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November 24, 2008

The Honorable Bernard Parks
Chair, Budget and Finance Committee
200 North Spring Street, Suite 460
Los Angeles, California 90012

Dear Councilmember Parks:


I am writing to comment on the proposed 2008-09 Budget Balancing Measures that are before you today in the Budget and Finance Committee. The report released by the City Administrative Officer dated November 19, 2008 details the current budgetary shortfalls and offers options for the Council to consider to partially mitigate the shortfall. We know that this is only a foreshadowing of the budget cuts to be taken before the end of the fiscal year and for the next fiscal year and that all departments need to reduce spending to balance the City's budget.

While this report raises many worthwhile reductions, we need to ensure that our cuts do not compromise our residents' safety. The reduction in the City's crossing guard program should be removed from the list of reductions before you because it compromises our children's safety and exposes the City to unnecessary liability. Crossing guard locations have been specifically chosen by our City's experts based on traffic and safety data with children's safety in mind.

This Committee should consider alternatives to the reduction in the Crossing Guard Program that do not place the City at risk. One reduction that I proposed was a reduction or elimination of the City's parking validation program. Currently, the City spends approximately \$750,000 in parking validations. While these funds are a combination of Special and General Funds, the reduction in parking validations would ultimately reduce expenditures from the General Fund.

Additionally, we need to move forward on implementing the City's 'Collections Sheriff' recommendations to ensure that the Office of Finance is collecting all of the City's outstanding revenues. The recommendations raised to improve the City's collections process need to be pursued vigorously to improve collections.

I have also asked that the City change its alarm permitting process to require a police permit upon installation of the alarm. We anticipate that this will increase revenues and greatly assist in collecting fees through the City's false alarm tracking system. We are awaiting the completion of the implementing ordinance from the City Attorney and have asked that the ordinance be expedited.

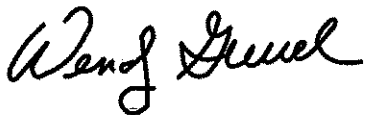
Date: 11/24/08
Submitted in B&F Committee
Council File No: 08-0600-532
Item No. 10
Deputy: Staubwaite 

COMMITTEE ASSIGNMENTS
CHAIR: TRANSPORTATION COMMITTEE
VICE CHAIR: BUDGET & FINANCE COMMITTEE
MEMBER: AUDITS & GOVERNMENTAL EFFICIENCY COMMITTEE
MEMBER: ENERGY AND THE ENVIRONMENT COMMITTEE

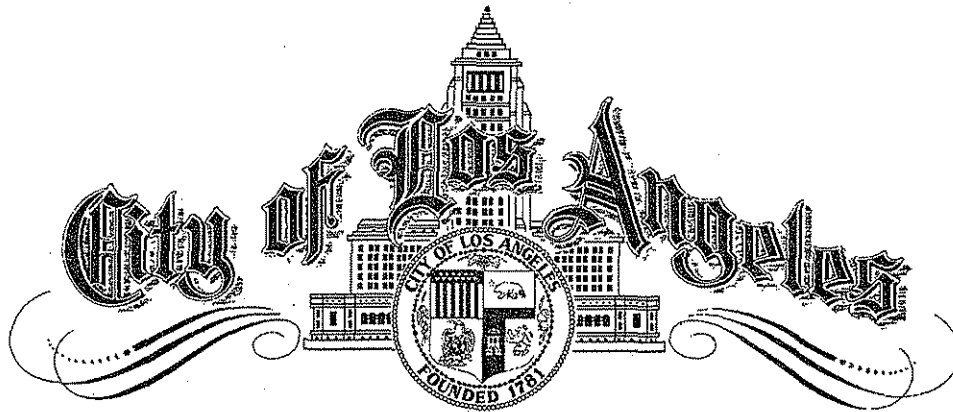
We need to continue looking at and improving the City's revenue collection processes and ensure compliance with the City's existing laws. We are anxious to hear back from departments on the Mayor's budget letter released on November 21, 2008 and will consider those reductions during December to close the remaining budget shortfall. I am also attaching the letter that you and the Council leadership released to assist in this review.

Again, I urge you to consider alternatives to removing the City's Crossing Guard Program.

Sincerely,

A handwritten signature in black ink that reads "Wendy Greuel". The signature is written in a cursive, flowing style.

Wendy Greuel
President Pro Tempore
Los Angeles City Council – District 2



CITY HALL
LOS ANGELES, CALIFORNIA 90012

November 21, 2008

Dear General Managers,

While preparing our current city budget, we worked together to find efficiencies, cut costs and maintain our city core services prioritizing our fight against gangs and keeping our city safe, easing gridlock, and program for youth among others.

In recent years, the Council and Mayor have taken steps to better prepare the city to weather this financial storm. We worked to minimize on-going expenditures to significantly reduce -- if not eliminate -- the projected gap between revenue and expenditures to better prepare for very limited revenue growth in 2009-10 and to maximize revenue that is due the city, including the following:

1. Implemented more frequent financial status reporting.
2. Implemented a managed hiring freeze.
3. Established a "Collections Sheriff" to implement a number of initiatives to increase revenues by improving collection of delinquent accounts receivable and to proactively manage this effort.
4. Worked to ensure that fees assessed for services achieve full cost recovery to the extent feasible.
5. Established a new expenditure policy in which on-going revenues must be identified to support new programs.
6. Established a "Budget Stabilization Fund" to better prepare the city to endure years of reductions in revenue growth by smoothing out revenue available from year to year.
7. Tracking of amounts from adopted budgets needed to comply with the Capital and Infrastructure Policy, with priority given in future budgets to fund such deficits and expenditure deferrals.
8. Requested City Departments submit information regarding services provided, level of services, basis for service level determination, administrative costs, contractual services, etc.
9. Reviewed departmental base budgets in addition to proposed year-to-year changes.

Fiscal Year 2008-09 Budget Balancing
November 21, 2008

10. Established improved departmental adherence to achieving initiatives approved in the Budget by tracking and analyzing actual expenditures vs. budget; actual outcomes by program vs. work program approved by the Council in conjunction with the Budget.
11. Monitored departmental use of overtime.

However, the financial crisis affecting our national, state and local economy has continued to worsen, and city revenues continue to steeply decline. Despite all our best efforts, our current year projected budget deficit is over \$100 million and growing.

We must take aggressive action, working together to cut costs in the current year including budget balancing actions between departments in this time of financial crisis and uncertainty. It is clear that nothing can be taken off the table and exempted from consideration.

The Los Angeles City Council is committed to working with the Mayor, City Department general managers, labor leaders, business leaders and all the residents of Los Angeles to make tough choices to balance our city budget and preserve critical services.

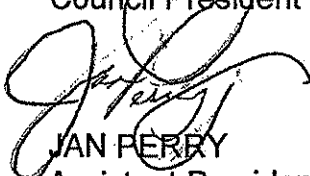
Over the next few weeks we will be reviewing current year budgets and the Mayor's proposed current year budget cuts in order to close the current deficit and improve the City's budgetary situation to better meet the increasing fiscal challenges ahead in Fiscal Year 2009-10.

We look forward to determining a collective resolution to this extraordinary fiscal situation.

Sincerely,



ERIC GARCETTI
Council President



JAN PERRY
Assistant President Pro Tempore



WENDY GREUEL
President Pro Tempore



BERNARD PARKS
Chair, Budget and Finance Committee