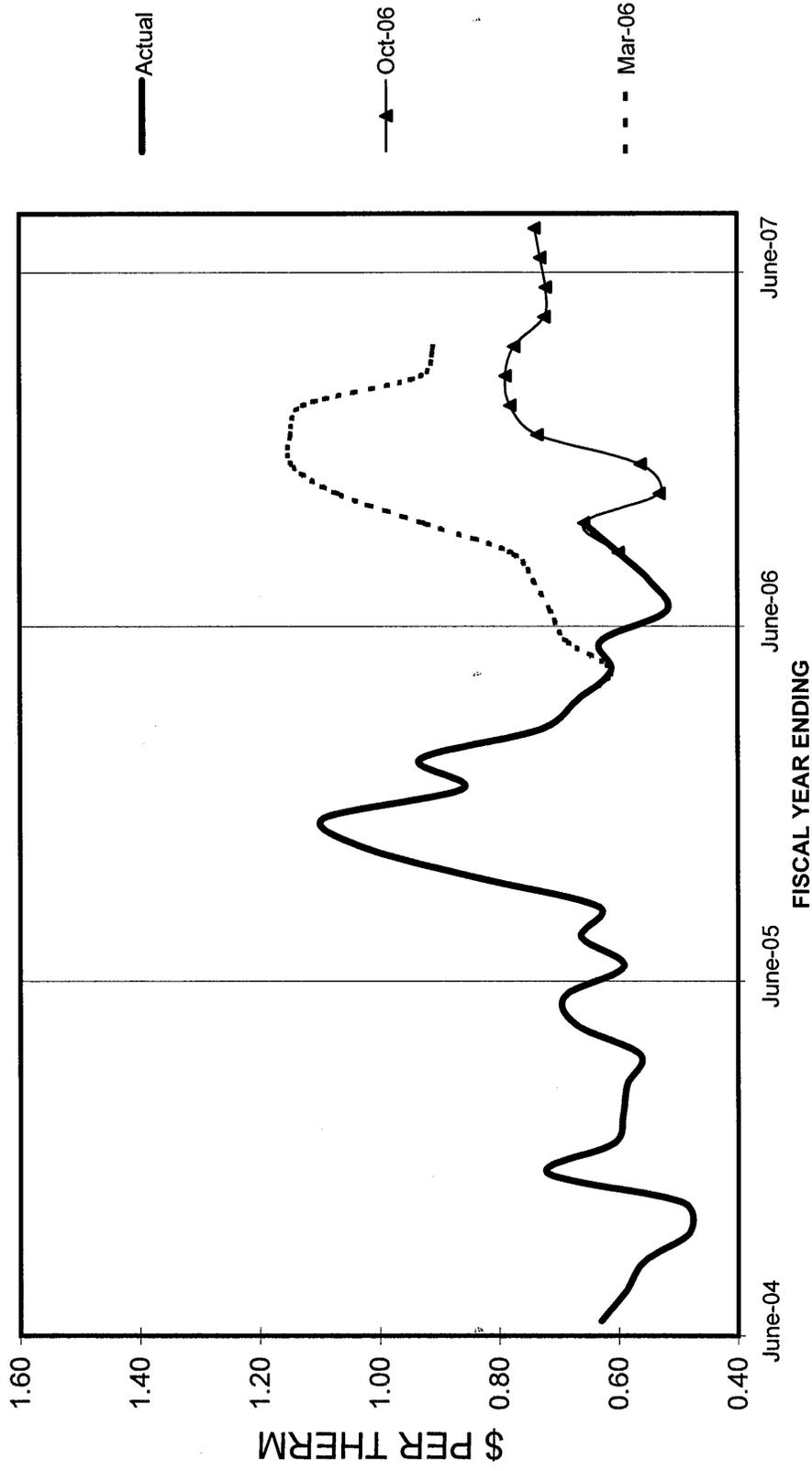
MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$5,170	\$5,608	\$5,990	\$6,000	5,592	(\$408)
AUGUST	4,894	5,253	5,417	5,400	4,436	(964)
SEPTEMBER	4,119	4,597	4,846	4,900	4,326	(574)
OCTOBER	4,132	4,626	5,547	5,500		
NOVEMBER	4,241	4,552	7,166	7,000		
DECEMBER	5,067	7,217	8,889	9,000		
JANUARY	7,599	11,016	11,446	11,500		
FEBRUARY	9,981	10,531	12,232	12,200		
MARCH	10,029	9,738	11,138	11,500		
APRIL	7,207	7,410	10,216	9,000		
MAY	5,474	7,200	9,000	8,000		
JUNE	5,296	6,670	6,670	7,000		
TOTAL	\$73,209	\$84,418	\$98,558	\$97,000		
% CHANGE	18.8%	15.3%	16.8%	-1.6%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$5,170	\$5,608	\$5,990	\$6,000	\$5,592	(\$408)
AUGUST	10,064	10,861	11,407	11,400	10,028	(1,372)
SEPTEMBER	14,183	15,458	16,253	16,300	14,354	(1,946)
OCTOBER	18,315	20,084	21,800	21,800		
NOVEMBER	22,556	24,636	28,966	28,800		
DECEMBER	27,622	31,852	37,855	37,800		
JANUARY	35,221	42,869	49,301	49,300		
FEBRUARY	45,202	53,400	61,534	61,500		
MARCH	55,232	63,138	72,672	73,000		
APRIL	62,439	70,548	82,888	82,000		
MAY	67,913	77,748	91,888	90,000		
JUNE	73,209	84,418	98,558	97,000		

This account is below plan in the early months possibly related to declining natural gas prices. Much depends on winter consumption and the natural gas commodity market. Achievement of the budget estimate is doubtful.



COST OF NATURAL GAS

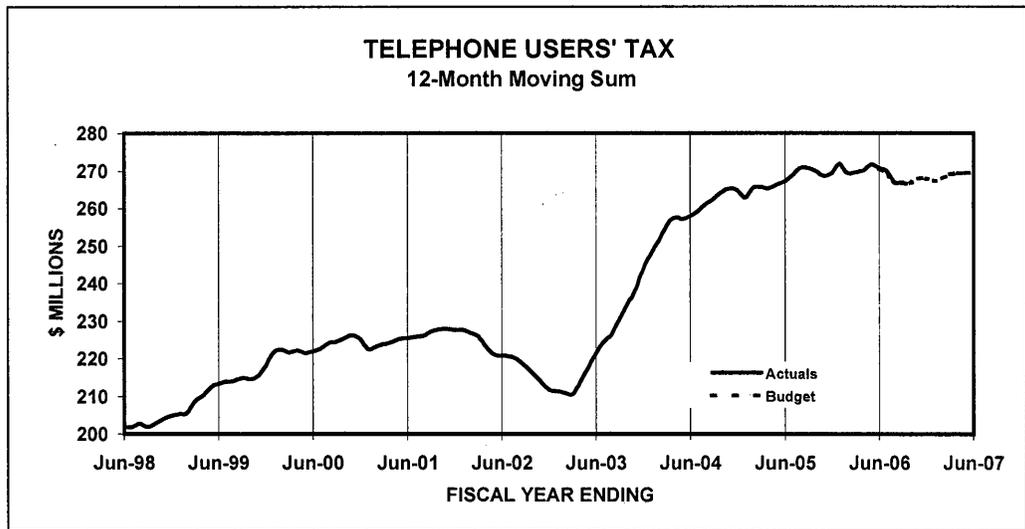


The current price of natural gas has fallen below what the market expected when the budget was prepared (March 2006). The current futures market would permit a gas users' tax estimate in the \$85-\$90 million range, the budget is \$97 million.

**REVENUE MONTHLY STATUS REPORT
TELEPHONE USERS' TAX**
(Thousand Dollars)

MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$21,400	\$22,596	\$24,146	\$22,468	\$23,306	\$838
AUGUST	20,409	22,523	24,472	22,385	21,581	(804)
SEPTEMBER	21,380	22,742	22,802	22,575	22,767	192
OCTOBER	21,654	23,318	22,465	22,527		
NOVEMBER	21,472	22,460	21,260	22,445		
DECEMBER	22,477	22,034	22,553	22,654		
JANUARY	22,232	20,309	22,879	22,198		
FEBRUARY	21,550	24,156	21,825	22,470		
MARCH	21,163	21,395	21,462	22,543		
APRIL	22,067	21,547	22,138	22,428		
MAY	20,067	21,062	22,533	22,530		
JUNE	29,309	23,067	22,147	22,525		
TOTAL	\$265,179	\$267,210	\$270,681	\$269,748		
% CHANGE	18.0%	0.8%	1.3%	-0.3%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$21,400	\$22,596	\$24,146	\$22,468	\$23,306	\$838
AUGUST	41,809	45,119	48,618	44,853	44,887	34
SEPTEMBER	63,189	67,860	71,419	67,428	67,654	226
OCTOBER	84,843	91,179	93,884	89,955		
NOVEMBER	106,314	113,639	115,144	112,400		
DECEMBER	128,791	135,673	137,697	135,054		
JANUARY	151,023	155,982	160,576	157,252		
FEBRUARY	172,573	180,138	182,402	179,722		
MARCH	193,736	201,534	203,864	202,265		
APRIL	215,803	223,081	226,001	224,693		
MAY	235,870	244,143	248,534	247,223		
JUNE	265,179	267,210	270,681	269,748		



Growth in 2005-06 is driven by both an increase in cellular telephone users' taxes and better than expected remittances from traditional land line companies. The cellular telephone users' taxes increase is due to greater use of cell phones and the Mobil Sourcing Telephone Act.

REVENUE MONTHLY STATUS REPORT
DOCUMENTARY TRANSFER TAX

(Thousand Dollars)

MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$11,073	\$17,102	\$19,445	\$19,000	\$16,264	(\$2,736)
AUGUST	14,157	16,284	20,480	19,000	18,163	(837)
SEPTEMBER	14,258	17,933	21,890	20,000	17,300	(2,700)
OCTOBER	12,030	16,353	20,577	18,000		
NOVEMBER	13,230	14,754	17,893	15,000		
DECEMBER	13,190	13,015	17,171	13,000		
JANUARY	14,863	17,088	17,402	16,000		
FEBRUARY	10,509	14,337	14,594	14,000		
MARCH	11,810	12,738	12,589	13,000		
APRIL	15,162	17,902	18,477	16,000		
MAY	15,158	17,064	15,523	16,000		
JUNE	13,805	16,534	21,279	13,500		
TOTAL	\$159,244	\$191,106	\$217,320	\$192,500		
% CHANGE	30.7%	20.0%	13.7%	-11.4%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE
JULY	\$11,073	\$17,102	\$19,445	\$19,000	\$16,264	(\$2,736)
AUGUST	25,230	33,387	39,925	38,000	34,427	(3,573)
SEPTEMBER	39,487	51,320	61,815	58,000	51,727	(6,273)
OCTOBER	51,518	67,672	82,392	76,000		
NOVEMBER	64,748	82,427	100,285	91,000		
DECEMBER	77,938	95,441	117,456	104,000		
JANUARY	92,801	112,530	134,858	120,000		
FEBRUARY	103,310	126,867	149,452	134,000		
MARCH	115,120	139,606	162,041	147,000		
APRIL	130,282	157,508	180,518	163,000		
MAY	145,440	174,572	196,041	179,000		
JUNE	159,244	191,106	217,320	192,500		

The documentary transfer tax works like a real estate sales tax (tax rate = 0.45%). This tax is tied to real estate market activity and is more volatile than most other City revenues. Because of lags in collections, City receipts tend to trail market activity by about one calendar quarter.

FY 2005-06 revenue was at an all-time high and exceeded the revised estimate made in March 2006 by \$3 million.

The budget estimate is 11% lower than the prior year. Actual receipts for the first three months of FY 2006-07 are 16% below the same period in FY 2005-06. Statistics available from the County Recorder show modest price increases but declining volume of sales. This account will likely fall below the budget estimate.

REVENUE MONTHLY STATUS REPORT
SUPPLEMENTAL

(Thousand Dollars)

MONTHLY	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
JULY	\$2,641	\$2,464	\$3,475	\$5,000	\$3,020	(\$1,980)
AUGUST	371	1,468	2,272	4,000	2,266	(1,734)
SEPTEMBER	(17)	35	(217)			
OCTOBER	(104)	(5)	-			
NOVEMBER	3,096	4,004	5,571	7,500		
DECEMBER	80	75	807			
JANUARY	5,648	9,621	7,940	9,000		
FEBRUARY	51	313	11,531	500		
MARCH	3,288	7,773	3,093	8,500		
APRIL	1,615	3,123	3,049	3,500		
MAY	5,841	9,771	8,404	9,000		
JUNE	3,531	5,403	11,473	5,000		
TOTAL	\$26,041	\$44,045	\$57,398	\$52,000		
% CHANGE	38.5%	69.1%	30.3%	-9.4%		

CUMULATIVE	2003-04	2004-05	2005-06	2006-07		
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
JULY	\$2,641	\$2,464	\$3,475	\$5,000	\$3,020	(\$1,980)
AUGUST	3,012	3,932	5,747	9,000	5,286	(3,714)
SEPTEMBER	2,995	3,967	5,530	9,000		
OCTOBER	2,891	3,962	5,530	9,000		
NOVEMBER	5,987	7,966	11,101	16,500		
DECEMBER	6,067	8,041	11,908	16,500		
JANUARY	11,715	17,662	19,848	25,500		
FEBRUARY	11,766	17,975	31,379	26,000		
MARCH	15,054	25,748	34,472	34,500		
APRIL	16,669	28,871	37,521	38,000		
MAY	22,510	38,642	45,925	47,000		
JUNE	26,041	44,045	57,398	52,000		

Levy of property taxes is based on the lien date of January 1. Properties assessed after the lien date as a result of real estate sales or improvement are counted as supplemental taxes. These taxes are distributed by the county to the various taxing jurisdictions about six months following receipt by the county. The double-digit annual percentage price increases in the real estate market in the last several years created an environment for a relatively high level of supplemental adjustments.

**ATTACHMENT 4
STATUS OF RESERVE FUND AS OF 10/12/06**

Council File No.	Item Description	Amount
	Balance Available, 7/1/06	\$178,833,011
	Emergency Reserve Account	(108,468,000)
Contingency Reserve Account		\$ 70,365,011
Loan Repayment and Other Receipts		\$ 4,829,823
03-0063-S5	Police Headquarters	(30,600,000)
04-2341-S1	Verdugo Mountain Park Acquisition Project	(1,106,800)
04-0423	Internet Crimes Against Children Grant	(138,651)
04-0011-S1	Project Safe Neighborhood Grant Program	(26,172)
02-1820	Victim Assistance Program Grant	(10,800)
01-1401	Special Emphasis Victim Assistance Grant	(7,270)
06-1800-S3	Affordable Housing GO Bond Special Election	(2,500,000)
06-0600-S33	Homeless Shelter Program	(50,000)
06-0600-S33	Homeless Shelter Program	(50,000)
04-0010-S9	Special Reward Trust Fund (Sergio Reyes)	(25,000)
03-010-s24	Special Reward Trust Fund (R. Groetken)	(25,000)
05-1614	Ecuadorian Independence	(2,528)
06-1741	International Cancer Symposium	(611)
06-1925	Leadership Accountability Training Tom Bradley Tower	(428)
Loans and Transfers Approved to Date		\$ (34,543,260)
1st FSR	Controller Audit	(642,500)
1st FSR	Disability AIDS Program	(9,000)
1st FSR	Finance	(90,000)
1st FSR	General Services Department Building Management System	(1,086,698)
1st FSR	Information Technology Agency	(1,860,656)
1st FSR	LINX Replacement	(3,312,000)
1st FSR	Police	(6,088,885)
1st FSR	Sanitation	(400,000)
1st FSR	Safe Corridors Project	(206,041)
1st FSR	Project Restore Trust Fund	(200,000)
0130-01759-0941	CBDO Certification	(1,408,747)
Police motion	Human Trafficking Grant	(219,822)
Proposed Loans and Transfers		\$ (15,524,349)
Contingency Reserve Available Balance as of 10/12/2006		<u>\$ 25,127,225</u>

ATTACHMENT 5

CITY OF LOS ANGELES
 SCHEDULE OF REVERSIONS
 FYE June 30, 2006

Dept No.	Department Name	Adjusted Uncommitted Balance	Reversions to Other Funds	Reversions to Reserve Fund
02	Aging	368,365.09	5,671.09	362,694.00
06	Animal Services	872,917.46	0.00	872,917.46
08	Building and Safety	4,151,888.21	3,416,271.36	735,616.85
10	CAO	463,211.84	0.00	463,211.84
12	City Attorney	1,331,237.58	102,115.29	1,229,122.29
14	City Clerk	1,756,749.28	0.00	1,756,749.28
17	City Ethics	398,756.68	398,756.68	0.00
20	Status of Women	35,142.71	0.00	35,142.71
22	CDD	52,084.32	52,084.32	0.00
26	Controller	1,879,922.17	0.00	1,879,922.17
27	Children, Youth & Family	269,853.80	121,442.25	148,411.55
28	Council	3,894,812.26	0.00	3,894,812.26
30	Cultural Affairs	223,043.26	223,043.26	0.00
32	ITA	3,768,486.57	55,580.50	3,712,906.07
35	Emergency Preparedness	15,829.40	0.00	15,829.40
36	Employee Relations	21,262.85	0.00	21,262.85
37	Environmental Affairs	164,244.34	51,605.13	112,639.21
38	Fire	1,874,147.50	0.00	1,874,147.50
39	Finance	681,120.23	164,102.00	517,018.23
40	GSD	11,517,704.95	1,123,928.84	10,393,776.11
43	Housing	191,114.97	4,062.03	187,052.94
46	Mayor	454,964.88	0.00	454,964.88
47	Neighborhood Empowerment	373,987.28	373,987.28	0.00
48	Convention Center	365,887.15	364,103.40	1,783.75
49	Human Relations	138,668.37	0.00	138,668.37
53	Capital Finance	4,462,345.83	1,237,744.60	3,224,601.23
54	CIP	26,231,859.11	3,643,467.75	22,588,391.36
56	General City Purposes	2,046,812.13	0.00	2,046,812.13
58	Unappropriated Balance	18,937,715.64	1,830,000.00	17,107,715.64
59	Liability Claims	126,003.39	53,334.76	72,668.63
60	Water and Electricity	4,886.70	0.00	4,886.70
61	Human Resources	0.34	0.00	0.34
62	General	3,979,281.70	0.00	3,979,281.70
65	Disability	14,504.94	5,499.41	9,005.53
66	Personnel	5,606,286.37	0.00	5,606,286.37
68	Planning	761,412.87	206,563.20	554,849.67
70	Police	10,605,963.26	2,067,797.00	8,538,166.26
72	PW Bu of Accounting	297.47	0.00	297.47
74	PW Board Office	386,458.74	17,500.00	368,958.74
76	PW Bu of Contract Adm	671,067.15	370,312.92	300,754.23
78	PW Bu of Engineering	7,288,052.58	7,284,996.55	3,056.03
82	PW Bu of Sanitation	8,927,061.44	4,093,296.92	4,833,764.52
84	PW Bu of St Lighting	2,343,466.64	2,340,894.17	2,572.47
86	PW Bu of St Services	2,696,691.15	1,188,933.82	1,507,757.33
87	Zoo	1,708,185.42	1,708,185.42	0.00
94	Transportation	2,139,899.95	457,655.16	1,682,244.79
96	Treasurer	50,747.83	0.00	50,747.83
Year-end Reversion		134,254,403.80	32,962,935.11	101,291,468.69
	Total Reversion			\$ 101,291,469
	Estimated YE Reversion 2006-07 Adopted Budget			55,745,000
			Difference	\$ 45,546,469

**ATTACHMENT 6
REAPPROPRIATIONS FROM THE RESERVE FUND**

<u>DEPARTMENT</u>	<u>FUND/ACCOUNT</u>	<u>AMOUNT</u>
TRANSFER FROM RESERVE FUND TO THE UNAPPROPRIATED BALANCE 100/58:		
APPROPRIATE FROM THE UNAPPROPRIATED BALANCE:		<u>\$ 10,177,739</u>
APPROPRIATE TO:		
Controller	100/26	
	3040, Contractual Services	<u>\$ 642,500</u>
Disability	100/65	
	9800, Aids Prevention	<u>\$ 9,000</u>
Finance	100/39	
	3040, Contractual Services	\$ 40,000
	6010, Office & Administration Expense	<u>50,000</u>
		<u>\$ 90,000</u>
General Services	100/40	
	3040, Contractual Services	\$ 525,633
	6010, Office & Administration Expense	<u>561,065</u>
		<u>\$ 1,086,698</u>
Information Technology Agency	100/32	
	1100, Hiring Hall Salaries	\$ 105,656
	3040, Contractual Services	1,035,000
	7300, Equipment	239,000
	9350, Communication Services	<u>481,000</u>
		<u>\$ 1,860,656</u>
Police	100/70	
	4430, Uniforms	\$ 632,885
	6010, Office & Administration Expense	90,000
	7300, Office Furniture & Technical Equipment	<u>5,366,000</u>
		<u>\$ 6,088,885</u>
P/W Bureau of Sanitation	100/82	
	3040, Contractual Services	<u>\$ 400,000</u>
TOTAL		<u>\$ 10,177,739</u>

**ATTACHMENT 7
REAPPROPRIATIONS FROM SPECIAL FUNDS**

FUND	PRIOR YR. ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
TRANSFER FROM:				
438	Y132	\$ 19,881	100/32 7300, Office Furniture & Tech. Equipment	\$ 19,881
47N	Y138	\$ 400,570	100/38 1010, Salaries General 1012, Salaries Sworn 1098, Overtime Variable Staffing	\$ 30,320 219,050 151,200 \$ 400,570
45R	Y139	\$ 23,000	100/39 6010, Office & Administration Expense	\$ 23,000
434	Y168	\$ 168,934	100/68 1010, Salaries General 1090, Salaries Overtime	\$ 143,934 25,000 \$ 168,934
40B	V170	\$ 25,000	100/70 7340, Transportation Equipment	\$ 25,000
347	Y184	\$ 553,594	100/84 1010, Salaries General 1090, Salaries Overtime	\$ 1,987 373,706
206	Y184	95,193	6020, Operating Supplies	1,300
43D	Y184	5,087	8780, St. Lighting Improvements & Supp.	276,881
		<u>\$ 653,874</u>		<u>\$ 653,874</u>
912	W186	\$ 283,506	100/86 1010, Salaries General 3030, Construction Materials 3040, Contractual Services 6010, Office & Administration Expense 6020, Operating Supplies	\$ 100,000 108,506 50,000 2,000 23,000 \$ 283,506
TOTAL				\$ 1,574,765

TOTAL \$ 1,574,765

ATTACHMENT 8
FY 2006-07 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Aging	<u>Fund 100/02, Aging</u>		<u>Fund 100/02, Aging</u>	
	3040, Contractual Services	\$ 35,000	1070, Salaries As-Needed	\$ 35,000
	Subtotal	\$ 35,000	Subtotal	\$ 35,000
Animal Services	<u>Fund 100/06, Animal Services</u>		<u>Fund 100/06, Animal Services</u>	
	1010, Salaries General	\$ 54,000	4460, Private Veterinary Care Expenses	\$ 54,000
	Subtotal	\$ 54,000	Subtotal	\$ 54,000
General Services Department	<u>Fund 100/40, General Services Department</u>		<u>Fund 100/40, General Services Department</u>	
	1010, Salaries General	\$ 1,550,000	1014, Salaries, Construction Projects	\$ 92,846
	6030, Leasing	100,000	1090, Salaries Overtime	1,000,000
	9130, Mail Services	192,846	3040, Contractual Services	565,000
	Subtotal	\$ 1,842,846	3180, Construction Materials	70,000
			7300, Furniture, Office and Technical Equipment	115,000
		Subtotal	\$ 1,842,846	
Information Technology Agency	<u>Fund 100/32, Information Technology Agency</u>		<u>Fund 100/32, Information Technology Agency</u>	
	3040, Contractual Services	\$ 50,000	6010, Office and Administrative	\$ 2,000
	Subtotal	\$ 50,000	7300, Furniture, Office and Technical Equipment	48,000
			Subtotal	\$ 50,000
Planning	<u>Fund 100/68, Planning</u>		<u>Fund 100/68, Planning</u>	
	1010, Salaries General	\$ 200,000	1090, Salaries Overtime	\$ 200,000
	Subtotal	\$ 200,000	Subtotal	\$ 200,000
Police	<u>Fund 100/70, Police</u>		<u>Fund 100/70, Police</u>	
	1012, Salaries Sworn	\$ 3,000,000	1010, Salaries General	\$ 3,000,000
	6010, Office and Administrative	56,000	2130, Travel	56,000
	Subtotal	\$ 3,056,000	Subtotal	\$ 3,056,000
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 5,237,846		
			\$ 5,237,846	

ATTACHMENT 9
 FY 2006-07 BUDGET ADJUSTMENTS
 TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

DEPARTMENT	TRANSFER FROM	FUND/ACCOUNT	AMOUNT	TRANSFER TO	FUND/ACCOUNT	AMOUNT
Information Technology Agency		<u>Fund 100/40, General Services Department</u>			<u>Fund 100/32, Information Technology Agency</u>	
		6010, Office and Administrative	\$ 3,292		9350, Communication Services	\$ 12,934
		<u>Fund 47N/46, Homeland Security Assistance Fund</u>				
		Y502, Protective Security Center Operating Expenses	9,642		Subtotal	\$ 12,934
		Subtotal	\$ 12,934			
General Services Department		<u>Fund 100/60, Water and Electricity Fund</u>			<u>Fund 100/40, General Services Department</u>	
		0022, General Services Electricity	\$ 99,728		1014, Salaries, Construction Projects	\$ 59,837
		Subtotal	\$ 99,728		3180, Construction Materials	39,891
		Subtotal	\$ 99,728		Subtotal	\$ 99,728
PWV Bureau of Sanitation		<u>Fund 47R/50, CLARTS Trust Fund Nondepartmental</u>			<u>Fund 100/62, PW-Bureau of Sanitation</u>	
		A310, Private Landfill Disposal Fees	\$ 125,385		3040, Contractual Services	\$ 299,536
		A320, Private Hauling Expense	174,151		Subtotal	\$ 299,536
		Subtotal	\$ 299,536			
TOTAL ALL DEPARTMENTS AND FUNDS			\$ 412,198	\$ 412,198		

ATTACHMENT 10
 FY 2006-07 BUDGET ADJUSTMENTS
 SPECIAL FUND APPROPRIATIONS

DEPARTMENT	APPROPRIATE FROM		APPROPRIATE TO	
	FUND	AMOUNT	FUND/ACCOUNT	AMOUNT
City Attorney	<u>Fund 508, Solid Waste Resource Fund</u>		<u>Fund 100/12, City Attorney</u>	
	Available Balance	\$ 50,000	9301, City Attorney Outside Counsel	\$ 50,000
	Subtotal	\$ 50,000	Subtotal	\$ 50,000
City Clerk	<u>Fund 47R, CLARTS Trust Fund</u>		<u>Fund 47S/14, CLARTS Amenities Trust Fund/City Clerk</u>	
	Available Balance	\$ 173,684	3040, Contractual Services	\$ 173,684
	Subtotal	\$ 173,684	Subtotal	\$ 173,684
General Services Department	<u>Fund 508, Solid Waste Resource Fund</u>		<u>Fund 706/40, Printing Revolving Fund/General Services</u>	
	Available Balance	\$ 66,478	000A, Available	\$ 66,478
	Subtotal	\$ 66,478	Subtotal	\$ 66,478
Nondepartmental	<u>Fund 47R, CLARTS Trust Fund</u>		<u>Fund 47R/50, CLARTS Trust Fund/Nondepartmental</u>	
	Available Balance	\$ 3,909,536	A310, Private Landfill Disposal Fees	\$ 1,930,385
		\$ 3,909,536	A320, Private Hauling Expense	1,309,151
			A330, Community Amenities Fee	670,000
	Subtotal	\$ 3,909,536	Subtotal	\$ 3,909,536
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 4,199,698		\$ 4,199,698

ATTACHMENT 11
 FY 2006-07 BUDGET ADJUSTMENTS
 TRANSFERS BETWEEN BOND FUNDS AND DEPARTMENTS

DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Proposition Q - Citywide Public Safety	Fund 15U/50, GOB Series 2003A 911 P/F Construction		Fund 15U/50, GOB Series 2003A 911 P/F Construction	
	W010, GOB - City Administrative Officer	\$ 12,476	A299, Related Costs	\$ 446,134
	W076, GOB - PW/Contract Administration	\$ 433,658		\$ 446,134
	Subtotal	\$ 446,134	Subtotal	\$ 446,134
Proposition Q - Citywide Public Safety	Fund 16A/50, GOB Series 2004A 911 P/F Construction		Fund 16A/50, GOB Series 2004A 911 P/F Construction	
	W010, GOB - City Administrative Officer	\$ 54,841	A299, Related Costs	\$ 490,925
	W032, GOB - ITA	\$ 403,435		\$ 490,925
	W038, GOB - Fire Department	173,908		
	W070, GOB - Police Department	10,000		
	W074, GOB - PW/Accounting	81,703	Fund 100/10, City Administrative Officer	\$ 54,841
	W076, GOB - PW/Contract Administration	1,837,211	1010, Salaries General	\$ 54,841
W078, GOB - PW/Engineering	1,677,856			
	Subtotal	\$ 4,238,954	Subtotal	\$ 303,423
			1090, Overtime	\$ 20,000
			Subtotal	\$ 323,423
			Fund100/38, Fire Department	\$ 138,794
			1012, Salaries Sworn	\$ 138,794
			Subtotal	\$ 3,000
			1090, Salaries Overtime	\$ 7,000
			1092, Overtime, Sworn	\$ 10,000
			Subtotal	\$ 63,392
			1010, Salaries General	\$ 1,500
			1090, Salaries Overtime	\$ 64,892
			Subtotal	\$ 1,600,806
			Fund 100/76, PW/Contract Administration	\$ 160,080
			1010, Salaries General	\$ 76,325
			1090, Salaries Overtime	\$ 1,837,211
			3310, Transportation	\$ 1,837,211
			Subtotal	\$ 1,285,313
			Fund 100/78, PW/Engineering	\$ 12,000
			1010, Salaries General	\$ 21,555
			1090, Salaries Overtime	\$ 1,318,868
			3310, Transportation	\$ 1,318,868
			Subtotal	\$ 4,685,088
			TOTAL ALL DEPARTMENTS AND FUNDS	\$ 4,685,088

ATTACHMENT 13
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of 10/12/06

Council File No.	Appropriations	Date	Amount
	Beginning Balance		25,000
Approved Transfer			
06-1657	Annual Watts Summer Festival	7/27/2006	(480)
1st FSR	Off-site Council meetings		(15,000)
	Balance Available		<u>9,520</u>

ATTACHMENT 13a

STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/12/06

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Amount Appropriated during year	Available Balance
	General Fund				
	General (see Attachment 13)		\$ 25,000	\$ (15,480)	\$ 9,520
	3-1-1 Service Request System	Information Technology Agency	1,120,000		1,120,000
	Boyle Heights Neighborhood City Hal	General Services Department	407,022		407,022
	Fire - Complaint Resolution Office	Fire	360,045		360,045
1st FSR	GSD - Petroleum Products	General Services Department	9,000,000	(5,000,000)	4,000,000
04-2621-S2	Gang Prevention/Intervention/Reduction Program	Mayor/Council	2,000,000	(128,280)	1,871,720
1st FSR	LAPD Consent Decree Program	Police/CLA	1,855,018	(135,000)	1,720,018
	Litigation Expense Account	City Attorney	750,000		750,000
	Los Angeles Regional Crime Laboratory	Police	307,355		307,355
05-0894-S1	Neighborhood Council Study	Neighborhood Empowerment	500,000	(500,000)	-
	New Fire Stations	Fire	299,762		299,762
	New Police Facilities	Police	2,000,000		2,000,000
02-2061;05-0213;05-0878	Outside Counsel inc. Workers' Comp	City Attorney	2,700,000	(1,011,000)	1,689,000
	Peak Hour Construction Program	Various	652,907		652,907
	Training Final Decision makers of N/C Election:	Neighborhood Empowerment	25,000		25,000
	Water and Electricity	General Services Department	1,371,000		1,371,000
06-0600-S41	CCYF Phase II Special Projects	Children, Youth and Family	100,000	(70,000)	30,000
	Civic Center Master Plan	Planning	150,000		150,000
06-1362	Contamination Reduction Program	P/W Bureau of Sanitation	1,636,572	(571,668)	1,064,904
	Emergency Management	Emergency Preparedness	710,000		710,000
06-0272	Homeland Security Enhancement Ph 2	Fire	2,220,001	(1,782,343)	437,658
	Homeland Security Enhancement Ph 2	Police	1,155,992		1,155,992
	Green Agenda	Environmental Affairs	62,476		62,476
06-0600-S33	Homeless Shelter	Housing	1,050,000	(1,050,000)	-
	Human Trafficking - CSOW	Comm. on the Status of Women	49,000		49,000
	In-Car Video	Police	2,500,000		2,500,000
06-1380	Learn and Earn	Mayor/Council	2,000,000	(2,000,000)	-
	Left-turn Arrow Signals	Transportation	802,000		802,000
	Medical Exams for Sworn Fire Emp.	Fire	800,000		800,000
	Medical Services Efficiencyes	Personnel	25,980		25,980
	Nate Holden Performing Arts Center	Cultural Affairs	108,000		108,000
0120-17264-0000	Neighborhood Prosecutor Program -School Safety	City Attorney	251,077	(186,534)	64,543
06-0600-S22	Outside Counsel Oversight Uni	City Attorney	479,903	(479,903)	-
	Pollworker Stipend Phase I	City Clerk	522,000		522,000
	Senior Services	Aging	300,000		300,000
06-1362	Solid Waste Integrated Resource Plan	P/W Bureau of Sanitation	2,758,422	(418,484)	2,339,938
Reappropriation	Cultural & Historical Facilities	Cultural Affairs	800,000		800,000
Reappropriation	Council Initiated Assignment:	Planning	440,000	(70,000)	370,000
	Subtotal		\$ 42,294,532	\$ (13,418,692)	\$ 28,875,840

ATTACHMENT 13a

STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/12/06

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Amount		Available Balance
					Appropriated during year	
	Special Funds					
	Alternative Waste Disposal Tech Study	P/W Bureau of Sanitation	\$ 2,000,000		\$	2,000,000
	Contamination Reduction Program	P/W Bureau of Sanitation	820,000			820,000
	Green Agenda	Environmental Affairs	122,952			122,952
	In-Car Video	Police	2,500,000			2,500,000
	One-Stop Permit Center- Charter Sch.	Building and Safety	100,000			100,000
		Subtotal	\$ 5,542,952	\$	-	\$ 5,542,952
	Grand Total		\$ 47,837,484	\$	(13,418,692)	\$ 34,418,792

**ATTACHMENT 14
FIVE-YEAR GENERAL FUND BUDGET FORECAST**

	2007-08	2008-09	2009-10	2010-11
ESTIMATED GENERAL FUND REVENUE				
General Fund Base (1)	\$ 4,107.4	\$ 4,218.8	\$ 4,395.8	\$ 4,594.1
Revenue Growth (2)	111.4	177.0	198.3	210.4
Transfer from Reserve Fund (3)	97.0	97.0	97.0	97.0
Total Revenue	\$ 4,315.8	\$ 4,492.8	\$ 4,691.1	\$ 4,901.5
<i>General Fund Base Increase %</i>	<i>-0.5%</i>	<i>4.1%</i>	<i>4.4%</i>	<i>4.5%</i>
<i>General Fund Base Increase \$</i>	<i>(22.9)</i>	<i>177.0</i>	<i>198.3</i>	<i>210.4</i>
ESTIMATED GENERAL FUND EXPENDITURES				
General Fund Base (4)	\$ 4,338.7	\$ 4,577.0	\$ 4,734.3	\$ 4,756.3
Obligatory Incremental Changes to Base: (5)				
Employee Compensation Adjustments (6)				
Fire and Police Pensions (7)	83.4	62.9	12.0	12.0
City Employees Retirement System (7)	31.0	(8.3)	(5.7)	11.6
Workers Compensation Retirement Benefits (8)	35.9	2.0	(2.8)	8.8
Health and Dental Benefits (9)	5.9	6.2	6.5	6.8
Debt Service (10)	27.5	28.5	29.3	30.0
Expense CPI Increases (11)	2.7	(11.1)	36.8	(28.5)
Delete One-Time Costs (12)	7.2	7.3	7.4	7.6
Unappropriated Balance (13)	-	-	-	-
New Facilities (14)	-	-	-	-
City Elections (15)	39.1	34.5	(44.0)	4.5
Police 1,000 Officers Hiring Plan (16a)	(14.1)	14.5	(14.5)	15.0
VLF Police Hires (16b)	15.6	23.0	29.5	9.3
Solid Waste Resource Fee Offset (17)	10.9	18.9	-	-
Alternative Refuse Disposal Options (18)	(44.5)	(30.0)	(18.8)	-
Subtotal Expenditures	4,539.2	4,725.3	4,770.1	4,833.4
Surplus (Deficits)	(223.4)	(232.4)	(79.0)	68.1
Other Potential Expenditures				
EOC/POC/FOC/Fire Dispatch Facility (19)	22.50	5.00	(21.84)	(7.64)
Stormwater Bond Operation and Maintenance (20)	2.0	4.0	8.0	11.0
Police Radio Replacement (21)	13.3	-	-	(13.3)
Subtotal Other Potential Expenditures	37.8	9.0	(13.8)	(9.9)
Total Obligatory and Potential Expenditures	\$ 4,577.0	\$ 4,734.3	\$ 4,756.3	\$ 4,823.5
Expenditure Growth %	5.5%	3.4%	0.5%	1.4%
Expenditure Growth \$	238	157	22	67
SURPLUS (DEFICIT)	(261.2)	(241.4)	(65.1)	78.1

ATTACHMENT 14a
FIVE-YEAR GENERAL FUND BUDGET FORECAST ASSUMPTIONS

REVENUE:

- (1) General Fund Base: The General Fund revenue growth is separated from the revenue base. This base excludes the Reserve Fund transfer to the budget.
- (2) Revenue Growth: Overall revenue is assumed to grow slightly above four percent over the next few years. No adjustment is made for challenges facing collection of utility users' taxes on telephone.
- (3) Potential Carryover: Future estimates are based on the 10-year (Fiscal Years 1996 to 2005) historical average of unallocated revenue and reversions.

ESTIMATED GENERAL FUND EXPENDITURES:

- (4) Estimated Expenditure General Fund Base: Using the 2006-07 General Fund budget as the baseline year, the General Fund base is the "Total Obligatory and Potential Expenditures" carried over to the following fiscal year.
- (5) The 2007-08 incremental changes reflect proposed funding added to the 2006-07 General Fund budget. The 5-year forecast expenditures included for subsequent years are limited to those obligatory and major expenses known at this time and are subject to change.
- (6) Employee Compensation Adjustments: These do not include Cost of Living Adjustment (COLA) beyond current labor contracts. Civilian labor contracts expire on 6/30/06 and include a final COLA of 2.25% on 1/1/2007. Sworn labor contracts expire on 6/30/2009 and include the remaining COLA's of 3.5% on 7/1/2007 and 3.75% on 7/1/2008.
- (7) Fire & Police Pensions (Pensions) and City Employment Retirement System (LACERS): The contribution increases for Pensions and LACERS are estimated based on information from the departments' actuaries and include the COLA assumptions above. The increases are mostly driven by changes in assumptions, investments and actuarial losses and for LACERS, refunding of retiree health care costs.
- (8) Workers Compensation Benefits: The forecast reflects lower than anticipated actual expenditure of approximately 12% in 2004-05 over 2003-04, a 0.06% slight increase in 2005-06 over 2004-05; and assumes a modest annual increase of five percent.
- (9) Health and Dental Benefits: Rate increase projections, provided by Mercer Consulting, declines from 9.5% in 2007-08 to 8% in 2010-11.
- (10) Debt Service: The 2007-08 estimate includes Public Works Building debt service. The new Police headquarters facilities debt service starts in 2009-10.
- (11) Expense CPI Increases: The CPI increases in 2007-08 and beyond are 2% per year.
- (12) Delete One-Time Costs: None are deleted in 2007-08 to provide a placeholder for equipment, appropriation to special funds, and other one-time expenses incurred annually.
- (13) Unappropriated Balance (UB): The 2006-07 UB is not eliminated to provide a placeholder for various contingency requirements in the following years.
- (14) New Facilities: Funding projections are only included as placeholders. These are based on preliminary departmental estimates for staffing, expense, and equipment that have not been prioritized.
- (15) Elections: Citywide elections occur bi-annually.

ATTACHMENT 14a
FIVE-YEAR GENERAL FUND BUDGET FORECAST ASSUMPTIONS

ESTIMATED GENERAL FUND EXPENDITURES (continued):

(16) (a) Police Hiring Plan and (b) Additional 265 Police hires funded by Vehicle License Fee (VLF) gap financing: The Police Hiring Plan is to recruit 1,000 net new officers during 2005-06 to 2009-10, with recruitment to cover attrition in 2010-11. Costs include salaries and expense; 2006-07 cost is partly paid by General Fund (\$2M) and remaining proceeds from the VLF gap financing (\$7.4M). By the end of 2007-08, the VLF fund will be depleted but costs continue to be incurred and General Fund monies will be needed to provide funding for those hired in 2005-06 and 2006-07.

(17) Solid Waste Resources Fee Offset: A monthly increase of \$7 was approved in 2006-07 to a total of \$18, with a commitment to increase the monthly fee per household for the next three years to a total of \$28 in 2009-10.

(18) Alternative Refuse Disposal Initiatives: Although no specific additional funding is forecasted, alternatives to current disposal practices are being explored, which may result in increased disposal costs.

OTHER POTENTIAL EXPENDITURES:

(19) EOC/POC/FOC/Fire Dispatch Facility: Potential systems-related costs for the new fire dispatch system that cannot be bond-financed. A consultant study estimates that the total investment would be approximately \$65.1 million over four years. This includes the upgrade of all fire stations' voice and data transmission systems as well as annual recurring lease of T-1 lines.

(20) Stormwater Bond Operations and Maintenance (O&M): The City Legislative Analyst (CLA) estimates operation and maintenance costs may be 5% of \$500 million bond issue or \$25 million annually. Full impact of the annual costs is unclear at this time as it would be dependent upon completion of the new Stormwater infrastructure system. O&M funding is included on a graduated basis whereby by 2009-10, the total would be \$25 million.

(21) Police Radio Replacement: The Police Department proposes to undertake a radio replacement program for approximately \$40 million. The forecast assumes a three-year phased replacement program.

Note: The 1% CIEP line item to meet the City's financial policy of budgeting 1% of the General Fund for capital improvement projects was excluded in this version of the Five-Year Forecast. This forecast assumes that the \$58 million included in the 2006-07 adopted budget for capital improvement funding continues in 2007-08. This amount exceeds the projected 1% of the General Fund budget from 2007-08 to 2011-12.