

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: October 19, 2007

CAO File No. 0116-00001-0000  
Council File No. 07-0600  
Council District: All

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

From: Karen L. Sisson, City Administrative Officer *KLS*

Reference: 2007-08 Adopted Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

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### SUMMARY

The Office of the City Administrative Officer monitors the budget and transmits reports detailing the City's current financial condition to both the Mayor and Council. As instructed in the 2007-08 Adopted Budget, this Office is transmitting the Second Financial Status Report for Fiscal Year 2007-08. This report summarizes the budget status through August.

Potential expenditure deficits of approximately \$75 million are identified, due to shortfalls in various accounts. About half of this deficit (\$37.68 million) is attributable to shortfalls within the Fire, General Services, and Police departments, however other non-departmental expenditures also make up a significant portion of the deficit (\$23.5 million). Attachment 4 provides a detailed breakdown of the projected expenditure deficits. Although it is still too early in the fiscal year to determine whether all of these expenditure deficits will actually materialize, immediate steps should be taken to reduce current year expenditures. This is particularly important because Reserve Fund monies will not be available to offset any expenditure deficits in 2007-08.

It should also be noted that the \$75 million estimate includes potential civilian cost of living adjustments in the current year. Although the Adopted Budget provides some funding in the Unappropriated Balance to offset future wage increases in 2007-08, it is unlikely that these funds will be available to departments due to the City's economic constraints. Departments should make every effort to mitigate potential budgetary shortfalls due to the anticipated cost of living adjustments by managing hiring and identifying internal savings that can be used to offset these expenditures.

### Proposed Budget Balancing Actions

Actions totaling approximately \$53.4 million are recommended in this report to partially offset the potential \$75 million in expenditure shortfalls. While some of these measures may be difficult to consider, they are nonetheless necessary for the City to meet the current year obligations and better

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position itself for 2008-09. If these actions are adopted, the potential year-end deficit would be reduced to an estimated \$21.6 million. Specifically, the following budget balancing measures are recommended:

- **Reserve For Economic Uncertainties (\$45.7 million):** It is recommended that various line items in the Unappropriated Balance totaling \$45.7 million be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties (see Attachment 10). These items consist of EAA MOU Implementation Costs, Expense Account Contingencies, and Public Safety Contingencies. We will also be looking at additional UB accounts that may be available to offset departmental deficits. Additionally, it is recommended that \$1 million in General City Purposes funding for the Financial Management System Replacement project be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties.
- **Managed Hiring (\$4.7 million):** In July 2007 Departments submitted their planned hiring strategies for 2007-08. However, due to the existing shortfalls within various departments, and the need to absorb unfunded civilian cost of living increases, it will be necessary for some departments to revise their hiring plans to either offset their projected deficits or prevent projected shortfalls from increasing. The Mayor's Office will be working with our Office to identify those departments that will need to revise their hiring plans. It is anticipated that this process will generate approximately \$4.7 million in savings to offset projected deficits within these departments. We will report back regarding the impact of managed hiring on department programs in a separate report.
- **Temporary Moratorium on Special Events Fee Waivers, including Convention Center Fee Waivers (\$3 to \$5 million):** A temporary moratorium is recommended for special event fee waivers, including Convention Center fee waivers. As discussed in Section 4 of this report, in 2006-07, 1,112 fee waivers were approved at an estimated amount of \$5.8 million. We anticipate that a temporary moratorium in the current year could generate between \$3 million to \$5 million in savings. Such moratorium however would not apply to those special event fee waivers that Council Offices choose to pay for out of their own discretionary funds.
- **Other (savings currently unknown):** The following recommendations are also anticipated to generate savings, but the potential amounts are unknown at this time:
  1. Freeze all appropriations from the Unappropriated Balance. We are aware that there may be some line items in the Unappropriated Balance that may be required (e.g., Petroleum), however, we will review these on a case by case basis and make recommendations to the Mayor and Council;
  2. Direct City departments to halt execution of all discretionary contracts that are not critical to their high priority services. Only those contracts that are necessary for critical operations or high priority programs should be executed. Additionally departments should curtail utilization of all existing discretionary contracts that have already been

approved by the Mayor and/or Council in the current year or prior year(s);

3. Instruct department heads, working with the CAO, to analyze their departmental operations to identify reductions or efficiencies in management, administrative and support services so that savings may be used to fund service operations; and,
4. Instruct department heads to limit all General Funded equipment purchases and restrict all non-essential travel, to generate savings to offset existing budget shortfalls within their departments.

We are also exploring various other options estimated at \$11 million that may be available to partially mitigate the remaining \$21.6 million departmental expenditure deficits, which would reduce the total year-end deficit to \$10.6 million. These include the following:

- **Figueroa Plaza (\$9.5 million):** Estimated receipts from Figueroa Plaza operations such as rent from non-City tenants and parking operations are expected to total \$9.5 million in 2007-08, and represent a one-time surplus. On October 2, 2007 the Information Technology and General Services (ITGS) Committee considered a CAO report regarding Figueroa Plaza operations and maintenance plans, and recommended that these funds be transferred to the Reserve Fund (C.F. 07-1009). This matter is now pending before the Budget and Finance Committee. We recommended that upon receipt of these funds, the funds be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties.
- **Reduce/Eliminate Unappropriated Balance Line Items (\$1.5 million):** We believe a review of the priorities of items currently listed in the Unappropriated Balance is now warranted. We are reviewing all Unappropriated Balance line items for potential funds that can be transferred to the Reserve for Economic Uncertainties. We recognize that many of these items are important to the Mayor and Council. However, a budget gap is anticipated, if reductions are not made elsewhere. Furthermore, the City will have to tap the Reserve Fund (which is not recommended). Items that could be considered include the following: Earthquake Emergency Preparedness Fair (\$75,000); LAPD Audit Division (\$352,600); LAPD Leadership Teams (\$500,000); LAPD Reserve Officer Recruitment (\$100,000); and, Recreation and Parks As-Needed Salaries (\$500,000).

The potential impact of these actions is summarized in the following table:

<b>Projected Expenditure Deficit (millions)</b>	
Year-End Expenditure Deficit	\$ (75.0)
<u>2<sup>nd</sup> FSR Proposed Solutions</u>	
Reserve for Economic Uncertainties	45.7
Managed Hiring Process	4.7
Special Events & Convention Center Fee Waivers	3.0
Moratorium	
<i>Subtotal</i>	53.4
Remaining Deficit	(21.6)
<u>Other Proposed Solutions</u>	
Figueroa Plaza Receipts	9.5
Reduce/Eliminate UB Line Items	1.5
<i>Subtotal</i>	11.0
Remaining Deficit	(10.6)

## Revenue

The Fiscal Year 2007-08 budget is based on overall revenue growth of about five percent. Receipts through September are \$31 million above plan; but this includes a carryover of nearly \$19 million in property-related taxes which reflect activity in the prior fiscal year and a \$5 million carry-over of parking fines. Early results for the property tax and the documentary transfer tax are above expectation, but the local real estate market is showing stress and will dampen growth in property-related revenue. The economy-sensitive sales tax is off to a slow start, showing only two-percent growth. Business tax receipts are above plan, but it is too early to draw any conclusion. Interest income at September is at the same level as last fiscal year, but the Treasurer is concerned that changing circumstances will result in lower receipts from that source this year. At this point, there is no basis to recommend a revision to the overall General Fund budget revenue estimate. Section 2 of this report discusses individual categories in greater detail (Also, see Attachment 1).

## Reserve Fund

The current Reserve Fund balance is estimated at \$139.3 million (consisting of \$122 million in the Emergency Reserve Account and \$17.3 million in the Contingency Reserve Account) (see Attachment 2). This is still approximately \$62.5 million below budget. This Office is in the process of reviewing prior-year encumbrances and loans to identify General Funds for reversion to the Reserve Fund. It is anticipated that this review will be completed next month. While these efforts are expected to increase the Reserve Fund balance, the Reserve Fund is still not at its optimal level. We do not recommend that the Reserve Fund be utilized to offset any expenditure deficits in the current year.

## Five Year Forecast

Attachment 12a provides an updated five-year General Fund budget forecast with a projected deficit of nearly \$300 million in 2008-09. The Five Year forecast assumes 3 percent cost of living adjustments (COLAs) for civilians from 2008-09 through 2012-13 pending ratification of civilian MOU agreements, and from 2009-10 to 2012-13 for sworn upon expiration of current contracts. The employee compensation adjustments include the current year COLAs carried over to 2008-09 that were budgeted in the Unappropriated Balance (UB). The UB balance of \$64 million is not eliminated to provide a placeholder for other contingencies in the following fiscal year. Estimated life cycle costs for LAPD's Emergency Command Control Communications System (ECCCS) is added to the forecast, as well as updated radio replacement costs that are part of the Los Angeles Regional Interoperable Communications Systems (LARICS) and Police in-car videos in the event the program is expanded and implemented. It is anticipated that additional city-wide technology infrastructure needs will be identified in future financial status reports. The 2008-09 Reserve Fund is assumed to be 4.55 percent of the projected General Fund budget.

## Budgetary Adjustments

Budgetary adjustments totaling approximately \$60,271,350 are recommended in this report. Recommended Reserve Fund reappropriations of \$537,516 are limited to those items that are necessary to support City services. Specifically, Reserve Fund reappropriations are recommended for: 1) the Mt. Lee generator project which is critical to the City's public safety communications network (\$205,000); 2) ITA communications service requests at various Recreation and Parks sites as the funds were incorrectly reverted (\$32,516); 3) a comprehensive Planning Fee Study to ensure recovery of City costs (\$150,000); and, 4) the Downtown Urban Design Guidelines Standards project that is already in progress (\$150,000). In addition, appropriations from the Unappropriated Balance in the amount of \$1,898,000 are recommended to pay for existing outside counsel obligations (\$1,700,000) and the Council's Two-Way Public Testimony project (\$198,000).

Other actions include:

- \$132,170 for reappropriations from special funds;
- \$1,937,250 for transfers between accounts within various departments and funds;
- \$8,209,266 for transfers between various departments and funds;
- 816,559 for appropriations from special funds;
- \$45,702,146 for transfers to the Reserve for Economic Uncertainties;
- \$200,000 transfer to the Reserve Fund;
- \$808,443 for increases in appropriations; and,
- \$30,000 for other adjustments.

## **Additional Details**

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

1. Status of Receipts for 2007-08
2. Status of the Reserve Fund
- 3a. Status of the Unappropriated Balance-General
- 3b. Status of the Unappropriated Balance-non General
4. Projected Expenditures-Deficits and Surpluses by Department
5. Reappropriations from the Reserve Fund
6. Transfers between Accounts within Departments and Funds
7. Transfers between Departments and Funds
8. Appropriations from Special Funds
9. Appropriations from the Unappropriated Balance
10. Transfers to the Reserve for Economic Uncertainties
- 11a. Fee Review Update for All General Fund Revenue Departments
- 11b. Fee Review Update by Major Departments (Detail)
- 12a. Five-Year General Fund Revenue and Expenditure Forecast
- 12b. Five-Year Forecast-Assumptions
13. Employee Level Report
14. Summary of Overtime Use

## **RECOMMENDATIONS**

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

1. Transfer \$537,516 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the departments and funds, as specified in Attachment 5;
2. Transfer \$1,937,250 between accounts within various departments and funds as specified in Attachment 6;
3. Transfer \$6,579,540 between various departments and funds as specified in Attachment 7;
4. Appropriate \$351,000 from special funds to various departments and funds as specified in Attachment 8;
5. Appropriate \$1,898,000 to various departments from the Unappropriated Balance as specified in Attachment 9;
6. Transfer \$45,702,146 from the funds and accounts as shown on Attachment 10 to a new account in the Unappropriated Balance, Fund No. 100/58, titled Reserve for Economic Uncertainties;

Building and Safety

7. Instruct Building and Safety to report back in 30 days on reducing code enforcement overtime and the potential impact of cutting back;
8. Reappropriate \$65,439 in prior year funds from the Building and Safety Permit Enterprise Fund No. 48R/08, Account A132, Information Technology Agency, to the Information Technology Agency Fund No. 100/32, Account 9350, Communication Services, to pay ITA to run data and phone lines for the Building and Safety offices at 221 N. Figueroa St. currently under construction;
9. Authorize the Controller to make a technical correction to the Controller instructions approved by the Council on July 3, 2007 (C.F. 07-1557) relative to the transfer of \$125,703 from the Construction Services Trust Fund No. 438/50 to the General Services Fund No. 100/40, by replacing the transfer to account (Salaries-Hiring Hall, Account No. 1110) with Hiring Hall Construction, Account No. 1101;

City Attorney

10. Authorize the City Attorney to amend eight outside counsel contracts as follows to be funded from the Unappropriated Balance, Outside Counsel including Workers' Compensation line item as noted in Recommendation No. 5 of this report:

<u>Contract No.</u>	<u>Law Firm</u>	<u>Amount</u>
111623	Adorno Yoss	\$ 55,000
111570	Albright, Yee & Schmit, LLP	150,000
111576	Albright Yee & Schmit, LLP	50,000
101475	Bannan, Green, Frank & Terzian	140,000
111607	Ivie McNeill & Wyatt	60,000
111423	Jones Day	650,000
108296	Liebert, Cassidy & Whitmore	225,000
109849	Liebert, Cassidy & Whitmore	<u>350,000</u>
	Total	\$1,680,000

Community Development

11. Authorize the Controller to increase appropriations within the following funds to pay for costs associated with the Enterprise Zone Credit program:
  - a. Increase appropriations within Fund No. 48L, Enterprise Zone Tax Credit Program, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
C122	Community Development	\$213,100
C299	Related Costs	<u>71,087</u>
	Total	\$284,187

b. Increase appropriations within Fund No. 100/22, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$174,386
1070	Salaries, As-Needed	11,000
6030	Rent and Parking	<u>27,714</u>
	Total	\$213,100

c. Expend funds upon proper demand of the General Manager, CDD, or designee.

12. Authorize the Controller to reappropriate a total of \$12,196 in Los Angeles County funding to cover administrative costs associated with the Earned Income Tax Credit Program for 2007-08:

a. Transfer appropriations in the amount of \$12,196 within the Community Development Trust Fund No. 424, from Account A122, Community Development, to Account C122, Community Development; and,

b. Increase appropriations in the amount of \$12,196 within Fund No. 100/22, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
2120	Printing and Binding	\$4,000
2130	Travel	4,000
6010	Office and Administrative	<u>4,196</u>
	Total	\$12,196

c. Expend funds upon proper demand of the General Manager, CDD, or designee.

13. Authorize the Controller to take the following actions to reimburse the Information Technology Agency for communications services:

a. Decrease appropriations within Community Development Fund No. 100/22, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
3040	Contractual Services	\$126
6010	Office and Administrative	<u>594</u>
	Total	\$720

b. Transfer appropriations in the amount of \$594 within the Community Development Trust Fund No. 424, from Account C122, Community Development, to Account C132, Information Technology Agency;



- c. Transfer appropriations in the amount of \$126 within the Workforce Investment Act Trust Fund No. 44A, from Account C122, Community Development, to Account C132, Information Technology Agency;
- d. Transfer cash in the amount of \$594 from the Community Development Trust Fund No. 424, Account C132, ITA, and in the amount of \$126 from the Workforce Investment Act Trust Fund No. 44A, Account 132, ITA, to the ITA Fund No. 100/32 for a total amount of \$720, upon proper demand of the General Manager, CDD, or designee;
- e. Increase appropriations in the amount of \$720 within Fund No. 100/32, Account 9350, Communication Services; and,
- f. Expend funds upon proper demand of the General Manager, CDD, or designee.

Convention Center

14. Authorize the Controller to increase appropriations within various accounts in the Convention Center Fund No. 100/48, by \$400,000, from available balances in the Convention Center Revenue Trust Fund No. 725, and appropriate therefrom as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1070	Salaries As-Needed	\$150,000
1090	Salaries Overtime	<u>250,000</u>
	Total	\$400,000

15. In accordance with Recommendation No. 14 above, authorize the Controller to recognize Salary and Reimbursement Account receipts in Fund No. 725, and make funds available to transfer to Convention Center Account 148C;
16. Authorize the Controller to increase appropriations in the Convention Center Fund No. 100/48, Account 9150, Building Modifications, by \$50,000, from available balances in the Convention Center Revenue Fund No. 725 for the South Hall cooling repairs;
17. Transfer \$200,000 from the Convention Center Revenue Fund No. 725 to the Reserve Fund as partial payment for the Reserve Fund loan of \$505,958 (C.F. 04-0600-S54);

Cultural Affairs

18. Rescind the Council action of August 17, 2007 relative to the transfer of \$30,000 from the Arts Development Fee Trust Fund No. 516, Account No. 9669 (Council Civic Fund) to the General Services Trust Fund No. 843/40 for the El Grito celebration, as an incorrect funding source was identified (C.F. 05-1916);
19. Authorize the Controller to transfer, \$5,000 (each) from the Council Districts' 1, 6, 7, 9, 13 and 14 portions of the Cultural Affairs Fund No. 100/30, Account 9699 (Council Civic Fund), funding source Arts and Cultural Facilities and Services Trust Fund No. 480, for a total

amount of \$30,000, to the General Services Trust Fund No. 843/40, Account No. 280C (El Grito), to support this year's celebration of El Grito 2007;

El Pueblo

20. Instruct El Pueblo De Los Angeles and the General Services Department to report back within 30 days on the potential for increasing parking fees for parking lots at El Pueblo similar to the surrounding market rates;

Housing

21. Authorize the Controller to transfer \$57,520 in prior-year unspent Fannie Mae Innovations in American Government grant funds, to fund outreach efforts to promote best practices under the City's Systematic Code Enforcement Program as noted below:

- a. Establish a new account within Fund No. 49N/43 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
C143	LAHD	\$57,520.49

- b. Transfer funds in the amount of \$57,520.49 within Fund No. 49N/43 from Account A143, LAHD, to Account C143, LAHD.

- c. Increase appropriations in Fund No. 100/43 for Fiscal Year 2007-08, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
2120	Printing and Binding	\$6,000.00
2130	Travel	\$29,150.49
6010	Office and Administrative	\$5,600.00
7300	Furniture, Office and Tech. Equip.	\$16,770.00
	Total	\$57,520.49

- d. Authorize expenditures of up to \$57,520.49 upon the proper written demand of the General Manager, Los Angeles Housing Department (LAHD), or designee, from the above funds and accounts;

LA Inc., The Convention and Visitors Bureau

22. Authorize the Controller to transfer appropriations of \$513,850 within Los Angeles Convention and Visitors Bureau Trust Fund No. 429/10, from Account A200, Unallocated, to the Los Angeles Convention and Visitors Bureau Account A429;

23. Authorize the Controller to increase appropriations for the Los Angeles Convention and Visitors Bureau, Fund No. 429/10, Account A429, by \$73,536 from the available balance within the Los Angeles Convention and Visitors Bureau Trust Fund No. 429;

24. In accordance with Recommendation No. 23, authorize the City Administrative Officer to pay LA INC., The Convention and Visitors Bureau, the final invoices for 2006-07;

Planning

25. Authorize the Controller to appropriate \$465,559.82 from available monies from the Planning Department Expedited Permit Trust Fund No. 47E to the following accounts within the same fund for fiscal year 2006-07 expenditures:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
C368	Planning	\$439,814.09
C378	PW/Engineering	3,530.99
C394	Transportation	12,054.74
C338	Fire Department	<u>10,160.00</u>
	Total	\$465,559.82

26. Instruct the Planning Department to reimburse the General Fund, upon receipt of funds, for direct costs incurred by the Planning Department, Transportation and Fire Department for the period March 1, 2007 to June 30, 2007; and, the Bureau of Engineering for the periods January 1, 2007 to January 31, 2007 and March 1, 2007 to June 30, 2007, in Fiscal Year 2006-07 as follows:

<u>From: Fund/Account</u>	<u>To: Fund/Revenue Source</u>	<u>Amount</u>
F47E/ 68/ C368	F100/ 68/ 4610	\$439,814.09
F47E/ 68/ C378	F100/ 78/ 4610	3,530.99
F47E/ 68/ C394	F100/ 94/ 4610	12,054.74
F47E/ 68/ C338	F100/ 38/ 4610	<u>10,160.00</u>
	Total	\$465,559.82

27. Instruct the Planning Department to reimburse the General Fund for all associated related costs incurred by the Planning Department, Transportation and Fire Department from March 1, 2007 to June 30, 2007; and, related costs incurred by Bureau of Engineering for January 1, 2007 to January 31, 2007 and from March 1, 2007 to June 30, 2007, in Fiscal Year 2006-07 with funds received in the Expedited Permit Trust Fund;

PW/Sanitation

28. Transfer \$5,340 from the Sanitation Equipment Fund No. 509/50 to General Services to fund modifications to erect signage to an existing wall at the Public Works Building.

- a. Authorize the Controller to establish a new account and appropriate \$5,340 within the Sanitation Equipment Fund No. 509/50, Account C140, entitled General Services Department; and,
- b. Authorize the Controller to transfer \$5,340 from the Sanitation Equipment Fund No. 509/50, Account C140, General Services Department, to the following accounts within the General Services Department Fund No. 100/40:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$5,040
3180	Construction Materials & Supplies	<u>300</u>
	Total	\$5,340

29. Transfer \$33,701 from the Sanitation Equipment Charge Revenue Bond 2005A Fund to General Services to install security glass at the North Central District Yard Administration Building.

a. Authorize the Controller to increase appropriations to the General Services Department Fund No. 100/40 in the amount of \$33,701 to the following accounts to install security glass at the North Central District Yard Administration Building:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$7,971
1101	Hiring Hall Salaries	5,163
1121	Hiring Hall Fringe Benefits	2,583
3180	Construction Materials & Supplies	<u>17,984</u>
	Total	\$33,701

b. In accordance with Recommendation No. 29a above, instruct the Bond Fund Administrator to transfer cash from the Sanitation Equipment Charge Revenue Bond Fund 48S, Account W325, North Central Yard Upgrade Administration, to reimburse the General Fund on an as-needed basis upon proper documentation from the Bureau of Sanitation and the approval of the City Administrative Officer.

Public Works/Street Lighting

30. Reappropriate \$54,545 in prior year funding from the Gas Tax Street Improvement Fund No. 206/50, Account A184, Gas Tax, to the following accounts within the Bureau of Street Lighting Fund No. 100/84 to complete the Stairway Walkway Project:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Salaries Overtime	\$30,000
8780	Street Lighting Supplies	<u>24,545</u>
	Total	\$54,545

Public Works/Street Services

31. Authorize the Controller to transfer appropriations of \$150,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account C365, Bridge and Tunnel Maintenance, to the Bureau of Street Services (Street Services) Account C186 and appropriate therefrom to the following accounts within 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	\$90,000
1090	Overtime Salaries	10,000
1100	Hiring Hall Salaries	7,000
1120	Hiring Hall Benefits	8,000
1190	Hiring Hall Overtime	3,000
3030	Contractual Services	20,000
6010	Office and Administrative	2,000
6020	Operating Supplies	10,000
	Total	<u>\$150,000</u>

32. Authorize the Controller to transfer appropriations of \$150,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account C601, Guardrail Construction, to the Street Services Account C186 and appropriate therefrom to the following accounts within Street Services, Fund No. 100/86 for guardrail construction projects:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$90,000
1090	Overtime Salaries	10,000
1100	Hiring Hall Salaries	7,000
1120	Hiring Hall Benefits	8,000
1190	Hiring Hall Overtime	3,000
3030	Contractual Services	20,000
6010	Office and Administrative	2,000
6020	Operating Supplies	10,000
	Total	<u>\$150,000</u>

33. Authorize the Controller to transfer appropriations of \$300,000 within Special Gas Tax Street Improvement Fund No. 206/50, from Account C702, Drainage Projects – Various Locations, to Account C186, Street Services, and appropriate therefrom to the following accounts within Street Services, Fund No. 100/86 for drainage projects:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$138,000
1090	Overtime Salaries	20,000
1100	Hiring Hall Salaries	20,000
1120	Hiring Hall Benefits	10,000
1190	Hiring Hall Overtime	6,000
3030	Contractual Services	30,000
6010	Office and Administrative	2,000
6020	Operating Supplies	74,000
	Total	<u>\$300,000</u>

34. Authorize the Controller to transfer \$409,298 from the Subventions and Grants Fund No. 305/50, Revenue Source Code 3741, to the accounts listed below within the Street Services Fund No. 100/86, for reimbursement for work on the Vista Grand Avenue to Soto Street project funded by the Community Redevelopment Agency and authorize the Controller to reimburse the General Fund as needed upon receipt of documentation.

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Overtime Salaries	\$200,000
1100	Hiring Hall Salaries	80,000
1120	Hiring Hall Benefits	7,438
1190	Hiring Hall Overtime	40,000
3030	Contractual Services	40,000
6010	Office and Administrative	2,000
6020	Operating Supplies	<u>39,860</u>
	Total	\$409,298

35. Authorize the Controller to transfer \$10,017 from the Subventions and Grants Fund No. 305/50, Revenue Source Code 4511, Contribution from Non-Government Sources, to the accounts listed below within the Street Services Fund No. 100/86, for reimbursement for work on the Needles Street East of Oakdale Avenue project for slurry seal work; and authorize the Controller to reimburse the General Fund as needed upon receipt of documentation.

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Overtime Salaries	\$5,012
3030	Contractual Services	2,000
6010	Office and Administrative	2,000
6020	Operating Supplies	<u>1,005</u>
	Total	\$10,017

Transportation

36. Instruct the Department of Transportation to report back through the Mid-Year Financial Status Report on the total cost of the proposed Computer Aided Dispatch (CAD) System for the Central Communications Center, including future year costs;

Other

37. Instruct the CAO to report back within 30 days on the potential impact of managed hiring on department programs;

38. Adopt a temporary moratorium on granting special event fee waivers, including Convention Center fee waivers. However, such moratorium shall not apply to those special event fee waivers that Council Offices choose to fund out of their own discretionary funds;

39. Freeze all appropriations from the Unappropriated Balance;

40. Direct City departments to halt execution of all discretionary contracts that are not critical to their high priority services. Only those contracts that are necessary for critical operations or high priority programs should be executed. Additionally departments should curtail utilization of all existing discretionary contracts that have already been approved by the Mayor and/or Council in the current year or prior year(s);
41. Instruct department heads, working with the CAO, to analyze their departmental operations to identify reductions or efficiencies in management, administrative and support services so that savings may be used to fund service operations;
42. Instruct department heads to limit all General Funded equipment purchases and restrict all non-essential travel, to generate savings to offset existing budget shortfalls within their departments; and,

Technical

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

**FISCAL IMPACT**

Transfers, appropriations and other adjustments totaling approximately \$60 million are recommended in this report to meet current year obligations. This includes the transfer of \$45.7 million from various line items in the Unappropriated Balance to the Reserve for Economic Uncertainties to partially offset potential year-end expenditure shortfalls of approximately \$75 million, as necessary. Appropriations to fund departmental deficits are deferred until the Mid-Year Financial Status Report pending receipt of more current cost data. Various other actions are also recommended to mitigate this deficit. The current Reserve Fund balance is estimated at \$139.3 million (consisting of \$122 million in the Emergency Reserve Account and \$17.3 million in the Contingency Reserve Account). This is still approximately \$62.5 million below budget.

## DISCUSSION

### 1. BASIS FOR REPORT

The Office of the City Administrative Officer monitors the budget throughout the fiscal year and transmits frequent reports to the Mayor and Council detailing the City's current financial status. This report 1) reviews the status of estimated City receipts; 2) provides supplemental information regarding factors that may impact the administration and control of the current year budget; 3) estimates potential budgetary problems in departments; and, 4) recommends various budgetary adjustments.

### 2. GENERAL FUND REVENUE

The Fiscal Year 2007-08 budget is based on overall revenue growth of about five percent. Receipts through September are nearly \$31 million above plan, excluding a temporary balance in the interest income account. Early results for the property tax and the documentary transfer tax are above expectation, but stress in the local real estate market will likely dampen growth in property-related revenue. The economy-sensitive sales tax is above last year's level, but early results are still lower than expected. Business tax receipts are above plan, but it is too early to draw any conclusion. Interest income is substantially above plan, but the Treasurer now anticipates receipts from this source will fall nearly \$4 million below the budget estimate. Overall utility users' tax receipts are close to plan although there is the normal variance between accounts at this time of year. We are concerned that growth in the telephone tax will be affected by changes in communications technology and legal challenges. The early net positive variance in General Fund receipts at September could be offset by slowing receipts in the coming months. At this point, there is no basis to recommend a revision to the General Fund budget revenue estimate.

Early results are mixed:

- **Property tax** – Receipts through September are affected by the complex Proposition 13 formula and property transactions from the prior fiscal year. We are encouraged by supplemental receipts which are ahead of last year's record-breaking level. The slowing real estate market will eventually result in declines in this revenue, but City receipts from this source trail market activity by several months. The budget anticipated a 13 percent decline in supplemental receipts. These early results provide insurance when the full effect of the downturn hits property taxes. Secured receipts are also above plan by \$3.6 million reflecting assessed values from last fiscal year. The assessor reports assessed values continue to grow by nearly ten percent for the City's Fiscal Year 2007-08. If the collection rate holds, the budget revenue estimate will be achievable.
- **Utility users' tax** – The telephone users' tax is threatened by litigation and an antiquated ordinance that no longer effectively taxes all telephone services in the City. We reported separately on this issue. Electric users' tax receipts at September are below plan but the telephone and gas users' tax offset that variance.



- **Licenses, permits, fees and fines** – In Fiscal Year 2006-07, reimbursement for some services from proprietary departments was delayed. Arrangements have been made for make-up payments this fiscal year. We are following up to ensure full cost recovery for General Funded department services to the proprietary departments in Fiscal Year 2007-08.
- **Business and sales taxes** – Early business tax receipts are encouraging, while early sales tax receipts are disappointing. Business tax rates were reduced another four percent this year as part of the on-going business tax reform effort, but because of continuing compliance activity by the Office of Finance, receipts to date are exceeding the level of last year. Early sales tax results were two percent above the prior year level, while the budget anticipated five-percent growth in the most recent quarter. Growth in City taxable sales outperformed that of the county and the state in the most recent quarter. Such local economists as UCLA and the Los Angeles County Economic Development Corporation do not currently forecast a downturn, but the most recent results for both the county and the state suggest concern.
- **Documentary transfer tax** – Results for the first three months of the fiscal year are at about the same level as the same period last year and some \$10 million above the City's budget. The volume of real estate activity is declining and will eventually repress revenue growth from this source. But early results make it more likely that the revenue estimate will be achieved.
- **Interest income** – The treasurer has revised her estimate of interest income downwards by \$4 million due to recent Federal Reserve action reducing interest rates; an expectation of slowing economic growth; and a projected decrease in the average pool balance available for investment.

Attachment 1 provides detail on these and other General Fund sources of revenue. Despite the threats to the telephone users' tax, the treasurer's revised interest income projection, the distressed real estate market and indications of slowing in overall economic activity, achievement of the Fiscal Year 2007-08 budget revenue estimate still appears more probable than any alternative. Notwithstanding the positive variance at September, there is now more risk to the revenue estimate than there was last spring when the budget was prepared.

### **3. BUDGETARY ADJUSTMENTS AND DEPARTMENTAL ISSUES**

The following are brief descriptions by department of potential surpluses and deficits at year-end, and recommended budgetary adjustments. The analysis reflects estimated expenditures for potential cost of living adjustments (COLAs) in the current year, and the impact on department budgets should additional appropriations not be available to offset these increases. We identify a preliminary year-end General Fund deficit of approximately \$75 million. Attachment 4 summarizes projected deficits by department.

## **A. Animal Services**

The Department continues to have trouble filling Veterinarian positions. Until all of these positions can be filled, it will continue to utilize private veterinary care to meet its current workload. As a result, it is anticipated that all budgeted funds in the Private Veterinary Care Expenses account will be exhausted by the end of the fiscal year. A \$50,000 transfer from salary savings to the Private Veterinary Care Expense account was approved as part of the First Financial Status Report to offset the projected deficit. Additional transfers from salary savings may be needed if the Department continues to experience trouble filling these positions. This Office will continue to monitor this account and request the Department to provide updated estimates in future reports.

The Department's revenue receipts through August 31, 2007 are approximately \$155,000 less than planned. We believe that this may be due to lower receipts from dog licenses. We will continue to monitor the Department's General Fund receipts for any significant variances.

## **B. Building and Safety**

**Attachment 6 – Transfers between Accounts within Departments and Funds**

**Attachment 7 – Transfers between Departments and Funds**

**Recommendation Nos. 7 – 9**

The Department is projecting a \$2,090,739 deficit in the Salaries Overtime account, similar to overtime spending in 2006-07. The General Fund portion of the shortfall is \$265,000 and the Building and Safety Permit Enterprise Fund (Enterprise Fund) portion is \$1,825,739. The overtime deficit is attributed to high levels of specific building activity, including plan checking and inspections of high rise projects in the City.

After factoring in anticipated grant reimbursements in the spring of 2008, potential cost of living adjustments (COLA), and the proposed actions in this report, the year-end General Fund deficit is fully offset resulting in a surplus of \$12,500.

The Department has taken active steps to reduce General Fund overtime use, including stronger control by supervisors through an enhancement in the payroll system and the development of an overtime reduction plan. However, absent a transfer at this time, the Department will run out of budgeted General Fund overtime funding (i.e., \$84,203) by October. Therefore, it is recommended that \$265,000 be transferred from the Repair and Demolition Fund to the Salaries General account to reimburse Nuisance Abatement General Fund salary costs for services related to the supervision and administration of repair, demolition, and clean-up contracts. This will produce a surplus in the General Funded Salaries General account that can be transferred to the Salaries Overtime account in order to fully offset the General Fund portion of the overtime deficit. This increases total funding for General Fund-related overtime from \$84,203 to \$349,203 through year-end. Additionally, it is recommended that Building and Safety report back in 30 days on ways to reduce code enforcement overtime and the potential impact of cutting back.

Due to uncertainty regarding the actual amount of the projected deficit for Enterprise-funded activities, a transfer is not recommended at this time for the Enterprise Funded portion of the overtime deficit. However, it is anticipated that the Reserve for Los Angeles Department of Building and Safety Account will have sufficient funds to cover this portion of the overtime deficit. The overtime deficit for Enterprise Funded activities will be addressed in a future financial status report once the necessary amounts are identified.

The following actions are also recommended:

- The reappropriation of \$65,439 in prior year funds from the Enterprise Fund, Information Technology Agency account, to the Information Technology Agency's Communication Services account, is recommended to pay ITA to run data and phone lines for the Building and Safety offices at 221 N. Figueroa St. currently under construction; and,
- On July 3, 2007, the Council authorized the transfer of \$125,703 to the General Services Department for the reconfiguration of the Department's West Los Angeles District Office (C.F. 07-1557). However, an incorrect account number was used. A technical correction is required to transfer the funds to the appropriate account (i.e., the Hiring Hall Construction, Account No. 1101). It is recommended that the Controller be authorized to implement this technical correction.

General Fund revenues through August are at only 40 percent of projected revenues (i.e., \$375,476 as compared to \$938,534). However, it is premature to determine whether there is any cause for concern because fee revenues are at levels consistent with prior years. There will be a need to repay the Enterprise Fund for overpayment of related costs reimbursements to the General Fund in 2006-07. Overpayments in 2006-07 are preliminarily estimated at \$3 million. This Office will continue to monitor all General Fund revenues, and calculate the actual reimbursement of Enterprise Fund related costs in future financial status reports.

The Department reports that, to date, 2007-08 Enterprise Fund revenues are \$1.2 million below projections. However, the Department anticipates that this deficit will be made up when specific large projects that are temporarily delayed are ultimately submitted for approvals. Additional monitoring is required to determine whether this will actually occur and whether revenues will meet budgeted levels. It is anticipated that revenues from fees for small projects, such as home renovations, will slow down in 2007-08 while revenues from fees for large projects, such as high rises, will remain strong.

### **C. City Attorney**

**Attachment 6 – Transfers between Accounts within Departments and Fund**

**Attachment 9 – Appropriations from the Unappropriated Balance**

**Recommendation No. 10**

A net year-end deficit of \$498,952 is projected, due to a shortfall in the Salaries General account. However, the year-end shortfall is expected to increase to \$2.8 million if civilian cost of living

adjustments (estimated at \$2.3 million) are paid out in the current year. The Department indicates that it will continue to manage hiring and attrition to balance the deficit. We will work with the Department to closely monitor this account throughout the fiscal year.

The following issues are also of concern for this Department:

- In addition to the above deficit, the Department anticipates a \$2.87 million cash flow problem in the Salaries Grant-Reimbursed (\$630,213) and Proprietary-Reimbursed Salaries (\$2.24 million) accounts. The estimate is expected to increase to \$3.29 million if civilian cost of living adjustments are paid out in the current year. Historically, Reserve Fund advances have been provided to the City Attorney for many grant-reimbursed positions and positions supporting the proprietary departments. However, due to the current state of the Reserve Fund, a Reserve Fund advance is not recommended at this time. It is unlikely that the Department will generate sufficient salary savings to offset this deficit. To avoid impacting the Reserve Fund, it may be necessary to appropriate the Department's grant/proprietary reimbursements once they are received. We will reassess the need for additional funds at mid-year.
- The 2007-08 Adopted Budget includes \$37 million for Liability Claims settlements. The current balance in this account is approximately \$32.7 million. A settlement of \$1.43 million was recently awarded and additional settlements (of approximately \$3 million) have been approved by the Budget and Finance Committee and are pending before the City Council. At this time, it is uncertain whether currently budgeted funding for this account will be sufficient for the entire fiscal year. Other cases that may significantly impact this account include the Macarthur Park incident, the Brenda Lee case, and an outstanding case relative to Rampart. Our Office will work with the City Attorney's Office to continue monitoring this account and will report on the status in the next financial status report.
- Lastly, the City Attorney is currently reviewing and investigating various claims and lawsuits associated with the May 1, 2007 incident at Macarthur Park. The City Attorney believes that it cannot absorb the additional workload, which would require additional staff or the use of outside counsel. Our Office is currently reviewing a request from the Department for additional staff to handle these cases. We will be reporting to the Council in a separate report regarding this request. However, regardless of whether the cases are handled in-house or through outside counsel, the financial impact on the General Fund is anticipated to be significant (e.g., Liability Claims, salary costs/outside counsel costs, and litigation expense).

The following actions are recommended:

- As part of the 2007-08 Adopted Budget, funding was provided to the Department for various training programs relative to e-room and document management software development. The amount of \$224,250 was inadvertently placed in the incorrect expense account. To rectify this, a transfer of \$224,250 from the Department's Office and Administrative account to the Contractual Services account is recommended.

- A transfer of \$15,000 from the Department’s Printing and Binding account to the Contractual Services account is also recommended to cover costs for a personal services contract.
- The Department states that there are \$1,700,000 in outstanding outside counsel invoices that must be paid for both general and workers’ compensation cases. This includes \$650,000 to close out outside counsel obligations related to the Tennie Pierce case. Invoices have been verified by our Office. A \$1,700,000 appropriation from the UB (Outside Counsel including Workers’ Compensation line item) to the City Attorney Outside Counsel (\$1,680,000) and Outside Counsel-Workers’ Compensation (\$20,000) accounts is recommended. It is further recommended that the City Attorney be authorized to amend the following eight outside counsel contracts (pertaining to general litigation) to reflect the increased funding:

<u>Law Firm</u>	<u>Subject</u>	<u>Amount</u>
Adorno Yoss	COLA/Discrimination	\$ 55,000
Albright, Yee & Schmit, LLP	COLA/Discrimination	150,000
Albright Yee & Schmit, LLP	COLA/FLSA	50,000
Bannan, Green, Frank & Terzian	COLA/Discrimination	140,000
Ivie McNeill & Wyatt	COLA/Discrimination	60,000
Jones Day	COLA/Discrimination	650,000
Liebert, Cassidy & Whitmore	COLA/FLSA	225,000
Liebert, Cassidy & Whitmore	COLA/FLSA	<u>350,000</u>
	Total	\$1,680,000

#### D. City Clerk

A net year-end deficit of \$97,139 is anticipated due to estimated payouts (sick leave, retirement payouts, MOU settlement retro-payment) and the potential addition of one Management Aide to assist with the new Census 2010 Program (C.F. 07-2975). In addition, the outcome of the State’s review of the City’s voting equipment and a special ballot may impact the City budget. Specifically, the City Clerk highlights the following elections issues that may further impact the 2007-08 Budget:

- The Secretary of State is currently reviewing the City’s Vote Tally System for certification and the Inka-Vote-Plus (Help America Vote Act) equipment for re-certification. If the State fails to certify the City’s system and equipment, the City could be required to purchase a new voting system at an estimated cost ranging from \$10 million to \$15 million. The City Clerk has indicated that a decision from the Secretary of State regarding the certification is expected to be announced in November. The City Clerk has advised that if the State decertifies the City’s equipment, the City will likely be faced with the need to purchase the new equipment in the current fiscal year in time for the 2009 Elections.
- One ballot measure will be added to the February 2008 presidential primary election at an estimated cost of \$5.1 million. The City Clerk reports that the County of Los Angeles estimates that the addition of a ballot to adopt a modern communications tax will cost \$5.1 million, comprised of \$4.6 million to consolidate with the County and \$500,000 for the City Clerk to

prepare, print and mail a Voter Information Pamphlet to all City of LA voters.

#### **E. Commission for Children, Youth and Their Families**

A year-end salary surplus of \$74,244 is projected due to existing vacancies. This estimate also assumes potential civilian cost of living adjustments in the current year. The Commission is currently undergoing a transition under new leadership and has experienced significant staff turnover. The Commission is working to expeditiously fill the positions and simultaneously undergo a strategic planning and resource allocation process. Of the 26 positions authorized, 16 are currently filled and the Commission is in the process of filling an additional 7 positions. This projection assumes that the seven new staff will be hired by October 29.

#### **F. Commission on the Status of Women**

##### **Attachment 6 – Transfers between Accounts within Departments and Funds**

The Commission is projecting a \$85,780 deficit at year-end, due to an unfunded Management Analyst I position (currently filled) for the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) Program; potential cost of living adjustments; and, anticipated vacation and sick time pay outs. This estimate assumes that the Commission will be authorized to accept a seventh year Young Women At Risk (YWAR) Grant in the amount of \$276,600 (of which \$240,600 will be deposited into the Salaries General account). The grant has been awarded but is pending acceptance by the City.

The Commission proposes to partially offset this deficit, by reducing expenditures in the Printing and Binding account by \$13,000 for a remaining deficit of \$72,780. Although an anticipated staff vacancy is expected to generate salary savings, the amount will not be sufficient to fully offset the deficit. Furthermore, if this position is filled later in the year, the deficit will increase. It is recommended that \$13,000 be transferred from the Printing and Binding account to the Salaries General account. There is a possibility that the proposed reduction to the Printing and Binding account will reduce the level of service provided by the Commission.

#### **G. Community Development Department**

##### **Recommendation Nos. 11 – 13**

This Office is currently projecting a year-end surplus of approximately \$728,119 consisting of both General Fund (\$310,000) and special fund sources (\$418,119). This estimate includes potential civilian cost of living adjustments in the current year. The General Fund balance is attributed to the Summer Youth Employment and Learn and Earn programs and LA Bridges. CDD reports that this balance will be minimized pending adjustments in staff cost allocation. The surplus also assumes that the Department will sustain its current vacancy level throughout the year.

With ongoing reductions to the CDBG and WIA grants over recent years, the Department has essentially become underfunded in its direct and related costs obligations. As a result, CDD has held a number of vacancies to absorb budget shortfalls - approximately 109 vacancies from 417 authorized positions (26 percent). There continue to be systematic efforts to bring the Department's

costs in line with available resources, including a net reduction of five percent in the 2007-08 Adopted Budget and additional administrative reductions in the WIB Annual Plan and Consolidated Plan processes. Any budget surpluses remaining at year-end should be used to cover related cost obligations, barring any future requests to fill critical positions that would maintain current level services.

The following actions involving miscellaneous administrative adjustments are recommended:

- Increases in appropriations totaling \$284,187 are recommended to pay for costs associated with the Enterprise Zone Tax Credit Program from collected fees. These receipts help offset CDBG salary obligations in the Economic Development Division.
- The Department was previously authorized to use Los Angeles County funds to promote the Earned Income Tax Credit (EITC) program to qualified City residents (C.F. 05-0649). A balance of \$12,196 remained at the close of 2006-07. It is recommended that the \$12,196 balance be reappropriated to cover administrative costs associated with the program in 2007-08.
- It is recommended that the Information Technology Agency (ITA) be reimbursed a total of \$720 for: 1) the installation of one business phone line and one year of DSL broadband service required for Livescan fingerprinting equipment at Youth and Family Center sites; and, 2) the provision of voicemail service at a Youth Opportunity Movement site.

#### **H. Convention Center Recommendation Nos. 14 – 17**

A net shortfall of \$1,595,897 is projected in various accounts. The shortfall is mainly attributed to the Salaries As-Needed (\$450,000) and Salaries Overtime (\$700,000) accounts totaling \$1.15 million. The deficits are as a result of reimbursable show specific expenditures projected for this fiscal year.

The Salaries and Expense Reimbursement account, a revolving fund account, was established in 1999 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. The Department now requires an additional appropriation in Salaries As-Needed and Salaries Overtime accounts of \$150,000 and \$250,000 respectively, for a total of \$400,000. This represents funding for the first four months of the 2007-08 fiscal year, and will allow the Department to utilize the funding in accordance with the Controller's requirements. It is expected that additional adjustments totaling an estimated \$750,000 will be required in future financial status reports.

Shortfalls are also anticipated in the Contractual Services (\$273,000), Maintenance, Materials and Supply (\$15,000), Electrical Services (\$10,000), Office and Administrative (\$67,897), and Operating

Supplies (\$30,000) accounts. We do not recommend increasing appropriations to these latter accounts at this time. We will continue to monitor these accounts and advise whether additional appropriations are required in the Mid-Year. Additionally, based on historical patterns, we believe that salary savings will be generated by the Convention Center throughout the year (due to attrition) to offset some of the expected \$225,751 potential civilian COLAs paid out in the current year.

The following actions are also recommended:

- A \$50,000 transfer is recommended from the Convention Center Revenue Fund to the Convention Center's Building Repairs and Addition account to pay for costs associated with the repair of the South Hall Cooling Tower; and,
- The Convention Center ended Fiscal Year 2006-07 with a \$1,411,022 cash surplus and plans to use the funding to meet operational needs and to pay off the remaining Reserve Fund loan balance of \$505,958 (C.F. 04-0600-S54). It is recommended that \$200,000 be transferred from the Convention Center Revenue Fund to the Reserve Fund, as partial payment of the remaining balance of the Reserve Fund loan. Approval of this recommendation will reduce the outstanding loan balance to \$305,958.

## **I. Cultural Affairs**

### **Recommendation Nos. 18 – 19**

A net year-end shortfall of \$12,000 is projected, due to deficits in the Salaries General account. Factors that have contributed to this shortfall include: costs associated with the hiring of a new General Manager and Assistant General Manager (AGM), and unfunded civilian COLAs. As of September only 73 of 81 regular position authorities were filled. If the additional hires are made without corresponding offsets, the deficit will significantly increase. The Department should take steps that will generate salary savings in the Salaries and Salaries As-Needed accounts. It is too early to identify surpluses in other accounts, however this Office will continue to monitor these accounts throughout the fiscal year and recommend intradepartmental transfers, if necessary, to pay for the projected shortfall.

On August 17, 2007 the Council approved the transfer of \$5,000 (each) from the Council District 1,6,7,9,13 and 14 portions of the Arts Development Fee Trust Fund No. 516, Account No. 9699 (Council Civic Fund), a total of \$30,000, to the General Services Trust Fund, for the City's celebration of "El Grito" (C.F. 05-1916). It is recommended that the Council rescind this action to identify the proper funding source to effectuate this transfer. Funds in the amount of \$5,000 (each) should be transferred from the Council District 1,6,7,9,13 and 14 portions of the Cultural Affairs Fund No. 100/30, Account No. 9699 (Council Civic Fund), funding source Arts and Cultural Facilities and Services Trust Fund No. 480, for a total \$30,000, for the same purpose.



## **J. Disability**

A year-end deficit of \$65,389 is projected, due to potential civilian COLAs and sick time payouts (\$15,389), current demand for assistive services in compliance with the Americans with Disabilities Act (\$40,000), and shortfalls in other expense accounts (\$10,000).

If Disability is required to absorb the \$13,766 in potential civilian COLAs for the current year, Disability will need to hold positions vacant and reduce discretionary spending.

## **K. El Pueblo Recommendation No. 20**

The Department is projecting a net year-end deficit of \$83,514. Specifically, deficits totaling \$137,759 are projected in the Salaries General (\$97,852), Salaries As-Needed (\$7,707) and Overtime (\$32,200) accounts due to anticipated civilian COLAs, an employee on long-term medical leave, and anticipated overtime. These deficits are expected to be partially offset by estimated surpluses of \$54,245 in other accounts. However, a year-end deficit of \$83,514 remains. We will continue to work with the Department to closely monitor these accounts. The Department should be required to revise its hiring plan to generate sufficient savings to offset this deficit through the end of the fiscal year.

In addition, parking revenue at El Pueblo is projected to remain similar to prior year levels. However, there may be potential for increased revenue. It is recommended that El Pueblo and the General Services Department be instructed to report back on the potential for increasing parking fees for parking lots at El Pueblo similar to the surrounding market rates.

## **L. Emergency Preparedness Department**

A year-end deficit of \$86,413 is projected. The shortfall is due to the following: 1) potential civilian COLAs and anticipated sick leave pay outs; the probability that the Department may not experience any vacancies to generate salary savings; and, a projected \$60,000 deficit in the Contractual Services account due to the execution of a contract with the recently retired General Manager. It is not anticipated that there will be sufficient savings within the Department to cover the contractual Services deficit.

A CAO report is pending regarding the appropriation of \$401,418 in Urban Area Security Initiative (UASI) 06 grant funds to EPD. These funds will be used to cover the salaries of five Emergency Preparedness Coordinator I's. Since the UASI grants are reimbursed on a quarterly basis, EPD may require a Reserve Fund loan by the year-end to cover salaries for the last quarter of the fiscal year.

## **M. Environmental Affairs**

A net year-end deficit of \$55,502 is anticipated due to unfunded cost of living adjustments in the current year. The Department should be encouraged to mitigate this shortfall within existing funds.

## **N. Ethics Commission**

A year-end deficit of \$94,829 is projected, in part, due to anticipated civilian COLAs. In addition, the Salaries General account is affected by other factors such as the three percent salary savings rate (\$63,000) and reduced funding for a position that was not factored into the Commission's current hiring plan. In order for the Commission to offset this deficit, it is recommended that the Commission hold positions that are currently vacant for the foreseeable future, until our Office has had the opportunity to further evaluate the projected salary deficit. These positions are assigned to support Public Disclosure and Program Operations and Education and Outreach. Not filling these positions could have a significant impact on those areas of department operations.

## **O. Finance**

### **Attachment 6 – Transfers between Accounts within Departments and Funds**

Finance is projecting a \$1.31 million year-end deficit due to salary expenditures, including unfunded COLAs and a 98 percent employment rate against funded positions (\$623,000); anticipated overtime use during the tax renewal season (\$88,000); expense shortfalls for printing, including \$184,000 in unpaid costs from the prior year (\$509,000); and, employee mileage reimbursement (\$90,000).

Last fiscal year, Finance also projected a salary deficit along with various others. Some accounts did require infusions of funds; however, these were absorbed within the Department from salaries and office and administration. In addition, in the prior fiscal year, Finance managed \$400,000 in General Fund savings of which a portion was awarded to the department in the First Financial Status Report for the purpose of technology replacement. It is premature to assume that the projected deficits will materialize; however, the current high employment level could undermine the Department's ability to offset any deficits absent a high attrition rate. Although Finance has indicated that any impediments to hiring will adversely impact City revenues, the Department should be encouraged to absorb deficits and cut costs wherever possible.

A transfer in the amount of \$125,000 is recommended from Finance's As-Needed account to its Contractual Services account to pay for a contract amendment with Appleone. This contract covers the Department's seasonal workload for annual permit and business tax renewals.

## **P. Fire**

### **Attachment 6 – Transfers between Accounts within Departments and Funds**

The Department is projecting an overall net shortfall of approximately \$13 million in its total budget appropriation of \$535 million. This deficit assumes potential payment of civilian COLAs in the current fiscal year. However, the \$13 million estimate does not include anticipated costs for Fire Station No. 67 in Playa Vista which is currently set aside in the UB. The shortfall is primarily attributable to 205 platoon-duty vacancies that must be backfilled, field equipment expenses, sworn and civilian overtime, and MOU 23 retroactive salary payments. A transfer of \$295,000 is recommended to cover short-term civilian overtime needs.

In particular, there is a \$3.4 million shortfall relative to MOU 23 retroactive salary payments for sworn staff. The Department encumbered \$12.3 million (from FY 2006-07) based on an estimated 3 percent salary increase calculation. However, the final MOU included negotiated increases above the 3 percent estimate. The actual amount that was required to be paid was \$15.7 million. This Office will monitor the Department's salaries and expenses and recommend additional transfers within its accounts in subsequent financial status report if warranted.

The Department anticipates a reappropriation of \$2,688,620 in Fiscal Year 2006 Urban Areas Security Initiative (UASI) grant funds that will be requested through a separate report from this Office (C.F. 07-0582). In addition, the Fire Academy has graduated two classes (89 recruits) this fiscal year and is anticipated to graduate another three classes (of up to 150 recruits) before the end of the fiscal year, which should reduce the number of platoon duty vacancies.

#### **Q. General Services**

A net year-end deficit of approximately \$8.5 million is projected for General Services, consisting of \$9.1 million in shortfalls partially offset by \$518,000 in anticipated surpluses. A brief explanation of the shortfalls and surpluses is provided below.

Projected shortfalls are due to the following:

- Salaries As-Needed (\$1.3 million) – Most of the shortfall in the As-Needed Salaries account is attributable to additional security staffing for the Library Department's extended hours of service implemented in 2006-07 at twenty-four community branch libraries. In addition, the Office of Public Safety (OPS) is also responsible for the closure of numerous parks under the City's Park Gate Program. Approximately 40 parks have been added to this program without additional security funding since OPS took over the program.
- Salaries Overtime (\$2.2 million) – Most of the projected shortfall is due to unfunded security services provided for various special events such as El Grito, Feria del Libro, and other events which require OPS to provide security services.
- Field Equipment Parts (\$3.5 million to \$5.5 million) – The Department is projecting a shortfall between \$3.5 million and \$5.5 million based on actual expenditures to date and account history. The shortfall is due to rising oil and metal costs used to manufacture auto parts and carryover deficits from prior fiscal year.
- Hiring Hall Benefits (\$50,000) – The Department indicates that this shortfall is due to higher than budgeted fringe benefit payouts. Our Office will review the need for any adjustments at year-end.

- Custodial Supplies (\$50,000) – The Department projects this deficit due to the rise in the cost of paper goods and the opening of new City facilities. Our Office will review the need for any adjustments at year-end.

Projected surpluses are due to the following:

- Salaries General (\$518,000) – This surplus assumes estimated civilian COLAs of approximately \$2.9 million for this fiscal year.

The Department is requesting that \$317,373 in prior year funding for the Building Management System (BMS) be reappropriated from the Reserve Fund. However, it is recommended that the Department use current year BMS funding to manage the program and report back at mid-year regarding any necessary adjustment to the BMS budget.

It is very early in the year to project petroleum expenditures due to the highly volatile nature of this commodity. Based on expenditures to date, the Petroleum account could avoid a deficit if the fuel prices track 2006-07 levels and the \$4 million in the Unappropriated Balance for Petroleum is transferred to this account. We will continue to monitor fuel prices carefully and provide updated estimates in future reports.

## **R. Housing**

### **Attachment 6 – Transfers between Accounts within Departments and Funds Recommendation No. 21**

Shortfalls totaling \$1,179,090 are anticipated in various accounts. These shortfalls are expected to be fully offset by a year-end special fund salary surplus of \$1,237,325, for a total net year-end surplus of \$58,235 (special funds). Specifically, shortfalls are anticipated in the following accounts: Salaries As-Needed (\$82,616), Travel (\$44,529), Contractual Services (\$409,011), Transportation (\$50,740), Office and Administrative (\$550,476), Leases (\$41,718). The shortfalls are due to the authorized, but unbudgeted, systems upgrades, unfunded mileage reimbursements which are tied to MOU compensation terms, and unfunded lease costs such as maintenance fees.

There appear to be sufficient salary savings to fully offset the expense account shortfalls projected by the Department. Additionally, based on current expenditure and revenue forecasts, it appears that Housing can absorb potential civilian cost of living increases of approximately \$679,537 without incurring additional service impact beyond any caused by current position vacancies. Housing has advised that a study on the use and need for As-Needed staffing is underway. We will continue to monitor these accounts and advise on any necessary transfers at mid-year.

The following transfers are recommended in this report reducing the projected expense account deficits to \$779,090:

- A transfer of \$400,000 is recommended from the Salaries General account to the Contractual Services and Office and Administrative Expense accounts for authorized, but unfunded,

systems-related enhancements. These expenses (estimated at \$959,487) were authorized in the 2007-08 Adopted Budget, but unfunded, in anticipation of salary savings. The funds will be used for systems-related contracts and equipment purchases for enhancements to the Code and Rent Information System, the Housing Information Management System and Citywide Housing Production System. A request to fund the remaining costs (\$559,487) is anticipated to be submitted as part of the Mid-Year.

- Housing requests the transfer of \$57,520.49 in prior-year funds from the Fannie Mae Innovations in American Government Award. If the funds are not expended by November 1, 2008, they must be returned to the grantor. It is recommended that \$57,520.49 in grant funding be transferred to various expense accounts to fund outreach efforts to promote best practices under the City's Systematic Code Enforcement Program.

Lastly, the Department is proposing to use prior-year special fund salary savings to offset anticipated shortfalls in Affordable Housing administrative activities (\$777,424) and the Lead Grant Program (\$296,119). We are currently reviewing the Affordable Housing shortfall and will report back as part of the Mid-Year. The Lead Grant Program shortfall will be addressed in a separate transmittal.

## **S. Human Relations Commission**

A \$62,557 shortfall is anticipated, due in part to, anticipated civilian COLAs and a one percent salary savings rate. It is suggested that the Department hold vacant any position that becomes vacant in the future, until our Office has the opportunity to further evaluate the projected salary deficit. We will monitor the Department's budget throughout the year and recommend any necessary budget adjustments in future financial status reports.

## **T. Information Technology Agency**

**Attachment 5 – Reappropriations from the Reserve Fund**

**Attachment 6 – Transfers between Accounts within Departments and Funds**

**Attachment 9 – Appropriations from the Unappropriated Balance**

A \$1.125 million net year-end shortfall is projected, due to deficits totaling \$1,925,904 in various salary accounts. The \$1,925,904 shortfall is anticipated to be partially offset by the \$800,000 surplus in the Communications Services account, resulting in a net year-end deficit of \$1.125 million. Specifically, deficits are projected in the following accounts:

- A \$1,164,305 shortfall is projected in ITA's Salaries General account, due to a lower than anticipated vacancy rate (6.2 percent) and a required salary savings rate of approximately eight percent (i.e., a combination of a five percent salary savings rate and a \$1,750,000 reduction in the Salaries General account in the 2007-08 budget). Historically, ITA's vacancy rate has averaged ten percent, while its salary savings rate has averaged five percent. The projected deficit also assumes potential civilian COLAs in the current year of approximately \$587,000.

- A \$75,226 deficit is anticipated in the Salaries As-Needed account, due to the use of Student Professional Workers and Student Workers combined with a low Department vacancy rate. Historically, these students have been used by ITA for general administrative tasks to supplement its regularly authorized employee base and to fill in the gaps left by vacancies.
- A \$686,373 shortfall is projected in the Salaries Overtime account, due to existing vacancies. ITA advises that the following high priority areas are currently generating a significant amount of overtime: 1) Fire Dispatch, 2) Police Dispatch, 3) Microwave, and 4) Avionics.

The anticipated \$800,000 surplus in the Communication Services account is due to new terms under the CALNET telephone contract which are expected to be in place for approximately six months. The surplus represents six-month savings. Annual savings are estimated at \$1.6 million. Additionally, during the 2007-08 budget deliberations, ITA identified a shortage of \$958,872 in its Contractual Services account for payments to IBM and third party vendors for the Enterprise Server software. However, the Department is no longer anticipating this shortfall in the Contractual services account.

The following actions are recommended:

- The Council requests the appropriation of \$198,000 from the Unappropriated Balance, Two-Way Public Testimony line item to ITA to continue with the implementation of the Council's Two-Way Public Testimony project. It is recommended that \$198,000 be appropriated to ITA's Communications Services account.
- A \$200,000 transfer is recommended from the Operating Supplies account to the Hiring Hall account to provide front funding for the installation of communications equipment in newly purchased Police and Fire vehicles. The LAPD anticipates receiving approximately 727 vehicles that require communication installations service over the next four months. The LAFD has over 124 trucks, suburbans, Crown Victorias and rescue ambulances currently ready for installations.
- Reappropriation of \$205,000 to ITA's Furniture, Office and Technical Equipment account is recommended for the Mt. Lee redundant generator project. Mt. Lee is the primary communications center for the City's public safety communications network. Funding was provided in 2006-07 for this project; however, ITA was unable to complete preliminary work and process the purchase documents before year-end. Funds are anticipated to be needed by January 1, 2008 to purchase the generator.
- Reappropriation of \$32,516 is recommended for various communications services request work orders from the Department of Recreation and Parks. Funds were received from Recreation and Parks late in fiscal year 2006-07. ITA needs to reappropriate the money to the Communications Services account for telephone and T-1 line installations for four Recreation and Parks facilities.

The projected shortfall in ITA's 2007-08 transfer from the Telecommunications Development Account (TDA) to the General Fund was originally estimated at \$2 million. Recently, the estimated shortfall was reduced by ITA to approximately \$1.4 million.

Based upon the fact that in 2006-07, cable franchise revenues exceeded the original estimates by \$717,197, it is likely that 2007-08 cable franchise revenues will also exceed estimates further reducing any transfer shortfall by year-end. Additionally, our review and analysis of prior years' TDA encumbrances indicates that the shortfall may be less than \$500,000. If necessary, the deficit could be further reduced, if not eliminated, if non-critical prior years' encumbrances are released. We will continue to work with ITA to identify their critical funding needs from the TDA and make recommendations in subsequent status reports.

#### **U. LA INC., The Convention and Visitors Bureau (LA INC.) Recommendation Nos. 22 – 24**

The City's contract with 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 2006-07, one percent of the actual TOT collected amounted to \$10,350,536. LA INC has received \$9,763,596 (less City administrative costs), leaving a balance of \$587,386. 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 2006-07.

#### **V. Library**

A salary surplus of \$1,534,491 is anticipated at year-end before any intra-fund account transfers and estimated new hires for the year. This surplus will be needed to offset \$1.1 million projected deficit in the Salaries As-Needed account (\$1,050,000) and the Transportation account (\$50,000). Additionally, if civilian cost of living adjustments are paid out in the current year, the remaining \$434,491 year-end surplus will be needed to partially offset these expenditures which are estimated at \$1.6 million. It is anticipated that the Library will be able to fully absorb these salary increases, by slowing down hiring. This could have an impact on Library services citywide.

Collections from fines and fees as well as from other revenues are within budget for the first two months of this fiscal year. However, a primary concern is the pending sale of surplus property proceeds of \$1 million from the Crenshaw property. If the actual receipts from this sale are unavailable in the current fiscal year, the Department may experience cash flow issues.

#### **W. Neighborhood Empowerment**

The Department projects a year-end deficit of \$270,000 due to a shortfall in the Salaries General account. According to the Department, the shortfall is due to related payouts resulting from an unanticipated retirement, employee bilingual premiums, anticipated civilian COLAs and mileage claims. The Department should revise its hiring plan to generate sufficient savings to offset this deficit

through the end of the fiscal year. For example since the Department is in the process of developing a comprehensive reorganization plan, which may result in the reclassification and reallocation of positions, some positions can be held vacant until after the Mid-Year and the completion of the reorganization.

In addition, historically, the Department has used salary savings to payout employees who accumulate over 80 hours of overtime. In light of the City's fiscal constraints, the Department should closely monitor its overtime use so that the need for payouts can be prevented in the current year.

## **X. Personnel**

The Personnel Department projects an overall year-end deficit of approximately \$600,000, due to deficits in various accounts. The deficit is mainly attributed to a \$350,000 projected shortfall in the Salaries As-Needed account due to increased employment of as-needed background investigators to perform police background checks, and the use of as-needed physicians and nurses to fill vacant shifts at City jails. The projected deficit does not reflect any potential cost of living adjustments that may apply to the as-needed classifications.

Deficits are also projected in the following accounts:

- A potential deficit of up to \$86,000 is projected in the Contractual Services account since the Council has approved the contract for third party administration (TPA) of Fire and Police workers' compensation claims continuing the current caseload of 200 cases per analyst rather than reducing that caseload to a lower level at a higher cost (C.F. 05-1886-S2). Depending on whether salary savings result from the current TPA contract, the Contractual Services account shortfall may be slightly less. The Department is currently using the services of the previous TPA on a month-to-month basis.
- A \$75,000 deficit is projected in the Police Recruitment Incentive account due to the expansion of the Police Officer Recruitment Incentive Program in February 2006 (which offers \$1,000 incentives for referrals of reserve officer candidates who graduate from the Academy). The expansion of the program has rendered the current \$50,000 appropriation insufficient.
- A \$140,000 deficit is projected in the Employee Transit Subsidy Program, due to increased employee participation as a result of various factors, including the increased price of gasoline. This deficit is dependant upon fluctuations in gasoline prices and other factors that affect public transit use.
- The Department projects an unknown deficit in its Training Expense account because five MOUs are in the process of being negotiated, which may result in unfunded training or tuition reimbursement obligations.
- This Office projects a \$35,000 surplus in the Salaries General account which makes this account very tight. The surplus is due to existing vacancies in the Public Safety Bureau,



Background Investigation Division, and Medical Services Division. At this time, it appears that the Department may be able to absorb approximately \$550,000 in anticipated civilian cost of living adjustments, which have been assumed in this calculation. However, whether sufficient funding will be available to cover these potential COLAs will depend on attrition and hiring throughout the year.

We will work with the Department to closely monitor its accounts. Any savings realized from surplus accounts will be applied toward accounts carrying deficits. A fund transfer may be required prior to the year-end budget adjustment.

## **Y. Planning**

### **Attachment 5 – Reappropriations from the Reserve Fund**

### **Attachment 6 – Transfers between Accounts within Departments and Funds**

### **Recommendation Nos. 25 – 27**

A net year-end surplus of \$35,598 is projected (the estimate also assumes estimated civilian COLAs for the current year). Specifically, a deficit of \$240,000 is anticipated in the Salaries Overtime account and surplus of \$275,598 is projected in the Salaries General account, for a total net surplus of \$35,598. The surplus is due to a hiring plan that does not anticipate that all of the 36 new positions added in the 2007-08 Budget will be filled during the current fiscal year.

The Department anticipates current year overtime expenditures will total \$541,500, resulting in a \$240,000 deficit at year-end. This estimate is based on historical levels of overtime spending. However, projecting overtime spending to date for the remainder of the year suggests that the actual deficit could be \$180,000. We will continue to monitor this account and make a determination on the Department's actual overtime needs once more information is known. In the interim, it is recommended that \$100,000 be transferred from the Salaries General account to the Salaries Overtime account to enable the Department to meet payroll through February 2008.

The Department is requesting a total of \$420,000 in Reserve Fund reappropriations and appropriations. The following is recommended:

- A \$150,000 Reserve Fund reappropriation is recommended for Planning to hire a consultant to conduct a comprehensive study of all Planning fees, pursuant to C.F. 06-0600-S68. The Fee Study is vital to ensuring full cost recovery of the Department's services;
- A \$150,000 Reserve Fund reappropriation is recommended for the Downtown Urban Design Guidelines and Standards project, pursuant to C.F. 06-0600-S76. This project is already underway and funding is required for its completion;
- The Council previously instructed the Department to initiate the Garvanza HPOZ study and this Office to identify funding for this project if there was a shortfall in the Department's Contractual Services account. The Department has advised that the project has yet to begin and a \$120,000 appropriation is necessary to begin the project. The cost of this project can

be offset by reducing a lower priority item in the Unappropriated Balance by the same amount.

Additionally, the Department has advised that it is exploring alternative funding sources for the Getty Grant Historic Survey local match (\$100,000) obligation. Should alternative funding not be identified, the Department may request an appropriation at a later date.

The Department is responsible for administering its Expedited Permit Trust Fund. Appropriations totaling \$465,559.82 are recommended from the Expedited Permit Trust Fund to reimburse various Departments and the General Fund for services rendered for projects that are paid for by developers through this Trust Fund.

Lastly, Planning revenues are budgeted at \$18.3 million in 2007-08. However, based on the current trend beginning in 2006-07, through July and August, it appears that revenues will be between \$1.9 million and \$3.5 million below budget. Planning has implemented a fee increase in the current year, with the first full month of collection expected in September. We will continue to monitor this revenue and report back in later financial status reports.

## **Z. Police**

### **Attachment 7 – Transfers between Departments and Funds**

A net year-end deficit of approximately \$12.55 million is projected, due to shortfalls in various accounts. However, the net year-end shortfall is expected to increase to \$16.18 million, if civilian COLAs are paid out in the current year.

Surpluses are reported as follows:

- **Civilian Salaries:** A surplus of \$400,000 is projected in the Civilian Salary account, due to higher than anticipated attrition. However, this estimate does not include anticipated civilian COLAs that may be made during the current fiscal year. If the Department is required to absorb these costs, the Civilian Salaries account could have an estimated \$3.63 million shortfall at year-end. In order to absorb these costs the Department would have to institute a Department-wide civilian hard hiring freeze by the beginning of December (including the positions for the new stations discussed below). This could cause significant service impacts on the Department, and could result in inefficient usage of sworn officers to perform crucial administrative tasks.
- **Sworn Salaries:** A surplus of \$5 million is projected in the Salaries Sworn account. Year-to-date sworn hiring is according to budget plan, but attrition is lower than expected (see on the chart to follow). This may be due, in part, to DROP employees remaining in the payroll system longer than anticipated. The chart to follow provides a breakdown of sworn hiring to date.

While it is too early in the year to assume that this surplus will be available at the year-end, it appears that some funds in this account may be available to cover deficits in other accounts. We are not recommending any changes to the class schedule or the department's budget at this time.

<b>2007-08 Year-to-Date Police Hires</b>				
	<b>July</b>	<b>August</b>	<b>September</b>	<b>YTD*</b>
<b>Actual Hires</b>	<b>47</b>	<b>51</b>	<b>53</b>	<b>151</b>
<b>07-08 Budget</b>	50	50	50	150
<b>Actual Attrition</b>	<b>39</b>	<b>68</b>	<b>38</b>	<b>145</b>
<b>07-08 Budget</b>	80	48	35	163
<b>Actual Net</b>	<b>+8</b>	<b>-17</b>	<b>+15</b>	<b>+6</b>
<b>07-08 Budget</b>	-30	+2	+15	-13
*Year-to-Date				

- The salary account projection does not include the 142 promotions required to fill the two new stations scheduled to open in early 2008-09. No funding was provided in the 2007-08 Budget for these positions, and the positions were frozen by the Council (C.F. 07-2210). However, successfully opening the two new stations on time will require filling many, if not all, of these positions during 2007-08. The Department will be reporting to Council on their proposed hiring plan for these positions in the coming months.

Deficits are projected as follows:

- **Sworn Overtime:** The Department's Sworn Overtime budget is \$86 million. We currently project year-end overtime expenditures of \$99 million. This leaves a deficit of \$13 million. As discussed in an earlier section of this report, \$6.2 million is recommended to be transferred from the Unappropriated Balance, Public Safety Contingencies line item to the Reserve for Economic Uncertainties which could be used to partially offset this deficit if necessary.

Steps should be taken to ensure that the Sworn Salary account surplus is available to offset this deficit later in the year. In particular, efforts should be made to minimize Court Overtime wherever possible. An Overtime Working Group has been created consisting of the Mayor, the CLA, the Police Department, and the CAO to monitor this issue and seek solutions.

- **Accumulated Overtime:** A \$1.6 million deficit is projected in the Accumulated Overtime account. The deficit is anticipated due to underfunding of this account. Additionally, both the number and the size of payouts from this account due to DROP have increased significantly.
- **Contractual Services:** A \$3.5 million deficit is anticipated in the Contractual Services account. The 2007-08 Budget reduced this account by approximately \$1.8 million (13 percent) without removing any obligations from the account. Combined with a 40 percent increase in demand for DNA testing over the past two years, this account is significantly underfunded. At the end of 2006-07, the Department was forced to defer payment of DNA testing invoices until July

2007 due to budget shortfalls in that year, which in turn created an even larger shortfall in the current year. The Department has deferred or not utilized unnecessary contracts, and has transferred funds internally from other contracts to cover the deficit in DNA testing funds. However, even with significant cutbacks, an additional appropriation will almost certainly be needed to meet the Department's contractual obligations.

- **Transportation Expenses:** A \$40,000 deficit is anticipated in the Transportation Expense account due to relocation expenses for new recruits and anticipated mileage expenses. The Department will identify surpluses in other accounts to offset this deficit.

The Department is requesting a \$324,000 transfer from the Field, Equipment Expense account to ITA's Hiring Hall Salaries account for the installation of mobile radios. Funding was provided to purchase these radios in 2006-07, but sufficient funding was not provided for installation of the radios in all of the Department's patrol vehicles.

Finally, the Council previously instructed this Office to report back to the Budget and Finance Committee regarding LAPD's funding request for wireless data cards and the purchase of cameras for the License Plate Recognition System. We are currently working with LAPD to assess the actual costs, including ongoing maintenance costs, and will explore alternative funding sources for these items.

#### **AA. Public Works/Board**

The Board is projecting a deficit of \$558,450 due to unfunded civilian COLAs, anticipated sick-leave and retirement payouts, and a five percent budget reduction. Although the Board has been holding five unfilled positions vacant to generate salary savings, the resulting savings are insufficient to offset the deficit. Holding additional positions vacant may impact the Board's prioritization of its workload. This Office will work closely with the Board to identify any potential savings to offset this deficit.

#### **BB. Public Works/Bureau of Contract Administration**

Provided that bond reimbursements are received in the current year, a net deficit of \$375,350 is projected at year-end, consisting of special funds and General Fund. The deficit is due to unfunded civilian COLAs and anticipated sick leave payouts. Although most of this shortfall is anticipated to be special fund-related, it is unclear how much of this may be attributed to the General Fund. We will work with the Department to identify any potential General Fund deficits, if any, and report on this matter in future financial status reports.

#### **CC. Public Works/Bureau of Engineering**

The Bureau is projecting special fund salary surpluses of \$3.16 million in the Sewer Construction and Maintenance (SCM) Fund (\$3.05 million) and the Stormwater Pollution Abatement Fund (\$108,147). However, a General Fund deficit of \$1.1 million is projected in the Salary account, due to the need to fund civilian COLAs which were not included in the Bureau's budget. The \$1.1 million estimate

assumes that salary appropriations of \$10.1 million will be received from bond and special fund programs in the current year. The special fund salary surpluses will be used to offset anticipated deficits in the Salary account due to pending appropriations from bond and special fund programs and the special fund portion of the COLAs.

As a result of the anticipated \$3.16 million surplus SCM-funded salaries, the General Fund will owe the SCM Fund for over-reimbursement of related costs. This adjustment will be made in fiscal year 2008-09 when information on actual salaries expenditures is available. However, an adjustment for 2006-07 SCM overpayments will need to be made in the current year in an amount unknown at this time. The exact amount of the overpayment will be identified once information is available from Public Works Accounting.

**DD. Public Works/Bureau of Sanitation**  
**Attachment 7 – Transfers between Departments and Funds**  
**Recommendation Nos. 28 – 29**

The Bureau of Sanitation is projecting a surplus of approximately \$670,000, funded mostly by Special Funds, in their Salaries General account. This assumes payment for potential civilian COLAs at \$3.4 million. The Bureau has previously reported a potential deficit of approximately \$4 million in its Tip Fees account, due to higher contract costs for green waste processing than what was factored in the Adopted Budget, and potential additional costs related to Replacement Conditional Use Permit (R-CUP) issues for the Sunshine Canyon Landfill. This potential deficit remains unchanged. We recommend that any projected surplus be held to resolve this potential deficit.

Insufficient data is available at this time to project a surplus or deficit in the Solid Waste Resources Revenue Fund (SWRRF). The status of this Fund will be addressed in a subsequent financial status report when more data is available for a more detailed analysis. We will continue to monitor all other revenues and expenditures.

The Bureau is requesting action on the following items:

- A transfer of \$91,427 from Integrated Solid Waste Management Fund to the Solid Waste Resources Revenue Fund (SWRRF) as reimbursement for container purchases for the LAUSD Blue Bin Recycling Program;
- A transfer of \$5,519,113 from the Alternative Fuel Program Fund and the Sanitation Equipment Special Fund to SWRRF to cash finance the purchase of containers pursuant to the Adopted Budget;
- A transfer of \$5,340 from the Sanitation Equipment Fund to General Services to install signage to an existing wall at the Public Works Building; and,

- A transfer of \$33,701 from the Sanitation Equipment Charge Revenue Bond 2005A Fund to General Services to install security glass at the North Central District Yard Administration Building.

**EE. Public Works/Bureau of Street Lighting**  
**Attachment 7 – Transfers between Departments and Funds**  
**Attachment 8 – Special Fund Appropriations**  
**Recommendation No. 30**

We are not anticipating a General Fund deficit in this department. The Department requests the following:

- Reappropriate \$54,545 from the Gas Tax Street Improvement Fund which reverted in 2006-07 to complete the Stairway Walkway Project. Of this amount, \$30,000 will be transferred to the Salaries Overtime account and the remainder to the Street Lighting Supplies account;
- Appropriate \$263,000 from the Street Lighting Maintenance Assessment Fund No. 347/50, Revenue Source Code 3734-14, to CIEP projects for use toward Series to Multiple Replacement Projects;
- Appropriate \$30,000 from the Street Lighting Maintenance Assessment Fund No. 347/50, Revenue Sources Code 3252 (B Permits) to the Salaries, Overtime account to complete designs for street lighting projects and expedite requests;
- Appropriate \$58,000 from the Street Lighting Maintenance Assessment Fund No. 347/50, Revenue Source Code 3971-01 to the Salaries, Overtime account for overtime necessary to process permits for the AT&T Lightspeed Project;
- Transfer \$180,000 from CIEP projects (Available-Series to Multiple) to Salaries, Overtime for additional overtime needs to complete the Holmby Hills/Westside STM Project. The project is targeted for completion in the summer of 2008. Additional overtime is required to meet the 2008 deadline; and,
- Transfer \$150,000 from CIEP (Available-Series to Multiple) to Street Lighting Supplies to purchase 1,300 remote monitoring devices required for new street lights.

Lastly, special fund receipts through August 2007 are \$393,571 less than planned. The projected revenue was \$2,293,200, however revenue received during the August reporting period is \$1,899,629. The shortfall is due to a decline in receipts in street lighting assessments.

**FF.Public Works/Bureau of Street Services**  
**Attachment 6 – Transfers between Accounts within Departments and Fund**  
**Recommendation Nos. 31 – 35**

The Bureau of Street Services (BSS) projects a potential deficit in the Salaries General account of \$2.1 million, due to anticipated civilian COLAs. The estimated amounts may vary depending on required projects and hiring levels. BSS states that it will closely monitor departmental accounts to identify any potential savings during the fiscal year to help resolve the estimated \$2.1 million deficit in Salaries General account. If savings cannot be identified, BSS will request additional appropriations from the General Fund for this shortfall. Street Services states that its ability to resolve shortfalls during the fiscal year will depend upon the state of the economy and possible increases in the cost of construction materials.

Additional fund transfers and appropriations from various off-budget sources (e.g., grant reimbursements) could reduce the shortfall caused by any needed retroactive payouts and allow BSS to absorb a portion of the potential deficit in its Salaries General account. BSS will provide details on the grant reimbursements to offset the cost of these positions at a future date.

The following actions are recommended to transfer funds approved in the 2007-08 Adopted Budget, reimburse BSS for completed work and address current overtime needs:

- A transfer of appropriations totaling \$600,000 is recommended, from the Special Gas Tax Street Improvement Fund to the Bureau's operating budget, to proceed with bridge and tunnel maintenance projects (\$150,000), guardrail construction projects (\$150,000), and drainage projects (\$300,000). These projects were approved as part of the 2007-08 Capital Improvement Expenditure Program;
- A transfer of \$419,315 is recommended from the Subventions and Grants Fund No. 305 for reimbursement of work undertaken on the Vista Grand Avenue to Soto Street (\$409,298) and Needles Street East of Oakdale Avenue (\$10,017) projects; and,
- A transfer \$300,000 from the Salaries General account to Salaries Overtime account is recommended to address current overtime needs due to delays in receiving interim appropriations from various sources such as the Transportation Grant Fund.

Lastly, our analysis of the Bureau's receipts through the end of August 2007 indicates that the Bureau has received approximately 28 percent of the current-year estimated receipts (i.e., \$2.9 million). This is above the Bureau's Revenue Plan. In particular, our analysis of receipts to the Traffic Safety Fund through the end of August indicates that of the \$16.1 million estimated for 2007-08, approximately \$2.4 million has been received, which is very close to plan. Receipts to this fund were \$3.4 million below estimates in 2006-07.

## **GG. Recreation and Parks**

A \$488,156 year-end deficit is anticipated due to a shortfall in the Salaries account. The projected deficit is due to anticipated payouts for civilian cost-of-living adjustments. The Department should be instructed to phase hiring to ensure that salary expenditures remain within budget and the \$488,156 deficit is eliminated. Slowing down hiring should have minimal impact on Departmental operations.

Additionally, the Department projects a \$1.5 million shortfall in Griffith Observatory revenues (i.e., 44 percent of the 2007-08 Adopted Budget amount of \$3.5 million). However, the Department's revenue projection is based on actual revenues for 2006-07 during which time the Griffith Observatory was operational for only eight months. We believe that the revenue projection can be refined when actual revenue data for one full year of operation becomes available. Although current attendance is below expectations, due in part to the May 2007 Griffith Park Fire, Planetarium revenues are expected to increase after the Griffith Observatory Visitor Access Program is discontinued in November 2007. Currently, most Griffith Observatory visitors have to pay an average of \$8 for shuttle and reservation fees. Presumably, visitors would be more inclined to pay for and see the Planetarium show if they do not have to pay for shuttle and reservation. It is recommended that the Department monitor Griffith Observatory revenues closely and report back in future financial status reports.

Lastly, the Griffith Park Fire recovery efforts are currently underway. The Department has developed a three-phase recovery plan. The cost for Phase I, which includes debris removal, clean-up and assessments, was offset by internal savings. On August 1, 2007, the Council approved a \$2.0 million appropriation from the Unappropriated Balance towards Phase II (mitigation and erosion control). The Department reports that an additional \$1.7 million is needed to complete Phase II, increasing the total cost estimate for Phase II from \$2.0 million to \$3.7 million. The cost increase is due to several factors. The Department reports that the lowest bid submitted for the hydromulching contract was twice the amount of the original cost estimate. Additionally, the Bureau of Engineering determined that several storm drains need to be replaced. Phase III (restoration) spans three to 10 years and could cost up to \$50 million. A LaBonge-Hahn motion (C.F. 07-0600-S38) instructing the Department, in conjunction with our Office, to identify potential funding sources for the \$1.7 million shortfall is currently pending before Budget and Finance Committee. The Department is currently working on identifying internal savings to offset this deficit. However, it is unlikely that it will be able to fully offset the entire \$1.7 million shortfall. The likely source of funds for that portion of the shortfall that the Department is unable to offset with internal savings will be the Reserve for Economic Uncertainties.

## **HH. Transportation Recommendation No. 36**

A net year-end General Fund deficit of approximately \$2,830,110 is projected combined with a special fund surplus of approximately \$1,216,012 for a total net deficit of \$1,611,410. The General Fund shortfall is mainly attributed to an estimated \$2 million shortfall in the Salaries Overtime account and a potential \$830,000 shortfall in the Salaries, General account. The salaries shortfall is due to



potential (and unfunded) cost of living adjustments in the current year of about \$1.5 million. The current special fund surplus is due to ongoing vacancies in the Department. However, the Department is in the process of filling these positions. DOT is also continuing to monitor special fund expenditures to ensure that special funded positions and related costs are charged to the appropriate funding source.

Although it does not appear that the Department will be able to absorb potential MOU settlement payouts, we will work with the Department to identify any potential savings to offset the shortfall. Delaying the hiring of General Funded employees could generate approximately \$400,000 in monthly savings, however, a hiring delay will likely negatively impact parking enforcement operations by decreasing the City's parking citation revenue.

The Salaries Overtime shortfall is attributed to projected special event expenditures. As of the end of August, DOT had expended approximately 80 percent of its allotted overtime funding. Expenditures are expected to increase later in the year, due to more special events. Since overtime expenditures are largely driven by the Department's support for special events, the Department has begun to work toward recovering overtime costs for these special events when possible. This Office will continue to monitor and report on these expenditures. However, the projected shortfall should be significantly reduced, if the Council adopts the recommendation (as discussed earlier in this report) to institute a temporary moratorium on granting special event fee waivers, including Convention Center fee waivers.

Lastly, in 2006-07, \$974,000 in funding (General Fund) was provided for a contractor to provide new equipment for DOT's Central Communications Center. Due to the need for extensive research, DOT was not able to acquire this equipment last fiscal year. DOT has since determined that this equipment may be purchased for approximately \$770,000 and requests reappropriation of these funds in 2007-08. The Computer Aided Dispatch (CAD) System will enhance the manual dispatch system as it presently exists. According to DOT, delays in assigning officers to emergency calls for traffic control from police and fire units occur because the manual operations require radio operators to physically search through hand written dispatch forms and log sheets to find available units to dispatch to an emergency. It is recommended that DOT report back through the Mid-Year Financial Status Report on the total cost of the system, including future year costs, so that we can reconsider this request at mid-year.

## **II. Zoo**

This Office is projecting a \$44,000 salary surplus which is lower than prior years due to factors outside of the Zoo's control, including potential civilian cost of living adjustments in the current year. The year-end estimate assumes that the Zoo will absorb these costs. The Zoo has advised of the possibility that it may need General Fund assistance to cover costs related to civilian COLAs, however it is likely that there will be additional savings in other accounts that should be considered for the purposes of absorbing potential shortfalls. For example, last fiscal year, the Zoo reverted over \$1 million in unspent funds to the Zoo Enterprise Trust Fund. Another alternative this office will consider includes the \$500,000 in unanticipated revenue the Zoo received in 2006-07, which was

deposited into the Zoo Enterprise Trust Fund. Should additional General Fund assistance be necessary, these other sources of funds should be considered first.

In addition, historically, the Zoo has experienced shortfalls in the Salaries As-Needed and Overtime accounts based on workload and seasonal demands which have been offset by salary savings in the Salaries General account. However, it is unlikely that similar savings will be available in the current fiscal year. We will continue to monitor the status and activities of this account.

Lastly, there is a positive variance in excess of \$500,000 in the Contractual Services account, which the Zoo reports is a result of the delayed execution of contracts. Regardless, the Department has plans to fully expend the funds in this account by year-end.

## **2. OTHER BUDGETARY ISSUES**

### **A. Human Resources Benefits Fund**

In the First FSR, a net deficit of \$13.1 million was projected in the Human Resources Benefits (HRB) Trust Fund. However, the net deficit is now estimated at \$12.5 million. Specifically, a \$15.4 million deficit is projected in various HRB accounts. Of this amount, \$2.9 million may be offset by a projected surplus in the Police Health & Welfare account, decreasing the total deficit to \$12.5 million. Deficits are projected in the following accounts: Employee Assistance (\$200,000), Civilian Flex Benefits (\$1 million), Fire Health & Welfare (\$3.8 million), Civilian Union Supplemental (\$400,000), and Workers' Compensation (\$10 million). Excluding Workers' Compensation, all of the deficits are due to increases in negotiated MOU benefits, increased premiums, and increased enrollment in the various health plans. To address the deficits, the Department proposes close monitoring of the affected accounts, combined with fund transfers prior to the year-end budget adjustment.

The Workers' Compensation account was appropriated \$127.3 million for 07-08. As of August 31, 2007, expenditures for Workers' Compensation total \$21.9 million. If this expenditure rate remains stable throughout the fiscal year, the actual deficit would be approximately \$5 million less than the \$10 million currently projected. This Office will work with the Department to closely monitor this account.

For FY 2007-08, the Unemployment Insurance account was appropriated \$3.5 million. No expenditures appear under this account to date because the Personnel Department typically receives claims after the first quarter of the fiscal year. Claims are expected to be received at the beginning of October for the previous quarter. Should a substantial surplus in this account materialize in 07-08 as it did in the prior fiscal year, it will be applied toward offsetting HRB deficits.

### **B. Consent Decree**

#### **Attachment 7 – Transfers between Departments and Funds**

The Chief Legislative Analyst (CLA) requests that \$50,000 from the General City Purposes Fund, TEAMS II account, be transferred to the Council's Contractual Services account. This amount will

enable continued support by Performance Management Partners in assessing the extent to which TEAMS II is in compliance with the Consent Decree. The consultant reviews and analyzes results of TEAMS II testing conducted by LAPD staff for compliance with procedures and protocols with various aspects of the Consent Decree.

### **C. Status of the LADWP Fiber Sale**

Revenue in the amount of \$20 million was included in the 2007-08 Adopted Budget for the sale of City-owned fiber optic assets. LADWP has been working with ITA to perform a due diligence analysis of the ITA fiber system. Subsequent to a valuation, ITA introduced revised information regarding its ownership rights and ability to re-sell/lease its fiber to third parties. The net effect of this is that the value of the ITA fiber plant will most likely decrease. The exact amount of the decrease is unknown at this time, but based on early estimates it appears to be significant.

LADWP has built and is expanding its fiber optic network to serve its internal communication needs. The fiber from ITA will assist in this endeavor and reduce the overall cost to the City and LADWP from increased economies of scale. LADWP has also determined that the Department of Transportation has fiber optic assets that the Department could benefit from if purchased and will be working with DOT to investigate this option. We will carefully monitor these issues and notify the Council as soon more information is known regarding the potential impact on the City's budget. It is possible that the sale of surplus DOT fiber may offset the decreased valuation of the ITA fiber. We will be reporting back separately on this issue in the near future.

### **3. STATUS OF FEE INCREASES**

**Attachment 11a – Fee Review Update for All General Fund Revenue Departments**  
**Attachment 11b – Fee Review Update by Major Departments (Detail)**

As part of the 2007-08 Budget, the Council instructed departments with pending fee increases to report back with ordinances to effectuate the change in fees. Timely action is necessary to ensure estimated revenue included in the 2007-08 Budget is realized. Departments were further instructed to review their fee structure by August 1, 2007.

Attachment 11a details the status of fee reviews for General Fund departments. As of this writing 2007-08 fee increases for Fire (except brush clearance), Police, and Street Services are pending. Overall fee studies are also pending for Animal Services, City Attorney, and Environmental Affairs, however, no increases for these other fees were included in the 2007-08 estimates.

Attachment 11b focuses on departments with \$1 million or more in fee revenue. It also provides the status of the golf fee and solid waste fee increases.

There is potential for additional General Fund revenue from fee increases in 2007-08, but there is no current basis to adjust the 'licenses, permits, fees and fines' account. Any changes to the estimate will be reported at the mid-year.

#### 4. SPECIAL EVENT FEE WAIVERS

The Budget and Finance Committee instructed this Office to periodically report on the number and amount of Council-approved fee waivers (subsidies) associated with special events and with convention center meetings and events. For fiscal year 2006-07, 1,112 fee waivers were approved at an estimated amount of \$5.8 million. These numbers include Council-approved room rental charge waivers for 34 events held at the Convention Center, in the total amount of \$539,732.16. For the period July through August 2007, the total number of fee waivers approved is 273 at an estimated amount of \$1.32 million.

#### 5. EMPLOYMENT LEVEL REPORT

Citywide employment authority from all funding sources totaled 39,847 at the end of August 2007. Filled positions increased by 96 from 35,807 at the end of July to 35,903 at the end of August. Departments reported a total of 3,979 vacant positions, 3,413 General Fund and 566 special funded (see Attachment 13).

#### 6. STATUS OF OVERTIME BY DEPARTMENT

##### Attachment 14 – Overtime Status Report (First Quarter of 2007-08)

Attachment 14 provides a schedule of overtime usage, by department, for the first quarter of the current fiscal year. The first quarter represents approximately 25 percent of total year expenditures. The attached schedule highlights those departments for which additional funds may have to be provided later in the fiscal year to offset their overtime deficits. These departments include: El Pueblo, Finance, Fire, General Services, Information Technology Agency, Police, Transportation, and Zoo. The reasons for the anticipated deficits are summarized in the attached and discussed in earlier sections of this report.

  
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Maria D. Gutierrez, Senior Management Analyst

APPROVED:

  
Assistant City Administrative Officer

KLS:RPC:MDG:01080007c

Attachments

ATTACHMENT 1  
**Fiscal Year 2007-08 General Fund Receipts**  
 At September 30, 2007  
 \$ Thousands

	Fiscal Year Budget	Plan Through September	Receipts Through September	Variance (Receipts Less Plan)	
Property Tax	\$1,397,316	\$60,328	\$69,397	\$9,069	Early secured and supplemental are driven by FY 2006-07 property tax collections. Secured receipts were \$3.6 million above plan; supplemental receipts were up \$4.2 million. First installment of FY 2007-08 unsecured receipts were up \$0.9 million.
Utility Users' Tax	627,225	151,088	151,009	(79)	While receipts through September are very close to plan, there is variation within accounts. The telephone tax is ahead of plan and the electric portion of the tax is a little behind. We need to see several more months of data before recommending an adjustment to the estimate.
Licenses, Permits, Fees and Fines	620,719	104,431	103,656	(775)	We are watching this closely.
Business Tax	477,590	12,000	16,531	4,531	Too early to be meaningful.
Sales Tax	348,905	86,820	84,411	(2,409)	Spring quarter taxable sales results became available in September. Budget planning anticipated growth of 5 percent above the same period a year ago; actual growth was only 2%.
Documentary Transfer Tax	157,014	41,745	51,355	9,610	Receipts are about the same as last year. The budget anticipated a decline of 16% from last year's level. This is certainly good news, but it is probably not sustainable. Budget estimate remains most likely.
Power Revenue Transfer	184,600				
Transient Occupancy Tax	144,000	37,440	38,758	1,318	Close enough for this early in year. We will keep watching.
Parking Fines	126,000	26,250	32,210	5,960	Includes a delayed receipt from prior year.
Parking Users' Tax	88,115	22,026	23,918	1,892	Close enough for this early in year. We will keep watching.
Franchise Income	50,373	10,830	13,103	2,273	Close enough for this early in year. We will keep watching.
Water Revenue Transfer					

ATTACHMENT 1  
**Fiscal Year 2007-08 General Fund Receipts**  
 At September 30, 2007  
 \$ Thousands

	Fiscal Year Budget	Plan Through September	Receipts Through September	Variance (Receipts Less Plan)	
State Motor Vehicle License Fees	26,000	6,498	5,524	(974)	Close enough for this early in year. We will keep watching.
Grant Receipts	16,800	4,200	5,198	998	Close enough for this early in year. We will keep watching.
Transfer from Tax Reform Fund	15,980				
Tobacco Settlement	11,872				
Transfer from Telecommunications Fund	5,437				
Residential Development Tax	4,000	999	931	(68)	Close enough for this early in year. We will keep watching.
<b>Subtotal General Fund Less Interest Income</b>	<b>\$4,301,946</b>	<b>\$564,655</b>	<b>\$596,001</b>	<b>\$31,346</b>	<b>Property-related taxes account for nearly \$19 million of this variance. This is a good start, but may not be sustainable over the balance of the fiscal year. Parking fines includes a carry-over from prior year.</b>
Transfer from Reserve Fund	85,840				The timing of this transfer is at the discretion of the Controller.
Interest Income	49,990	9,021	26,026	17,005	Current cash receipts include reserves for interest to be allocated to special funds so variance is not meaningful. Treasurer reports expected receipts may actually fall some \$4 million below budget.
<b>Total General Fund</b>	<b>\$4,437,776</b>	<b>\$573,676</b>	<b>\$622,027</b>	<b>\$48,351</b>	<b>Includes interest and is not a reflection of true General Fund status.</b>

**ATTACHMENT 2  
STATUS OF RESERVE FUND AS OF 10/12/07**

<b>Council Fil Item Description</b>	<b>Amount</b>
<b>Emergency Reserve Account</b>	<b>\$ 122,039,000</b>
<b>Contingency Reserve Account 7/1/07</b>	<b>\$ (8,368,360)</b>
<b>Loan Repayment and Other Receipts</b>	<b>44,232,103</b>
<b>Contingency Reserve Account</b>	<b>\$ 35,863,743</b>
 <b>Loans and Transfers Approved to Date</b>	
04-0881-S1 Multi-Family Residential Bulky Item Collection Program	(1,320,000)
05-2476 2006 Americorps Grant Program	(423,226)
CAO memo Convention Visitors Bureau Trust Fund 429 LA Inc. quarterly payt.	(231,707)
07-1233 2007-08 Six Site Comprehensive Anti-Gang Initiative	(105,000)
05-1583 Spousal Abuse Prosecution Program - 14th Year	(59,395)
07-1618 LINX Replacement	(3,112,000)
06-0600-S78 3-1-1 Citywide Service Request System	(1,467,000)
05-2365 Winter Shelter Program	(1,460,400)
07-0600-S43 Police reappropriation	(974,158)
07-0600-S43 Portable Officer Data Device System (PODDS)	(475,000)
05-0049-S1 Storm Damage Repair Program (prior yr reversion)	(463,434)
07-1206 Workers' Comp Alternative Dispute Resolution Service	(335,000)
07-0600-S43 Animal Shelter Facilities	(323,984)
06-0600-S78 3-1-1 A.M. Shift	(274,000)
07-1618 LINX Replacement RFP	(250,000)
07-0600-S43 ITA 2-Way Public Testimony reappropriation to UB	(198,000)
07-0600-S43 Audit Plan	(168,735)
07-0600-S43 Emergency Preparedness Americorps Grant Fund reappropriation	(134,744)
07-0600-S43 Animal Services reappropriation	(100,000)
07-2217 LADWP independent revenue requirements review	(91,500)
07-0600-S43 LATAx System	(90,133)
07-0600-S43 City Clerk reappropriation	(50,000)
06-2070 EPD Enhancement and Reorganization	(47,424)
06-1977-S1 Construction Projects Report rec. 7 technical correction memo	(30,450)
06-2070 Emergency Management Computers	(17,037)
<b>Loans and Transfers Approved to Date</b>	<b>\$ (12,202,327)</b>
 <b>Proposed Loans and Transfers</b>	
07-1995 Project Safe Neighborhoods	(58,630)
0150-03892- Joint Powers of Verification Unit 9th and 10th Year	(632,173)
08-1100 Reduction of Tax Rate & Modern Communications Ballot Measure	(5,100,000)
05-0010-S38 Special Reward Fund (Mr. S. Salas case)	(50,000)
2nd FSR ITA reappropriation (Mt. Lee Generator & RAP CSR's)	(237,516)
2nd FSR Planning reappropriation (Fee Study & Downtown Urban Guidelines)	(300,000)
<b>Proposed Loans and Transfers</b>	<b>\$ (6,378,319)</b>
<b>Contingency Reserve Available Balance as of 10/12/2007</b>	<b>\$ 17,283,097</b>
<b>Total Reserve Fund</b>	<b>\$ 139,322,097</b>

**ATTACHMENT 3a**  
**STATUS OF UNAPPROPRIATED BALANCE**  
**GENERAL ACCOUNT as of 10/12/07**

C.F.	Appropriations	Date	Amount
	Beginning Balance		\$ 25,000
<b>Approved Transfer</b>			
07-1494	Foundation for African Children Today	7/3/2007	(366)
07-1383-S2	Taskforce May 1 Protests	7/13/2007	(241)
07-2284	LA Business Council Reception	7/24/2007	(326)
07-2339	Peruvian Consulate General	7/27/2007	(357)
07-2404	Campaign for College Opportunity Reception	8/3/2007	(438)
06-1657	Annual Watts Summer Festival "A Musical Journey"	7/20/2007	(600)
07-2272	National Brownfields Assoc. Reception	7/20/2007	(234)
07-2561	Rally for Health Care Special Event	8/15/2007	(1,263)
07-3170	American Institute of Architects Reception (next Council agenda)	10/2/2007	(250)
	<b>Balance Available</b>		<u>\$ 20,925</u>
<b>Anticipated Appropriations</b>			
06-1616	Contract Cities Association (referred to Committee)	8/7/2007	(5,750)
	<b>Projected Balance Available</b>		<u><u>\$ 15,175</u></u>



**ATTACHMENT 3b**

**STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/12/07**

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Transfer to Reserve for Economic Uncert	Available Balance
	General Fund						
	General (see Attachment 3a)		\$ 25,000		\$ (9,825)		\$ 15,175
07-0600-S42 pending	City Atty. Gang Prosecution Program	City Atty	557,156				557,156
07-2975	Census 2010 Project	Various	250,000		(247,000)		3,000
2nd FSR	EAA MOU Implementation Costs	Various	23,458,896			(23,458,896)	0
2nd FSR	Earthquake/Emergency Preparedness Fair	EPD	75,000				75,000
	Expense Accounts Contingency	Various	15,000,000			(15,000,000)	0
	GSD- Petroleum Products	GSD	4,000,000				4,000,000
07-0600-S38	Griffith Park Fire Expenses	RAP	2,000,000		(2,000,000)		0
07-0600-S50;0220-02891-0022	Homeless Shelter	GCP	1,000,000		(1,000,000)		0
	LAPD Audit Division	Police	352,600				352,600
	LAPD Consent Decree Program (inc. reapprop)	CLA	1,500,000	120,018			1,620,018
	LAPD Leadership Teams	Police	500,000				500,000
	LAPD Reserve Officer Recruitment	Police	100,000				100,000
	LAPD Taser Equipment	Police	1,272,500				1,272,500
	Litigation Expense Account	City Atty	750,000				750,000
	Nate Holden Performing Arts Center	Cultural Affairs	14,263				14,263
	New Fire Stations	Fire	1,800,225				1,800,225
	New Police Stations	Police	16,000,000		(8,600,000)		7,400,000
07-0600-S37	Outside Counsel inc. Workers' Comp	City Atty	3,500,000		(1,903,502)		1,596,498
07-0600-S43 (1st FSR)	Public Safety Contingencies	Police	6,243,250			(6,243,250)	0
2nd FSR	Recreation and Parks As-Needed Salaries	RAP	500,000				500,000
	San Fernando Valley Tourism	GCP	600,000				600,000
	Youth Development Strategy	Various	7,565,856				7,565,856
07-1618 (to ITA)	LINX Replacement (7/1/07 reappropriation)	Personnel		3,112,000	(890,008)		2,221,992
Budget Reso to DOT	Left-Turn Arrow Signal (reappropriation to DOT)	Transportation		802,000	(802,000)		0
Budget Reso	Fire Complaint Office (reappropriation)	Fire		360,045			360,045
Budget Reso; 07-2168 (\$75K); 07-1657(\$350K); 07-1329 (\$100K per ER)	Gang Prevention/Intervention/Reduction Prog. (reap)	Various		1,726,720	(525,000)		1,201,720
Budget Reso	In-Car Video (reappropriation)	Police		2,500,000			2,500,000
Budget Reso	Nate Holden Theatre (reappropriation)	Cultural Affairs		18,861			18,861
1st FSR	Two-Way Public Testimony	ITA		198,000	(198,000)		0
	<b>Special Funds</b>						
	EAA MOU Implementation Costs	Various	\$ 6,189,580	\$ 2,500,000			\$ 6,189,580
	In-Car Video (reappropriation)		\$ 6,189,580	\$ 2,500,000	\$ -	\$ -	\$ 8,689,580
	<b>Grand Total</b>		<b>\$ 87,064,746</b>	<b>\$ 8,837,644</b>	<b>\$ (16,175,335)</b>	<b>\$ (44,702,146)</b>	<b>\$ 35,024,909</b>

## ATTACHMENT 4

2007-08 PROJECTED (DEFICIT)/SURPLUS				
DEPARTMENT/FUND	ADOPTED BUDGET	ADJUSTED BUDGET	2007-08 2ND FSR	
			DEFICIT	SURPLUS
<b>DEPARTMENTAL</b>				
Aging	\$ 3,511,599	\$ 4,161,404	\$ -	\$ -
Animal Services	21,360,363	21,784,347	-	-
Building And Safety	80,968,927	82,075,667	-	12,500
City Administrative Officer	13,604,014	13,776,100	-	-
City Attorney	97,354,336	98,733,647	(2,831,658)	-
City Clerk	11,464,146	11,607,358	(97,139)	-
Commission /Children, Youth	1,692,220	1,762,220	-	74,244
Commission/Status Of Women	536,325	536,325	(72,780)	-
Community Development	22,595,006	31,617,686	-	310,000
Controller	19,219,605	19,884,934	-	-
Convention Center	23,357,069	23,357,069	-	-
Council	27,195,229	32,690,603	-	-
Cultural Affairs	10,068,269	10,234,591	(12,000)	-
Department on Disability	1,858,154	1,858,154	(65,389)	-
El Pueblo	2,094,374	2,094,374	(83,514)	-
Emergency Preparedness	1,807,309	1,807,309	(86,413)	-
Employee Relations	372,987	372,987	-	-
Environmental Affairs	3,238,631	3,238,631	(55,502)	-
Ethics Commission	2,603,743	2,603,743	(94,829)	-
Finance	25,601,434	25,831,395	(1,310,000)	-
Fire	535,025,379	535,085,666	(13,000,000)	-
General Services	260,610,377	296,984,140	(8,500,000)	-
Housing Dept	45,133,995	46,034,220	-	-
Human Relations	1,283,899	1,283,899	(62,557)	-
Information Technology	108,415,293	111,319,134	(1,125,000)	-
Mayor	8,842,956	14,225,134	-	-
Neighborhood Empowerment	4,196,399	4,196,399	(270,000)	-
Personnel	63,787,762	63,787,762	(600,000)	-
Planning	31,289,110	31,306,436	-	35,598
Police	1,227,258,245	1,237,285,984	(16,180,000)	-
Board Of Public Works	20,614,777	22,154,827	(558,450)	-
PW/Contract Administration	31,660,656	31,660,656	-	-
PW/Engineering	81,991,691	81,991,691	(1,109,545)	-
PW/Sanitation	247,996,028	251,089,984	-	-
PW/Street Lighting	20,363,810	20,379,810	-	-
PW/Street Services	155,796,527	157,892,605	(2,100,000)	-
Transportation	140,913,546	141,715,546	(2,830,110)	-
Treasurer	5,149,002	5,149,002	-	-
Zoo	19,181,852	19,181,852	-	44,000
<b>Total-Budgetary Depts.</b>	<b>\$3,380,015,044</b>	<b>\$3,462,753,291</b>	<b>\$ (51,044,886)</b>	<b>\$ 476,342</b>
Library	73,264,291	73,264,291	-	-
Rec. & Parks	163,862,100	170,582,357	(488,156)	-
<b>Total-Departmental</b>	<b>\$3,617,141,435</b>	<b>\$3,706,599,939</b>	<b>\$ (51,533,042)</b>	<b>\$ 476,342</b>
<b>NONDEPARTMENTAL</b>				
Ballot Measure-Modern Communications	-	-	(5,100,000)	-
Certification of Voting Equipment	-	-	-	-
Griffith Park Recover Ph II Shortfall	-	-	(1,700,000)	-
General City Purposes	99,595,913	71,285,863	-	-
Human Resources Benefits	470,397,000	470,397,000	(12,500,000)	-
Liability Claims	37,000,000	37,000,000	-	-
Outside Counsel (MacArthur)	-	-	-	-
Tip Fees	-	-	(4,000,000)	-
Water and Electricity	42,169,767	42,169,767	-	-
<b>Total - Nondepartmental</b>	<b>\$ 649,162,680</b>	<b>\$ 620,852,630</b>	<b>\$ (23,300,000)</b>	<b>\$ -</b>
<b>GRAND TOTAL</b>	<b>\$4,266,304,115</b>	<b>\$4,327,452,569</b>	<b>\$ (74,833,042)</b>	<b>\$ 476,342</b>

**ATTACHMENT 5  
 FY 2007-08 BUDGET ADJUSTMENTS  
 REAPPROPRIATIONS FROM THE RESERVE FUND**

<u>DEPARTMENT</u>	<u>FUND/ACCOUNT</u>	<u>AMOUNT</u>
<b>TRANSFER FROM THE RESERVE FUND TO THE UNAPPROPRIATED BALANCE FUND 100/58:</b>		
<b>APPROPRIATE TO:</b>		
Information Technology Agency	<u>100/32</u>	
	7300, Furniture, Office and Technical	\$ 205,000
	9350, Communications Services	32,516
	<i>Subtotal</i>	<u>\$ 237,516</u>
Planning	<u>100/68</u>	
	3040, Contractual Services	\$ 300,000
<b>TOTAL</b>		<u><u>\$ 537,516</u></u>

**ATTACHMENT 6**  
**FY 2007-08 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Building and Safety	Fund 100/08, Building and Safety 1010, Salaries General	\$ 265,000	Fund 100/08, Building and Safety 1090, Salaries Overtime	\$ 265,000
	Subtotal	\$ 265,000		
City Attorney	Fund 100/12, City Attorney 6010, Office and Administrative Expense 2120, Printing & Binding	\$ 224,250 \$ 15,000	Fund 100/12 City Attorney 3040, Contractual Services	\$ 239,250
	Subtotal	\$ 239,250		
Commission on the Status of Women	Fund 100/20, Status of Women 2120, Printing and Binding	\$ 13,000	Fund 100/20, Status of Women 1010, Salaries General	\$ 13,000
	Subtotal	\$ 13,000		
Finance	Fund 100/39, Finance 1070, As-Needed Salaries	\$ 125,000	Fund 100/39, Finance 3040, Contractual Services	\$ 125,000
	Subtotal	\$ 125,000		
Fire	Fund 100/38, Fire 1012, Sworn Salaries	\$ 295,000	Fund 100/38, Fire 1090, Salaries Overtime	\$ 295,000
	Subtotal	\$ 295,000		
Housing	Fund 100/43, Housing* 1010, Salaries General	\$ 400,000	Fund 100/43, Housing 3040, Contractual Services 6010, Office and Administrative Expense	\$ 200,000 \$ 200,000 \$ 400,000
	Subtotal	\$ 400,000		
Planning	Fund 100/68, Planning 1010, Salaries General	\$ 100,000	Fund 100/68, Planning 1090, Salaries Overtime	\$ 100,000
	Subtotal	\$ 100,000		
Information Technology Agency	Fund 100/32, Information Technology Agency 6020, Operating Supplies	\$ 200,000	Fund 100/32, Information Technology Agency 1100, Hiring Hall	\$ 200,000
	Subtotal	\$ 200,000		
PW/Street Services	Fund 100/86, Street Services 1010, Salaries General	\$ 300,000	Fund 100/86, Street Services 1090, Salaries Overtime	\$ 300,000
	Subtotal	\$ 300,000		
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$1,937,250</b>		<b>\$ 1,937,250</b>

Source of Funds:

\*Housing-CDBG, HOME, RENT and CODE

**ATTACHMENT 7**  
**FY 2007-08 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

TRANSFER FROM		TRANSFER TO	
DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT
Building and Safety	Fund 346/08, Repair and Demolition 000A, Expenditure Account	\$ 265,000	Fund 100/08, Building and Safety 1010, Salaries General
			\$ 265,000
CIEP	Fund 100/54, CIEP C600, Available-Series Multiple	\$ 330,000	Fund 100/84, Bureau of Street Lighting 1090, Salaries Overtime
			\$ 180,000
			\$ 150,000
			<u>Subtotal \$ 330,000</u>
General City Purposes	Fund 100/56, General City Purposes 05AT, Teams II	\$ 50,000	Fund 100/28, Council 3040, Contractual Services
			\$ 50,000
Police	Fund 100/70, Police 3090, Field, Equipment & Expense	\$ 324,000	Fund 100/32, Information Technology Agency 1100, Hiring Hall Salaries
			\$ 324,000
			<u>Subtotal \$ 324,000</u>
PW/Sanitation	Fund 556/50, Integrated Solid Waste Management Available Balance	\$ 91,427	Fund 508/50, Solid Waste Resources Revenue A282, Expenditure
			\$ 91,427
			\$ 5,519,113
			<u>Subtotal \$ 5,519,113</u>
	Fund 509/50, Sanitation Equipment Special Available Balance	\$ 600,000	
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 6,579,540</b>	<b>\$ 6,579,540</b>

**ATTACHMENT 8  
FY 2007-08 BUDGET ADJUSTMENTS  
SPECIAL FUND APPROPRIATIONS**

	<b>APPROPRIATE FROM</b>	<b>AMOUNT</b>	<b>FUND/ACCOUNT</b>	<b>AMOUNT</b>	<b>APPROPRIATE TO</b>
<b>FUND</b>	<b>FUND/ACCOUNT</b>				<b>AMOUNT</b>
Street Lighting Maint. Assessment Fund	Fund 347/50, Street Lighting Maint. Assessment Fund		Fund 347/50, Street Lighting Maint. Assessment Fund		
	3734-14, Reimbursement from Other Agencies	\$ 263,000	C600, Available-Series to Multiple	\$	263,000
	3252, B Permits	\$ 30,000			
	3971-01, Misc. Engr/St Lighting	\$ 58,000	Fund 100/84, Street Lighting		
	Subtotal	\$ 351,000	1010, Salaries Overtime	\$	88,000
			Subtotal	\$	351,000
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>				<b>\$ 351,000</b>	<b>\$ 351,000</b>

**ATTACHMENT 9  
 FY 2007-08 BUDGET ADJUSTMENTS  
 APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE (UB)**

<u>APPROPRIATE FROM:</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
2-Way Public Testimony, 0233	Fund 100/32, Information Technology Agency 9350, Communications Services	\$ 198,000
Outside Counsel Inc. WC, 0197	Fund 100/12, City Attorney 9301, City Attorney Outside Counsel 9302, Workers Comp.-Outside Counsel	1,680,000 20,000
	Subtotal	<u>1,700,000</u>
<b><u>TOTAL APPROPRIATIONS FROM THE UB:</u></b>		<b><u>\$ 1,898,000</u></b>

**ATTACHMENT 10  
 FY 2007-08 BUDGET ADJUSTMENTS  
 TRANSFERS TO UNAPPROPRIATED BALANCE, RESERVE FOR ECONOMIC UNCERTAINTIES**

<u>DEPARTMENT</u>	<u>FUND/ACCOUNT</u>	<u>AMOUNT</u>
<b>TRANSFER FROM:</b>		
Unappropriated Balance	<u>100/58</u>	
	0222, EAA MOU Implementation Costs	\$ 23,458,896
	0224, Expense Account Contingencies	15,000,000
	0072, Public Safety Contingencies	6,243,250
	<i>Subtotal</i>	<u>\$ 44,702,146</u>
General City Purposes	<u>100/56</u>	
	0843, FMS Replacement	\$ 1,000,000
	<b>TOTAL</b>	<u><u>\$ 45,702,146</u></u>



**Attachment 11a  
Fee Review Update  
All General Fund Revenue Departments**

Department	Fees?	Notes
Aging	N	No fees
Animal Services	Y	A fee study is in progress and is expected to be completed in late October.
Building and Safety	Y	Primarily not General Fund. The General Fund fee portion fell below Budget in 2006-07.
CAO	N	No fees
City Attorney	Y	The CAO is preparing an analysis of the City Attorney's report on the Tobacco Enforcement Fee
City Clerk	Y	A new fee structure was adopted, effective September 2006.
CERS	N	No fees
Community Development	N	No fees
Commission on the Status of Women	N	No fees
Commission on Children, Youth and Families	N	No fees
Controller	Y	Fees are a small part of the Controller's revenue (about \$400K). A Fee study was completed in 2006 resulting in increases to some fees which were included in the FY 2007-08 Budget.
Council	N	No fees
Cultural Affairs	Y	Minor fee collections - \$300k in annual fees. The Design Approval fee was authorized to be increased by Mayor and Council on 7/23/2007.
Disability	N	No fees
Department of Neighborhood Empowerment	N	No fees
Emergency Preparedness	N	No fees
Environmental Affairs	Y	The Local Enforcement Agency Fee is under review.
Ethics Commission	NA	Minor fee amounts - \$100k.
Finance, Office of	NA	Fees are a very small part of Finance's revenue.
Fire	Y	A number of these fees are being reviewed and any changes for FY 2007-08 are expected to become effective between October and early December. The CAO will monitor the progress of Fire's fee review and any potential increases.
General Services	Y	Fees make up a small part of GSD's revenue (B Permits - \$500k) and the fee is set by the Board of Public Works.
Housing	N	No fees, but the Code Enforcement and Rent Control special fund fees are in need of revision and are policy matters. The plan is to have the recommended fee increases in place by January 2009.
Information Technology	N	No fees
Mayor	N	No fees

**Attachment 11a  
Fee Review Update  
All General Fund Revenue Departments**

Department	Fees?	Notes
Human Resources Benefits	N	No fees
Personnel	N	No fees
Planning	Y	Planning's fee increases were adopted by Council and were effective on July 22.
Police	Y	The completed fee study is under review.
PW Board	N	No fees
PW Bureau of Contract Administration	Y	New fees have approved ordinances and increased fees have been approved.
PW Bureau of Engineering	Y	New fees have approved ordinances and increased fees have been approved.
PW Bureau of Sanitation	Y	No General Fund fees. The solid waste fee increase was approved.
PW Bureau of Street Lighting	N	Practically all Bureau of Street Lighting revenue is from reimbursements of overhead costs. The Bureau of Street Lighting has submitted reports to the Board of Public Works to increase several fees.
PW Bureau of Street Services	Y	A fee report is scheduled to go to the Board in October.
Transportation	Y	The department is working on a fee review for the 2008-09 budget.
Treasurer	N	No fees

## Attachment 11b Fee Review Update By Major Departments

Department (General Fund Revenue)	FY 2007-08 Annual Fee Revenue	Potential for Additional Revenue above Budget	Notes
Fire Ambulance Fees	\$ 56,300,000	This is unquantifiable at this time	FY 2007-08 collections are expected to reach \$56.3 million. The ambulance fee is currently under review. Any revision to the estimate for will be made at mid-year.
Fire (exclusive of ambulance revenue)	26,000,000	Yes, but is unquantifiable at this time	Fire collects more than \$26 million from 18 different fees and reimbursements. A number of these fees are being reviewed and any changes for FY 2007-08 are expected to become effective between October and December. An estimate for the increased revenue will be made at mid-year.
Police	29,000,000	Yes, but is unquantifiable at this time	The Police fee study has been completed and is under review by the CAO (to be completed in October). An estimate for the increased revenue will be made at mid-year.
Engineering	11,300,000	The expected increase is already budgeted	A fee study was completed in connection with FY 2007-08 budget deliberations. The three ordinances for new fees were effective late July and fee increases were all approved by the Board on June 22. The FY 2007-08 Budget included \$416,000 in revenue from these new and increased fees.
Planning	13,400,000	The expected increase is already budgeted	Planning's fee increases were adopted by Council last month and were effective on July 22. The FY 2007-08 Budget included the additional expected revenue from Planning's fee increases. A revised estimate for this revenue will be made at mid-year.
Street Services	9,700,000	The expected increase is already budgeted	Street Service's fee report has been completed and will be sent to the Board of Public Works shortly. The FY 2007-08 Budget adds approximately \$1.5 million from new and increased fees.
Transportation	5,700,000	Unknown	The department is developing a fee review for the FY 2008-09 budget.
Contract Administration	5,200,000	The expected increase is already budgeted	A fee study was done for the FY 2007-08 budget. A new fee is the Public Right-of-Way fee, which is expected to generate an additional \$1 million in revenue. This increase was included in the budget. Also, A-permits, Utility permits, General Excavation
Animal Services	3,200,000	Uncertain	Animal Services revenue is almost completely comprised of fees. A fee study is expected to be completed in October. A note of caution: past expected revenue increases often have failed to materialize for this department.

## Attachment 11b Fee Review Update By Major Departments

Department (General Fund Revenue)	FY 2007-08 Annual Fee Revenue	Potential for Additional Revenue above Budget	Notes
Building and Safety	2,900,000	Doubtful	While the majority of permit revenue now goes to the Enterprise Fund, Building and Safety is still expected to collect approximately \$2.9 million in General Fund code enforcement fee revenue. In the past, the department has had significant difficulty with code enforcement collections and there is some doubt about increasing collections of these General Fund revenue accounts. Further, auto repair code enforcement, which makes up around 90% of the General Fund revenue, finished \$1 million below the FY 2006-07 revised budget amount of \$2.6 million.
City Attorney	1,100,000	Yes, but is unquantifiable at this time	The CAO is preparing an analysis of the City Attorney's report on the Tobacco Enforcement Fee.
<b>Total Major Departments Percentage of Total LPFF</b>	<u>\$ 163,800,000</u> 26%		
All other LPFF revenue	<u>460,318,976</u>		
<b>Total LPFF Revenue</b>	<u><u>\$ 624,118,976</u></u>		
<b>Non-General Fund Revenue</b>			
Recreation and Parks Golf Fee	\$ 20,000,000	No	The FY 2007-08 budget assumptions included a golf fee increase. The increase is expected to generate an additional \$2 million and was approved by the board June 6, 2007.
Solid Waste Fee	189,714,000	No	The Solid Waste fee increase scheduled for July 1, 2008 was approved to now start on September 1, 2007. Revenue from this acceleration is included in the FY 2007-08 Budget.
Establish fee for Sewer capacity availability review		No	Adopted by Council on June 22, 2007.
Intermittent Extra Capacity Tag Increase		No	The fee increased from \$1 to \$2, effective July 23.

**ATTACHMENT 12a**  
**Five-Year Budget Forecast (\$million)**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>ESTIMATED GENERAL FUND REVENUE</b>					
General Fund Base (1)	\$ 4,351.9	\$ 4,495.4	\$ 4,691.9	\$ 4,900.3	\$ 5,119.4
Revenue Growth (2)					
Property Related Taxes	93.9	98.8	104.6	110.9	117.6
Sales and Business Taxes	30.0	41.0	43.0	45.0	47.2
Utility Users' Tax	12.5	12.8	13.1	13.3	13.6
License, Permits and Fees	3.2	17.8	18.4	18.9	19.5
Other Fees, Taxes and Transfers	33.9	26.1	29.4	30.9	32.6
One-Time Revenues	(30.0)	-	-	-	-
<b>Total Revenue</b>	<b>\$ 4,495.4</b>	<b>\$ 4,691.9</b>	<b>\$ 4,900.3</b>	<b>\$ 5,119.4</b>	<b>\$ 5,349.8</b>
<i>General Fund Revenue Increase %</i>	<b>1.3%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.5%</b>
<i>General Fund Revenue Increase \$</i>	<b>57.7</b>	<b>196.5</b>	<b>208.4</b>	<b>219.1</b>	<b>230.4</b>
<b>ESTIMATED GENERAL FUND EXPENDITURES</b>					
General Fund Base (3)	\$ 4,437.7	\$ 4,724.2	\$ 4,896.9	\$ 5,117.1	\$ 5,300.8
Incremental Changes to Base: (4)					
Employee Compensation Adjustments (5)	156.7	87.3	89.6	91.9	83.5
City Employees Retirement System (6)	5.9	(9.5)	3.4	5.9	10.2
Fire and Police Pensions (6)	8.6	1.0	12.7	4.3	10.5
Workers Compensation Benefits (7)	10.2	11.0	11.9	12.8	13.9
Health and Dental Benefits (8)	40.1	43.7	45.1	45.8	48.1
Debt Service (9)	19.1	5.6	(7.1)	(1.4)	-
Expense CPI Increases (10)	6.2	6.3	6.4	6.5	6.7
Unappropriated Balance (11)	(23.5)	-	-	-	-
New Facilities (12)	4.2	6.3	6.5	5.6	5.6
City Elections (13)	14.9	(14.9)	15.4	(15.4)	15.8
Police 1,000 Officers Hiring Plan (14a)	46.5	51.4	38.5	29.8	31.1
VLF Police Hires (14b)	28.5	-	-	-	-
Solid Waste Resource Fee Offset (15)	(23.3)	(11.6)	(3.4)	-	-
Public Safety Systems Project (16)	(0.4)	(3.4)	(0.1)	(1.5)	-
CIEP (17)	(13.4)	-	-	-	-
Emergency Communications System (18)	6.2	(0.6)	1.4	(0.7)	6.9
<b>Subtotal Expenditures</b>	<b>\$ 4,724.2</b>	<b>\$ 4,896.9</b>	<b>\$ 5,117.1</b>	<b>\$ 5,300.8</b>	<b>\$ 5,533.1</b>
<i>Expenditure Growth %</i>	<b>6.5%</b>	<b>3.7%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>4.4%</b>
<i>Expenditure Growth \$</i>	<b>286.5</b>	<b>172.7</b>	<b>220.3</b>	<b>183.7</b>	<b>232.3</b>
<b>SUBTOTAL BUDGET GAP</b>	<b>\$ (228.8)</b>	<b>\$ (205.0)</b>	<b>\$ (216.8)</b>	<b>\$ (181.4)</b>	<b>\$ (183.3)</b>
<b>RESERVE FUND ROLLOVER (19)</b>	\$ 120.4	\$ 120.4	\$ 120.4	\$ 120.4	\$ 120.4
Increase Reserve Fund % of GF Budget	(60.7)	(10.9)	(18.9)	(17.1)	(11.0)
<b>TRANSFER FROM RESERVE FUND</b>	\$ 59.7	\$ 109.5	\$ 101.5	\$ 103.3	\$ 109.4
<b>OTHER POTENTIAL ONE-TIME EXPENDITURES</b>					
New Facilities (12)	33.9	1.5	2.0	1.4	1.4
CIEP (17)	47.2	49.0	51.2	53.0	55.3
Public Safety Radio Replacement (20)	42.6	(19.2)	(4.7)	(2.1)	(11.5)
Police In-Car Videos (21)	2.7	0.3	-	(0.04)	(5.4)
<b>Subtotal Other Potential Expenditures</b>	<b>\$ 126.5</b>	<b>\$ 31.6</b>	<b>\$ 48.5</b>	<b>\$ 52.3</b>	<b>\$ 39.8</b>
<b>SUBTOTAL</b>	<b>\$ (66.8)</b>	<b>\$ 77.9</b>	<b>\$ 53.0</b>	<b>\$ 51.0</b>	<b>\$ 69.6</b>
<b>BUDGET GAP</b>	<b>\$ (295.6)</b>	<b>\$ (127.0)</b>	<b>\$ (163.9)</b>	<b>\$ (130.4)</b>	<b>\$ (113.8)</b>

**ATTACHMENT 12b**  
**FIVE-YEAR GENERAL FUND BUDGET FORECAST ASSUMPTIONS**

**REVENUE:**

(1) General Fund (GF) 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 one percent for 2008-09 and above four percent over the next few years. No adjustment is made for challenges facing collection of utility users' taxes on telephone.

**ESTIMATED GENERAL FUND EXPENDITURES:**

(3) Estimated Expenditure General Fund Base: Using the 2007-08 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.

(4) The 2008-09 incremental changes reflect funding adjustments to the 2007-08 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.

(5) Employee Compensation Adjustments: This includes cost of living adjustment (COLA), change in number of working days, salary step and turnover effect, and full funding for partially financed positions. Civilian labor contracts expire on 6/30/07. Sworn labor contracts expire on 6/30/2009 and include the remaining COLA's of 3.75% on 7/1/2008. The forecast assumes a 3% COLA each year for both civilian and sworn employees beyond the current labor contracts.

(6) City Employment Retirement System (LACERS) and Fire & Police Pensions (Pensions): The LACERS and Pensions contribution are estimated based on information from the departments' actuaries and include COLA assumptions. The estimates are mostly driven by changes in assumptions and investment returns.

(7) Workers Compensation Benefits (WC): The 2007-08 WC budget increases nearly 8% over 2006-07. The same percentage is applied through 2012-13.

(8) Health and Dental Benefits: Mercer Consulting provides the civilian plan forecast. Projected civilian employee FLEX benefits reflect medical subsidy increases of 9.68% for 2008; 9.19% for 2009; 8.71% for 2010; 8.23% for 2011; and 7.74% for 2012; as well as 1% annual increase for enrollment. Police and Fire health medical subsidy rates are historically higher and assumed to be 2% more than the civilian rates due to the type of coverage and lower deductible health plans. Police enrollment projections are consistent with the hiring plan. Fire enrollment is projected to rise 2% per annum.

(9) Debt Service: The debt service amounts include Capital Finance and Judgement Obligation Bond budgets. The Figueroa Plaza debt service starts in 2008-09 and the new Police headquarters facilities debt service starts in 2009-10.

(10) Expense CPI Increases: The CPI increases in 2008-09 and beyond are 2% per year.

(11) Unappropriated Balance (UB): The 2007-08 UB budget is approximately \$87 million, including \$23.5 million for EAA COLA's. The COLA is carried over and reflected in the 2008-09 employee compensation adjustments (see note 5). The balance is not eliminated to provide a placeholder for various ongoing and/or contingency requirements in the following years.

(12) New Facilities: Funding projections are based on preliminary departmental estimates for ongoing staffing and expenses that have not been prioritized. The amounts shown in the Potential One-Time Expenditures section represent one-time costs. Some equipment may be eligible for debt financing but this has not been determined at this time.

(13) Elections: Citywide elections occur bi-annually.

(14a) 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.

(14b) By the end of 2007-08, the VLF will be depleted but costs continue to be incurred. General Fund monies will be needed to provide backfill funding for those hired in prior years.

(15) Solid Waste Resources Fee Offset: A monthly increase of \$7 was approved in 2006-07 to a total of \$18. The 2007-08 budget includes an increase of \$4, from \$18 to \$22, effective July 1, 2007, and another increase of \$4, from \$22 to \$26, effective September 1, 2007. A \$2 monthly fee increase is planned in 2009-10 for a \$28 monthly fee per household.

(16) Public Safety Systems Project: The 2007-08 budget includes \$5.4 million for the Fire Dispatch 911, EOC, Police Real-time Analysis and Critical Response (RACR)/DOC city and contract systems design and implementation costs that cannot be bond-financed. A project consultant reports that the total investment in information, communications, and dispatch systems for the facility would be approximately \$63 million. This includes the upgrade of all fire stations' voice and data transmission systems that must be in place before an anticipated 2010 building occupancy by the Fire Department, as well as annual recurring lease of T-1 lines. Of the \$63 million total, it is anticipated that \$50 million may be eligible for MICLA financing.

(17) Capital Improvement Expenditure Program (CIEP): The 2007-08 budget includes \$13.4 million for various capital projects. For future years, the CIEP amounts are detailed in the Potential One-Time Expenditures section and assume compliance with the 1% policy.

(18) Emergency Command Control Communications System (ECCCS): Police 911 system preliminary estimates provided by the LAPD include warranty, new, replacement and equipment upgrade costs.

#### **RESERVE FUND ROLLOVER:**

(19) Potential Carryover: Future estimates from 2008-09 and beyond are based on the 12-year (Fiscal Years 1995 to 2006) historical average of year-end unallocated revenue and reversions. This average does not reflect current year projections and potential losses to the telephone utility users' tax. The transfers are reduced by the amounts needed to build the Reserve Fund to General Fund budget percentage to 4.55% in 2008-09, to increase the level to 4.7% in 2009-10, to 4.85% in 2010-11, and to 5% by 2011-12.

#### **POTENTIAL ONE-TIME EXPENDITURES:**

(20) Public Safety Radio Interoperability: The Los Angeles Regional Interoperable Communications Systems (LARICS) is a county-wide project that includes Los Angeles County, City of Los Angeles, LAUSD, California Highway Patrol, Long Beach, Pasadena/ Glendale/Burbank (ICIS), contract cities, and Independent Cities Association. It is anticipated that the City's share of the entire project, including the radios, is about \$250 to \$270 million, of an estimated \$600 million budget. The City will pursue various grant opportunities such as UASI, SHSGP, COPS, State bonds, and possibly MICLA financing subject to eligibility requirements to provide part of the funding. The City would need to replace Police, Fire, General Services Security, and other departments' handheld radios. The move toward interoperability is recommended as the City's radios' lifecycle are coming to an end. The forecast reflects the City's costs to replace radios only.

(21) Police In-Car Videos: Funded in the 2007-08 UB budget with \$2.5 million in General Fund and \$2.5 million special fund. If the implementation continues for four years, an additional \$21.6 million will be needed.

ATTACHMENT 13  
**EMPLOYMENT LEVEL REPORT**  
 FY 2007-08

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of August	Changes	End of August	Start of August	Changes	End of August		
Aging	44	63	-	63	54	-	54	9	-
Animal Services	320	444	-	444	344	7	351	93	6
Building and Safety	839	1117	-	1117	962	-	962	155	23
City Administrative Officer	128	137	-	137	125	1	126	11	2
City Attorney	851	1069	-	1069	1003	-	1003	66	16
City Clerk	145	156	-	156	138	1	139	17	5
Commission on C, Y and their F	16	25	-	25	6	-	6	19	-
Commission on the Status of Women	5	13	-	13	13	-	13	-	5
Community Development	262	417	-	417	307	1	308	109	5
Controller	188	247	-	247	176	-	176	71	9
Cultural Affairs	81	84	-	84	72	(1)	71	13	2
Disability	14	21	-	21	20	(1)	19	2	-
El Pueblo	21	23	-	23	18	-	18	5	2
Emergency Preparedness	16	25	-	25	25	-	25	-	-
Employee Relations Board	3	3	-	3	3	-	3	-	-
Environmental Affairs	37	40	-	40	34	1	35	5	3
Ethics Commission	27	31	-	31	27	-	27	4	-
Finance	361	382	-	382	354	1	355	27	20
Fire - Civilian	346	442	-	442	384	6	390	52	46
Fire - Sworn	3,594	3649	-	3649	3597	30	3627	22	22
General Services	2,267	2345	-	2345	2093	-	2093	252	22
Housing	503	597	-	597	539	1	540	57	12
Human Relations Commission	10	16	-	16	16	-	16	-	-
Information Technology Agency	730	832	1	833	772	(3)	769	64	19
L.A. Convention Center	165	181	1	182	153	(2)	151	31	13
Neighborhood Empowerment	52	52	-	52	43	2	45	7	-
Personnel	436	553	-	553	511	1	512	41	21
Planning	271	378	-	378	295	(5)	290	88	-
Police - Civilian	3,778	3838	-	3838	3240	(16)	3224	614	-
Police - Sworn	10,466	10493	-	10493	9494	14	9508	985	-
PW/Board of Public Works	158	172	-	172	164	-	164	8	3
PW/Bureau of Contract Admin	309	467	-	467	363	(3)	360	107	-
PW/Bureau of Engineering	980	1202	-	1202	1029	6	1035	167	36
PW/Bureau of Sanitation	2,907	2956	36	2992	2653	30	2683	309	17
PW/Bureau of Street Lighting	246	258	-	258	232	-	232	26	1
PW/Bureau of Street Services	1,282	1585	-	1585	1511	3	1514	71	2
Transportation	1,581	1746	(2)	1744	1626	15	1641	103	32
Treasurer	38	42	-	42	38	(4)	34	8	2
Zoo	268	270	-	270	244	(1)	243	27	1
<b>Subtotal</b>	<b>33,745</b>	<b>36,371</b>	<b>36</b>	<b>36,407</b>	<b>32,678</b>	<b>84</b>	<b>32,762</b>	<b>3,645</b>	<b>347</b>
Library	1,133	1,186	-	1,186	1,104	11	1,115	71	-
Recreation and Parks	2,117	2,290	(1)	2,289	2,025	1	2,026	263	126
<b>Subtotal</b>	<b>3,250</b>	<b>3,476</b>	<b>(1)</b>	<b>3,475</b>	<b>3,129</b>	<b>12</b>	<b>3,141</b>	<b>334</b>	<b>126</b>
<b>Total</b>	<b>36,995</b>	<b>39,847</b>	<b>35</b>	<b>39,882</b>	<b>35,807</b>	<b>96</b>	<b>35,903</b>	<b>3,979</b>	<b>473</b>

"Position Authorities-Start of August" includes resolution authority and substitute positions.

Monthly Summary	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of Month	Changes	End of Month	Start of Month	Changes	End of Month		
July	36,995	39,759	88	39,847	34,829	978	35,807	4,040	457
August	36,995	39,847	35	39,882	35,807	96	35,903	3,979	473
September			-			-		-	-
October			-			-		-	-
November			-			-		-	-
December			-			-		-	-
January			-			-		-	-
February			-			-		-	-
March			-			-		-	-
April			-			-		-	-
May			-			-		-	-
June			-			-		-	-



ATTACHMENT 14  
2007-08 OVERTIME STATUS REPORT  
(First Quarter of 2007-08)

Department	Account Name	Adopted Budget	Adjusted Budget	Expended to Date	% Adjusted Budget Expended to Date	Est. Year-End Deficit	
Aging	OVERTIME GENERAL	3,900	3,900	-	0.0%		
Animal Services	OVERTIME GENERAL	81,000	81,000	1,670	2.1%		
Building and Safety	OVERTIME GENERAL	4,469,464	4,469,464	1,503,923	33.6%	\$	Addressed in FSR
City Administrative Officer	OVERTIME GENERAL	-	6,086	3,926	64.5%		
City Attorney	OVERTIME GENERAL	5,408	8,708	2,167	24.9%		
City Clerk	OVERTIME GENERAL	92,437	92,437	8,844	9.6%		
Commission on Children, Youth and Families	OVERTIME GENERAL	-	1,077	1,077	100.0%		
Commission on the Status of Women	OVERTIME GENERAL	1,000	1,000	-	0.0%		
Community Development	OVERTIME GENERAL	100,983	101,983	8,140	8.0%		
Controller	OVERTIME GENERAL	87,071	87,071	8,899	10.2%		
Cultural Affairs	OVERTIME GENERAL	-	1,671	1,267	75.8%		
<b>El Pueblo</b>	<b>OVERTIME GENERAL</b>	<b>34,500</b>	<b>34,500</b>	<b>11,104</b>	<b>32.2%</b>	<b>\$</b>	<b>Additional funds may have to be provided.</b>
Emergency Preparedness	OVERTIME GENERAL	4,500	4,500	-	0.0%		
Environmental Affairs	OVERTIME GENERAL	5,000	5,000	-	0.0%		
Ethics Commission	OVERTIME GENERAL	900	900	-	0.0%		
<b>Finance</b>	<b>OVERTIME GENERAL</b>	<b>28,350</b>	<b>28,350</b>	<b>768</b>	<b>2.7%</b>	<b>\$</b>	<b>OT related to tax renewal season. Additional funds may have to be provided.</b>
Fire	OVERTIME GENERAL	718,510	718,510	417,422	58.1%	\$	Should be offset with other departmental surpluses.
Fire	OVERTIME SWORN	4,791,110	4,791,110	1,272,527	26.6%	\$	Should be offset with other departmental surpluses.
<b>Fire</b>	<b>OVERTIME CONSTANT STAFFING</b>	<b>104,325,126</b>	<b>104,325,126</b>	<b>23,925,440</b>	<b>22.9%</b>	<b>\$</b>	<b>Fixed-post positions and underfunded. Additional funds may have to be provided.</b>
Fire	OVERTIME VARIABLE STAFFING	11,340,793	11,366,790	2,149,919	18.9%		
<b>General Services</b>	<b>OVERTIME GENERAL</b>	<b>3,311,501</b>	<b>3,426,286</b>	<b>1,283,031</b>	<b>37.4%</b>	<b>\$</b>	<b>Unbudgeted overtime related to security and purchasing (SMS). Additional funds may have to be provided.</b>
Housing	OVERTIME GENERAL	106,417	106,417	45,272	42.5%		
<b>Information Technology Agency</b>	<b>OVERTIME GENERAL</b>	<b>1,396,287</b>	<b>1,456,363</b>	<b>404,846</b>	<b>27.8%</b>	<b>\$</b>	<b>Fire/Police Dispatch; Microwave and Avionics. Additional funds may have to be provided.</b>
Library	OVERTIME - GENERAL	35,423	35,423	2,662	7.5%		
Los Angeles Convention Center	OVERTIME GENERAL	1,047,726	1,047,726	310,205	29.6%		
Neighborhood Empowerment	OVERTIME GENERAL	45,200	45,200	1,434	3.2%		
Personnel	OVERTIME GENERAL	269,377	269,377	84,741	31.5%		No year-end deficit projected.
Planning	OVERTIME GENERAL	301,500	301,500	113,647	37.7%	\$	\$100,000 transferred to this account in the 2nd FSR. The remaining deficit should be offset by surpluses in other accounts.

ATTACHMENT 14  
2007-08 OVERTIME STATUS REPORT  
(First Quarter of 2007-08)

Department	Account Name	Adopted Budget	Adjusted Budget	Expended to Date	% Adjusted Budget Expended to Date	Est. Year-End Deficit	
Police	OVERTIME GENERAL	5,718,792	5,718,792	1,117,433	19.5%		
Police	OVERTIME SWORN	85,843,046	85,843,046	22,991,198	26.8%	\$ 13,000,000	\$6.2 million in the UB for OT Contingencies.
PW/Board of Public Works	OVERTIME GENERAL	124,439	124,439	21,838	17.5%		Working with department to determine General Fund portion of deficit.
PW/Bureau of Contract Administration	OVERTIME GENERAL	1,575,308	1,575,308	457,010	29.0%		
PW/Bureau of Engineering	OVERTIME GENERAL	1,174,263	1,174,263	223,363	19.0%		
PW/Bureau of Sanitation	OVERTIME GENERAL	7,601,404	7,719,542	1,456,293	18.9%		
PW/Bureau of Street Lighting	OVERTIME GENERAL	351,000	361,000	209,433	58.0%		Partially addressed in FSR. Most of OT should be reimbursed.
PW/Bureau of Street Services	OVERTIME GENERAL	7,729,980	7,905,437	2,216,966	28.0%	\$ 300,000	Addressed in FSR.
Recreation and Parks	OVERTIME-GENERAL	404,595	1,904,595	477,533	25.1%		
Transportation	OVERTIME GENERAL	8,110,953	8,110,953	2,195,455	27.1%	\$ 2,000,000	Special Events Related. Additional funds may have to be provided.
Treasurer	OVERTIME GENERAL	5,813	5,813	775	13.3%		
Zoo	OVERTIME GENERAL	26,964	26,964	18,904	70.1%		Deficit may be offset by surpluses in other accounts.