

CITY OF LOS ANGELES

CALIFORNIA

KAREN E. KALFAYAN
City Clerk



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK

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CLAUDIA M. DUNN
Chief, Council and Public Services Division

www.cityclerk.lacity.org

When making inquiries
relative to this matter,
please refer to the Council
File No.

08-0600-S27

November 12, 2008

Honorable Antonio Villaraigosa, Mayor
All Councilmembers
All City Departments

RE: SECOND FINANCIAL STATUS REPORT FOR FISCAL YEAR 2008-09

At the meeting of the Council held October 29, 2008, the following action was taken:

| | |
|-----------------------------------------------------------------------------|----------|
| Attached report adopted | _____ |
| Attached motion () adopted | _____ |
| Attached resolution adopted | _____ |
| Motion adopted to approve communication recommendation(s), as amended | X |
| Amending motion (Smith - Weiss) adopted | X |
| To the Mayor FORTHWITH | X |
| Mayor concurred | 11-06-08 |

City Clerk
jr

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2008 OCT 31 PM 3:19
CITY OF LOS ANGELES

City Clerk's Time Stamp
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CITY CLERK
BY _____
DEPUTY

FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 08-0600-S27

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE October 29, 2008

RE: SECOND FINANCIAL STATUS REPORT FOR FISCAL YEAR 2008-09

NOV 10 2008

LAST DAY FOR MAYOR TO ACT _____
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

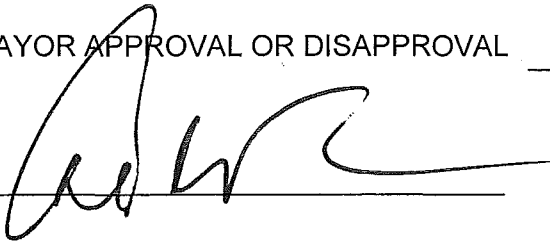
APPROVED

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL NOV 06 2008

MAYOR



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CITY CLERK

NOV 12 2008

60

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 08-0600-S27

FROM: WENDY GREUEL, VICE-CHAIR
GREIG SMITH, MEMBER
BUDGET AND FINANCE COMMITTEE

COMMUNICATION FROM VICE-CHAIR and MEMBER, BUDGET AND FINANCE COMMITTEE relative to the Second Financial Status Report for Fiscal Year 2008-09.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the recommendations contained in the City Administrative Officer's (CAO) Second Financial Status Report, dated October 17, 2008 and Addendum to the Second Financial Status Report, dated October 24, 2008, attached to this Committee report.
2. INSTRUCT the General Manager, Department of Recreation and Parks, to report back to the Budget and Finance Committee at its meeting of November 17, 2008 relative to the status of the Department's budget and a projected year-end budget deficit.
3. INSTRUCT the CAO to report back to the Budget and Finance Committee at its meeting of November 17, 2008 relative to the status of the City subsidy to the Joy Picus Child Care Center.

Fiscal Impact Statement: The CAO reports that transfers, appropriations and other adjustments totaling approximately \$31.4 million are recommended in this report to meet current-year obligations. This includes appropriations totaling \$5 million from the Unappropriated Balance, Short-Term Layoff line item and Reserve Fund reappropriations in the amount of \$1.5 million. Appropriations to fund departmental deficits are deferred pending receipt of more current cost data and a review of budget balancing proposals. The current Reserve fund balance is estimated at \$150 million (consisting of \$125 million in the Emergency Reserve Account and \$25 million in the Contingency Reserve Account.)

SUMMARY

At its meeting on October 27, 2008, the Vice-Chair and Member of the Budget and Finance Committee considered the CAO's Second Financial Status Report (2nd FSR), and Addendum report for Fiscal Year 2008-09. The 2nd FSR, dated October 17, 2008, details the City's current financial condition and summarizes the budget status through September; the Addendum report, dated October 24, 2008, makes technical changes to recommendations contained in the 2nd FSR.

The CAO reported that a combined revenue/expenditure shortfall of approximately \$110 million has been identified. The CAO stated that without action, the City could be on the verge of a fiscal crisis this year. Action will have to be taken in order to balance the budget without tapping into the Emergency Reserve. The CAO advised that it will be necessary to come back to the Committee before mid-year with recommendations to address the shortfall. The CAO expects to provide the

Committee with recommendations to address the budget shortfall at its meeting on November 17, 2008.


Public comment was heard relative to funding for the Los Angeles Police Department's DNA Expansion Plan, which includes funding for 16 positions which had been added by the Council in the 2008-09 Budget. Councilmember Weiss spoke to the Committee relative to his support of funding for the 16 positions, but also to seek conceptual support of a 2 1/2 year plan, at a cost of approximately \$2.5 million annually for that period, to end the DNA backlog and begin a real-time DNA testing protocol in the City of Los Angeles. Councilmember Weiss' plan, developed through discussions with the LAPD, the Mayor's Office, the Controller and various Councilmembers, would include outsourcing of the laboratory analysis of the backlogged DNA kits. The \$2.5 million would provide for DNA analysis of approximately 2500 rape kits annually by outside labs; it is estimated that the current backlog would be eliminated in approximately 2 1/2 years. Future additional personnel authorizations by the Council and Mayor would grow the LAPD's DNA analysis unit and provide for real-time DNA testing to be achieved. The Vice-Chair and Member advised those present for this discussion that the Committee would recommend approval of authorization to fill the 16 positions and expressed support of the plan to eliminate the DNA rape kit backlog.

The Vice-Chair and Member of the Budget and Finance Committee recommended approval of the recommendations contained in the 2nd FSR and Addendum report. The General Manager of the Department of Recreation and Parks was requested to report back to the Committee at its November 17, 2008 meeting relative to that Department's projected year-end deficit; additionally, the CAO was requested to report back, also for the November 17, 2008 Committee meeting, on the status of the City subsidy to the Joy Picus Child Care Center. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,



WENDY GREUEL, Vice-Chair
Budget and Finance Committee


GREIG SMITH, Member
Budget and Finance Committee

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| PARKS: | ABSENT |
| GREUEL: | YES |
| SMITH: | YES |
| ROSENDAHL: | ABSENT |
| HUIZAR: | ABSENT |

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATIONS
OCT 29 2008

AS AMENDED
LOS ANGELES CITY COUNCIL
SEE ATTACHED MOTION

TO THE MAYOR FORTHWITH

LB
08-0600-S27_rpt_bfc_10-27-08

Attachments

-NOT OFFICIAL UNTIL COUNCIL ACTS-

MOTION

Last week's Sepulveda Fire is another stark reminder of the emergencies and disasters that the residents of Los Angeles face every day. In fact, during the past several months we have experienced several major brush fires, a 5.4 magnitude earthquake, and the terrible Metrolink tragedy where 25 lives were lost and over 130 people were injured. Whether it is wild fires, earthquakes, or terrorism, the City must do everything it can to be prepared to respond to, and recover from, these and other types of disasters that will inevitably endanger our residents.

City Controller Laura Chick recently released an audit of the City's level of preparedness for a catastrophic event and identified several significant gaps in Los Angeles' preparedness for a major disaster. In particular, the Controller identified the need for the City's Emergency Management Department (EMD) to have a greater role in the coordination of training, preparedness, and response activities by the City's first responders and the need to develop better training for other City employees to assist during the response to and recovery from a major disaster. In addition, she identified the need to conduct a comprehensive analysis of the City's current capabilities, gaps in those capabilities, and develop a city-wide strategic plan to move the City forward in its preparedness, response, and recovery efforts.

EMD, with only 27 staff members for a night time population of 4 million people, is significantly understaffed especially when compared to other major cities. For example, San Francisco has 25 emergency managers for a population of only 700,000 people, and Chicago has a staff of 34 for only 2.9 million people. New York with twice the population of Los Angeles has 182 emergency managers, or almost seven times the number of staff to handle emergencies and disasters. While the City of Los Angeles has the best first-responders in the nation, the staffing level of our emergency managers is inadequate in comparison to the numerous threats we face.

The 2008-09 Budget assumed over 500 layoffs as part of a package of cost-saving efforts. Fortunately the layoff exercise was avoided and subsequently the Mayor's Office has identified \$1 million in the Human Resource Benefits, Unemployment Insurance Account that can be used to help prepare for and respond to the next major emergency. Using \$600,000 of the identified funds, which are designated for public safety-related purposes, would allow for a significant enhancement of our City's emergency preparedness, response, and recovery capabilities by enhancing the capabilities of EMD, identifying gaps and addressing those gaps in a comprehensive strategic plan, and developing a comprehensive program to train and coordinate all City employees to respond to a disaster. The request to transfer these funds is noted in the Second Financial Status Report on page 25, Section O.



The use of this money for a comprehensive program to address significant staffing, planning, and training needs will help make Los Angeles better prepared for the next disaster or emergency that we will all face.

I THEREFORE MOVE that Item # 60, Council file 08-0600-S27, in today's Council Agenda, the Budget and Finance Committee report relative to the Second Financial Status Report for the FY 2008-09 be amended to include the following:

(1) Authorize the Controller to transfer \$600,000 from the Human Resources Benefits Department 61, Fund 100, Unemployment Insurance, Account No. 9100 as follows:

(a) \$123,136 to Department 35, Fund 100, Account 1010 for the salaries and benefits of 2 EPC I positions, and 1 Public Relations Specialist II position in the Emergency Management Department;

(b) \$7,164 to Department 35, Fund 100, Account 6010 for supplies and equipment necessary for 2 EPC I positions, and 1 Public Relations Specialist II position in the Emergency Management Department;

(c) \$300,000 to the Emergency Operations Fund, Fund 392, Dept. 34, Account No. 3040 to fund a gap analysis and city-wide strategic plan contract and;

(d) \$169,700 to the Emergency Operations Fund, Fund 392, Dept. 34, Account No. 3040, for use in the development and implementation of a Disaster Response and Recovery Worker program for all City employees in accordance with state law.

(1) Authorize Emergency Management Department to add 3 Resolution Authority positions as follows: 2 Emergency Preparedness Coordinator I positions and; 1 Public Relations Specialist II for the last six months of the 2008-09 fiscal years.

I FURTHER MOVE that the City Administrative Officer (CAO) be authorized to make technical changes to fulfill the intent of this motion.

AMENDING MO.
ADOPTED


OCT 29 2008

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH



Council Member




Council Member

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0116-00001-0000

Date: October 24, 2008

To: Honorable Members of the Budget and Finance Committee
Attn: Lauraine Braithwaite, Office of the City ClerkFrom: Raymond P. Ciranna, Interim City Administrative Officer Subject: **ADDENDUM TO THE 2ND FINANCIAL STATUS REPORT FOR FISCAL YEAR
2008-09 (C.F. 08-0600-S27)**

The CAO issued the Second Financial Status Report (FSR) on October 17, 2008. The following technical corrections are now necessary. The changes are not substantial in nature, but are necessary in order for the Controller to implement the recommended actions.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, modify the recommendations in the Second Financial Status Report as follows:

1. Amend Recommendation No. 2 to read as follows to reflect the correct accounts and amounts: Transfer **\$4,583,565** between various departments and funds as specified in ***Revised Attachment 7***;
2. Amend Recommendation No. 3 as follows due to the deletion of the MICLA line item which is included in Recommendation Nos. 15 and 16 of this Addendum: Reappropriate **\$927,119** from various special funds as specified in ***Revised Attachment 8***;
3. Amend Recommendation No. 4 as follows (the total amount remains the same): Appropriate \$10,361,000 to various departments from the Unappropriated Balance as specified in ***Revised Attachment 9***;
4. Delete Recommendation No. 10 as the instruction is not needed and can be accomplished administratively;
5. Substitute Recommendation No. 12 with the following language: In accordance with Recommendation No. 11 of the 2nd FSR, transfer cash from the Sanitation Equipment Charge Fund No. 47D/50 to reimburse the General Fund on an as needed basis upon proper documentation from the General Services Department and the approval of the Bureau of Sanitation (Solid Resources Support Services Division);
6. Delete Recommendation No. 15 as the instruction is not needed and can be accomplished administratively;

7. Delete Recommendation No. 24 as it is duplicative of No. 23;
8. Amend Recommendation No. 26c as follows: Transfer cash from the Community Development Trust Fund No. 424/22 to reimburse the General Fund on an as needed basis upon proper demand of the General Manager of the Community Development Department;
9. Add language to Recommendation No. 27 as follows: Authorize the Mayor's Office to accept \$60,000 from the Housing Authority of the City of Los Angeles;
10. Substitute Recommendation No. 28 with the following language: Authorize the Los Angeles Police Department (LAPD) to fill 16 vacant DNA positions added by the Council in the 2008-09 Budget (Motion No. 8). LAPD plans to fill all 16 positions and three other vacancies within the DNA/Serology Unit by January, 2009. The 2008-09 cost will be funded by an additional appropriation of \$2.25 million to the LAPD provided through Recommendation No. 4. The remainder of the appropriation will be used to offset salary account reductions due to the work furlough reduction program contained in the 2008-09 Adopted Budget. LAPD indicates that, with this appropriation, the LAPD Civilian Salary Account will end FY 2008-09 within budget;
11. Amend Recommendation No. 31c as follows: Transfer cash from the Community Development Trust Fund No. 424/22 to reimburse the General Fund on an as needed basis upon proper demand of the General Manager of CDD;
12. Substitute Attachment 3b with **Revised Attachment 3b** relative to the Status of the Unappropriated Balance Non-General Account to include the Short-Term Layoff Agreement funding;
13. Substitute Attachment 4 with **Revised Attachment 4** to correspond with the updates made to Revised Attachment 3b;

Add the following recommendations which were inadvertently omitted from the Controller instructions:

14. Transfer \$1,522,155 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to departments, funds and accounts as specified in Attachment 5 of the Second Financial Status Report;
15. Increase appropriations to Bureau of Street Services Fund No. 100/86 in the amount of \$244,785 from MICLA Fund 298/50, Account C186, Bureau of Street Services, to the following accounts to complete resurfacing work at the Topanga Canyon Yard:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|-----------------------|---------------|
| 1010 | Salaries, General | \$36,718 |
| 1090 | Salaries, Overtime | 14,687 |
| 1100 | Hiring Hall, Salaries | 14,687 |
| 3030 | Construction Expense | 146,871 |
| 6020 | Operating Supplies | <u>31,822</u> |
| | Total | \$244,785 |

16. In accordance with Recommendation No. 15 above, instruct the Bond Fund Administrator to transfer cash from MICLA Fund No. 298/50 to reimburse the Bureau of Street Services on an as-needed basis upon proper documentation from Street Services and approval of the Project Manager and City Administrative Officer;

Attachments

RPC:MF:MDG:01090025d

REVISED ATTACHMENT 3b
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/14/08

| Council File No. | UB Non-General Accounts | Primary Department | Adopted Budget | Transfer In/ Reapprop. | Amount Appropriated during year | Available Balance |
|----------------------------------------------------------|---------------------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------------------------|--------------------------|
| | General Fund | | | | | |
| | General (see Attachment 3a) | | \$ 25,000 | | \$ (9,957) | \$ 15,043 |
| 2nd FSR | Benefits Contingency | All | 3,071,000 | | (3,071,000) | 0 |
| | Council Meetings Security Enhancement | GSD | 75,000 | | | 75,000 |
| | GSD - New City Facilities | GSD | 952,000 | | | 952,000 |
| | GSD - Petroleum Products | GSD | 4,000,000 | | | 4,000,000 |
| 07-0600-S90 YE | LAPD Consent Decree Program | Police | 500,000 | 113,142 | | 613,142 |
| | LA Regional Interoperable Communications System | | 250,000 | | | 250,000 |
| | Litigation Expense Account | City Atty | 750,000 | | | 750,000 |
| First FSR | Neighborhood Council Elections | DONE | 100,000 | | (46,011) | 53,989 |
| | Neighborhood Council Funding | DONE | 149,500 | | | 149,500 |
| | New Fire Stations | Fire | 540,000 | | | 540,000 |
| 2nd FSR | New Police Facilities | Police | 2,050,000 | | (2,050,000) | 0 |
| 08-1957; 08-2368 (Veto/Pending- \$96,000); 2nd FSR | Outside Counsel including Workers' Comp. | City Atty | 4,000,000 | | (526,000) | 3,474,000 |
| 07-0600-S90 YE | Gang Prevention/Intervention/Reduction (reapprop) | | | 40,000 | | 40,000 |
| 1st FSR 08-0600- S18; 2nd FSR | Short Term Layoff Agreement | All | | 19,870,000 | (5,000,000) | 14,870,000 |
| | Grand Total | | \$ 16,462,500 | \$ 20,023,142 | \$ (10,702,968) | \$ 25,782,674 |

**REVISED ATTACHMENT 4
2008-09 PROJECTED (DEFICIT)/SURPLUS**

| DEPARTMENT/FUND | 2ND FSR | | | COMMENTS |
|--------------------------------|------------------------|-----------|------------------------|--------------------------------------------------------------|
| | GF | SF | TOTAL | |
| DEPARTMENTAL | | | | |
| Aging | \$ (145,901) | | \$ (145,901) | Short-term layoff & employee payouts-retirement & non-rep. |
| Animal Services | (405,350) | | (405,350) | Short-term layoff, Includes \$1M transfer from HRB First FSR |
| Building And Safety | (532,370) | 173,099 | (359,271) | Retroactive payments for MOU 05 & 00 & Short Term Layoff |
| City Administrative Officer | - | | - | |
| City Attorney | (3,431,579) | | (3,431,579) | Short-term layoff, payouts & litigation expense |
| City Attorney-Proprietaries | (2,831,569) | | (2,831,569) | Short-term layoff & unfunded resolution authorities |
| City Clerk | (71,433) | | (71,433) | Short-term layoff |
| Commission /Children, Youth | - | | - | |
| Commission/Status Of Women | - | | - | Short-term layoff absorbed. |
| Community Development | - | | - | |
| Controller | (322,107) | | (322,107) | Short-term layoff |
| Convention Center | | (700,000) | (700,000) | Expenditures eligible for reimbursement |
| Council | - | | - | |
| Cultural Affairs | - | | - | |
| Department on Disability | - | | - | |
| El Pueblo | | 10,746 | 10,746 | |
| Emergency Management | (49,199) | | (49,199) | Short term layoff & non-rep retro |
| Employee Relations | - | | - | |
| Environmental Affairs | (65,714) | | (65,714) | Short-term layoff & layoff delay |
| Ethics Commission | (186,282) | | (186,282) | Short-term layoff & employee payouts. |
| Finance | (859,732) | | (859,732) | Short-term layoff & payouts-retirement, non rep, sick |
| Fire | (8,520,045) | | (8,520,045) | Overtime Constant Staffing & Unused Sick Time, Haro/Ackley |
| General Services | (1,500,000) | | (1,500,000) | Short term layoff |
| Housing Dept | | 407,440 | 407,440 | Salary savings |
| Human Relations | (68,275) | | (68,275) | Short-term layoff & payouts |
| Information Technology | (2,050,105) | | (2,050,105) | Short-term layoff & Overtime |
| Mayor | - | | - | |
| Neighborhood Empowerment | (224,845) | | (224,845) | Short-term layoff & retirement payout |
| Personnel | (994,000) | | (994,000) | Mainly due to Short-term layoff |
| Planning | 890,976 | | 890,976 | Salary savings-Managed Hiring |
| Police | (5,923,951) | | (5,923,951) | Short-Term layoff & Sworn Overtime-reimbursed |
| Board Of Public Works | - | | - | Assumes timely reimbursement from bond programs |
| PW/Contract Administration | - | | - | Short-term layoff, MOU 05 COLAs & retros absorbed |
| PW/Engineering | | 5,000,000 | 5,000,000 | Due to anticipated reimbursements from special funds-SCM. |
| PW/Sanitation | | 1,906,290 | 1,906,290 | Salary surplus & Overtime surplus |
| PW/Street Lighting | - | | - | |
| PW/Street Services | - | | - | |
| Transportation | (1,000,000) | 1,069,181 | 69,181 | Short-term layoff & Signal Repair/Traffic Officer Staffing. |
| Treasurer | (393,872) | | (393,872) | Short-term layoff, payouts-non rep retros, sick & litigation |
| Zoo | 334,747 | | 334,747 | Salary Savings |
| Total-Budgetary Depts. | \$ (28,350,606) | | \$ (20,483,850) | |
| Library | (921,261) | | - | Short-term layoff |
| Rec. & Parks | (5,701,099) | | - | Short-term layoff & Salaries As-Needed |
| Total-Departmental | \$ (34,972,966) | | \$ (20,483,850) | |
| NONDEPARTMENTAL | | | | |
| General City Purposes | (1,452,228) | | - | Medicare Contributions |
| Liability Claims | (13,517,313) | | - | Low-end estimate without Harper case |
| Liability Claims-Harper Case | (19,268,766) | | - | Harper Case |
| Outside Counsel | - | | - | Not available-City Attorney estimates pending. |
| Petroleum | (13,000,000) | | - | Low-end estimate could be as high as \$20M. |
| Total - Nondepartmental | \$ (47,238,307) | | \$ - | |
| GRAND TOTAL* | \$ (82,211,273) | | \$ (20,483,850) | |

OFFSETS TO DEFICITS:

| | | |
|-------------------------------------|------------------------|-------------------------------------------------|
| Less Short Term Layoff Acct Balance | \$ 14,870,000 | |
| Less Short Term Layoff Acct-2nd FSR | \$ 5,000,000 | 2nd FSR, Attachment 9 (Police & Rec. and Parks) |
| Fire SF 40J | \$ 1,200,000 | 2nd FSR, Attachment 7 |
| Less UB-Petroleum | \$ 4,000,000 | |
| Less UB-New Police Facilities | \$ 2,050,000 | 2nd FSR, Attachment 9 |
| GRAND TOTAL REVISED | \$ (55,091,273) | |

*Note: The 2nd FSR recommends transfers of approximately \$8.2 million to partially offset the \$82 million expenditure deficits at this time.

**REVISED ATTACHMENT 7
FY 2008-09 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|------------------------------|--------------------------------------------------------------------|--------------------------------|-------------------------------------------------------|--------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| Council | <u>Fund 47S/14, CLARTS</u> | | <u>Fund 100/28, Council</u> | |
| | Available Cash Balance | \$ 250,000 | 1070, Salaries As Needed | \$ 250,000 |
| Fire | <u>Fund 40J/38, Fire Special Fund</u> | | <u>Fund 100/38, Fire</u> | |
| | 002R, State Educational | \$ 1,200,000 | 3090, Field Equipment Expense | \$ 1,200,000 |
| Planning | <u>Fund 46Y/68, City Planning Grant Trust Fund</u> | | <u>Fund 100/68, Planning</u> | |
| | Available Cash Balance | \$ 50,000 | 3040, Contractual Services | \$ 50,000 |
| PW/Bureau of Sanitation | <u>Fund 760/50, Sewer Construction Maintenance & Ops</u> | | <u>Fund 100/32, Information Technology Agency</u> | |
| | E282, Expense & Equipment | \$ 10,388 | 9350, Communication Services | \$ 10,388 |
| | E182, PW - Sanitation | \$ 324,200 | | |
| | Subtotal | <u>\$ 334,588</u> | <u>Fund 761/50, Sewer Capital Fund</u> | |
| | | | E182, PW - Sanitation | \$ 324,200 |
| | | | | |
| | <u>Fund 556/50, Integrated Solid Waste Mgmt Fund</u> | | <u>Fund 100/82, Bureau of Sanitation</u> | |
| | Available Cash Balance | \$ 78,000 | 1070, Salaries As Needed | \$ 78,000 |
| | <u>Fund 100/82, Bureau of Sanitation*</u> | | <u>Fund 100/74, Board of Public Works</u> | |
| | 3040, Contractual Services | \$ 8,000 | 6020, Operating Supplies & Expenses | \$ 8,000 |
| | *Source of Funds is Fund 588/50, Landfill Maintenance Special Fund | | | |
| PW-Bureau of Street Lighting | <u>Fund 206/50, Gas Tax</u> | | <u>Fund 347/50, St Lighting Maint Assessment Fund</u> | |
| | W673, Pacoima Lgt Improv-Ph I | \$ 50,000 | 4610, Reimb from Other Funds/Depts | \$ 50,000 |
| | | | | |
| | <u>Fund 347/50, St Lighting Maintenance Assessment Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | E600, Available Series to Multiple | \$ 60,000 | 1090, Overtime General | \$ 6,500 |
| | | 8780, Street Lighting Supplies | \$ 53,500 | |
| | | Subtotal | <u>\$ 60,000</u> | |

**REVISED ATTACHMENT 7
FY 2008-09 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|---------------------------------------------|-------------------------------------------------------------|-------------------------------|--------------------------------------------------|------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| PW Bureau of Street Services | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | E365, Bridge & Tunnel Maintenance | \$ 150,000 | 1010, Salaries General | \$ 90,000 |
| | | | 1090, Salaries Overtime | \$ 10,000 |
| | | | 1100, Hiring Hall Salaries | \$ 7,000 |
| | | | 1120, Hiring Hall Benefits | \$ 8,000 |
| | | | 1190, Hiring Hall Overtime | \$ 3,000 |
| | | | 3030, Construction Expense | \$ 20,000 |
| | | | 6010, Office & Administrative | \$ 2,000 |
| | | | 6020, Operating Supplies | \$ 10,000 |
| | | | Subtotal | \$ 150,000 |
| | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| E601, Guardrail Construction | \$ 150,000 | 1010, Salaries General | \$ 90,000 | |
| | | 1090, Salaries Overtime | \$ 10,000 | |
| | | 1100, Hiring Hall Salaries | \$ 7,000 | |
| | | 1120, Hiring Hall Benefits | \$ 8,000 | |
| | | 1190, Hiring Hall Overtime | \$ 3,000 | |
| | | 3030, Construction Expense | \$ 20,000 | |
| | | 6010, Office & Administrative | \$ 2,000 | |
| | | 6020, Operating Supplies | \$ 10,000 | |
| | | Subtotal | \$ 150,000 | |
| | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| E702, Drainage Projects - Various Locations | \$ 300,000 | 1010, Salaries General | \$ 138,000 | |
| | | 1090, Salaries Overtime | \$ 20,000 | |
| | | 1100, Hiring Hall Salaries | \$ 20,000 | |
| | | 1120, Hiring Hall Benefits | \$ 10,000 | |
| | | 1190, Hiring Hall Overtime | \$ 6,000 | |
| | | 3030, Construction Expense | \$ 30,000 | |
| | | 6010, Office & Administrative | \$ 2,000 | |
| | | 6020, Operating Supplies | \$ 74,000 | |
| | | Subtotal | \$ 300,000 | |

**REVISED ATTACHMENT 7
 FY 2008-09 BUDGET ADJUSTMENTS
 TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|----------------------------------------|-----------------------------------------------------------------------------------------|--------------------|--------------------------------------------------|--------------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| | <u>Fund 305/50, Subventions & Grants</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | 3741, Revenue from Com. Redev. Agency (for Washington Boulevard Streetscape project) | \$ 577,000 | 1010, Salaries General | \$ 325,070 |
| | | | 1090, Salaries Overtime | \$ 81,268 |
| | | | 3030, Construction Expense | \$ 113,774 |
| | | | 3040, Contractual Services | \$ 8,127 |
| | | | 6010, Office & Administrative | \$ 16,254 |
| | | | 6020, Operating Supplies | \$ 32,507 |
| | | | Subtotal | \$ 577,000 |
| | <u>Fund 305/50, Subventions & Grants</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | 3741, Revenue from Com. Redev. Agency (for Pico Union Streetscape project) | \$ 1,314,673 | 1010, Salaries General | \$ 740,661 |
| | | | 1090, Salaries Overtime | \$ 185,165 |
| | | | 3030, Construction Expense | \$ 259,231 |
| | | | 3040, Contractual Services | \$ 18,517 |
| | | | 6010, Office & Administrative | \$ 37,033 |
| | | | 6020, Operating Supplies | \$ 74,066 |
| | | | Subtotal | \$ 1,314,673 |
| | <u>Fund 623/50, Terra Bella St. & Fenton Ave. Drainage Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | TBD, Street Curb & Gutter Improvements | \$ 61,304 | 1090, Salaries Overtime | \$ 35,000 |
| | | | 3030, Construction Expense | \$ 15,000 |
| | | | 6010, Office & Administrative | \$ 1,304 |
| | | | 6020, Operating Supplies | \$ 10,000 |
| | | | Subtotal | \$ 61,304 |
| TOTAL ALL DEPARTMENTS AND FUNDS | | \$4,583,565 | | \$4,583,565 |

REVISED ATTACHMENT 8
 FY 2008-09 BUDGET ADJUSTMENTS
 SPECIAL FUND REAPPROPRIATIONS

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|----------------------------------------|-------------------------------------------------------------|-------------------|-------------------------------------|-------------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| PW/Bureau of Street Lighting | <u>Fund 347/50, St Lighting Maintenance Assessment Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | C184, Street Lighting | \$ 472,400 | 3040, Contractual Services | \$ 322,400 |
| | | | 8780, Street Lighting Supplies | \$ 150,000 |
| | | | Subtotal | \$ 472,400 |
| Public Works Trust Fund | <u>Fund 834/50, Public Works Trust Fund</u> | | <u>Fund 100/86, Street Services</u> | |
| | C186, Bureau of Street Services | \$ 400,000 | 1010, Salaries General | \$ 56,000 |
| | | | 1090, Salaries Overtime | \$ 24,000 |
| | | | 1100, Hiring Hall Salaries | \$ 24,000 |
| | | | 1120, Hiring Hall Benefits | \$ 8,000 |
| | | | 1190, Hiring Hall Overtime | \$ 4,000 |
| | | | 3030, Construction Expense | \$ 224,000 |
| | | | 3040, Contractual Services | \$ 4,000 |
| | | | 3330, Utilities Expense | \$ 4,000 |
| | | | 6010, Office & Administrative | \$ 8,000 |
| | | | 6020, Operating Supplies | \$ 44,000 |
| | | Subtotal | \$ 400,000 | |
| Transportation | <u>Fund 385/94, Proposition A Local Transit Assistance</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | C184, Street Lighting | \$ 11,639 | 1090, Salaries Overtime | \$ 19,719 |
| | A184, Street Lighting | \$ 8,080 | | |
| | Subtotal | \$ 19,719 | | |
| | <u>Fund 43D/50, Street Furniture Revenue Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | A184, Street Lighting | \$ 35,000 | 3040, Contractual Services | \$ 35,000 |
| TOTAL ALL DEPARTMENTS AND FUNDS | | \$ 927,119 | | \$ 927,119 |

**REVISED ATTACHMENT 9
 FY 2008-09 BUDGET ADJUSTMENTS
 APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE FUND NO. 100/58**

| <u>APPROPRIATE FROM:</u> | <u>APPROPRIATE TO:</u> | <u>AMOUNT</u> |
|-------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------|
| 0235, Benefits Contingency | <u>100/46, Mayor</u> 1070, Salaries As-Needed | \$ 753,000 |
| | <u>100/28, Council</u> 1070, Salaries As-Needed | \$ 2,318,000 |
| | <i>Subtotal</i> | <u>\$ 3,071,000</u> |
| 0240, Short-Term Layoff Agreement | <u>302/88, Recreation and Parks</u> 1010, Salaries General | \$ 1,200,000 |
| | 1070, Salaries As-Needed | \$ 1,300,000 |
| | <i>Subtotal</i> | <u>\$ 2,500,000</u> |
| | <u>100/70, Police</u> 1010, Salaries General | \$ 2,250,000 |
| | 3040, Contractual Services | \$ 250,000 |
| | <i>Subtotal</i> | <u>\$ 2,500,000</u> |
| 0197, Outside Counsel Inc. Workers Comp. | <u>100/12, City Attorney</u> 9302, Workers Comp.-Outside Counsel | \$ 240,000 |
| 0196, New Police Facilities | <u>100/70, Police</u> 1090, Overtime General | \$ 256,150 |
| | 6010, Office and Administrative Expense | \$ 1,793,850 |
| | <i>Subtotal</i> | <u>\$ 2,050,000</u> |
| TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE | | <u><u>\$ 10,361,000</u></u> |

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: *October 17, 2008*

CAO File No. 0116-00001-0000

Council File No. 08-0600

Council District: All

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

From: Raymond P. Ciranna, Interim City Administrative Officer *RPC*

Reference: 2008-09 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

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 2008-09 Budget, this Office is transmitting the Second Financial Status Report for 2008-09. This report summarizes the budget status through September.

Potential expenditure deficits of approximately \$82 million are identified in this report. About \$35 million of this amount is attributable to departmental shortfalls that are mainly due to short-term layoff reductions in the 2008-09 Budget. Approximately \$47 million is due to non-departmental shortfalls primarily due to anticipated liability claim settlements and petroleum expenditures. Attachment 4 provides a detailed breakdown of the projected expenditure deficits. Funds totaling \$25.9 million are available from various line items in the Unappropriated Balance (mainly \$19.87 million from the Short-Term Layoff Agreement line item) to partially offset these expenditure deficits, as well as \$1.2 million from a Fire Department special fund for a total of about \$27.1 million in offsets. After accounting for these offsets, the net year-end expenditure deficit is reduced to approximately \$55 million. The following table illustrates current year potential expenditure deficits.

| 2008-09 Appropriation Deficits (in millions) | |
|-------------------------------------------------|---------------|
| Departmental | \$(35) |
| Nondepartmental | (47) |
| Offsets: | |
| Unappropriated Balance | 26 |
| Fire Special Training Fund | 1 |
| Total | <u>\$(55)</u> |

In addition to potential expenditure deficits, year-end revenue projected shortfalls of approximately \$55 million are identified in this report. These revenue shortfalls are due to a decrease in economy sensitive revenue, documentary transfer tax and departmental receipts. The table below illustrates current year potential revenue shortfalls.

| 2008-09 Revenue Shortfalls (in millions) | |
|---------------------------------------------|--------|
| Economy-Sensitive | \$(15) |
| Real Estate Related (Documentary) | (10) |
| Departmental Receipts | (30) |
| Projected Revenue | \$(55) |

The combined revenue shortfalls of \$55 million and expenditure deficits of \$55 million result in a total year-end imbalance of \$110 million that must be addressed by year-end. The magnitude of this budget imbalance will require a reduction in services and deletion of position authorities. Therefore, through the Managed Hiring Process, this Office, in coordination with the Mayor's Office and the Chief Legislative Analyst, will continue working toward increasing departmental vacancies to generate savings and minimize any potential layoffs.

Although it is still too early in the fiscal year to determine whether all of the anticipated expenditure deficits will materialize, immediate steps must be taken to reduce current year expenditures, particularly in light of budgeted revenues that may not materialize. In addition, the State's current economic outlook and the status of the financial markets present significant risks. Therefore, departments should make every effort to mitigate potential budgetary shortfalls by managing hiring and identifying internal savings.

Proposed Budget Balancing Actions

We are in the process of identifying interim budget solutions that will begin to address current-year deficits and mitigate any impact on 2008-09. It is anticipated that this process will be complete and we will report to the Council regarding these budget solutions in November. Until that time, we are recommending the following Mayor and Council actions:

- A temporary moratorium on Special Event Fee Waivers including Convention Center Fee Waivers;
- A review of special funds for potential General Fund savings;
- Continued strict administration of the Managed Hiring Process;
- A re-evaluation of new services included in the 2008-09 Budget; and
- Assistance from departments in identifying current year budget cuts that can be implemented as soon as December 2008.

Revenue

At the time the 2008-09 Budget was adopted, the consensus of economists and industry analysts was that the national and local economic expansion since 2002 was not sustainable, but few were willing to forecast a recession. An overwhelming consensus of economists now forecast a severe recession which would affect both the current year and 2009-10. The Wall Street Journal reports that, if the predictions of its forecasting survey bear out, it would mark the first time the U.S. economy has contracted for three consecutive quarters in more than half a century.

Because year-to-date budget estimates were consistent with a slowing economy and a declining real estate market, most revenue accounts are close to plan after three months. However, the gap between actual receipts and the budget plan will widen in coming months as the effects of a depressed local real estate market combined with what appears to be a severe national recession erode the City's tax base. Further, the single biggest risk to City revenue is the potential for State action that would eliminate or reduce traditional City receipts. The State viewed such possibilities during its prolonged budget process but adopted a budget that did not substantially encroach on local revenue. A major concern is that the State budget will be reopened and balanced by redirecting local revenue.

We now recommend that City budget planning anticipate a \$55 million reduction in available revenue in this fiscal year and project that known available revenue next year will be lower than current-year revenue (Attachments 14a-14dd). The recommended reduction in the current fiscal year is a starting point based on the effects of receipts from taxable transactions already in process. The full-year effect of the recession will be felt next fiscal year. There is little basis in the current pattern of receipts to quantify the depth of the revenue decline this fiscal year and additional adjustments may be still necessary.

Even after making the \$55 million in current-year reductions, there is still more downside risk and little upside potential. The risk to the City's budget from a severe recession is real since 75 percent of General Fund revenue is directly linked to the economy. We will continually monitor all accounts and make additional recommendations as information becomes available.

Reserve Fund

The current Reserve Fund balance as of October 14, 2008, is estimated at \$150 million (consisting of \$125 million in the Emergency Reserve Account and \$25 million in the Contingency Reserve Account). The \$15 million transfer from current-year revenue has not yet occurred (see Attachment 2). This Office will review prior-year encumbrances and loans to identify General Funds for reversion to the Reserve Fund. While these efforts are expected to increase the Reserve Fund balance, we do not recommend that the Reserve Fund be utilized to offset any expenditure deficits in the current-year. Assuming loan repayments and other transfers of approximately \$20 million and the \$15 million from current-year General Fund receipts, the year-end Reserve Fund balance is estimated at \$185 million.

Short-Term Layoff Reductions & Voluntary Furloughs

In the First FSR, we reported the elimination of mandatory short-term layoffs due to an alternative plan negotiated with the Coalition of L.A. City Unions. The 2008-09 Budget assumed total savings of approximately \$36 million, \$23 million from the General Fund and \$13 million from special funds resulting from these short-term layoffs. However, the alternative plan identified savings equivalent to the General Fund portion consisting of \$19.87 million from Human Resources Benefits (HRB) with the balance of \$3.1 million to be generated through voluntary furloughs for a total of about \$23 million. Funding in the amount of \$19.87 million was subsequently transferred from HRB to the new Short-Term Layoff Agreement account in the Unappropriated Balance. Although these funds are available to supplement department salary accounts to cover costs related to the elimination of the short-term layoffs, the funds are insufficient to fully offset the entire \$36 million short-term layoff budget reduction. The special fund portion of the short-term layoffs (\$13 million) will be addressed on a fund by fund basis in future FSRs.

It should be noted that as of October 3, 2008, savings of \$263,391 have been achieved across City departments through voluntary furloughs. If employee participation continues at the current level through the remainder of the fiscal year, about \$1 million would be generated from voluntary furloughs by year-end, short of the \$3.1 million required. Assuming that the savings from voluntary furloughs do not increase, departments will also need to generate internal savings to offset these reductions by year-end. The Managed Hiring Process will continue to be used to generate savings to this end.

Based on our review of year-end department expenditure projections, it appears that some departments will be able to absorb the short-term layoff budget reductions. To date about half of all City departments are projected to be on track to absorb the General Fund reductions without additional appropriations from the UB, Short-Term Layoff Agreement account. The remaining City departments will either partially absorb these reductions or require an appropriation from the UB to offset the full amount of the reduction. At this time, we are recommending a \$5 million appropriation from this account to the Department of Recreation and Parks (\$2.5 million) and the Police Department (\$2.5 million) as these departments are unable to absorb these reductions without a significant impact to their operations.

State Budget

The State Budget was signed by the Governor on September 23, 2008. Although the budget does not include borrowing of local government (Proposition 1A) or transportation (Proposition 42) revenues, and many reductions only directly impact State and County agencies, it is possible that some of the agency cuts may trickle down to the City in some way. Departments are in the process of receiving written notification regarding impacted grant awards. We will continue to monitor the budget closely as more information unfolds. At this time we are aware of the following issues:

- As part of the 7.7 percent shift of local redevelopment funds to schools and community colleges, the Los Angeles Community Redevelopment Agency (CRA) will experience a one-

time loss of \$15 million with no repayment. The deadline to submit payments is May 10, 2009. The CRA is in the process of identifying the project areas and funding sources that will be impacted.

- It is also important to note that special revenue collected by the State and allocated to local agencies is below budget. At this time we identify a reduction in Gas Tax receipts from the State in the amount of \$4.9 million and a decrease in Traffic Congestion Relief Fund revenue (commonly known as Proposition 42 fund) in the amount of \$1.75 million, for a total projected shortfall of \$6.65 million. To offset this shortfall, this Office is recommending deferral of capital projects instead of reducing funding to departments' operating budgets. This issue is discussed in further detail in Section 4B of this report.
- The State's Budget includes a reduction to the State Public Library Foundation (PLF). Based on this reduction, the Los Angeles Public Library anticipates a potential drop in PLF grant receipts (possibly a drop of \$169,236). The Library and CAO staff will continue to monitor these developments and report back in the Mid-Year.
- The Department of Aging is anticipating a drop in State funding for the Senior Community Service Employment Program of about \$250,000, which includes a federal funding increase. The Ombudsmen and Elder Abuse Prevention Program has also been impacted. The State has eliminated funding for this Program by approximately \$312,000. The Department reports that Federal funds will have to supplement these State reductions. This is expected to impact service levels. The Department is preparing a memo to the Mayor and Council relative to these issues.

The State's fiscal condition continues to be a major cause for concern. State officials are pointing to a potential \$3 billion to \$5 billion current-year budget deficit, as well as a significant cash flow problem which is compounded by the effects of the financial markets. The State Controller has cautioned that the State may run out of cash in October. Furthermore, there is concern that the current credit markets may prevent California from obtaining enough cash to pay for services. Talks of an emergency budget session to discuss budget cuts or tax increases are underway. Although, the actual impact to the City is unknown at this time, we are watching these developments very closely for any impact to the City.

Issues of Concern

The following are significant issues of potential impact to the 2008-09 Budget which this Office is closely tracking:

- **Financial Markets:** During September, turmoil in the U.S. financial markets began. The municipal long-term credit market came to a virtual standstill in the days and weeks that have followed. Overseas, the European Union also experienced turmoil in its financial markets. Numerous credit ratings downgrades have followed and further affected the municipal market.

The municipal market has never seen market events such as those that have transpired over the last month. We hope that the \$700 billion bailout package recently passed by Congress will help restore credit to the markets, including the municipal market. Further, the Federal Reserve announced this week that it would begin to purchase corporate commercial paper in an attempt to restore some stability to the short-term market. Although last week saw an increased demand for variable rate bonds by traditional investors such as money market funds, it is premature to say whether that trend will continue and markets will stabilize.

This Office believes that the credit market will remain volatile over the next six to 12 months and will continue to react to economic data as it is learned. The affect for the municipal market is that it will be more difficult to price bonds. This will require flexibility in documents and the ability to change underwriters and/or consultants quickly to ensure the most advantageous position to the City. It is already evident that underwriters will demand a higher fee for remarketing bonds. We currently pay between four (4) and six (6) basis points but we understand that firms are beginning to ask for eight (8) to ten (10) basis points. This will affect both the Wastewater System and MICLA Commercial Paper (CP) programs.

- **Petroleum:** The General Services Department (GSD) is projecting a shortfall in the Petroleum Products account between \$18 million to \$28 million. However, this Office believes that the shortfall may be less. The price of crude oil has fallen to its lowest price in a year, trading below \$80 a barrel. If the current price trend continues, the projected shortfall could be between \$13 million to \$20 million (this estimate excludes the \$4 million in the Unappropriated Balance for petroleum contingencies). There is a lag between a drop in crude oil prices and the prices the City pays for fuel. We would expect to see the cost the City pays to gradually drop over the next several months. Additionally, we believe volume will fall moderately as City employment levels and programs constrict due to the current economic crisis. A total of \$42.3 million has been budgeted in the Petroleum Products account. An additional \$4 million is included in the Unappropriated Balance for petroleum contingencies. This Office will continue to monitor this account and recommend adjustments at a later time.
- **Liability Claims:** In the First FSR we projected a potential year-end deficit in the range of \$5 million to \$20 million for liability claims based on earlier assumptions. However, based on the most recent information provided by the City Attorney relative to City Attorney-managed cases, and the latest developments from Attorney Conflict Panel (ACP) cases, a shortfall in the range of \$13.5 million to \$32.7 million is now projected. See Section 3D for additional discussion.

Five Year Forecast

Attachment 13 provides the current five-year General Fund budget forecast with a projected deficit of \$281.7 million in 2009-10. It is important to note that the full-year impact of the recession is expected to be felt next year. We will be revisiting the five-year forecast in the next FSR to update projected revenues and expenditures.

Budgetary Adjustments

Budgetary adjustments totaling approximately \$31.4 million are recommended in this report. These actions include:

- \$1.5 million in Reserve Fund reappropriations (Police Department and Street Services);
- \$1.2 million for reappropriations from special funds;
- \$3.3 million for transfers between accounts within various departments and funds;
- \$4.7 million for transfers between various departments and funds;
- \$10.4 million for appropriations from the Unappropriated Balance (including \$5 million from the Short-term Layoff Agreement account)
- \$6.65 million in total adjustments within the Special Gas Tax Improvement Fund to offset a reduction in Gas Tax receipts from the State and a decrease in Proposition 42 revenue; and,
- \$3.7 million for increases in appropriations and other adjustments.

Additional Details

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

1. Status of the 2008-09 Budget
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. Reappropriations from Special Funds
9. Appropriations from the Unappropriated Balance
10. Special Gas Tax Improvement Fund Transfers
11. Status of Fee Increases in the 2008-09 Budget
12. Employment Level Report
- 13a. Five-Year General Fund Revenue and Expenditure Forecast
- 13b. Five-Year Forecast-Assumptions
- 14a-dd. Status of Receipts for 2008-09

RECOMMENDATIONS

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

1. Transfer \$3,314,937 between accounts within various departments and funds as specified in Attachment 6;

2. Transfer \$4,687,953 between various departments and funds as specified in Attachment 7;
3. Reappropriate \$1,171,904 from various special funds as specified in Attachment 8;
4. Appropriate \$10,361,000 to various departments from the Unappropriated Balance as specified in Attachment 9;

Community Development

5. Approve the following actions to allow the Community Development Department (CDD) to pay for costs associated with the Enterprise Zone Tax Credit as authorized by Ordinance No. 176632:
 - a. Increase and/or establish new accounts and appropriate \$439,850 within the Enterprise Zone Tax Credit Fund No. 48L/22 as follows:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|----------------------------------|---------------|
| E122 | Community Development Department | \$285,985 |
| E299 | Related Costs | 124,015 |
| C299 | Related Costs | <u>29,850</u> |
| | Total | \$439,850 |

- b. Appropriate \$285,985 to the Community Development Fund No. 100/22 as follows:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|---------------------------|---------------|
| 1010 | Salaries General | \$250,736 |
| 1090 | Overtime General | 3,600 |
| 6010 | Office and Administrative | 951 |
| 6030 | Leasing | <u>30,698</u> |
| | Total | \$285,985 |

- c. Decrease appropriations within the Enterprise Zone Tax Credit Fund No. 48L/22 as follows:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|----------------------------------|---------------|
| Y299 | Related Costs | \$1,185.41 |
| A122 | Community Development Department | 891.56 |
| A299 | Related Costs | <u>935.61</u> |
| | Total | \$3,012.58 |

6. Approve the following actions to allow CDD to pay for costs associated with the Office of Traffic and Safety Grant (CF 07-2715) for the period of July 1, 2008 to June 30, 2009:

- a. Transfer appropriations within the Traffic Safety Education Program Fund No. 45C/22 as follows:

b.

| | <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|-------|--------------------|----------------------------------|----------------|
| From: | C045 | Traffic Safety Education | \$ 696,839 |
| | C122 | Community Development Department | <u>332,919</u> |
| | | | \$1,029,758 |
| To: | E122 | Community Development Department | \$ 888,849 |
| | E299 | Related Costs | <u>140,909</u> |
| | | Total | \$1,029,758 |

- c. Appropriate \$888,849 to the Community Development Fund No. 100/22 as follows:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|---------------------------|----------------|
| 1010 | Salaries General | \$444,779 |
| 2120 | Printing and Binding | 17,861 |
| 2130 | Travel | 14,099 |
| 3040 | Contractual Services | 37,936 |
| 6010 | Office and Administrative | 9,865 |
| 6020 | Operating Supplies | <u>364,309</u> |
| | Total | \$888,849 |

7. Approve the following actions to allow CDD to pay for costs associated with the Ending Chronic Homelessness-LA Hope Grant for the period of July 1, 2008 to June 30, 2009:
- a. Transfer appropriations in the amount of \$38,261.30 within the Ending Chronic Homelessness - L.A. Hope Fund No. 48D/22, from Account W330, Ending Chronic Homelessness, to Account E122, Community Development Department;
- b. Appropriate \$38,261.30 to Community Development Fund No. 100/22, Account 1010, Salaries General;
8. Authorize the Community Development Department to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with Recommendations Nos. 5, 6, and 7, subject to the approval of the City Administrative Officer and authorize the Controller to implement these instructions;

Cultural Affairs

9. Instruct the General Manager of the Department of Cultural Affairs to refrain from making additional hires that will result in a shortfall in its Salaries As-Needed account;

El Pueblo

10. Authorize the Controller and El Pueblo to transfer the reimbursements for Overtime and As-Needed costs associated with filming and special events held at El Pueblo de Los Angeles Historical Monument from the El Pueblo de Los Angeles Historical Monument Revenue Fund No. 737 to El Pueblo Fund No. 100/33, Account 1090, Overtime General, and Account 1070, Salaries As-Needed;

General Services

11. Transfer \$19,298 within the Sanitation Equipment Charge Fund No. 47D/50, from Account V322, Call Center Improvements to Account E140, General Services Department (GSD) and increase appropriations to the following accounts within General Services Department Fund No. 100/40:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|-------------------------------------|---------------|
| 1014 | Construction Salaries | \$11,579 |
| 3180 | Construction Materials and Supplies | <u>7,719</u> |
| | Total | \$19,298 |

12. In accordance with the Recommendation No. 11, transfer funds in the amount of \$19,298 from the Sanitation Equipment Charge Fund No. 47D/50, Account E140, General Services Department to General Services Department Fund No. 100/40 on as needed basis upon proper documentation from the General Services Department and the approval of the Bureau of Sanitation (Solid Resources Support Services Division);

13. Approve the following actions to allow GSD to pay for the installation of additional airframe, avionics and mission equipment into Police Department Helicopters:

- a. Transfer appropriations within the MICLA Fund No. 298/70 as follows:

| | <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|-------|--------------------|-------------------------------|---------------|
| From: | A735 | Police Helicopters MICLA CP07 | \$ 78,360 |
| | C735 | Police Helicopters MICLA CP08 | <u>81,000</u> |
| | | | \$159,360 |
| To: | E140 | General Services Department | \$159,360 |

- b. Appropriate \$159,360 to the General Services Department Fund No. 100/40, Account 1010, Salaries General;

14. In accordance with Recommendation No. 13, instruct the Bond Fund Administrator to transfer cash from MICLA Fund No. 298/70 to reimburse the General Fund on an as-needed basis upon proper documentation from the Information Technology Agency and General Services and approval of the City Administrative Officer;

15. Instruct the General Services Department (GSD) to collect all costs associated with filming productions, and authorize the Controller and GSD to transfer funds from the Motion Picture Coordination Fund No. 417, as appropriate, for reimbursement of direct expenditures provided in support of filming activity, to the following accounts within GSD Fund No. 100/40: Account 1090, Salaries Overtime, Account 1070, Salaries As-Needed, Account 3160, Maintenance Materials and Supplies, and Account 6010, Office and Administrative;

Housing

16. Approve the following actions to fund administrative costs associated with a City Planning Associate positions assigned to the Housing Department's Major Projects division:
 - a. Transfer appropriations in the amount of \$90,861 within the Community Development Trust Fund No. 424 from Account E143, LAHD, to Account E225, Planning-LAHD;
 - b. Decrease appropriations to Los Angeles Housing Department Fund No. 100/43, Account 1010, Salaries General, by \$90,861;

Information Technology Agency

17. Transfer appropriations in the amount of \$62,141 within the Telecommunication Development Account (TDA) Fund No. 342/32 from Account 000E, Available Funds, to Account 015E, LA CityView 35 Operations, to reimburse Channel 35 for services provided primarily to the Los Angeles World Airports and the Department of Water and Power;
18. Increase by \$49,733 the appropriation for the Telecommunication Development Account (TDA), Fund No. 342/32, Account 015E, LA CityView 35 Operations, from the TDA, Revenue Source Code 4511, Contributions from Non-Government Sources, to reimburse Channel 35 for services provided to the Port of Los Angeles;
19. Authorize the use of up to \$1.2 million in MICLA financing to allow ITA to upgrade the infrastructure of the City's 18 GHz Microwave Radio System;
20. Increase by \$12,342 the appropriation for the Information Technology Agency (ITA) Fund No. 100/32, Account 9350, Communications Services, from the ITA, Fund 100/32, Revenue Source Code 4610, Reimbursements from other Departments / Funds, to reimburse ITA for communications service requests completed for various City departments;
21. Instruct the Information Technology Agency to take all necessary steps to address its projected \$1,000,000 Salaries Overtime deficit within its budgeted funds;

Los Angeles Convention Center

22. Transfer \$413,000 from the Available Balance in the Convention Center Revenue Trust Fund No. 725 to Account 148E, Los Angeles Convention Center, and increase appropriations of the following accounts in the Convention Center Fund No. 100/48:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|-----------------------------------|---------------|
| 1070 | Salaries As-Needed | \$ 225,000 |
| 3040 | Contractual Services | 143,000 |
| 3160 | Maintenance, Materials & Supplies | 15,000 |
| 3380 | Electrical Services | 10,000 |
| 6020 | Operating Supplies | <u>20,000</u> |
| | Total | \$413,000 |

LA Inc., The Convention and Visitors Bureau

23. Transfer appropriations of \$811,717.38 within Los Angeles Convention and Visitors Bureau Trust Fund No. 429/10, from Account C200, Unallocated, to the Los Angeles Convention and Visitors Bureau, Account C429;
24. Increase appropriations for the Los Angeles Convention and Visitors Bureau, Fund No. 429/10, Account C429, by \$811,717.38 from the available balance within the Los Angeles Convention and Visitors Bureau Trust Fund No. 429;
25. In accordance with Recommendation Nos. 23 and 24, authorize the City Administrative Officer to pay LA INC., The Convention and Visitors Bureau, the final invoices for 2007-08;

Mayor

26. Approve the following actions relative to the Census 2010 Outreach Plan:

- a. Transfer appropriations in the amount of \$284,369 within the Community Development Trust Fund No. 424 from Account E432, Census 2010 Outreach Plan, to Account E146, Mayor's Office;
- b. Appropriate \$284,369 to Fund No. 100/46 as follows:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|---------------------------------|---------------|
| 1010 | Salaries General | \$109,369 |
| 2120 | Printing and Binding | 75,000 |
| 2130 | Travel | 5,000 |
| 3040 | Contractual Services | 50,000 |
| 6010 | Office & Administrative Expense | 15,000 |
| 6020 | Operating Supplies | 20,000 |
| 7300 | Furniture Equip | <u>10,000</u> |
| | Total | \$284,369 |

- c. Transfer funds in the amount of \$284,369 from the Community Development Trust Fund No. 424, Account E146, Mayor's Office, to Mayor's Office Fund No. 100/46 on as needed basis upon proper demand of the General Manager of the Community Development Department;

27. Transfer \$60,000 from the Mayor's Office Fund No. 100/46, Balance Sheet Account 2200, Miscellaneous Deposits, to the Mayor's Office Fund No. 100/46, Account 3040, Contractual Services, from funds received from the Housing Authority of the City of Los Angeles to reimburse expenditures for contractual services (C-113680) involving the redevelopment of public housing;

Police

28. Authorize the Los Angeles Police Department (LAPD) to fill 16 vacant DNA positions added by the Council in the 2008-09 Budget (Motion No. 8);
29. Instruct LAPD to hold 24 additional civilian positions vacant to offset the ongoing cost of the 16 DNA positions noted in Recommendation No. 28;
30. Instruct LAPD and the CAO to include in future Financial Status Reports the status of filling these positions and civilian staffing levels to ensure LAPD remains within budget;

PW/Board

31. Transfer \$350,000 in Community Development Block Grant (CDBG) funding for the River Rangers Program and the Clean Streets, Clean Neighborhoods Program as follows:

- a. Transfer appropriations in the amount of \$350,000 within the Community Development Trust Fund No. 424 from the accounts noted below to Account E174, Public Works-Board:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|-----------------------------|----------------|
| E431 | River Rangers | \$150,000 |
| E435 | Clean Streets-Neighborhoods | <u>200,000</u> |
| | Total | \$350,000 |

- b. Appropriate \$350,000 to Fund No. 100/74, Account 3040, Contractual Services;
- c. Transfer funds in the amount of \$350,000 from the Community Development Trust Fund No. 424, Account E174 Public Works Board to Public Works Board Fund No. 100/74 on as needed basis upon proper demand of the General Manager of CDD;

Public Works/Street Services

32. Reappropriate funds in the amount of \$1,153,097 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Subventions and Grants Fund 305/50, to a new account for the Wilmington Industrial Park resurfacing project; and, further, appropriate \$1,153,097 therefrom to the following accounts in Bureau of Street Services Fund No. 100/86:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|-------------------------|----------------|
| 1010 | Salaries, General | \$161,433 |
| 1090 | Salaries, Overtime | 69,186 |
| 1100 | Hiring Hall, Salaries | 69,186 |
| 1120 | Hiring Hall, Benefits | 23,062 |
| 1190 | Hiring Hall, Overtime | 11,531 |
| 3030 | Construction Expense | 645,734 |
| 3040 | Contractual Services | 11,531 |
| 3330 | Utilities Expense | 11,531 |
| 6010 | Office & Administrative | 23,062 |
| 6020 | Operating Supplies | <u>126,841</u> |
| Total | | \$1,153,097 |

Gas Tax and Proposition 42

33. Approve the following actions to offset a reduction in Gas Tax receipts:

- a. Transfer \$5,419,000 in appropriations within the Special Gas Tax Improvement Fund No. 206/50, as specified in Attachment 10, to a new account entitled, Deferred Projects;
- b. Decrease appropriations in the Special Gas Tax Improvement Fund No. 206/50 for the following projects that have completed construction:

| <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|------------------------------------|---------------|
| V588 | Chandler Blvd Widening Improvement | \$1,198,456 |
| W522 | EDA Glendale Blvd-Madera | 10,000 |
| A687 | Cahuenga-Cahuenga Terrace | <u>22,544</u> |
| Total | | \$1,231,000 |

Technical

34. 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 \$31.4 million are recommended in this report to meet current-year obligations. This includes appropriations totaling \$5 million from the Unappropriated Balance, Short-Term Layoff line item and Reserve Fund reappropriations in the amount of \$1.5 million. Appropriations to fund departmental deficits are deferred pending receipt of more current cost data and a review of budget balancing proposals. The current Reserve Fund balance is estimated at \$150 million (consisting of \$125 million in the Emergency Reserve Account and \$25 million in the Contingency Reserve Account).

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 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

At the time the 2008-09 Budget was adopted, the consensus of economists and industry analysts was that the national and local economic expansion since 2002 was not sustainable. But few were willing to forecast a recession.

The City budget anticipated no growth in the sales tax, the City's most economy-sensitive revenue. A 10 percent decline is anticipated in the documentary transfer tax, the revenue most closely linked to the real estate market.

An overwhelming consensus of economists now forecast a severe recession which would affect both the current year and 2009-10. The Wall Street Journal reports that, if the predictions of its forecasting survey bear out, it would mark the first time the U.S. economy has contracted for three consecutive quarters in more than half a century.

Because the budget estimates were consistent with a slowing economy and a declining real estate market, most revenue accounts are close to plan after three months. But the gap between actual receipts and the budget plan will widen in the coming months as the effects of a depressed local real estate market combined with what appears to be a severe national recession erode the City's tax base.

We now recommend that City budget planning anticipate a \$55 million reduction in available revenue in this fiscal year and that known available revenue next year will be lower than current-year revenue. The recommended reduction in the current fiscal year is a starting point based on the effects of receipts from taxable transactions already in process. The full-year effect of the recession will be felt next fiscal year. There is little basis in the current pattern of receipts to quantify the depth of the revenue decline this fiscal year and additional adjustments may still be necessary.

The single biggest risk to City revenue is the potential for State action that would eliminate or reduce traditional City receipts. This would be particularly difficult for the City if major reductions were taken midway through the fiscal year when the City budget is already constricted by declining revenues. The State viewed such possibilities during its prolonged budget process but adopted a budget that did not substantially encroach on local revenue. A major concern is that the State budget will be reopened and balanced by redirecting local revenue to the State.

- **2008-09 Budget Outlook** – Attachment 14a displays recommended adjustments to the budget including \$15 million in reductions to the economy-sensitive accounts, a \$10 million reduction to the documentary transfer tax, and \$30 million in reductions in departmental receipts.
- **Receipts at September** – Attachment 14b summarizes the variance between City receipts at September and the budget plan. These variances are discussed individually below.
- **Trends: City vs. State** – Attachment 14c displays the relationship between State, county and City taxable sales in recent quarters. Historically, the City sales tax base underperformed the county and the State, but in recent times City retail sales were stronger. Both State and county taxable sales were negative in the last two quarters, while the City showed very modest (less than 1 percent) growth. That is noteworthy and suggests caution in applying the State economic trends directly to the City. But there is no assurance that the City will continue to out-perform the State and incremental differences could be lost in a severe recession. The City receives its revenue nearly one calendar quarter after the event. For example, Christmas quarter sales are reported around Mid-March. Attachment 14d, tracks State sales tax cash receipts, which are only about one month behind the taxable event. Receipts stopped growing more than one year ago and have been steadily declining for the past six months. Notwithstanding the difference between the State and the City, this is cause for concern.
- **Comparison of City's Economy-Sensitive Tax Base** – Attachment 14e compares the City's hotel, sales and parking taxes over a fifteen-year period. The hotel tax grew faster than the other revenues except during the 2002 recession. The parking tax generally grew at a faster rate than the sales tax. It is important that any adjustments be carefully gauged to reflect the diversity of the City's tax base. The business tax is affected by multiple changes in the tax rates and tax base and comparisons with other revenues are less helpful.
- **Foreclosures** – Attachment 14f provide perspective on City real estate foreclosures. Foreclosures have been rising through midyear 2008, and based on Notice of Defaults, which occur before foreclosures, it appears foreclosures will continue to rise. Attachment 14g shows that real estate volume is falling and that foreclosures, which were less than 1 percent of real estate volume in 2006, are now 11 percent of all sales.
- **City Sales Tax** – Attachment 14h tracks City sales tax receipts by month. Receipts for the first three months are slightly ahead of plan. But Attachment 14i, puts that in perspective. Growth in City receipts have been less than one percent for the past year. That is consistent with the budget, but not consistent with a severe recession. A \$5 million reduction is recommended.
- **Transient Occupancy Tax** – This account grew by more than 10 percent last year and averaged 10% growth for the last three years. Budget for the current year was reduced to 5 percent growth in recognition of a slowing economy. Attachment 14j shows receipts to date

very close to budget plan. Attachment 14k provides additional perspective. A severe recession would affect this revenue. A \$3 million reduction is recommended.

- **Parking Users' Tax** – Attachment 14l shows this account \$2.4 million below budget plan at September. But, as can be seen on Attachment 14m, there is considerable monthly volatility and in other years the current variance would only bear watching. The revenue estimate added additional revenue in anticipation of benefiting from a program to link enforcement of parking taxes with issuance of City permits. But this account will be affected to some extent by the recession. A \$2 million reduction is recommended.
- **Property Tax** – Notwithstanding the rising rate of foreclosures and the declining real estate market, the property tax is more stable than other revenues in the short term. The complex Proposition 13-factors limit growth in times of rising property values and provide some protection against sudden declines. Declining values will be reflected in the tax base, but most such reevaluations will occur in 2009-10 and beyond. The property tax roll for the current year has been established and is nearly 2% higher than anticipated at the time the budget was prepared. This should mitigate a possible declining collection rate and what reassessments are processed before June 30. Attachment 14n shows receipts through September to be \$18 million above plan. City secured receipts include what appears to be \$12 million in carryover revenue from 2007-08. Redemptions and supplemental receipts are each \$2.5 million ahead of the historical level, but in the uncertain current real estate market that may not be sustained. No change to the property tax estimate is recommended. Additional perspective on property tax accounts is provided in Attachments 14o through 14q.
- **Documentary Transfer Tax** – This tax is among the most volatile City revenues. Attachments 14r through 14u provide perspective. Attachment 14r shows receipts just three years ago were \$217 million; budget this year is \$120 million. But receipts at September are \$3 million below plan. Attachment 14t shows that receipts in the 12-month period ending September 2008 are behind the budgeted level for 2008-09. Attachment 14u shows the number of deeds recorded in the City to be at the lowest level since the tax was established in the late 1960s. A \$10 million reduction is recommended.
- **Parking Fines** – Attachments 14v through 14w provide perspective on parking fine revenue. No adjustment is recommend at this time, but citation issuance and revenue are a little below plan.
- **Utility Users' Tax** – This account is currently \$12 million ahead of budget plan as can be seen in Attachment 14x. This early variance is encouraging, but there is too much uncertainty in this account to recommend an adjustment. The **electric users' tax** is \$2 million ahead of plan at September (Attachment 14y) but there is a lot of month to month variance. The account was nearly \$1 million behind plan at the end of August. The budget anticipates 7 percent growth; that will be hard to achieve in a declining economy. We need to see a few more months. The **gas users' tax** is now some \$5 million ahead of plan (Attachment 14z) carried along by rising natural gas prices. But commodity prices often fall in anticipation of a

recession and that is what the market is showing. Attachments 14aa shows how far natural gas prices have declined since the budget was prepared in March. Finally, the **telephone users' tax** is \$4 million ahead of plan at September. Attachment 14bb shows that variance occurred in July and August. September revenue was on target. It is possible the effects of the 10% telephone tax reduction are showing later than anticipated. We need to see a few more months before any adjustment can be recommended.

- **Other Accounts** – Attachment 14cc through 14dd highlight two special fund receipts that bear watching. After adjusting for the delayed remittance of **gasoline tax**, receipts from the State are behind plan - possibly related to higher prices. The **solid waste fee** is behind plan. The low September receipt looks like an anomaly, but this fee is collected on the same bill as the electric users' tax which is ahead of plan. We are looking into this. No change is recommended to either of these accounts at this time.
- **Departmental Receipts** – A shortfall is anticipated related to difficulty of completing budgeted property sales in the current market. Also, economy-related factors may affect special fund receipts and leave insufficient funding available to make the full amount of the budgeted reimbursements to the General Fund. In addition, this account includes an \$86 million transfer from the Special Parking Revenue Fund. Some of that funding is linked to the sale of real property and another portion is linked to higher parking meter revenue. Full realization of all of these fund revenues is not free from doubt. A \$30 million reduction is recommended.

Even after making the \$55 million in current-year reductions, there is still more downside risk and little upside potential. The risk to the City's budget from a severe recession is real since 75 percent of General Fund revenue is directly linked to the economy. We will continually monitor all accounts and make additional recommendations as information becomes available.

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. We identify a preliminary year-end General Fund deficit of approximately \$82 million consisting of \$35 million in departmental deficits and \$47 million in non-departmental deficits. Attachment 4 summarizes projected deficits by department.

A. Aging

A year-end deficit of \$145,901 is projected for this department mainly due to a \$43,606 short-term layoff budget reduction and anticipated employee payouts of \$31,000. Additionally, the Department has been absorbing the cost of a position under sub-authority to avoid a layoff. Due to the City's current economic constraints, it is recommended that the Department closely monitor its expense accounts and manage its current vacancies to offset the projected deficit.

B. Animal Services

A year-end deficit of \$405,350 is projected for this Department, due to a \$414,811 short-term layoff budget reduction. This estimate includes a \$1 million supplemental appropriation to the Salaries account to avoid the layoff of 31 Animal Care Technicians. The Department anticipates that if proposed Animal Services fee increases are approved, additional revenue may be available to partially offset the projected year-end shortfall. The Department's Fee Study is pending hearing before the Budget and Finance and Public Safety Committees (C.F. 07-0600-S69). In addition, the Department is finalizing its Licensing Study which contains recommendations for increasing Citywide licensing.

The Department has expressed concern over potential shortages in the As-Needed, Overtime, Animal Medical Supplies and Private Veterinary Care accounts. Historically, salary savings have been available to offset deficits in these accounts, however similar savings are unlikely to be available in the current year. This Office will continue to monitor these accounts and advise on any necessary adjustments in subsequent financial status reports (FSRs).

In 2007-08, the Council and Mayor authorized appropriations totaling \$107,940 from the Office and Administrative account for Proposition F ineligible expenditures as follows: \$46,535 for telephone equipment and \$61,405 for security card readers. However, due to accounting procedural issues, the funds were not encumbered prior to the year-end closing and reverted to the Reserve Fund. The Department requests that these funds be reappropriated, however, given the City's existing economic constraints, this Office will work with the Department to identify funding within its existing budget to offset this deficit. We will report on this matter in subsequent FSRs.

C. Building and Safety

The Department is anticipating a General Fund deficit of \$532,370 and an Enterprise Fund surplus of \$173,099. If anticipated Community Development Block Grant reimbursements in the amount of \$330,000 are received in the Spring of 2009, the General Fund deficit will be reduced to \$202,370. The General Fund deficit is attributed to a shortfall in the Salaries General account due to anticipated retroactive payments for Building Inspectors (\$1.75 million) and the short-term layoff budget reduction of \$1,794,468.

Additionally, the Department reports an estimated 15 to 20 percent downturn in construction activities for this period compared to the same period last year, as well as a slowdown in General Fund revenue. However, the Department reports that there are still a large number of projects in Case Management that will likely proceed through the development process (e.g., permits issued and inspections made). The Department is considering a change to an existing ordinance that will allow the inspection of additional establishments and result in increased revenue. This Office will work with the Department to monitor the construction activities and revenue during this fiscal year.

D. City Attorney
Attachment 9 – Appropriations from the Unappropriated Balance

Excluding the liability claims shortfall, a net year-end deficit of approximately \$6,263,148 is projected for the City Attorney. This shortfall is attributable to the Salaries General (\$2,431,579), Salaries Proprietary (\$2,831,569), and Litigation Expense (\$1,000,000) accounts. As in years past, an additional appropriation may be necessary at mid-year due to unfunded positions which serve the proprietary departments. It should also be noted that approximately \$2.1 million of the City Attorney's overall shortfall is attributable to the short-term layoff budget reductions.

The following provides more detail regarding the estimated City Attorney deficits:

- Salaries General – A \$2,431,579 deficit is projected in this account mainly due to a \$1,870,707 short-term layoff budget reduction. The other portion of the shortfall (\$560,872) is attributable to sick leave payouts, salary step increases, retro payouts and less attrition than previously estimated. The Department advises that it has implemented a conservative hiring plan to generate salary savings and intends to limit hiring to positions related to Police or employment litigation as necessary. This Office recommends that the Department further delay all hiring to offset the projected deficit.
- Salaries Proprietary – A \$2,831,569 deficit is projected in this account. Of this amount, approximately \$2,509,578 is attributable to unfunded resolution authorities approved in the 2008-09 Budget, with the remaining portion due to sick leave payouts and a reduction of \$244,991 taken as part of the short-term layoff proposal. As in previous years, an additional appropriation to this account will be requested by the Department in subsequent FSRs to fund these positions since not all proprietary reimbursements for the current year are expected to be available by year-end.
- Salaries Grant Reimbursed – A deficit is not projected in this account at this time. However, this account may experience a shortfall if the State further reduces grant awards to the City based on State budget actions. The City Attorney's Office has been advised that the Victim Assistance Program and the Special Victim Assistance Program may be impacted. The Department will report back in subsequent FSRs should any reductions directly impact these programs.
- Litigation Expense – A \$1 million deficit is projected in this account due to the high volume and complexity of cases filed against the City. Approximately 58 percent of the current budget has been expended to date with the remaining allotment anticipated to be spent by December. At this time no additional appropriation is necessary.

The following issues are also of concern:

- The 2008-09 Budget provides \$4 million in the Unappropriated Balance (UB) for outside counsel expenditures. The Department is currently reviewing current year budget projections

submitted by outside counsel to assess future funding needs and provides no projections at this time. As comparison, total outside counsel expenditures for 2007-08 were \$6.2 million, approximately \$2.7 million more than budget. At this time, we recommend a \$240,000 transfer from the UB, Outside Counsel Including Workers Compensation line item to the City Attorney for outstanding invoices and projected future billings through October. A separate report will be submitted by the Department requesting additional appropriations from the UB.

- The 2008-09 Budget provides \$32 million to settle claims and pay judgments against the City. To date, the City has expended \$14.5 million for settlement of claims over and under \$100,000. In the First FSR, we projected a potential year-end deficit in the range of \$5 million to \$20 million based on earlier assumptions. However, based on the most recent information provided by the City Attorney relative to City Attorney-managed cases, and the latest developments from Attorney Conflict Panel (ACP) cases, a shortfall in the range of \$13.5 million to \$32.7 million is now projected. This estimate includes a recent ruling from the Ninth Circuit Court of Appeals. A potential \$1.5 million surplus in Account 9760 may be available at year-end to mitigate any shortfall. It is also important to note that this projection does not include possible May Day settlements. The Department and this Office are working together to monitor settlement activity and will continue to apprise Council of the most current status. The City Attorney is hopeful that not all potential settlements will be required to be paid out in the current fiscal year, thus reducing the impact on the Liability Claims accounts.

E. City Clerk

A year-end deficit of \$71,433 is projected due to a \$241,108 reduction to the Salaries General account for short-term layoffs. It is too early in the fiscal year to determine whether an additional appropriation will be required to this account. However, the Department advises that it will be holding positions vacant throughout the year to generate savings.

In addition, the Department has raised the following issues of concern:

- The City Clerk reports that additional funding will be required to offset increased publication costs resulting from the expansion of the escheatment notification process. The City Council recently instructed the City Clerk to expand the notification process for all current and future escheatments by including public notices in the *Los Angeles Times* and in regional newspapers near jail facilities. Updated expenditures will be provided by the City Clerk in future FSRs.
- In 2007-08, the City Clerk reported that the Secretary of State had not approved the City's Vote Tally System due to system coding issues. The City Clerk has requested an extension for continued use of the existing system through calendar year 2009. In the interim, a draft Request for Proposals (RFP) for the procurement of an approved replacement Election Vote System is currently being finalized by the City Clerk. Estimated costs for the new system will not be available until bids are received. The City Clerk will design the RFP in modules to accommodate County Election specifications as savings could be realized by partnering with Los Angeles County. This Office will continue to monitor this issue. An impact to the 2009-10 Budget is possible.

F. Commission for Children, Youth and Their Families

A year-end deficit is not projected at this time. Additionally, it is anticipated that the Commission will be able to absorb the short-term layoff budget reduction in the amount of \$29,935. However, the Commission has expressed concern over a potential deficit of \$40,000 in their Contractual Services account of which \$35,000 is attributed to the Joy Picus Childcare Center and \$5,000 is attributed to the No Secrets program. It is recommended that the Commission absorb this deficit by holding positions vacant and by reducing the number of as-needed employees. This Office will continue to monitor the Commission budget and will work closely with them to identify ways to eliminate the anticipated deficit.

G. Commission on the Status of Women

A year-end deficit is not projected. In addition, it is anticipated that the Commission will be able to absorb the \$5,712 short-term layoff budget reduction. This Office will continue to closely monitor the Commission's budget to identify ways to eliminate any potential deficits that may materialize later in the fiscal year, including holding current vacancies for a longer period of time.

H. Community Development Department Recommendation Nos. 5 – 8

Assuming the recommendations in this report are approved, a year-end deficit is not projected for this Department. This also assumes that the Department will maintain its current vacancy level throughout the fiscal year. The Department has taken steps to manage within its allocated funding, such as holding a number of vacancies to absorb budget shortfalls. The First FSR identified approximately \$4 million to \$6 million in unrecovered related costs as the overall 2008-09 General Fund subsidy. This shortfall is due to the ongoing reductions to the Community Development Block Grant and Workforce Investment Act grants over recent years. The Department has identified approximately \$3.7 million in anticipated additional revenues and savings from current year expenditures that may be available for transfer to the General Fund to meet CDD's unrecovered related cost obligations. The transfer of the actual cash to offset a portion of the unrecovered related costs will occur in future FSRs after CDD incurs the salary expenses.

The Department requests the transfer of a total of \$1.5 million from approved grants including the Enterprise Zone Tax Credit Fund, Traffic Safety Education Fund and Ending Chronic Homelessness Fund to its operating budget for direct and indirect salary costs and expenses associated with grant activities. The indirect salary costs are already included in CDD's 2008-09 Revenue Plan.

I. Controller

The Controller is projecting a \$322,107 year-end shortfall due to a deficit in the Salaries General account. The deficit is attributable to a \$365,348 reduction for short-term layoffs and employee payouts. We will continue to work with the Controller to monitor the salary account and work towards reducing this potential deficit throughout the fiscal year.

J. Council

Attachment 7 – Transfers between Departments and Funds

Attachment 9 – Appropriations from the Unappropriated Balance

A year-end deficit is not projected for Council. The following transfers are recommended:

- A \$2,318,000 transfer from the Unappropriated Balance, Benefits Contingency Account to the Salaries As-Needed account to cover employee cost of living increases; and
- A transfer of \$250,000 from the Central Los Angeles Transfer Station Fund.

K. Convention Center

Recommendation No. 22

A net year-end special fund shortfall of \$700,000 is projected due to deficits in the Salaries General account resulting from anticipated hiring (\$200,000) and a cash balance shortfall based on actual 2007-08 revenues (\$500,000). The shortfall also reflects a \$245,537 budget reduction for short-term layoffs. The shortfall is likely to be reduced if the Department experiences attrition throughout the year; however, potential savings are unknown at this time. This Office will continue to monitor the Department's activities of this account and recommend appropriate transfers in future FSRs as necessary.

Although we estimate the year-end expenditure deficit at \$200,000, the Department has expressed concern regarding other accounts, and requests additional appropriations for various accounts including Utilities Expense account (\$75,000) and the Water and Electricity account (\$300,000). Funds are also requested for a variety of purposes, including: to pay for increased services in elevator and escalator repairs; trimming services; and, improving the public address system in the West Hall. However, we do not recommend adjustments at this time as it is too early in the fiscal year to accurately determine whether these deficits will materialize.

Additional appropriations of \$413,000 are recommended from Convention Center Revenue Fund, Salaries and Expense Reimbursement account, to reimburse the Department for show-specific costs as follows: Salaries As-Needed (\$225,000), Contractual Services (\$143,000), Maintenance Materials and Supplies (\$15,000), Electrical Services (\$10,000), and Operating Supplies (\$20,000). This represents funding for the first four months of the fiscal year and allows the Department to utilize funds in accordance with the Controller's requirements. It is anticipated that additional adjustments will be required in subsequent FSRs.

The Convention Center is also requesting an \$800,000 appropriation from the Reserve Fund to match a \$2 million grant received from the Community Redevelopment Agency Infill Infrastructure Grant Program. Specifically, the grant was awarded for the Gilbert Lindsay Plaza at the Los Angeles Convention Center. We will work with the Department to identify alternative matching funds and will report back in subsequent FSRs regarding this matter.

L. Cultural Affairs

Attachment 6 – Transfers between Accounts within Departments and Fund Recommendation No. 9

A year-end deficit is not projected for this Department at this time, and it is anticipated that the Department will be able to fully absorb a \$109,550 short-term layoff budget reduction. The Department anticipates receipt of grant reimbursements that will be used to offset department administrative costs. An \$8,100 transfer is recommended from the Operating Supplies account to the Transportation account in order to cover the annual car allowance for the General Manager and mileage reimbursement for eligible employees.

In addition, the Department reports a potential revenue shortfall for the Gallery Theater, which directly impacts funding in its Salaries As-Needed account. This Office will continue to monitor this issue and will recommend reducing the appropriation to the As-Needed account by the amount of the reduced revenue, if necessary. In the interim, it is recommended that the General Manager refrain from making additional hires that will result in a shortfall in the Salaries As-Needed account.

M. Disability

A year-end deficit is not projected at this time and it is anticipated that the department will be able to absorb the \$34,064 short-term layoff budget reduction.

N. El Pueblo

Recommendation No. 10

An overall year-end surplus of \$10,746 is projected. This estimate assumes that the Department will be able to absorb the short-term layoff budget reduction of \$32,669 and retroactive payouts for non-represented employees. Although there is an overall surplus, the Department projects that the DWP rate increases approved in 2007-08 will result in a \$34,000 shortfall in their Water and Electricity Account. No transfer of funds is recommended at this time as this Office will continue to monitor the status and activities of this account.

The Department projects that it will collect \$3.56 million in revenue; \$77,000 less than the 2008-09 Budget revenue plan. This projection is based on the Department's analysis of prior year trends, and revenues collected in July and August. If the Department is unable to meet their budgeted revenue, the deficit can be offset by prior year surpluses within the El Pueblo De Los Angeles Historical Monument Revenue Fund (Fund).

As directed in the 2007-08 Year-End FSR, the Department has completed its review of the Fund and reports that it has a cash balance of \$52,000. Additionally, the Department reports that it is conducting a fee study of special event and filming fees to determine if rates can be increased. The Department will present its findings to the El Pueblo Commission in November. This Office will work closely with the Department to monitor revenue and to identify funds to offset the potential revenue shortfall.

The Department utilizes As-Needed Project Assistants and Regular Events and Marketing Division staff to monitor filming and special events. It is recommended that the Department be authorized to charge production and special event companies for all Overtime and As-Needed expenditures directly related to monitoring the use of the Monument.

O. Emergency Management Department

A year-end deficit of \$49,199 is projected for this Department largely due to the \$40,547 short-term layoff budget reduction and retroactive payments for non-represented employees. This deficit estimate assumes receipt of approximately \$458,486 in grant reimbursements this fiscal year from the 2006 Urban Area Security Initiative (UASI) Grant, the 2007 UASI Grant, the Regional Catastrophic Preparedness Grant and the Americorps Grant.

In response to a recent Controller's Performance Audit of the City's Emergency Planning Efforts and Citywide Disaster Preparedness, the Mayor's Office has requested Council consideration to provide \$600,000 in additional resources for the Emergency Management Department (EMD). A Council Motion (Smith-Parks) introduced on September 19, 2008, recommends \$1 million in additional resources. The intent of both initiatives is to enhance the Department's ability to coordinate training, preparedness, and response activities citywide. Based upon a subsequent departmental analysis, EMD determined that the following resources are required: three new positions (two Emergency Preparedness Coordinators and one Public Relations Specialist) and related expense, equipment and contractual services funding. Six months funding for the three positions is estimated at \$150,000 and includes direct salary, expense, equipment and related costs. Annual funding for the continuation of the three positions is estimated at \$300,000 for direct salaries and related costs. Proposed contractual services funding would provide for a Comprehensive Gap Analysis and City-Wide Strategic Plan (\$300,000) and would develop a City Employee Disaster Response Program (\$150,000). Both initiatives propose the use of the Human Resources Benefits, Unemployment Insurance Account as a source of funds for the additional EMD resources.

P. Environmental Affairs

A net year-end deficit of \$65,714 is anticipated for this Department due to a \$58,602 short-term layoff budget reduction and a delay in enforcing layoffs. Although the Department asserts that it will meet its budget during the fiscal year through managed hiring and transfers between accounts, it is possible that the Department will require additional funding at mid-year.

Q. Ethics Commission

A shortfall of \$186,282 is projected in the Salaries General account, due in part to an overall budget reduction of \$66,475, an additional reduction of \$51,142 for short-term layoffs, and retroactive payouts and cost of living adjustments for non-represented employees (\$68,665). The Commission is maintaining one Management Analyst position vacant to prevent further deficits to this account. It is not anticipated that additional savings will be realized to offset the remaining deficit by year-end.

It should be noted that \$250,000 was allocated in the current budget for the sole purpose of hiring a special prosecutor, pursuant to Charter Section 710. In recent years, these funds have remained unspent as there has not been a need for a special prosecutor. In light of the City's current fiscal constraints, it may be necessary to use a portion of these funds to offset the deficit in the Salaries General account should there be no need to hire a special prosecutor in the current year.

R. Finance

The Office of Finance (Finance) has a projected year-end deficit of \$859,732 due to shortfalls in its Salaries General (\$670,732), Overtime (\$88,000), and Transportation (\$101,000) accounts. The salaries shortfall is mainly attributed to a \$568,348 short-term layoff budget reduction. Also, additional payouts are anticipated including retroactive payouts for non-represented employees. The projected shortfall in the Overtime account is a traditional shortfall. This is due to the overtime worked during the tax renewal season and during off-peak season to address critical backlogs prior to the generation of renewals and notice of hearing mailings. Additionally, Finance has experienced a shortfall in its Transportation account due to increasing audit staff and IRS standard mileage reimbursement rate increases. This Office will continue to work with the Department in monitoring these accounts and report back in the next FSR.

S. Fire

Attachment 6 – Transfers between Accounts within Departments and Funds

Attachment 7 – Transfers between Departments and Funds

The Department is projecting an overall net year-end shortfall of approximately \$8.5 million. The shortfall is primarily attributable to 173 platoon-duty vacancies that must be backfilled (approximately \$10.3 million), field equipment expense (\$1.2 million), sworn and civilian overtime (\$1.02 million) and Salaries General (\$500,000). Surpluses in the Sworn Salaries and Overtime Variable Staffing accounts of approximately \$5.4 million (as well as other minor surpluses) are available to partially offset these deficits. The estimated year-end deficit also reflects a \$502,551 short-term layoff budget reduction and the impact of a \$3.875 million reduction to the Sworn Salaries account for payment of back wages related to the Haro/Ackley case (C.F. 08-1873). The estimated shortfall also assumes receipt of reimbursements by year-end for the Department's response to major emergencies this fiscal year (e.g., major wildfires and hurricanes). However, if the recommendations in this report are approved, the estimated deficit will be reduced to approximately \$7.3 million. Also, it should also be noted that the Department has expressed concern regarding pending litigation that could further impact the reported deficit.

The following actions are recommended at this time:

- A transfer of \$1,179,360 from the Sworn Salaries account to the Sworn Unused Sick Time account to cover the yearly sworn sick time payout in January and due to the very high number of sworn who must exit the DROP program by the end of this fiscal year.

- A transfer of \$300,000 from the Sworn Overtime Variable staffing account to the Overtime General account. This transfer will ensure that sufficient funds are available to cover the projected deficit in this account through the year-end.
- A transfer of \$1.2 million from the Fire Department's Special Fund, State Educational account, to its Field Equipment Expense account to cover the projected year-end deficit in this account. Sufficient funds are available in the Special Fund in excess of the \$1.5 million required ceiling. If approved, this action will reduce the Department's projected \$8.5 million deficit to about \$7.3 million.

This Office will monitor the Department's salaries and expenses and will provide status updates in subsequent FSRs. In addition, the Fire Academy expects to graduate five classes (totaling up to 250 recruits) before the end of the fiscal year, which should reduce the number of platoon duty vacancies. The revenue for the fiscal year is anticipated to reach the projected \$126.7 million.

T. General Services Recommendation Nos. 11 - 15

Excluding petroleum expenditures, a year-end deficit of \$1.5 million is projected due to a shortfall in the Salaries General account. The salaries shortfall is attributed to a \$3 million reduction to the Department's budget for short-term layoffs. This Office will continue to monitor this account and will provide a status in the next FSR.

The following actions are recommended at this time:

- Increase appropriations to the Department's Salaries General account by \$159,360 from MICLA funding for the installation of additional airframe, avionics and mission equipment into Police Department Helicopters.
- Authority to transfer reimbursable costs to various Department accounts from the Motion Picture Coordination Fund to offset security and building maintenance expenses that were provided during film productions is recommended.

See Bureau of Sanitation discussion for additional transfers to the Department.

U. General City Purposes

A net year-end deficit of \$1,452,228 is projected in General City Purposes (GCP) due to deficits in the Medicare Contributions (\$1,360,496), Retirement Defrayal (\$121,484), and Pensions Savings Plan (\$160,560) accounts. These deficits, totaling \$1,642,540, are partially offset by a \$190,312 surplus in the Social Security account. The Medicare Contributions account was budgeted based on 36,250 employees per pay period. However, the actual number of employees has been higher than anticipated (37,183 employees as of August, 2008). The Pensions Savings Plan account normally starts high at the beginning of the fiscal year and trends downward as the year progresses. It has

already begun to show a decline. At this time, we do not recommend any adjustments for these accounts. Once we obtain more expenditure data, adjustments can be made in subsequent FSRs.

V. Housing

Attachment 6 – Transfers between Accounts within Departments and Funds Recommendation No. 16

The Housing Department (Housing) is projecting a year-end special fund surplus of \$407,440. A shortfall within the Lease account is anticipated (\$446,811) due to increases in lease costs at the Main Office and at one of the regional offices. These lease agreements require additional payments for operating costs that are not included in the base lease amounts. In addition, the lease costs at the Main Office will increase on March 1, 2009, when a new contract will become effective. Although most expense accounts have historically been under-funded, it is expected that special fund salary savings will be available to cover this shortfall, and not impact the General Fund.

Transfers totaling \$156,684 are recommended from the Salaries General account as follows:

- A \$90,861 appropriation from 2008-09 Community Development Block Grant (CDBG) funds to cover administrative costs associated with one City Planning Associate position assigned to the Housing Department's Major Projects Division.
- A \$65,823 transfer to the Contractual Services account to provide coverage of application development and maintenance for the Code, Compliance and Rent Information System (CCRIS) until three new positions approved in the 2008-09 Budget can be filled. The funding sources are Rent Stabilization Trust Funds (\$32,911) and Systematic Code Enforcement Trust (\$32,912) funds. The CCRIS system supports the entire line of Systematic Code Enforcement and Rent Stabilization Ordinance operations.

The following issues will be addressed in subsequent FSRs and may require Council and Mayor action:

- As part of the 2008-09 Budget, Housing received a General Fund appropriation to offset a reduction in Affordable Housing Trust Funds (AHTF) to pay for 18 existing positions that support the City's AHTF Program (C.F. 08-0600). However, the appropriation (\$1,173,115) is insufficient to fully fund all positions (\$1,405,677). To mitigate this shortfall, two positions will be held vacant if attrition occurs (C.F. 08-1768).
- Housing applied for continued funding through the federal Lead Hazard Reduction (Lead) Program, including an estimated \$336,285 to cover staff salaries. Employment authority and funding for 12 staff is authorized through the end of January 2009. Housing will report to the Council and Mayor with the award results (anticipated by late November 2008) and the impact on the continuation of the Lead Program.

This Office will continue to work closely with Housing to monitor these issues.

W. Human Relations Commission

A \$68,275 deficit is projected for the Human Relations Commission due to a shortfall in the Salaries General account. Of this amount, only \$14,082 is attributed to the short-term layoff budget reduction. It is recommended that any vacancies that occur during the fiscal year be held vacant until this Office evaluates the projected salary deficit. We will continue to monitor this budget and work closely with the Commission to identify ways to eliminate the anticipated deficit.

X. Information Technology Agency

Attachment 6 – Transfers between Accounts within Departments and Funds Recommendation Nos. 17 – 21

The Information Technology Agency (ITA) is projected to have a net year-end deficit of about \$2.05 million. The deficit is mainly attributed to the short-term layoff budget reduction. Specifically, deficits are projected in the Salaries General (\$1,163,860), Salaries Overtime (\$1 million) and Salaries Hiring Hall (\$200,000) accounts. These, deficits are partially offset by expense account surpluses in the amount of \$313,755.

The following issues are raised by ITA:

- ITA is projecting a \$1,163,860 shortfall in its Salaries General account, due to the short-term layoff budget reduction of \$1,576,338. Were it not for this budget reduction, ITA would be generating a significant surplus in its salaries account due to high levels of attrition in early 2008-09. In order to stem this attrition, and to facilitate necessary hires, ITA has been granted a limited exemption from the managed hiring process. It is anticipated that ITA will require an appropriation from the UB, Short-Term Layoff Agreement account, and that the size of this transfer will increase as continued hiring reduces the salary savings generated by the high levels of attrition.
- Four positions were transferred from the Controller's Office to ITA as part of the transfer of project management of the Financial Management System (FMS) replacement project (C.F. 07-2186-S1 and S2). However, the corresponding staff funding (\$285,296) was not transferred as the FMS project team is in the process of identifying other potential sources of funds for FMS positions. The required funding will not be transferred until all options have been evaluated. While ITA does not have sufficient funds through year-end to cover the cost of these new positions, it does have adequate cash available to front-fund them at this time. This issue will be addressed in future FSRs to ensure that ITA has adequate resources to fully fund this project.
- ITA's projected \$1 million deficit in the Salaries Overtime account is consistent with past years. However, the department has taken proactive steps to limit overtime. It is possible that the year-end deficit in this account will be less than the amount currently projected. Nevertheless, based on current spending projections, ITA will not be able meet overtime obligations in early January. Therefore, a \$200,000 transfer is recommended from the

Communications Services account to ensure adequate cash flow until the end of January. This Office will continue to monitor both the Salaries Overtime and Communication Services accounts and will recommend adjustments as necessary in future FSRs. It is recommended that ITA offset this deficit by identifying savings in other accounts.

- ITA's projected Salaries Hiring Hall deficit of \$200,000 is consistent with prior year deficits. In addition, this account has a chronic cash flow problem because work is reimbursed by user departments following the payment of staff salaries. A \$200,000 transfer is recommended from the Operating Supplies account to offset the Hiring Hall deficit and anticipated cash flow issues.

The following actions are also recommended:

- A \$113,755 transfer from the Printing and Binding account to enable ITA to partially fund five 3-1-1 A.M. shift positions that were restored without funding during the 2008-09 Budget process. However, as a result of this reduction, ITA will no longer print 3-1-1 promotional materials.
- The 2008-09 Budget, authorized \$1.2 million for the replacement of four microwave links on the City's 18 GHz system. This system is essential for the operation of the public safety related voice and data communications system. However, although the ITA Budget stated that funding would be provided by the Municipal Improvement Corporation of Los Angeles (MICLA), the funds were inadvertently omitted from the MICLA Budget. A technical correction is recommended to authorize MICLA funding for this project.
- During 2007-08, Channel 35 created programming for several City proprietary departments based on the understanding that the costs of those programs would be reimbursed by the departments. Channel 35 front-funded the programs using its special fund and deferred other projects. Now that Channel 35 has received payments totaling \$111,874 from the proprietary departments, it is recommended that it be authorized to use those funds for the pending 2007-08 projects.
- Finally, that \$12,342 paid by various City departments into an ITA revenue account for communication services requests be appropriated to ITA's Communications Services account.

It is too early to determine whether ITA revenues will meet budget as related costs receipts are typically received later in the fiscal year. Cable company franchise fees deposited into the Telecommunications Development Account are approximately \$80,000 below budget projections through the first two months of the year. This Office will closely monitor these receipts and report back with revised budget projections as appropriate.

**Y. LA INC., The Convention and Visitors Bureau (LA INC.)
Recommendation Nos. 23 – 25**

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 2007-08, one percent of the actual TOT collected amounted to \$11,424,867.38. LA INC. has received \$10,423,150 (less City administrative costs), leaving a balance of \$911,717.38. 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 2007-08.

Z. Library

The Library is projecting a year-end deficit of approximately \$921,261 mainly due to a shortfall in its salary accounts. The potential deficit assumes, rather conservatively, that there will be latter year attrition payouts of \$658,091, potential hires totaling \$2,166,934 and that as-needed salary obligations will exceed appropriations by \$350,000. A short-term layoff budget reduction of \$1,410,284 is also reflected in this estimate. However, this Office believes that the Library will be able to manage and control the deficit during the course of the fiscal year.

Both this Office and the Library Department will continue to monitor these accounts and report back in the Mid-Year if the deficit materializes and the Department is unable to offset this shortfall. If necessary, an appropriation may be required from the UB, Short-Term Layoff Agreement account in order to meet departmental payroll obligations.

AA. Mayor

**Attachment 9 – Appropriations from the Unappropriated Balance
Recommendation Nos. 26 – 27**

A year-end deficit is not projected for this Office. The following transfers are recommended:

- A \$753,000 transfer from the Unappropriated Balance, Benefits Contingency Account to the Salaries As-Needed account to cover employee cost of living increases.
- A \$284,369 transfer in Community Development Block Grant funding for the Census 2010 Project. This request is consistent with Council actions taken during budget deliberations for the 34th Program Year Consolidated Plan (C.F. 08-0097).
- A \$60,000 transfer from the Mayor's Balance Sheet account to the Contractual Services account to reflect a reimbursement from the Housing Authority of the City of Los Angeles for contract services involving the redevelopment of public housing.

At the request of the Budget and Finance Committee (C.F. 06-0285-S1), this Office was instructed to include in the FSR an accounting of all funds spent from the Gang Reduction for the 2008-09 Budget. We are currently working with the Mayor's Office to review allocations from all funding sources and will report the information in subsequent FSRs.

BB. Neighborhood Empowerment

A year-end deficit of \$224,845 is projected for this department due to a shortfall in the Salaries General account. The shortfall is mainly attributable to a lower than anticipated vacancy rate, retirement and workers compensation payouts (\$52,029) and the short-term layoff budget reduction (\$80,522). The Department reports that retirement and workers compensation payouts anticipated in 2007-08 will instead occur in 2008-09. As a result, funds reverted last fiscal year to the Reserve Fund and the Department requests that the funds be reappropriated. However, due to the City's current economic constraints, it is recommended that the Department cover these costs with current year funds. This Office further recommends that the Department maintain two positions vacant to offset the projected deficit. We will closely monitor the Department's expenditures throughout the year and advise on any necessary adjustments in subsequent FSRs.

CC. Personnel

The Personnel Department projects an overall year-end deficit of \$994,000 due to a \$944,000 deficit in its Salaries General account and a \$50,000 deficit in its Police Recruitment Incentive account. The deficit in the Salaries account is a result of the short-term layoff budget reduction (\$838,959) and retroactive payments to non-represented employees. Despite the projected year-end deficit, this Office has continued to support the Department's request to unfreeze and fill positions that directly support core programs since the potential liability and fines associated with these programs would far exceed the cost to fill these positions. At this time, the Department has sufficient salary funds to meet payroll demands, but the Department will require an additional General-Fund appropriation in the later half of the year if this deficit is not resolved. The Department is also projecting a \$50,000 year-end deficit in the Police Recruitment Incentive account due to the expansion of the program. No action is recommended at this time as this Office will monitor these accounts throughout the year and report back on the status of these deficits in subsequent FSRs.

As part of the First FSR, this Office was instructed to report back to the Council relative to the status of the Personnel Departments' Request for Proposals process for the Health Care Plan Contracts (08-0600-S18). The Personnel Department reports that it has selected vendors and is in the process of drafting the required contracts.

DD. Planning

Attachment 7 – Transfers between Departments and Funds

The Planning Department projects a net year-end General Fund surplus of \$890,976. The majority of the surplus is due to salary savings generated through the Managed Hiring Process. This surplus assumes that the Department will absorb a \$658,161 short-term layoff budget reduction and that the Department will restrict hiring to approximately 42 employees during 2008-09.

A \$50,000 transfer is recommended from the City Planning Grant Trust Fund to the Department's Contractual Services account for the Transportation Improvement and Mitigation Project (TIMP) studies. The funds are available pursuant to a \$50,000 grant from the California Community

Foundation secured by Council District 5.

For 2008-09, Planning anticipates a total decrease in General Fund revenues of \$1.1 million from \$17.1 million to \$16 million due to the following:

- In July 2008, the Matrix Consulting Group launched a study and analysis of the Planning Department's fee schedule with the goal of implementing full cost recovery for entitlement case processing services. The Department anticipates that the study will be delivered to the City on schedule in December 2008. Since the recommendations in the fee study will not be evaluated and implemented until mid-2009, the Department requested a 20 percent increase to the Planning and Land Use fees for 2008-09, which the Department states is below full cost recovery. The Department originally calculated the revenues from the 20 percent increase starting July 1, 2008. However, the ordinance will not become effective until October 2008. Therefore, the Planning Department projects a decrease in the Planning and Land Use revenues of \$400,000, from \$10.8 million to \$10.4 million.
- The Department has indicated that there is a potential shortfall in the amount collected for the Systems Development Trust Fund No. 588, which may result in a decrease to budgeted overhead reimbursements to the General Fund. The CAO will continue to monitor Planning revenues and will work closely with the Planning Department to identify ways to increase receipts.

The remainder of special fund revenues are currently estimated to be on budget.

EE. Police

Attachment 5 – Reappropriations from the Reserve Fund
Attachment 7 – Transfers between Departments and Funds
Attachment 9 – Appropriations from the Unappropriated Balance
Recommendation Nos. 28 – 30

A net year-end deficit of approximately \$5.9 million is projected, due to shortfalls in various expense accounts and unbudgeted reimbursable sworn overtime. The year-end estimate also reflects the short-term layoff budget reduction in the amount of \$5,116,838.

A \$4.9 million surplus is currently projected in the Sworn Salaries account as net hiring is below budget plan, which is not factored into the projection above. However, it should be noted that the projected surplus in this account may change given that this account can easily fluctuate several million dollars from pay period to pay period depending on hiring and attrition. Net hiring for the year is currently at 45, which is 17 under plan. This is largely due to higher than anticipated attrition. Since the last two recruit classes for 2007-08 were smaller than anticipated, the starting point for 2008-09 was approximately 43 below the budgeted amount. Hiring of police officers is still the top priority of the Mayor and Council. City officials are committed to reaching 10,000 officers consistent with the Council's policy adopted in 2006.

The following table summarizes year-to-date sworn hiring:

| 2008-09 Year-to-Date Police Hires | | | | |
|-----------------------------------|------------|------------|------------|------------|
| | July | August | September | YTD* |
| Actual Hires | 63 | 118 | 58 | 239 |
| 08-09 Budget | 60 | 120 | 60 | 240 |
| Actual Attrition | | | | |
| Actual Attrition | 50 | 105 | 39 | 194 |
| 08-09 Budget | 79 | 67 | 32 | 178 |
| Actual Net | | | | |
| Actual Net | +13 | +13 | +19 | +45 |
| 08-09 Budget | -19 | +53 | +28 | +62 |
| *Year-to-Date | | | | |

Deficits are mainly projected in the following accounts:

- Salaries General – A deficit of \$2.5 million is projected in the Salaries General account due to the short-term layoff budget reduction. A transfer of \$2.25 million is recommended from the Unappropriated Balance, Short-Term Layoff Agreement account to the Department's Salaries General account (\$2.25 million) to partially offset this deficit.
- Civilian Overtime – A \$561,294 shortfall is projected in the civilian overtime account. The Department did not receive a cost of living adjustment for this account. However, the amount of overtime required has increased due to reduced civilian staffing without reduced workload. Similar to the prior fiscal year, the Department has already limited anticipated overtime to those Divisions which operate on a 24/7 basis (such as Jail and Communications Divisions) and those which require a minimum amount of overtime to operate. However, given the current managed hiring plan and compensation adjustments, this limitation is unlikely to generate enough savings. Funds will need to be transferred from other accounts.
- Sworn Overtime – A Sworn Overtime deficit of \$5.3 million is projected due to unbudgeted *reimbursable* overtime. Based on hours worked to date compared to prior years, the Department has made large strides in limiting sworn overtime usage. The success of these efforts, combined with an increased 1.6 million hour cap, has brought usage in-line with budget. In fact, funding for *non-reimbursable* overtime (the only overtime subject to the 1.6 million hour cap) is expected to subsidize approximately \$3.5 million of the unbudgeted reimbursable overtime deficit (estimated at \$9.2 million). In addition, we will continue to work with the Department to draw clearer connections between the overtime worked and the reimbursement revenue coming back to the City.

The following table provides a breakdown of LAPD sworn overtime use by category:

Police Sworn Overtime Use-Hours Worked Through August 30, 2008.

| Reimbursable Overtime Category: | | |
|---------------------------------------------|----------------|----------------|
| | Hours | Percent |
| LAX | 43,027 | 65% |
| Grants/Other | 22,926 | 35% |
| Total Reimbursable Hours Worked: | 65,953 | |
| Non-Reimbursable Overtime Category: | | |
| | Hours | Percent |
| Court | 76,969 | 28% |
| Department Administration | 8,870 | 3% |
| Defective Operations | 27,674 | 10% |
| Gang Activities | 8,933 | 3% |
| Homicide Investigations | 20,512 | 7% |
| Narcotics Activities | 13,727 | 5% |
| Patrol Operations | 58,145 | 21% |
| Special Events/Staples | 1,626 | 1% |
| Tactical Situation | 10,001 | 4% |
| Traffic Enforcement | 7,178 | 3% |
| Use of Force Investigations | 10,280 | 4% |
| Other | 32,814 | 12% |
| Total Non-Reimbursable Hours Worked: | 276,729 | |
| Total Overtime Hours Worked: | 342,682 | |

- Contractual Services – A \$701,722 deficit is projected in the Contractual Services account. This account has been historically underfunded, resulting in projected deficits throughout the year. The account is used to pay for items such as DNA analysis and prisoner transport and release. The estimated deficit is based on prior-year usage, but may turn out to be much higher. The Department will continue to limit contractual services expenditures wherever possible. A transfer of \$250,000 is recommended from the Unappropriated Balance, Short-Term Layoff Agreement account to fund DNA analysis.
- Transportation Equipment – A \$200,000 surplus is anticipated in this account. Similar to prior years, it is likely that the Department will be eligible for discounts on the vehicles it purchases from bulk purchasing and timely payment discounts. However, until the invoices are paid, we cannot determine the amount of potential savings.

The following additional actions are recommended for this Department:

- A transfer in the amount of \$2.05 million from the Unappropriated Balance, New Police Facilities account for systems preparation and installation for the new Police Administration

Building to the Office and Administrative Expense account and the Overtime General account. This building is scheduled to be completed in May 2009, and significant systems work needs to be completed prior to completion. Funding was budgeted in the 2008-09 Unappropriated Balance for this purpose.

Reserve Fund reappropriations totaling \$369,058 are also recommended as follows:

- During 2007-08, the Department received \$25,000 from CD-7 for sworn overtime, of which \$11,000 was not expended. In addition, a \$40,000 donation was received from the Harbor Booster Association for overtime. The funds were transferred in May 2008 but were not fully expended by year-end. Therefore, a Reserve Fund reappropriation of \$51,000 is recommended to the Sworn Overtime account.
- In June 2008, an interface problem between SMS and FMIS caused the cancellation of a fire arms purchase order for the Metro Division. Since the funds were not encumbered by year-end, they reverted to the Reserve Fund. A Reserve Fund reappropriation of \$37,500 is recommended to the Firearms, Ammunition and Other Devices account to pay for these firearms.
- Funds were provided in 2007-08 for systems, furniture, and equipment for various new and replacement facilities. Since not all of the funds were expended, they must now be reappropriated to pay for the required equipment at these facilities. A Reserve Fund reappropriation of \$210,000 is recommended to the Contractual Services account and the Office and Administrative Expense account.
- In May 2008, the Council and Mayor authorized funding for the purchase of six T3 vehicles in the amount of \$70,558. However, the funds were never expended. A Reserve Fund reappropriation of \$70,558 is recommended to Transportation Equipment account.

Lastly, during the 2008-09 Budget deliberations, the Council added 16 positions for Phase II of LAPD's DNA Expansion Plan without funding. At this time, it is recommended that the Department be authorized to fill these positions in order to address the growing backlog in unanalyzed sexual assault kits. Subsequent phases must be addressed within the context of the 2009-10 Budget process.

In order to offset this additional ongoing cost, the LAPD will hold 24 additional civilian positions vacant. Based on current projections, LAPD anticipates year-end civilian staffing of 3,324. With the addition of 16 new DNA positions, and the 24 positions to be held vacant, the Department should now be projecting a year-end level of 3,316. LAPD and the CAO will continue to monitor hiring of these new positions, as well as overall civilian staffing levels, to ensure the Council's intent is followed.

In the context of this report, it is impossible to ignore the City's current budget restraints, and the possibility of future position reductions citywide. However, as these positions are generally considered to be "direct support of public safety", it is unlikely that reductions would come from these

classifications and functions. We will continue to monitor the status of all LAPD accounts and, if savings materialize, that these savings may be transferred in subsequent FSRs.

**FF. Public Works/Board of Public Works
Recommendation No. 31**

A year-end deficit is not projected for the Board. The Board's 2008-09 Budget includes a six percent reduction totaling \$595,634. This reduction includes a salary savings rate of 3.2 percent (\$387,260) and a short-term layoff budget reduction of \$208,374. At this time it is anticipated that the Board will be able to absorb these reductions and will not require additional funding. However, this is contingent upon timely reimbursement from various bond funds.

It is recommended that Community Development Block Grant funds in the amount of \$350,000 be transferred and appropriated for the River Rangers Program and the Clean Streets, Clean Neighborhoods Program. This request is consistent with the Council actions taken during the 34th Program Year Consolidated Plan budget deliberations (C.F. 08-0097).

GG. Public Works/Bureau of Contract Administration

Assuming anticipated bond reimbursements are received in the current year, a year-end deficit is not projected for this Bureau. Additionally, it is expected that the Bureau will be able to absorb a \$707,221 short-term layoff budget reduction as well as anticipated cost of living adjustments and retroactive payments of approximately \$2,283,000 for Municipal Construction Inspectors Association employees (MOU 05). However, if bond reimbursements are not received by year-end, a General Fund deficit of \$1,060,889 is anticipated as a result of these expenditures. This Office will track bond reimbursements closely to ensure that the required funding is received by year-end.

In addition, due to delays in the implementation of a proposed fee increase for A-Permits, the Bureau anticipates a \$75,000 decrease in the budgeted revenue. The Bureau has advised that a report relative to the fee increase is pending submission to the Board.

HH. Public Works/Bureau of Engineering

A year-end special fund surplus of \$5 million is projected for the Bureau of Engineering in the Salaries General account consisting of Sewer Capital Maintenance funds. Budget adjustments are not recommended at this time. If anticipated special fund reimbursements are received in a timely manner, the Bureau of Engineering is expected to absorb the short-term layoff budget reduction of \$1,844,453.

In addition, amending ordinances for two off-budget funds, Engineering Equipment and Training Trust Fund and Engineering Special Services Fund, have not been completed. It should be noted that the \$3 million projected to be transferred to the General Fund from the Engineering Equipment and Training Trust Fund to attain full cost recovery cannot occur until the necessary ordinance is amended and actual costs are calculated by the Bureau. There is no fiscal impact in the delay of the Engineering Special Services Fund amending ordinance.

II. Public Works/Bureau of Sanitation

Attachment 6 – Transfers between Accounts within Departments and Funds

Attachment 7 – Transfers between Departments and Funds

Recommendation Nos. 11 – 12

The Bureau is currently projecting a year-end special fund surplus of \$1.9 million. The majority of these savings are within the salaries and overtime accounts. The Sewer Construction and Maintenance Fund is projected to have substantial savings due to high turnover and vacancies in Wastewater worker classes. Although vacancies are also an issue with the Solids Resources programs, the Solid Waste Fund is currently projected to have a salaries deficit. Much of this is due to payroll corrections necessary to reconcile across other solid resources special funds to reflect appropriate billing of work programs and other internal operating issues. We will monitor this through the next reporting period. Also, it is anticipated that sufficient savings from salary and operating accounts will be available to cover potential deficits in the Salaries As-Needed account. The shortfall in the Salaries As-Needed account is attributed to unfunded event staffing support and coverage for vacancies in-lieu of overtime use.

With the increase of the Solid Waste Fee in 2008-09, the Bureau is now entirely special funded with the exception of up to \$20 million in overhead costs that will be subsidized by the General Fund as a result of post-July 1st implementation of the revised fee. By next year, the Bureau is expected to achieve full cost recovery assuming trash revenues remain on target, cost increases can be substantially absorbed and/or other revenue options are available.

To date, Solid Waste Fee revenue has been trending short. Solid Waste Fee receipts were budgeted at \$269.4 million, however, as of September 2008, receipts were short \$7.6 million from plan (14 percent). Possible explanations include a larger than normal default rate on utility payments and/or anomalies within DWP's billing structure. Revenues typically reflect a non-payment rate of 1.8 percent (average over the past ten years) although given the current economic difficulties, late or non-payments could be a significant factor. Bureau staff is working closely with DWP in examining billing data and procedures to identify any anomalies and assess revenue patterns, particularly with the recent fee increase, which took effect on September 1, 2008. Current offsets to this shortfall include additional one-time credits to be received this year on bond debt service netting approximately \$11 million. All other solid waste revenues appear to be on target. We will continue to monitor this item.

The Bureau will proceed with filling positions critical to refuse collection and wastewater operations to offset turnovers and maintain minimum service levels, subject to Managed Hiring. Failure to do so, particularly given ongoing attrition patterns, could lead to reduced responsiveness to requests for Solid Resources, Wastewater and Stormwater services. In addition, adequate staffing of maintenance and collection functions is also necessary to minimize the risk of equipment failures and disruptions in collection and treatment services, as well as to ensure compliance with local, State and Federal environmental regulations.

To meet the Bureau's immediate operational needs over this period, the following transactions totaling \$792,785 are recommended:

- Transfer \$99,636 from the Salaries General account to cover demands in the Salaries As-Needed account. Funding is provided by the Sewer Construction and Maintenance Fund.
- Transfer \$51,363 from the Salaries General account to cover the cost of a Hiring Hall Painter to service the Dewatering Building and other facilities at the Terminal Island Water Reclamation Plant. Funding is provided by the Sewer Construction and Maintenance Fund.
- Transfer \$1,900 to cover mileage needs in the Solid Resources Citywide Recycling Division. Funding is provided by the Citywide Recycling Trust Fund.
- Transfer \$200,000 from Multi-Family Bulky Item printing and binding savings to cover media advertisement costs for this program. Funding is provided by the Multi-Family Bulky Item Fund.
- Transfer \$10,388 to the Information Technology Agency to perform communications service requirements for implementation of document management systems at the Hyperion Wastewater Treatment Plant. Funding is provided by the Sewer Construction and Maintenance Fund.
- Transfer \$8,000 to the Board of Public Works to support graffiti abatement at solid waste facilities. Funding is provided by the Landfill Maintenance Trust Fund.
- Transfer \$324,200 from the Operations and Maintenance component of the Sewer Construction and Maintenance fund to the Sewer Capital component for the following purposes: Information and Communications Services Division staff salaries who serve as project managers on the IT components of several capital projects (\$316,500) and overtime expenses and payouts (\$7,700) related to the Commercial Sewer Service Charge program.
- Transfer special funds in the amount of \$78,000 to cover the cost of labor for part-time Event Attendant II staff for the City Facilities Recycling Program. Funding is provided by the Integrated Solid Waste Management Fund.
- Increase appropriations to the General Services Department by \$19,298, for the installation of electrical power and conduit needed to provide power for projector equipment for the Multimedia Presentation System in the Bureau's Call Center Training Room. The appropriation will be supported with Solid Waste Resources bond funds.

JJ. Public Works/Bureau of Street Lighting
Attachment 7 – Transfers between Departments and Funds
Attachment 8 – Special Fund Reappropriations

Assuming pending special fund transfers and reimbursements are received in the current year, a year-end deficit is not projected for this Bureau. Furthermore, it is anticipated that special fund sources will be available to fully offset a \$364,979 short-term layoff budget reduction. No General Fund impact is anticipated at this time.

The following actions are recommended in this report:

- Reappropriations totaling \$54,719 from prior-year special fund budgets (Proposition A Local Transit Assistance Fund and Street Furniture Revenue Fund) to complete various lighting projects.
- A reappropriation of \$472,400 in 2007-08 SLMAF funding to pay for security services and other expenses at the Bureau's Field Operations yard to address recent vandalism and theft of equipment and materials. Increased copper prices have made the yard and the Bureau's copper wiring materials targets of theft. There is a concern that additional funding will need to be identified this year to replace stolen wiring and introduce measures to protect the pull-boxes that house the wires.
- Transfers within the 2008-09 Street Lighting Maintenance Assessment Fund (SLMAF) budget in the amount of \$60,000 to fund an LED lighting pilot project and to prepare for work on a capital construction project.
- A transfer of \$50,000 from the Gas Tax Fund to reimburse the Street Lighting Maintenance Assessment Fund for work completed on the Pacoima Lighting Improvement-Phase I.

KK. Public Works/Bureau of Street Services
Attachment 7 – Transfers between Departments and Fund
Attachment 8 – Special Fund Reappropriations
Recommendation No. 32

After accounting for anticipated reimbursements later in the year and transfers approved in the First FSR, a net year-end deficit is not projected for the Bureau of Street Services. Additionally, based on current and projected vacancy levels, the Bureau is expected to fully absorb the \$1,862,556 short-term layoff budget reduction. Timely receipt of anticipated reimbursements will be monitored to ensure a balanced budget at year-end.

However, it is important to note that the successful completion of 235 street resurfacing and reconstruction miles in 2008-09 is contingent upon the filling of 114 vacancies exempted from Managed Hiring. Salary accounts will be monitored throughout the hiring process to ensure the availability of funds. Proposition 1B may provide supplemental funding to achieve the 235-mile service level.

Various transfers and appropriations are recommended to the Bureau of Street Services as listed below:

- Appropriations totaling \$600,000 from the Special Gas Tax Street Improvement Fund for bridge and tunnel maintenance, guardrail construction and drainage projects at various locations.

- Additional appropriations as follows: \$61,304 for street, curb and gutter improvements at the intersection of Terra Bella Street and Fenton Avenue; and, \$1,891,673 from the Community Redevelopment Agency for Washington Boulevard and Pico Union Streetscape Improvements.

Reappropriations from the following funds are also recommended:

- Special fund reappropriations in the amount of \$644,785 to fund the Temple Street project (Public Works Trust Fund) and resurfacing work at the Topanga Canyon Yard (MICLA funding). This work was previously authorized in 2007-08.
- A Reserve Fund reappropriation in the amount of \$1,153,097 for the Wilmington Industrial Park resurfacing project. As reported in the First FSR, during the prior fiscal year, the Mayor and Council approved the transfer of approximately \$2.2 million from the Harbor Maintenance Improvement Program Budget to the Bureau for work on the Wilmington Industrial Park project. However, since the Harbor funds were inadvertently placed in an incorrect account in the prior year, the remaining funds in the amount of \$1,153,097 reverted to the Reserve Fund at year-end. These funds must now be reappropriated to complete the work in process.

Lastly, we are closely tracking General Fund receipts from the following categories:

- Newsrack Permit Fees – The Council authorized an increase in the annual permit fee from \$22 to \$40 per newsrack, increasing the annual revenue projection from \$556,000 to \$943,000. The \$387,000 increase will enable the program to recover direct costs and fringe benefits. Revenues to date total \$22, as annual billings have been postponed pending Board of Public Works (Board) approval of the fee increase. Street Services staff has met with industry representatives and is preparing a report to the Board recommending the increase. Progress in implementing the permit fee increase will be monitored. Revenue shortfalls will be reported in subsequent FSRs.
- Fines for Illegal Signs – Fines collected for posting illegal signs in the public right-of-way totaled \$86,816 to date. At the current rate, collections will fall short of the \$700,000 revenue budget. The Bureau is experiencing poor collection rates for fines under \$1,000, which includes the majority of violators. The Bureau will continue to pursue collection improvement options to ensure the Illegal Sign Removal Program is fully fee supported. Revenue shortfalls will be monitored and reported in subsequent FSRs.

LL. Recreation and Parks
Attachment 9 – Appropriations from the Unappropriated Balance

A \$5.7 million net-year-end deficit is projected for this department due to a \$2,401,009 shortfall in the Salaries General account and a \$3.3 million shortfall in the Salaries-As Needed account. A total transfer of \$2.5 million is recommended from the Unappropriated Balance (UB), Short-Term Layoff Agreement account to these accounts which will reduce the department's projected deficit to \$3.2 million. This Office will continue to monitor the Department's anticipated shortfalls in these accounts and make appropriate recommendations in future FSRs.

The expenditure deficits are detailed below:

- The shortfall in the Salaries General account is a result of a \$2,468,231 reduction in the Salaries General account for short-term layoffs. A transfer of \$1.2 million is recommended from the UB, Short-Term Layoffs Agreement account to partially address the potential deficit. If approved, this action will reduce the Department's projected deficit in Salaries General to \$1,201,009.
- In addition, the 2008-09 Budget did not include funding for cost of living adjustments in the Department's Salaries As-Needed account. The Department is currently investigating various options to address this issue. The Department is anticipating a \$3.3 million shortfall if it were to continue using 2007-08 as-needed service levels in the current fiscal year. A transfer of \$1.3 million is recommended from the UB, Short-term Layoffs Agreement account to the Department's Salaries As-Needed account to partially address this potential shortfall. This Office will continue to work with the Department to address the remaining \$2 million deficit in this account and make appropriate recommendations in future FSRs.

For 2008-09, the Department implemented various rate and fee increases in order to generate additional revenue of approximately \$4 million. However, at this time the Department is projecting a \$1.8 million shortfall in Departmental revenues as detailed below:

- The Department projects a \$1 million shortfall in golf revenues. According to the Department, the number of rounds played decreased by approximately eight percent in July and August. The Department indicates that the current economic conditions, and possibly, the increase in golf rates and fees, contributed to the decrease in the number of golf rounds played. The Department's Golf Division reports that the biggest drop is on Fridays (Friday rates are higher than weekday rates but lower than weekend rates). The Department is currently increasing promotions and advertisement of City golf courses to communities and visitors to raise more revenues and meet its budgeted revenue goal.
- The Department is also projecting a \$280,000 shortfall in swimming pool revenues. The Department reports that the pool attendance for July decreased by approximately 156,000 or 30 percent less compared to last year. The Department indicates that the potential revenue shortfall is due to pool closures and fee increases.

- The Department's initial analysis of the other revenue categories, such as camps, parks, recreation centers and tennis, shows a potential shortfall of up to \$500,000. However, the Department anticipates higher revenue for next summer when the new fees are fully implemented.

This Office will closely monitor the Department's revenue stream closely and report back in subsequent FSRs.

MM. Transportation

Attachment 6 – Transfers between Accounts within Departments and Fund

Preliminarily, an overall General Fund deficit of approximately \$1 million is anticipated in the Department's overall budget. The projected deficit is comprised of an estimated \$1 million General Fund salary shortfall due to the deletion of funds from the Department's 2008-09 budget for short-term layoffs (\$2,384,654). Many of the Department's core programs, including signal activities, LED conversions and parking enforcement are General Funded activities. Therefore, the Department is not able to maintain program and revenue schedules with high vacancies in these General Funded divisions and absorb the deletion of funds for short-term layoffs.

An overall special fund surplus of approximately \$1 million is also anticipated in the Department's budget. This surplus is attributed to an estimated surplus in the Salaries General account, primarily in Ventura/Cahuenga Corridor Plan, Playa Vista-Major Project Review and Proposition C funding. This anticipated surplus assumes continued vacancies in the Department and a controlled hiring plan.

A transfer of \$895,000 from the Department's Signal Supplies and Repairs account to the Contractual Services account is recommended at this time. The Department was provided \$895,000 in the 2008-09 Budget to cover the increased cost of conduit for signal installation and maintenance. This transfer will place the funds in the appropriate account for expenditure.

Finally, the First FSR identified a potential parking meter revenue shortfall of approximately \$4 million due to a two-month delay in the effective date of the Ordinance to adjust parking meter rates. The Ordinance became effective on August 31, 2008 (C.F. 08-0600-S6), and the Department began the process to adjust rates in the first week of September 2008. Completion of all parking meter rate adjustments is expected to occur in December 2008. This Office is currently evaluating the \$4 million revenue shortfall estimated by the Department. This issue will be addressed in the next FSR when more data is available to conduct a detailed analysis.

NN. Treasurer

The Treasurer is projecting a year-end deficit of \$393,872 due to shortfalls in the Salaries General (\$262,504) and Contractual Services (\$131,368) accounts. The shortfall in the Salaries General account is due to a \$69,959 short-term layoff budget reduction and anticipated payouts including retroactive payouts for non-represented employees, sick leave payouts, and a litigation settlement. The Treasurer reports that unlike the previous fiscal year, there are insufficient funds in the Contractual Services account to offset the cost of the BondEdge Investment System contract.

Budget adjustments are not recommended at this time. This Office will continue to work with the Department in monitoring these accounts and report back in the next FSR if additional resources are required.

OO. Zoo

This Office is projecting a year-end surplus of \$334,747 in the Salaries General account. This projection assumes that the Zoo will be able to absorb the \$325,321 short-term layoff budget reduction, retroactive payouts for non-represented employees, and boot and tool allowances. The Zoo reports that it plans to request unfreeze authority for Education Division positions that support fee based education programs and Animal Care Division positions directly responsible for the health and safety of the Zoo's animal collection. Filling these positions will decrease the projected surplus.

While the Zoo does not anticipate a shortfall, if sufficient savings are not generated by the voluntary furlough program, General Fund assistance may be needed at year-end. Should additional General Fund assistance be necessary, other sources of funds should be considered first. A shortfall could be offset by savings in other accounts and prior year cash balances. Last fiscal year, the Zoo reverted approximately \$380,000 in unspent salary and expense account funds to the Zoo Enterprise Trust Fund. This Office will work with the Department to monitor the savings generated from the voluntary furlough program.

4. OTHER BUDGETARY ISSUES

A. Human Resources Benefits

At this time, sufficient funds are available to cover all current expenditures in Human Resources Benefits (HRB) and no additional General Fund appropriation is required. There is also insufficient enrollment data available to identify trends and patterns required to estimate year-end expenditures. This Office will continue to monitor the status of HRB throughout the year.

B. Gas Tax and Proposition 42 Recommendation No. 33

The State recently transferred a total of \$33.73 million in Gas Tax funds as repayment of the monthly payments suspended from April to August, and for the September payment. The repayment for the last quarter of 2007-08 is \$700,000 less than projected. In addition, the monthly average of \$5.57 million for the 2008-09 first quarter receipts is \$350,000 less than the budgeted monthly average of \$5.92 million, which was based on prior years' receipts. Based on the latest receipts, the potential revenue shortfall for the year would be about \$4.9 million. The decrease in revenues is most likely due to the reported decline in gasoline usage and the downturn of the economy.

The revenue estimate of \$38.6 million from Traffic Congestion Relief Fund (commonly known as Proposition 42 fund) in the Budget was based on the revenue projection available at the time of budget preparation. The projection was subsequently revised by the State, and the City's allocation is

now estimated at \$36.85 million, a decrease of \$1.75 million.

At this time, the projected total shortfall is \$6.65 million. In order to offset the revenue shortfall projected, this Office is recommending deferral of capital projects instead of reducing funding to departments' operating budgets. Eleven capital projects with a combined total of \$5.4 million have been identified for deferment (see Attachment 10). The departments have reported that the projects listed will not need funds this year. In addition, \$1.2 million in savings have been identified from three completed projects.

C. 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 the period July through August 2008, the total number of fee waivers approved is 194 at an estimated amount of \$1.22 million. This estimate includes Council-approved room rental charge waivers for seven events at the Convention Center.

D. Development Fee and Permit Subsidies

Pursuant to the City's Development Fee Subsidy Policy, this Office is required to report on the number and amount of Council-approved development fee subsidies. For the current year, no development fee-subsidies have been approved.

5. EMPLOYMENT LEVEL REPORT

Citywide employment authority from all funding sources totaled 35,503 at the end of August 2008 for both civilian and sworn classes. Filled positions decreased by 48 from 35,551 at the end of July to 35,503 at the end of August. Departments reported a total of 4,068 vacant positions, 2,935 General Fund and 1,133 special funded (see Attachment 12).

The Employment Level Report appears to indicate that the Managed Hiring Process is having an effect on City hiring. Based on departments' monthly reporting, the number of filled civilian positions decreased by 42, from 22,151 at the end of July 2008 to 22,109 at the end of August 2008. Furthermore, the number of filled civilian positions decreased by 581 from July 2007 to August 2008. Since February of 2008 there has been a steady decrease in the number of reported filled civilian authorities.

6. STATUS OF FEE INCREASES

Attachment 11 - Status of Fee Increases in the 2008-09 Budget

As part of the 2008-09 Budget, the Council instructed departments with pending fee increases to report back by June 1, 2008 with required ordinances. Timely action is necessary to ensure that the estimated revenue included in the 2008-09 Budget is realized.

Attachment 11 provides a status of both General Fund and Special Fund-related fee increases assumed in the 2008-09 Budget. In the First FSR we reported delayed implementation dates for the following departments: Animal Services (various fees), Police (vehicle release fee and alarm permit), Public Works-Bureau of Contract Administration (A permit fee), Public Works-Bureau of Engineering (various fees), and Transportation (meter rates). However, the fee increases for Transportation and the Bureau of Engineering, while delayed, have already been approved.

Attachment 12 highlights the following departments with pending fee increases: Police, Public Works-Bureau of Contract Administration, and Public Works-Bureau of Street Services. We now report the latest updates as follows:

- Police (vehicle release fee and alarm permit): The City Attorney has transmitted the vehicle release fee ordinance to the Council (C.F. 08-2448). The matter is pending action by the Public Safety Committee. In addition, the Council has approved the alarm fee ordinance.
- Public Works-Bureau of Contract Administration (A permit fee): There continue to be delays in the implementation of a proposed fee increase for A Permits, the Bureau anticipates a decrease in the budgeted revenue of \$75,000. The Bureau has advised that a report relative to the fee increase is pending submission to the Board.
- Public Works-Street Services (Newsrack Enforcement): The Department is preparing a report to the Board of Public Works regarding the newsrack fee increase. Implementation is anticipated by January 1, 2009.



Maria D. Gutierrez, Finance Specialist

APPROVED:



Matias Farfan, Chief Administrative Analyst

RPC:MF:MDG:01090024c

Attachments

ATTACHMENT 1
2008-09 SUMMARY OF BUDGET STATUS
(in millions)

| | | |
|------------------------------------------------------|-----------|--------------|
| Revenue | | |
| 2008-09 Budget | \$ | 4,554 |
| Issues/Changes: | | |
| Economy Sensitive | \$ | (15) |
| Real Estate-Documentary Tax | | (10) |
| Departmental Receipts | | (30) |
| | | (55) |
| 2008-09 Projected Revenue | \$ | 4,499 |
| Expenditures | | |
| 2008-09 Budget | \$ | 4,554 |
| Issues/Changes: | | |
| Departmental Deficits | \$ | 35 |
| Non-Departmental Deficits | | 47 |
| UB-Short-term layoff money | | (20) |
| UB-Petroleum | | (4) |
| UB-New PD Facilities | | (2) |
| Fire Special Training Fund No. 40J | | (1) |
| | | 55 |
| 2008-09 Projected Expenditures | \$ | 4,609 |
| Year-End Estimated Shortfall | | |
| | \$ | (110) |
| Reserve Fund | | |
| Balance as of October 14, 2008 | \$ | 150 |
| Increase from loan repayments & misc. | | 20 |
| Transfer from 2008-09 GF receipts | | 15 |
| Projected Reserve Fund Balance, June 30, 2009 | \$ | 185 |

**ATTACHMENT 2
STATUS OF RESERVE FUND AS OF 10/14/08**

| Council File No. Item Description | Amount |
|-----------------------------------------------------------------------------------|---------------------------|
| Balance Available, 7/1/08 | \$ 166,068,118 |
| Less: Emergency Reserve Account | 125,226,000 |
| Contingency Reserve Account 7/1/08 | \$ 40,842,118 |
| Add: \$14,858,525 General Fund Appropriation to the Reserve Fund (Pending) | - |
| Loan Repayment and Other Receipts | 3,529,969 |
| Contingency Reserve Account | \$ 44,372,087 |
| Loans and Transfers Approved to Date | |
| 07-2878 Forensic DNA Backlog Reduction Program | \$ (870,921) |
| 08-1268-S1 Senior Community Service Employment Program Summar | (337,873) |
| 08-0600 1st FSR LED Conversion Program | (9,100,000) |
| 08-1800-S3 November 2008 Special Election Gang Prevention Tax | (3,600,000) |
| 07-0121 Supply Management System | (2,500,000) |
| 07-1959 Youth Development Strateg! | (600,000) |
| 08-1800-S2 November 2008 Special Election Update of Low Rent Housir | (200,000) |
| 07-0591 Annual Audit Contract for Fiscal Years (FY) 2007-08 through 2009-1 | (109,950) |
| 08-0600 1st FSR Youth Development Strategy Assessment prior-year reversio | (99,999) |
| 08-1733 Unclaimed Monies Seized Incidental to Arrest replacement syste | (75,000) |
| Loans and Transfers Approved to Date | \$ (17,493,743) |
| Proposed Loans and Transfers | |
| 04-0010-S55 Sherman Clark Case Rewart | (50,000) |
| 0100-00539-0002 Storm Damage Repair Program | (53,700) |
| 2nd FSR Police Reappropriatio | (369,058) |
| 2nd FSR P/W Street Services Reappropriator | (1,153,097) |
| Proposed Loans and Transfers | \$ (1,625,855) |
| Contingency Reserve Available Balance as of 10/14/2008 | \$ 25,252,489 |
| Total Reserve Fund | \$ 150,478,489 |

ATTACHMENT 3a
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of 10/14/08

| C.F. | Appropriations | Date | Amount |
|--------------------------|--------------------------------------------------------|------|-------------------------|
| | Beginning Balance | | \$ 25,000 |
| Approved Transfer | | | |
| 08-1662 | Trade Commissioner of Chile | | (541) |
| 08-1541 | Council District Nine American Cancer Society Kick Off | | (98) |
| 08-2094 | Stand Up for Cancer | | (2,400) |
| 08-0144 | Council District 9 Farmers Market | | (1,300) |
| 08-2056 | Los Angeles Area Chamber of Commerce | | (398) |
| 06-1264-S1 | Millennium Momentum Foundation | | (5,220) |
| | Projected Balance Available | | <u><u>\$ 15,043</u></u> |

ATTACHMENT 3b
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/14/08

| Council File No. | UB Non-General Accounts | Primary Department | Adopted Budget | Transfer In/ Reapprop. | Amount Appropriated during year | Transfer from/to | |
|------------------------------|---------------------------------------------------|--------------------|----------------------|---------------------------|---------------------------------------|---------------------------------------------------|----------------------|
| | | | | | | Reserve for Economic Uncert/Reserve Fund | Available Balance |
| | General Fund | | | | | | |
| | General (see Attachment 4A) | | \$ 25,000 | | \$ (9,957) | | \$ 15,043 |
| 2nd FSR | Benefits Contingency | All | \$ 3,071,000 | | \$ (3,071,000) | | \$ - |
| | Council Meetings Security Enhancement | GSD | 75,000 | | | | 75,000 |
| | GSD - New City Facilities | GSD | 952,000 | | | | 952,000 |
| | GSD - Petroleum Products | GSD | 4,000,000 | | | | 4,000,000 |
| 07-0600-S90 YE | LAPD Consent Decree Program | Police | 500,000 | 113,142 | | | 613,142 |
| | LA Regional Interoperable Communications System | | 250,000 | | | | 250,000 |
| | Litigation Expense Account | City Atty | 750,000 | | | | 750,000 |
| First FSR | Neighborhood Council Elections | DONE | 100,000 | | (46,011) | | 53,989 |
| | Neighborhood Council Funding | DONE | 149,500 | | | | 149,500 |
| | New Fire Stations | Fire | 540,000 | | | | 540,000 |
| 2nd FSR | New Police Facilities | Police | 2,050,000 | | (2,050,000) | | 0 |
| 08-1957; 08-2368; 2nd FSR | Outside Counsel including Workers' Comp. | City Atty | 4,000,000 | | (526,000) | | 3,474,000 |
| 07-0600-S90 YE | Gang Prevention/Intervention/Reduction (reapprop) | | | 40,000 | | | 40,000 |
| | | | | | | | 0 |
| | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Grand Total | | \$ 16,462,500 | \$ 153,142 | \$ (5,702,968) | \$ - | \$ 10,912,674 |

ATTACHMENT 4
2008-09 PROJECTED (DEFICIT)/SURPLUS

| DEPARTMENT/FUND | 2ND FSR | | | COMMENTS |
|--------------------------------|------------------------|-----------|------------------------|--------------------------------------------------------------|
| | GF | SF | TOTAL | |
| DEPARTMENTAL | | | | |
| Aging | \$ (145,901) | | \$ (145,901) | Short-term layoff & employee payouts-retirement & non-rep. |
| Animal Services | (405,350) | | (405,350) | Short-term layoff, Assumes \$1M transfer from UB-First FSR |
| Building And Safety | (532,370) | 173,099 | (359,271) | Retroactive payments for MOU 05 & 00 & Short Term Layoff |
| City Administrative Officer | - | | - | |
| City Attorney | (3,431,579) | | (3,431,579) | Short-term layoff & payouts |
| City Attorney-Proprietaries | (2,831,569) | | (2,831,569) | Short-term layoff & unfunded resolution authorities |
| City Clerk | (71,433) | | (71,433) | Short-term layoff |
| Commission /Children, Youth | - | | - | |
| Commission/Status Of Women | - | | - | Short-term layoff absorbed. |
| Community Development | - | | - | |
| Controller | (322,107) | | (322,107) | Short-term layoff |
| Convention Center | | (700,000) | (700,000) | Expenditures eligible for reimbursement |
| Council | - | | - | |
| Cultural Affairs | - | | - | |
| Department on Disability | - | | - | |
| El Pueblo | | 10,746 | 10,746 | |
| Emergency Management | (49,199) | | (49,199) | Short term layoff & non-rep retro |
| Employee Relations | - | | - | |
| Environmental Affairs | (65,714) | | (65,714) | Short-term layoff & layoff delay |
| Ethics Commission | (186,282) | | (186,282) | Short-term layoff & employee payouts. |
| Finance | (859,732) | | (859,732) | Short-term layoff & payouts-retirement, non rep, sick |
| Fire | (8,520,045) | | (8,520,045) | Overtime Constant Staffing & Unused Sick Time, Haro/Ackley |
| General Services | (1,500,000) | | (1,500,000) | Short term layoff |
| Housing Dept | | 407,440 | 407,440 | Salary savings |
| Human Relations | (68,275) | | (68,275) | Short-term layoff, no attrition & payouts |
| Information Technology | (2,050,105) | | (2,050,105) | Short-term layoff & Overtime |
| Mayor | - | | - | |
| Neighborhood Empowerment | (224,845) | | (224,845) | Short-term layoff & retirement payout |
| Personnel | (994,000) | | (994,000) | Mainly due to Short-term layoff |
| Planning | 890,976 | | 890,976 | Salary savings-Managed Hiring |
| Police | (5,923,951) | | (5,923,951) | Short-Term layoff & Sworn Overtime-reimbursed |
| Board Of Public Works | - | | - | Assumes timely reimbursement from bond programs |
| PW/Contract-Administration | - | | - | Short-term layoff, MOU 05 COLAs & retros absorbed |
| PW/Engineering | | 5,000,000 | 5,000,000 | Due to anticipated reimbursements from special funds-SCM. |
| PW/Sanitation | | 1,906,290 | 1,906,290 | Salary surplus & Overtime surplus |
| PW/Street Lighting | - | | - | |
| PW/Street Services | - | | - | |
| Transportation | (1,000,000) | 1,069,181 | 69,181 | Short-term layoff & Signal Repair/Traffic Officer Staffing. |
| Treasurer | (393,872) | | (393,872) | Short-term layoff, payouts-non rep retros, sick & litigation |
| Zoo | 334,747 | | 334,747 | Salary Savings |
| Total-Budgetary Depts. | \$ (28,350,606) | | \$ (20,483,850) | |
| Library | (921,261) | | - | Short-term layoff |
| Rec. & Parks | (5,701,099) | | - | Short-term layoff & Salaries As-Needed |
| Total-Departmental | \$ (34,972,966) | | \$ (20,483,850) | |
| NONDEPARTMENTAL | | | | |
| General City Purposes | (1,452,228) | | - | Medicare Contributions |
| Liability Claims | (13,517,313) | | - | Low-end estimate without Harper case |
| Liability Claims-Harper Case | (19,268,766) | | - | Harper Case |
| Outside Counsel | - | | - | Not available-City Attorney estimates pending. |
| Petroleum | (13,000,000) | | - | Low-end estimate could be as high as \$20M. |
| Total - Nondepartmental | \$ (47,238,307) | | \$ - | |
| GRAND TOTAL | \$ (82,211,273) | | \$ (20,483,850) | |

Less Short Term Layoff Acct \$ 19,870,000
 Fire SF 40J \$ 1,200,000 2nd FSR
 Less UB-Petroleum \$ 4,000,000
 Less UB-New Police Facilities \$ 2,050,000 2nd FSR
GRAND TOTAL REVISED \$ (55,091,273)

ATTACHMENT 5
 FY 2008-09 BUDGET ADJUSTMENTS
 REAPPROPRIATIONS FROM THE RESERVE FUND

| DEPARTMENT | FUND/ACCOUNT | AMOUNT |
|---------------------------------------------------------------------------|-------------------------------------------|----------------------------|
| TRANSFER FROM THE RESERVE FUND TO THE UNAPPROPRIATED BALANCE FUND 100/58: | | |
| APPROPRIATE TO: | | |
| Police | <u>100/70, Police</u> | |
| | 1092, Sworn Overtime | 51,000 |
| | 3010, Firearm, Ammunition & Other Devices | 37,500 |
| | 3040, Contractual Services | 50,000 |
| | 6010, Office and Administrative Expense | 160,000 |
| | 7340, Transportation Equipment | 70,558 |
| | <i>Subtotal</i> | <u>\$ 369,058</u> |
| Subventions and Grants Fund (PW/Bureau of Street Services) | <u>305/50, Subventions and Grant Fund</u> | |
| | See Recommendation No. 32 | \$ 1,153,097 |
| | <i>Subtotal</i> | <u>\$ 1,153,097</u> |
| | TOTAL | <u><u>\$ 1,522,155</u></u> |

ATTACHMENT 6
FY 2008-09 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| Cultural Affairs | <u>Fund 100/30, Cultural Affairs</u> 6020, Operating Supplies | \$ 8,100 | <u>Fund 100/30, Cultural Affairs</u> 3310, Transportation | \$ 8,100 |
| Fire | <u>Fund 100/38, Fire</u> 1012, Salaries Sworn 1098, Sworn Overtime Variable Staffing | \$ 1,179,360 \$ 300,000 <u>\$ 1,479,360</u> | <u>Fund 100/38, Fire</u> 1050, Unused Sick Time 1090, Overtime General | \$ 1,179,360 \$ 300,000 <u>\$ 1,479,360</u> |
| Housing | <u>Fund 100/43, Housing</u> 1010, Salaries General | \$ 65,823 | <u>Fund 100/43, Housing</u> 3040, Contractual Services | \$ 65,823 |
| Information Technology Agency | <u>Fund 100/32, Information Technology Agency</u> 2120, Printing and Binding 6020, Operating Supplies 9350, Communications Services Subtotal | \$ 113,755 \$ 200,000 \$ 200,000 <u>\$ 513,755</u> | <u>Fund 100/32, Information Technology Agency</u> 1010, Salaries General 1090, Salaries Overtime 1100, Salaries Hiring Hall Subtotal | \$ 113,755 \$ 200,000 \$ 200,000 <u>\$ 513,755</u> |
| PW/Bureau of Sanitation | <u>Fund 100/82, Bureau of Sanitation</u> 1010, Salaries General 2120, Printing and Binding 6020, Operating Supplies & Expenses Subtotal | \$ 150,999 \$ 200,000 \$ 1,900 <u>\$ 352,899</u> | <u>Fund 100/82, Bureau of Sanitation</u> 1070, Salaries As-Needed 1100, Salaries Hiring Hall 1120, Salaries Hiring Hall Benefits 3310, Transportation Expense 6010, Office and Administrative Subtotal | \$ 99,636 \$ 40,075 \$ 11,288 \$ 1,900 \$ 200,000 <u>\$ 352,899</u> |
| Transportation | <u>Fund 100/94, Transportation</u> 3360, Signal Supplies and Repairs | \$ 895,000 | <u>Fund 100/94, Transportation</u> 3040, Contractual Services | \$ 895,000 |
| TOTAL ALL DEPARTMENTS AND FUNDS | | \$ 3,314,937 | | \$ 3,314,937 |

**ATTACHMENT 7
FY 2008-09 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|------------------------------|--------------------------------------------------------------|--------------|--------------------------------------------------------------|--------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| Council | <u>Fund 47S/14, CLARTS</u> | | <u>Fund 100/28, Council</u> | |
| | | \$ 250,000 | 1070, Salaries As Needed | \$ 250,000 |
| Fire | <u>Fund 40J/38, Fire Special Fund</u> | | <u>Fund 100/38, Fire</u> | |
| | 002R, State Educational | \$ 1,200,000 | 3090, Field Equipment Expense | \$ 1,200,000 |
| Planning | <u>Fund 46Y/68, City Planning Grant Trust Fund</u> | | <u>Fund 100/68, Planning</u> | |
| | E168, Planning | \$ 50,000 | 3040, Contractual Services | \$ 50,000 |
| PW/Bureau of Sanitation | <u>Fund 760/50, Sewer Construction Maintenance & Ops</u> | | <u>Fund 760/50, Sewer Construction Maintenance & Ops</u> | |
| | E282/304, Expense & Equipment | \$ 10,388 | E132, Information Technology Agency | \$ 10,388 |
| | E132, Information Technology Agency | \$ 10,388 | | |
| | E182, PW - Sanitation | \$ 324,200 | <u>Fund 100/32, Information Technology Agency</u> | |
| | Subtotal | \$ 344,976 | 9350, Communication Services | \$ 10,388 |
| | | | <u>Fund 761/50, Sewer Capital Fund</u> | |
| | | | E182, PW - Sanitation | \$ 324,200 |
| | <u>Fund 556/50, Integrated Solid Waste Mgmt Fund</u> | | <u>Fund 556/50, Integrated Solid Waste Mgmt Fund</u> | |
| | Available Cash Balance | \$ 78,000 | E182, Bureau of Sanitation | \$ 78,000 |
| | E182, Bureau of Sanitation | \$ 78,000 | | |
| | Subtotal | \$ 156,000 | <u>Fund 100/82, Bureau of Sanitation</u> | |
| | | | 1070, Salaries As Needed | \$ 78,000 |
| | <u>Fund 100/82, Bureau of Sanitation</u> | | <u>Fund 588/50, Landfill Maintenance Special Fund</u> | |
| | 3040, Contractual Services | \$ 8,000 | E182, Bureau of Sanitation | \$ 8,000 |
| | <u>Fund 588/50, Landfill Maintenance Special Fund</u> | | <u>Fund 588/50, Landfill Maintenance Special Fund</u> | |
| | E182, Bureau of Sanitation | \$ 8,000 | E174, PW-Board Office | \$ 8,000 |
| | E174, PW-Board Office | \$ 8,000 | | |
| | Subtotal | \$ 16,000 | <u>Fund 100/74, Board of Public Works</u> | |
| | | | 6020, Operating Supplies & Expenses | \$ 8,000 |
| PW-Bureau of Street Lighting | <u>Fund 206/50, Gas Tax</u> | | <u>Fund 347/50, St Lighting Maint Assessment Fund</u> | |
| | W673, Pacoima Lgt Improv-Ph I | \$ 50,000 | 4610, Reimb from Other Funds/Depts | \$ 50,000 |

ATTACHMENT 7
 FY 2008-09 BUDGET ADJUSTMENTS
 TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

| DEPARTMENT | TRANSFER FROM | | TRANSFER TO | |
|------------------------------|-------------------------------------------------------------|------------|--------------------------------------------------|------------|
| | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| | <u>Fund 347/50, St Lighting Maintenance Assessment Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | E600, Available Series to Multiple | \$ 60,000 | 1090, Overtime General | \$ 6,500 |
| | | | 8780, Street Lighting Supplies | \$ 53,500 |
| | | | Subtotal | \$ 60,000 |
| PW Bureau of Street Services | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | E365, Bridge & Tunnel Maintenance | \$ 150,000 | 1010, Salaries General | \$ 90,000 |
| | | | 1090, Salaries Overtime | \$ 10,000 |
| | | | 1100, Hiring Hall Salaries | \$ 7,000 |
| | | | 1120, Hiring Hall Benefits | \$ 8,000 |
| | | | 1190, Hiring Hall Overtime | \$ 3,000 |
| | | | 3030, Construction Expense | \$ 20,000 |
| | | | 6010, Office & Administrative | \$ 2,000 |
| | | | 6020, Operating Supplies | \$ 10,000 |
| | | | Subtotal | \$ 150,000 |
| | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | E601, Guardrail Construction | \$ 150,000 | 1010, Salaries General | \$ 90,000 |
| | | | 1090, Salaries Overtime | \$ 10,000 |
| | | | 1100, Hiring Hall Salaries | \$ 7,000 |
| | | | 1120, Hiring Hall Benefits | \$ 8,000 |
| | | | 1190, Hiring Hall Overtime | \$ 3,000 |
| | | | 3030, Construction Expense | \$ 20,000 |
| | | | 6010, Office & Administrative | \$ 2,000 |
| | | | 6020, Operating Supplies | \$ 10,000 |
| | | | Subtotal | \$ 150,000 |
| | <u>Fund 206/50, Special Gas Tax Street Improvement Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | E702, Drainage Projects - Various Locations | \$ 300,000 | 1010, Salaries General | \$ 138,000 |
| | | | 1090, Salaries Overtime | \$ 20,000 |
| | | | 1100, Hiring Hall Salaries | \$ 20,000 |
| | | | 1120, Hiring Hall Benefits | \$ 10,000 |
| | | | 1190, Hiring Hall Overtime | \$ 6,000 |
| | | | 3030, Construction Expense | \$ 30,000 |
| | | | 6010, Office & Administrative | \$ 2,000 |
| | | | 6020, Operating Supplies | \$ 74,000 |
| | | | Subtotal | \$ 300,000 |

**ATTACHMENT 7
FY 2008-09 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

| DEPARTMENT | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
|----------------------------------------|---------------------------------------------------------------------|--------------------|--------------------------------------------------|--------------------|
| | <u>Fund 305/50, Subventions & Grants</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | 3741, Washington Boulevard Streetscape | \$ 577,000 | 1010, Salaries General | \$ 325,070 |
| | | | 1090, Salaries Overtime | \$ 81,288 |
| | | | 3030, Construction Expense | \$ 113,774 |
| | | | 3040, Contractual Services | \$ 8,127 |
| | | | 6010, Office & Administrative | \$ 16,254 |
| | | | 6020, Operating Supplies | \$ 32,507 |
| | | | Subtotal | \$ 577,000 |
| | <u>Fund 305/50, Subventions & Grants</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | 3741, Pico Union Streetscape | \$ 1,314,673 | 1010, Salaries General | \$ 740,661 |
| | | | 1090, Salaries Overtime | \$ 185,165 |
| | | | 3030, Construction Expense | \$ 259,231 |
| | | | 3040, Contractual Services | \$ 18,517 |
| | | | 6010, Office & Administrative | \$ 37,033 |
| | | | 6020, Operating Supplies | \$ 74,066 |
| | | | Subtotal | \$ 1,314,673 |
| | <u>Fund 623/50, Terra Bella St. & Fenton Ave. Drainage Fund</u> | | <u>Fund 100/86, PW Bureau of Street Services</u> | |
| | TBD, Street Curb & Gutter Improvements | \$ 61,304 | 1090, Salaries Overtime | \$ 35,000 |
| | | | 3030, Construction Expense | \$ 15,000 |
| | | | 6010, Office & Administrative | \$ 1,304 |
| | | | 6020, Operating Supplies | \$ 10,000 |
| | | | Subtotal | \$ 61,304 |
| TOTAL ALL DEPARTMENTS AND FUNDS | | \$4,687,953 | | \$4,687,953 |

**ATTACHMENT 8
FY 2008-09 BUDGET ADJUSTMENTS
SPECIAL FUND REAPPROPRIATIONS**

| TRANSFER FROM | | TRANSFER TO | | |
|----------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|-------------------------------------|-------------------------------------|
| DEPARTMENT | FUND/ACCOUNT | AMOUNT | FUND/ACCOUNT | AMOUNT |
| PW/Bureau of Street Lighting | <u>Fund 347/50, St Lighting Maintenance Assessment Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | C184, Street Lighting | \$ 472,400 | 3040, Contractual Services | \$ 322,400 |
| | | | 8780, Street Lighting Supplies | \$ 150,000 |
| | | | Subtotal | \$ 472,400 |
| MICLA | <u>Fund 298/50 MICLA Fund</u> | | <u>Fund 100/86, Street Services</u> | |
| | C186, Bureau of Street Services | \$ 244,785 | 1010, Salaries General | \$ 36,718 |
| | | | 1090, Salaries Overtime | \$ 14,687 |
| | | | 1100, Hiring Hall Salaries | \$ 14,687 |
| | | | 3030, Construction Expense | \$ 146,871 |
| | | | 6020, Operating Supplies | \$ 31,822 |
| | | | Subtotal | \$ 244,785 |
| Public Works Trust Fund | <u>Fund 834/50, Public Works Trust Fund</u> | | <u>Fund 100/86, Street Services</u> | |
| | C186, Bureau of Street Services | \$ 400,000 | 1010, Salaries General | \$ 56,000 |
| | | | 1090, Salaries Overtime | \$ 24,000 |
| | | | 1100, Hiring Hall Salaries | \$ 24,000 |
| | | | 1120, Hiring Hall Benefits | \$ 8,000 |
| | | | 1190, Hiring Hall Overtime | \$ 4,000 |
| | | | 3030, Construction Expense | \$ 224,000 |
| | | | 3040, Contractual Services | \$ 4,000 |
| | | | 3330, Utilities Expense | \$ 4,000 |
| | | | 6010, Office & Administrative | \$ 8,000 |
| | | | 6020, Operating Supplies | \$ 44,000 |
| | | | Subtotal | \$ 400,000 |
| | Transportation | <u>Fund 385/94, Proposition A Local Transit Assistance</u> | | <u>Fund 100/84, Street Lighting</u> |
| C184, Street Lighting | | \$ 11,639 | 1090, Salaries Overtime | \$ 19,719 |
| A184, Street Lighting | | \$ 8,080 | | |
| | Subtotal | \$ 19,719 | | |
| | <u>Fund 43D/50, Street Furniture Revenue Fund</u> | | <u>Fund 100/84, Street Lighting</u> | |
| | A184, Street Lighting | \$ 35,000 | 3040, Contractual Services | \$ 35,000 |
| TOTAL ALL DEPARTMENTS AND FUNDS | | \$ 1,171,904 | | \$ 1,171,904 |

**ATTACHMENT 9
 FY 2008-09 BUDGET ADJUSTMENTS
 APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

| <u>APPROPRIATE FROM:</u> | <u>APPROPRIATE TO:</u> | <u>AMOUNT</u> |
|-------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------|
| Benefits Contingency | <u>100/46, Mayor</u> 1070, Salaries As-Needed | \$ 753,000 |
| | <u>100/28, Council</u> 1070, Salaries As-Needed | \$ 2,318,000 |
| Short-Term Layoff Agreement | <u>302/88, Recreation and Parks</u> 1010, Salaries General | \$ 1,200,000 |
| | 1070, Salaries As-Needed | \$ 1,300,000 |
| | <i>Subtotal</i> | <u>\$ 2,500,000</u> |
| | <u>100/70, Police</u> 1010, Salaries General | \$ 2,250,000 |
| | 3040, Contractual Services | \$ 250,000 |
| | <i>Subtotal</i> | <u>\$ 2,500,000</u> |
| Outside Counsel Inc. Workers Comp. | <u>100/12, City Attorney</u> 9302, Workers Comp.-Outside Counsel | \$ 240,000 |
| New Police Facilities | <u>100/70, Police</u> 1090, Overtime General | \$ 256,150 |
| | 6010, Office and Administrative Expense | \$ 1,793,850 |
| | <i>Subtotal</i> | <u>\$ 2,050,000</u> |
| TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE | | <u><u>\$ 10,361,000</u></u> |

**ATTACHMENT 10
 TRANSFERS WITHIN SPECIAL GAS TAX IMPROVEMENT FUND NO. 206/50**

| TRANSFER FROM | | | TRANSFER TO | | |
|----------------------|--------------------------------|---------------------|--------------------|---------------------|---------------------|
| ACCOUNT | ACCOUNT NAME | AMOUNT | ACCOUNT | ACCOUNT NAME | AMOUNT |
| A906 | 12710 Hacienda Dr | \$ 75,000 | NEW | Deferred Projects | \$ 5,419,000 |
| A907 | 3920-3940 Av Del Sol | 50,000 | | | |
| A908 | 3712-3760 Av Del Sol | 50,000 | | | |
| A909 | 3832-3840 Av Del Sol | 50,000 | | | |
| A916 | Tareco Slope Stabilization | 75,000 | | | |
| E539 | Normandie to Pico Intersection | 1,539,000 | | | |
| E945 | Foothill Bl Rockfall Netting | 700,000 | | | |
| E946 | Glendale Soil Nail Wall | 1,000,000 | | | |
| E947 | Hacienda Bl Bulkhead | 690,000 | | | |
| E948 | Harding St Bridge Rock Slope | 640,000 | | | |
| E963 | Tujunga Av Bulkhead | 550,000 | | | |
| TOTAL | | \$ 5,419,000 | | | \$ 5,419,000 |

Status of Fee Increases Funding the 2008-09 Budget

General Fund

| Department | Type of Fee | Proposed Change | Proposed Implementation Date | Effective Date | Notes |
|---------------------|-----------------------------------------------|-----------------------------------------|------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Animal Services | Various | See notes. | 7/1/2008 | 9/1/2008 | \$450,000 was added to ASD's budget in anticipation of increased fees. ASD finished almost \$700,000 below budget in 2007-08. |
| Building and Safety | Non Compliance fee | Fee increase. | 7/1/2008 | 7/1/2008 | \$320,000 was added to the 2008-09 budget. The department reports that these were not fee increases, the additional revenue represents increased billing and collection efforts. |
| | Investigation fee | Fee increase. | 7/1/2008 | 7/1/2008 | \$250,000 was added to the 2008-09 budget. The department reports that these were not fee increases, the additional revenue represents increased billing and collection efforts. |
| | Notice of Revocation penalty | New fee. | 7/1/2008 | 7/1/2008 | \$430,000 was added to the 2008-09 budget. The department reports that these were not fee increases, the additional revenue represents increased billing and collection efforts. |
| City Attorney | Tobacco Sellers Permit | See notes. | 11/1/2008 | Anticipated to be on schedule | Second reading in Council on October 1. Additional revenue is expected, to cover the costs of the program. |
| Fire | Unified Program and High Rise Inspection fees | \$1.3 million overall revenue increase. | 7/1/2008 | 7/1/2008 | \$1.3 million was added to the 2008-09 budget for increased fees, for increases to the Unified Program and High Rise Inspection fees. The detail on the following lines are revised amounts due to later information. The revised overall increase to Fire revenue is approximately \$2.5 million. |
| | Brush Collection | See notes. | 7/1/2008 | 7/1/2008 | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$6,000. |
| | Continuing Permits | See notes. | 7/1/2008 | 7/1/2008 | Fee change based on current costs (including overhead). Revenue is estimated to decrease by \$117,000. |
| | Non-Continuing Permits | See notes. | 7/1/2008 | 7/1/2008 | Fee change based on current costs (including overhead). Revenue is estimated to decrease by \$66,000. |
| | Unified Program fee | See notes. | 7/1/2008 | 7/1/2008 | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$196,000. |
| | High-Rise Inspection Fee | See notes. | 11/1/2008 | Anticipated to be on schedule | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$1.1 million |
| | Emergency Ambulance Services | See notes. | 12/1/2008 | Anticipated to be on schedule | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$914,000. |
| | Fire Plan Checking | See notes. | 3/1/2009 | Anticipated to be on schedule | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$284,000. |
| | Film Permits (USFO) | See notes. | 5/1/2009 | Anticipated to be on schedule | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$75,000. |

General Fund - Continued

Status of Fee Increases Funding the 2008-09 Budget

| Department | Type of Fee | Proposed Change | Proposed Implementation Date | Effective Date | Notes |
|--------------------|-------------------------------------------|-----------------------------------------------------------------------------|------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Spot Check Program | See notes. | 5/1/2009 | Anticipated to be on schedule | Fee change based on current costs (including overhead). Revenue is estimated to increase by \$126,000. |
| Planning | Planning fees | Increase fees by 20%, \$1 million net expected increase to overall revenue. | Oct-08 | Anticipated to be on schedule | The 20% increase is expected to be offset by a slowing housing market, resulting in a net increase of \$1 million expected in 2008-09. |
| Police | Vehicle release fee | Increase to \$100, overall \$5.7 million in additional revenue. | 7/1/2008 | unknown | The City Attorney has prepared the ordinance and it will soon be schedule for Council. Revenue for this account was expected to double, but a late implementation date will likely reduce revenues. |
| | Alarm permit | See notes. | 7/1/2008 | 11/1/2008 | \$700,000 was added during the 2008-09 budget process for "Increase police fee receipts based on anticipated adjustments approved by the Police Commission." Council has approved the ordinance increasing the alarm fee. |
| PW Contract Admin | A Permit fee | See notes. | 7/1/2008 | 10/1/2008 | Additional revenue for this increase was budgeted at \$225,000. Due to the delayed implementation, the department expects revenues to increase by \$150,000. |
| PW Engineering | Survey Monument Fee | New fee | 7/1/2008 | 08/09/2008 | Engineering proposed six new fees for 2008-09 and the budget anticipated \$295,000 in additional revenue. |
| | Improvement Bond Processing fee | New fee | 7/1/2008 | 08/15/2008 | All of the new fees have been approved by Council and will become effective in August. |
| | Improvement Bond Extension Processing fee | New fee | 7/1/2008 | 08/15/2008 | |
| | Elevation Certification Processing fee | New fee | 7/1/2008 | 08/15/2008 | |
| | Flood proofing Certificate Processing fee | New fee | 7/1/2008 | 08/15/2008 | |
| | Expedited Permit surcharge | New fee | 7/1/2008 | 08/15/2008 | |
| | Various engineering fee increases. | | 7/1/2008 | 9/1/2008 | The PW Board approved a list of Engineering fee increases in July with an effective date of September 1, 2008. The 2008-09 budget included \$250,000 in revenue from increased engineering fees. |
| PW Street Services | Newsrack Enforcement fee | Increase fee from \$21.69 to \$40 | 1/1/2009 | Anticipated to be on schedule | The department is preparing a report to the PW Board on the fee increase. |
| Transportation | Parking Fines | Increase all parking fines by \$5 | 7/1/2008 | 7/25/2008 | Approved. Full collection at the new rate is expected by October 2008. |

Status of Fee Increases Funding the 2008-09 Budget

Special Fund

| Department | Type of Fee | Proposed Change | Proposed Implementation Date | Effective Date | Notes |
|----------------------|------------------------------------|---------------------------------------------|------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PW Sanitation | Solid Waste Fee | increase both single and multi-family rates | 9/1/2008 | 9/5/2008 | The budget anticipated an additional \$7 million due to full collections in November. The account will likely not perform as expected. |
| Transportation | Meter rates | Various | 7/1/2008 | 8/31/2008 | Ordinance approved by City Council on 7/15/08. Transportation is reporting a possible shortfall of \$4 million, due to a delayed effective date of the ordinance. The 2008-09 Budget assumed that parking meter rates and hours would be adjusted beginning July 2008 and that the rates and hours adjustments would be effective in a majority of parking meter zones by September 2008. The ordinance became effective August 31, 2008 (C.F. 08-0600-S6), two months later than originally anticipated. |
| Recreation and Parks | Aquatic and other various use fees | Fee increase. | 7/1/2008 | 7/1/2008 | All expected fee increases have been approved and were effective by July 1, 2008. |
| | Golf fees | Fee increase. | 7/1/2008 | 7/1/2008 | |
| | Pershing Square parking fee | Fee increase. | 7/1/2008 | 7/1/2008 | |

**ATTACHMENT 12
EMPLOYMENT LEVEL REPORT
FY 2008-09**

| 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 | 61 | - | 61 | 49 | - | 49 | 12 | 1 |
| Animal Services | 357 | 412 | - | 412 | 379 | (4) | 375 | 37 | 32 |
| Building and Safety | 810 | 1082 | 30 | 1112 | 1002 | (1) | 1001 | 111 | 43 |
| City Administrative Officer | 130 | 135 | - | 135 | 128 | (1) | 127 | 8 | - |
| City Attorney | 831 | 1054 | - | 1054 | 1001 | 3 | 1004 | 50 | 12 |
| City Clerk | 150 | 157 | - | 157 | 147 | - | 147 | 10 | 3 |
| Commission on C, Y and their F | 16 | 30 | - | 30 | 19 | - | 19 | 11 | - |
| Commission on the Status of Women | 3 | 3 | - | 3 | 2 | - | 2 | 1 | - |
| Community Development | 210 | 316 | - | 316 | 288 | (4) | 284 | 32 | 5 |
| Controller | 189 | 243 | - | 243 | 185 | (2) | 183 | 60 | 10 |
| Cultural Affairs | 76 | 80 | - | 80 | 68 | - | 68 | 12 | 3 |
| Disability | 13 | 19 | - | 19 | 18 | - | 18 | 1 | - |
| El Pueblo | 21 | 22 | - | 22 | 17 | - | 17 | 5 | 1 |
| Emergency Management | 17 | 25 | - | 25 | 24 | - | 24 | 1 | - |
| Employee Relations Board | 3 | 3 | - | 3 | 3 | - | 3 | - | - |
| Environmental Affairs | 31 | 34 | (1) | 33 | 31 | (1) | 30 | 3 | 2 |
| Ethics Commission | 23 | 27 | - | 27 | 26 | - | 26 | 1 | - |
| Finance | 362 | 388 | 1 | 389 | 367 | 2 | 369 | 20 | 20 |
| Fire - Civilian | 353 | 438 | - | 438 | 383 | (6) | 377 | 61 | 34 |
| Fire - Sworn | 3,586 | 3649 | - | 3649 | 3686 | (19) | 3667 | (18) | 11 |
| General Services | 2,217 | 2292 | - | 2292 | 2039 | - | 2039 | 253 | 21 |
| Housing | 503 | 598 | - | 598 | 535 | (1) | 534 | 64 | 12 |
| Human Relations Commission | 6 | 10 | - | 10 | 10 | - | 10 | - | - |
| Information Technology Agency | 729 | 820 | 5 | 825 | 738 | (13) | 725 | 100 | 11 |
| L.A. Convention Center | 165 | 191 | - | 191 | 157 | (3) | 154 | 37 | 20 |
| Neighborhood Empowerment | 49 | 40 | 1 | 41 | 31 | 2 | 33 | 8 | - |
| Personnel | 464 | 551 | 1 | 552 | 499 | (3) | 496 | 56 | 21 |
| Planning | 270 | 401 | - | 401 | 299 | (1) | 298 | 103 | - |
| Police - Civilian | 3,786 | 3856 | - | 3856 | 3132 | (19) | 3113 | 743 | - |
| Police - Sworn | 10,467 | 10493 | - | 10493 | 9714 | 13 | 9727 | 766 | - |
| PW/Board of Public Works | 130 | 142 | - | 142 | 131 | 2 | 133 | 9 | - |
| PW/Bureau of Contract Admin | 290 | 454 | - | 454 | 369 | (1) | 368 | 86 | - |
| PW/Bureau of Engineering | 961 | 1153 | 1 | 1154 | 980 | (3) | 977 | 177 | 32 |
| PW/Bureau of Sanitation | 2,945 | 3027 | (1) | 3026 | 2694 | 13 | 2707 | 319 | 12 |
| PW/Bureau of Street Lighting | 230 | 247 | - | 247 | 210 | (2) | 208 | 39 | 2 |
| PW/Bureau of Street Services | 1,282 | 1614 | - | 1614 | 1341 | (6) | 1335 | 279 | 7 |
| Transportation | 1,584 | 1765 | - | 1765 | 1547 | 10 | 1557 | 208 | 16 |
| Treasurer | 38 | 43 | - | 43 | 36 | - | 36 | 7 | 3 |
| Zoo | 257 | 261 | - | 261 | 228 | 3 | 231 | 30 | 2 |
| Subtotal | 33,598 | 36,136 | 37 | 36,173 | 32,513 | (42) | 32,471 | 3,702 | 336 |
| Library | 1,136 | 1,181 | - | 1,181 | 1,110 | (1) | 1,109 | 72 | - |
| Recreation and Parks | 2,038 | 2,217 | - | 2,217 | 1,928 | (5) | 1,923 | 294 | 124 |
| Subtotal | 3,174 | 3,398 | - | 3,398 | 3,038 | (6) | 3,032 | 366 | 124 |
| Total | 36,772 | 39,534 | 37 | 39,571 | 35,551 | (48) | 35,503 | 4,068 | 460 |

"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 | 36,772 | 39,518 | 16 | 39,534 | 35,586 | (35) | 35,551 | 3,983 | 430 |
| August | 36,772 | 39,534 | 37 | 39,571 | 35,551 | (48) | 35,503 | 4,068 | 460 |
| September | | | - | | | - | | - | - |
| October | | | - | | | - | | - | - |
| November | | | - | | | - | | - | - |
| December | | | - | | | - | | - | - |
| January | | | - | | | - | | - | - |
| February | | | - | | | - | | - | - |
| March | | | - | | | - | | - | - |
| April | | | - | | | - | | - | - |
| May | | | - | | | - | | - | - |
| June | | | - | | | - | | - | - |

**Attachment 13a
Five-Year Budget Forecast (\$million)**

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ESTIMATED GENERAL FUND REVENUE | | | | | |
| General Fund Base (1) | \$ 4,351.9 | \$ 4,497.7 | \$ 4,512.3 | \$ 4,616.9 | \$ 4,771.2 |
| Revenue Growth (2) | | | | | |
| Property Related Taxes | 15.0 | (3.8) | 3.5 | 37.1 | 69.1 |
| Sales and Business Taxes | (27.0) | 26.2 | 24.7 | 34.0 | 44.2 |
| Utility Users' Tax | 10.4 | 22.3 | 23.1 | 27.3 | 28.4 |
| License, Permits and Fees | 155.5 | (70.0) | 21.2 | 21.8 | 22.5 |
| Other Fees, Taxes and Transfers | (7.1) | 40.0 | 32.1 | 34.0 | 36.0 |
| Total Revenue | \$ 4,498.7 | \$ 4,512.3 | \$ 4,616.9 | \$ 4,771.2 | \$ 4,971.3 |
| <i>General Fund Revenue Increase %</i> | <i>1.4%</i> | <i>0.3%</i> | <i>2.3%</i> | <i>3.3%</i> | <i>4.2%</i> |
| <i>General Fund Revenue Increase \$</i> | <i>61.0</i> | <i>13.6</i> | <i>104.6</i> | <i>154.2</i> | <i>200.1</i> |
| ESTIMATED GENERAL FUND EXPENDITURES | | | | | |
| General Fund Base (3) | \$ 4,437.7 | \$ 4,553.7 | \$ 4,795.7 | \$ 4,973.1 | \$ 5,089.0 |
| Incremental Changes to Base: (4) | | | | | |
| Employee Compensation Adjustments (5) | 120.5 | 123.8 | 94.3 | 97.3 | 71.8 |
| City Employees Retirement System (6) | (26.2) | (13.7) | (11.2) | (8.0) | (3.6) |
| Fire and Police Pensions (6) | (2.1) | (10.3) | (20.5) | (16.3) | (8.9) |
| Workers Compensation Benefits (7) | 7.5 | 10.8 | 11.6 | 12.6 | 13.6 |
| Health and Dental Benefits (8) | 29.7 | 44.4 | 42.3 | 44.5 | 46.6 |
| Debt Service (9) | 14.2 | 8.0 | (7.1) | (12.3) | - |
| Expense CPI Increases (10) | - | 6.6 | 6.7 | 6.9 | 7.0 |
| Delete Reso. Authorities & One-Time Costs (11) | (103.2) | - | - | - | - |
| Unappropriated Balance (12) | 16.5 | - | - | - | - |
| New Facilities (13) | 27.4 | 10.6 | 9.2 | 7.5 | -9.3 |
| City Elections (14) | 16.9 | (16.9) | 17.4 | (17.4) | 17.9 |
| Police 1,000 Officers Hiring Plan (15a) | 16.1 | 42.4 | 26.9 | - | - |
| VLF Police Hires (15b) | 19.1 | - | - | - | - |
| Public Safety Systems Project (16) | 3.2 | - | - | - | - |
| CIEP (17) | 11.2 | 36.4 | 2.1 | 1.2 | 1.6 |
| Emergency Communications System (18) | 3.5 | - | - | - | - |
| Public Safety Radio Replacement (19) | - | - | 5.7 | - | - |
| Police In-Car Videos (20) | - | - | - | - | - |
| Appropriation to the Reserve Fund | 14.8 | - | - | - | - |
| Net - Other Additions and Deletions | (53.0) | - | - | - | - |
| 2008-09 2nd FSR Expenditure Shortfall | 55.0 | | | | |
| Subtotal Expenditures | \$ 4,608.7 | \$ 4,795.7 | \$ 4,973.1 | \$ 5,089.0 | \$ 5,244.3 |
| <i>Expenditure Growth %</i> | <i>3.9%</i> | <i>4.1%</i> | <i>3.7%</i> | <i>2.3%</i> | <i>3.1%</i> |
| <i>Expenditure Growth \$</i> | <i>171.0</i> | <i>187.0</i> | <i>177.4</i> | <i>115.9</i> | <i>155.3</i> |
| TOTAL BUDGET GAP | \$ (110.0) | \$ (283.4) | \$ (356.2) | \$ (317.8) | \$ (273.0) |

**ATTACHMENT 13b
FIVE-YEAR GENERAL FUND BUDGET FORECAST FOOTNOTES**

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: The 2008-09 revenue is adjusted in light of current economic conditions and based upon preliminary forecast in October 2008. Future year revenue projections have not been revised at this time. It still assumes flat growth in 2009-10 and to moderately grow in 2010-11 through 2012-13. Amounts represent projected incremental change to the base. The reason for the decline in 2009-10 LPFF is primarily due to one-time revenues budgeted in 2008-09. Refer to the Revenue Outlook for detail of each revenue category.

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. The beginning 2009-10 base is assumed to be equivalent to the 2008-09 budget in anticipation that permanent ongoing reductions, rather than one-time solutions, are adopted.

(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. Amounts represent projected incremental change to the base.

(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. On Dec. 19, 2007, the Mayor and Council approved the 2007-2012 Memorandum of Understanding (MOU) for the Coalition of the Los Angeles City Union and Management Attorneys Unit. The approved COLAs are reflected in the chart below. Step increases that apply to all workers who have been on Step 5 for one year and to most flat-rated workers at the time of the increase will be effective January 1st of 2010, 2011, and 2012.

| Civilian MOUs | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---------------|---------|---------|---------|---------|---------|
| COLA | 2% + 2% | 3% | 3% | 2.25% | 2.25% |
| Step/Increase | | | 2.75% | 2.75% | 2.75% |

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 2% salary growth each year for 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 WC budget increase of 8% is applied through 2012-13 based on 2007-08 experience.

(8) Health and Dental Benefits: Mercer Consulting provides the civilian plan forecast. Projected civilian employee FLEX benefits reflect medical subsidy increases of 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 starting in 2010-11. 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) Delete One-time Resolution Authorities and Other Costs: Reflects City practice of deleting programs and costs that are limited-term and temporary in nature at the start of the budget process. Funding for these positions, programs, and expenses is reviewed on a case-by-case basis and dependent upon continuing need for the fiscal year. Continued or new items added are embedded in the "Net – Additions and Deletions" line item of the forecast. None are deleted in subsequent years to provide a placeholder for continuation of resolution authority positions for various programs, as well as equipment, and other one-time expenses incurred annually. As such, these costs are therefore incorporated into the beginning General Fund base of subsequent years.

(12) Unappropriated Balance (UB): The total 2008-09 UB budget is around \$16 million, including nearly \$3.5 million reflected in the New Facilities category. The balance is not eliminated to provide a placeholder for various ongoing and/or contingency requirements in the following years.

(13) New Facilities: Funding projections are based on preliminary departmental estimates for ongoing staffing and expenses that have not been prioritized.

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

(15a) 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.

(15b) By the end of 2007-08, the VLF backfills funds originally used to finance additional Police costs will be depleted, but costs continue to be incurred. General Fund monies reflect backfill of the direct costs for those hired in prior years.

(16) Public Safety Systems Project: The 2008-09 budget includes \$3.2 million in the Information and Technology Agency (ITA) for development of the systems component of the new Emergency Operations Center, Police Department Operations Center, and Fire Dispatch Center, including systems design, and design and engineering services related to the 911 phone system. The systems implementation is scheduled to be completed in 2010. The budget also includes nearly \$10 million in MICLA financing for the purchase and installation of the systems equipment.

(17) Capital Improvement Expenditure Program (CIEP): The 2008-09 budget includes \$11 million for various capital projects. For future years, the CIEP amounts assume compliance with the policy of budgeting 1% of the General Fund for capital improvement projects.

(18) Emergency Command Control Communications System (ECCCS): The 2008-09 budget provides \$3.6 million for the annual maintenance agreement and staffing of the Police 9-1-1 system. Funding is continued to provide a placeholder until future year projections are fully assessed and developed.

(19) Public Safety Radio Replacement: Purchase of 9,300 handheld police (excludes Fire and GSD) radios is planned through a seven-year "lease to own" agreement. The annual lease payments will be deferred for the first two years, and the City will be required to pay approximately \$5.7 million to the vendor for the next seven years.

(20) Police In-Car Videos: The estimated total project cost for In-Car Video is \$28 million. Of this, \$5.5 million for Phase I was funded in 2007-08: \$5 million from the Unappropriated Balance and \$500,000 from LAPD's operating budget. The remaining \$22.5 million for Phases II to IV is proposed to be funded through a direct funding agreement with IBM, the vendor providing the system. Until these future phases actually move forward and the capital lease amount is determined for each phase, an estimate of future year costs cannot be provided. However, given the current timing of Phase I, the earliest we anticipate incurring capital lease costs is 2009-10.

Attachment 14a - 2008-09 Budget Outlook (Revenue)

\$ Millions

Budget Revenue **\$4,554**

Issues/Changes

Economy Sensitive

These accounts would be affected by a recession.

| | | |
|--------------|-------|--------|
| Sales Tax | (\$5) | |
| Business Tax | (5) | |
| Hotel Tax | (3) | |
| Parking Tax | (2) | (\$15) |
| | | |

Real Estate

This account is most affected by a real estate downturn. Budget anticipated a decline of 10%; this revises the revenue drop to 20%.

| | | |
|-----------------|------|--|
| Documentary Tax | (10) | |
| | | |

Subtotal Economy-Sensitive & Property Related (25)

Departmental Receipts (30)

Likely shortfall is related to difficulty of completing property sales in current market and economy-related factors that may effect special fund receipts. This could adversely affect the funds' ability to make the full amount of the budgeted transfer. In addition, this account includes an \$86 million transfer from the Special Parking Revenue Fund. Some of that funding is linked to the sale of real property and another portion is linked to higher parking meter revenue. Full realization of all of these fund revenues is not free from doubt.

Recommended Adjustments

(55)

Revised Revenue Estimate

\$4,499

**Attachment 14b - Fiscal Year 2008-09 General Fund Receipts
At September 30, 2008**

| | \$ Thousands | | | | |
|-----------------------------------|--------------|------------------|----------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Budget | Plan @ Sep 30 | Receipts @ Sep 30 | Variance (Receipts Less Plan) | |
| Property Tax | \$1,461,394 | \$84,133 | \$102,611 | \$18,478 | City secured receipts include what appears to be \$12 million in carryover revenue from FY 2007-08. Redemptions and supplemental receipts are each \$2.5 million ahead of the historical level. But in the uncertain current real estate market that may not be sustainable. No change to the property tax estimate is recommended. |
| Utility Users' Tax | 637,600 | 151,003 | 162,957 | 11,954 | Electric, gas and telephone are each a few \$ million ahead of plan. |
| Licenses, Permits, Fees and Fines | 804,178 | 189,022 | 121,229 | (67,793) | Overhead and proprietary billings are below plan but a portion of the large variance at September is related to delayed reimbursements. |
| Business Tax | 472,395 | 14,591 | 16,101 | 1,510 | Receipts to date provide no basis to make a change, but economy-sensitive revenues usually fall during a recession. |
| Sales Tax | 336,137 | 84,284 | 84,969 | 685 | City taxable sales are at the same level as prior year; county and state are below prior year. Current receipts reflect taxable sales through Spring '09. Summer quarter receipts will be known in December, but these still would not fully reflect Wall Street troubles. Fourth quarter (which includes Christmas) receipts will be available in April. One early warning sign is that state sales tax cash collections are dropping. Receipts to date provide no basis to make a change, but economy-sensitive revenues usually fall during a recession. |
| Documentary Transfer Tax | 120,024 | 32,046 | 28,556 | (3,490) | This will fall below budget. |
| Power Revenue Transfer | 197,400 | | | | |
| Transient Occupancy Tax | 155,914 | 40,537 | 40,214 | (323) | Receipts to date do not provide a basis to make a change, but economy-sensitive revenues usually fall during a recession. |
| Parking Fines | 134,000 | 31,800 | 30,259 | (1,541) | Possibly affected by delay in the roll-out of the meter-hour expansion. |

**Attachment 14b - Fiscal Year 2008-09 General Fund Receipts
At September 30, 2008**

| | \$ Thousands | | | |
|---------------------------------------------------|--------------------|------------------|----------------------|-------------------------------------|
| | Budget | Plan @ Sep 30 | Receipts @ Sep 30 | Variance (Receipts Less Plan) |
| Parking Users' Tax | 94,480 | 22,860 | 20,419 | (2,441) |
| Franchise Income | 53,341 | 11,484 | 13,296 | 1,812 |
| Water Revenue Transfer | | | | |
| State Motor Vehicle License Fees | 19,700 | 4,924 | 5,713 | 789 |
| Grant Receipts | 17,116 | 4,279 | 4,826 | 546 |
| Transfer from Tax Reform Fund | | | | |
| Tobacco Settlement | 12,028 | | | |
| Transfer from | 3,871 | | | |
| Telecommunications Fund | | | | |
| Residential Development Tax | 1,920 | 480 | 512 | 32 |
| Subtotal General Fund Less Interest Income | \$4,521,498 | \$671,444 | \$631,661 | (\$39,783) |
| Interest Income | 32,172 | 7,443 | 24,469 | 17,026 |
| Total General Fund | \$4,553,670 | \$678,887 | \$656,130 | (\$22,756) |

Receipts to date do not provide a basis to make a change, but economy-sensitive revenues usually fall during a recession.

Department receipts are primary problem; but some of variance is only related to the timing of receipts. Current variance is less of a concern than reports of a serious recession.

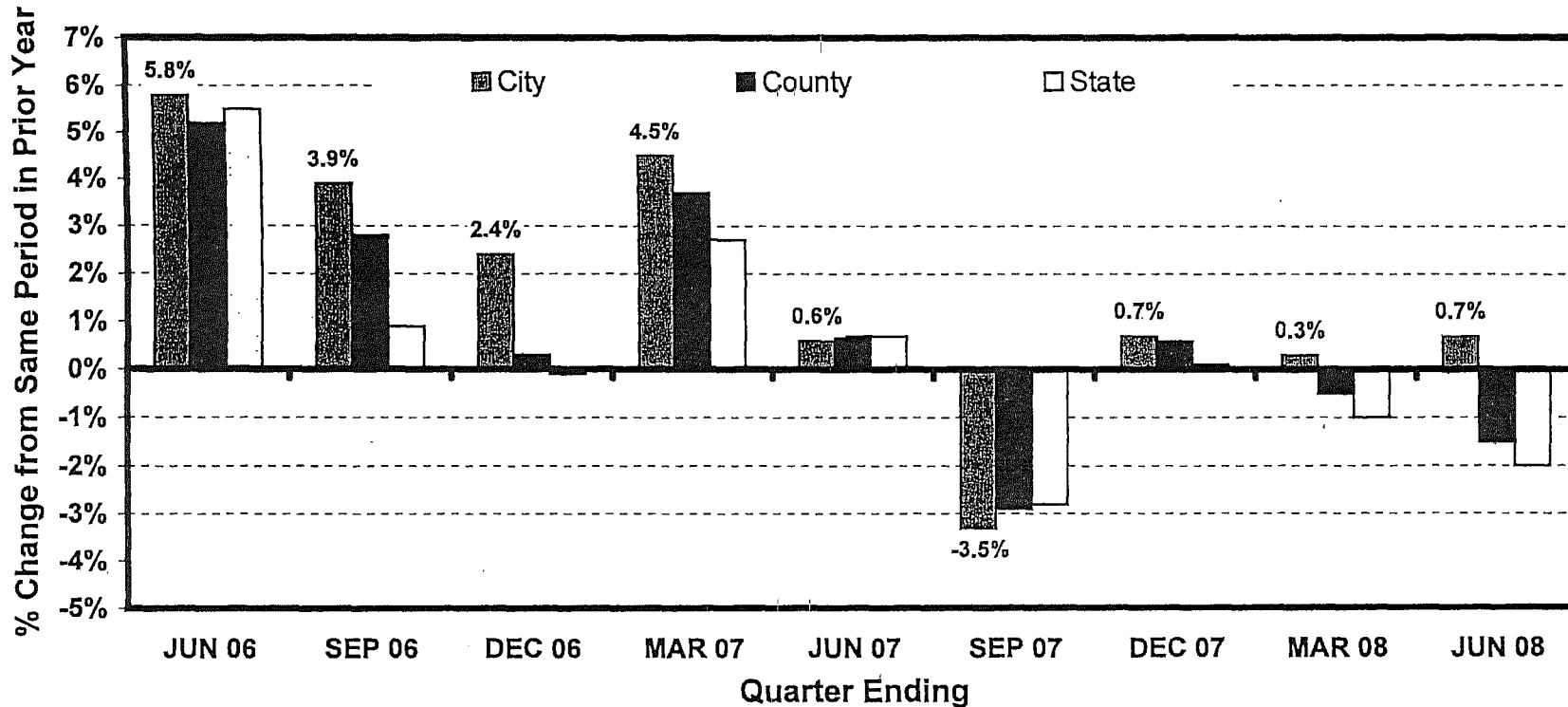
Variance probably not meaningful. Possibly affected timing of disbursements to proprietary departments and special funds

Attachment 14c - Comparison: Change in City, County and State Sales Tax Allocations

City Taxable Sales Grew in the Last 3 Quarters; County and State Taxable Sales Declined.

City taxable sales exceeded that of the state and county in 7 of the 9 most recent quarters and in each of the last 3 quarters.

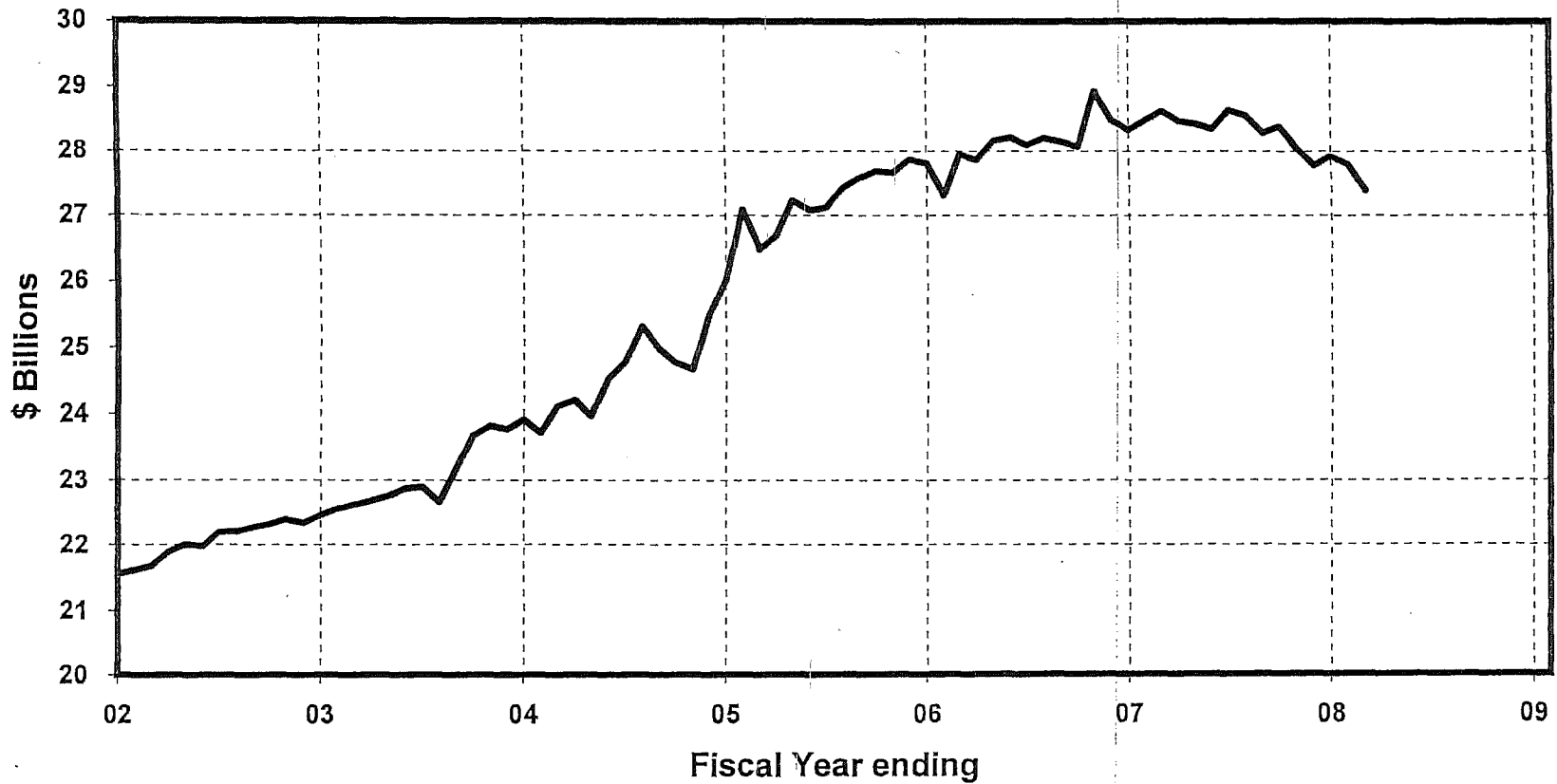
Although four of the last five quarters showed growth in City taxable sales, the average change in the last five quarters was negative.



Typically, the State and Los Angeles County do better than the City. The calendar quarters ending in the months displayed above correspond to the period of taxable sales transactions – for example, "JUN 08" indicates taxable sales in April, May and June 2008. City cash receipts follow taxable sales by about one calendar quarter. So City taxable sales in the calendar quarter ending June '08 primarily affect City sales tax receipts in July, August and September of City FY 2008-09.

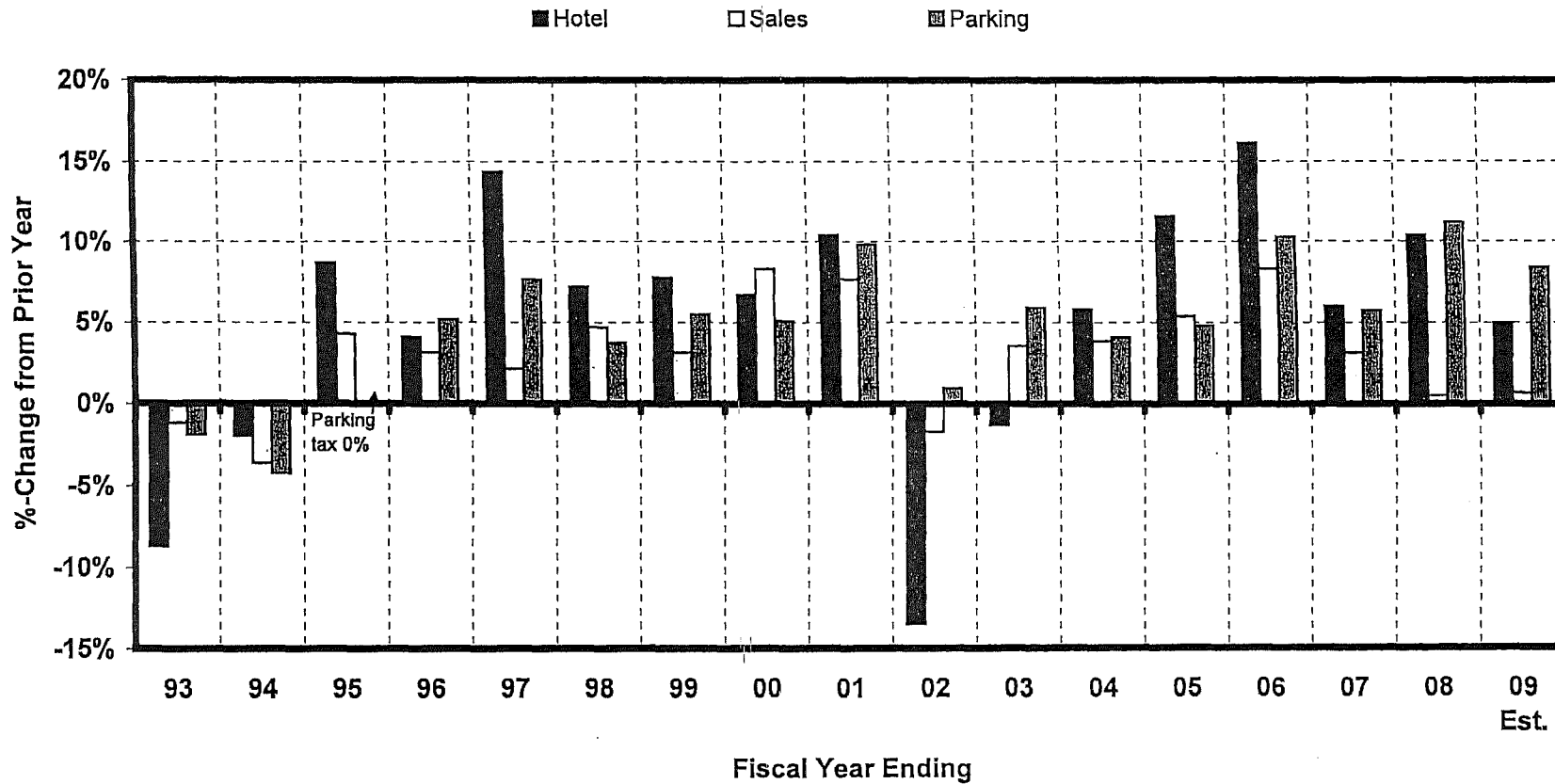
Attachment 14d - Department of Finance Sales Tax Cash Receipts

12 Month Moving Sum



The State Department of Finance reports that statewide taxable sales for the 12-month period ending August 2008 are 4.3% below the 12-month period ending August 2007. This is before financial market collapse.

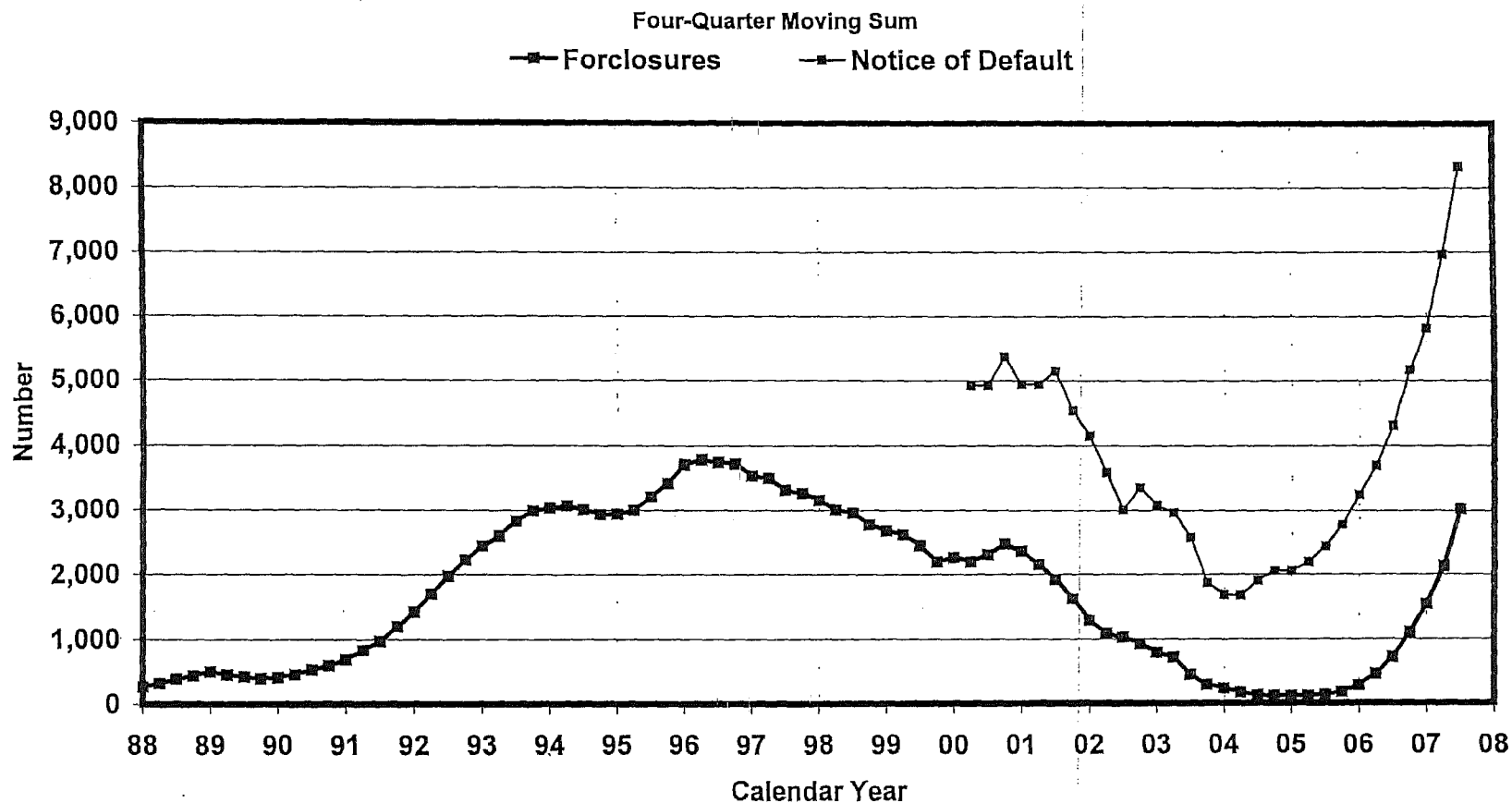
Attachment 14e - Comparison of Annual Change: 3 Economy-Sensitive Revenues



The rate of change in these revenues was adjusted to remove the effects of tax rate and collection timing changes.

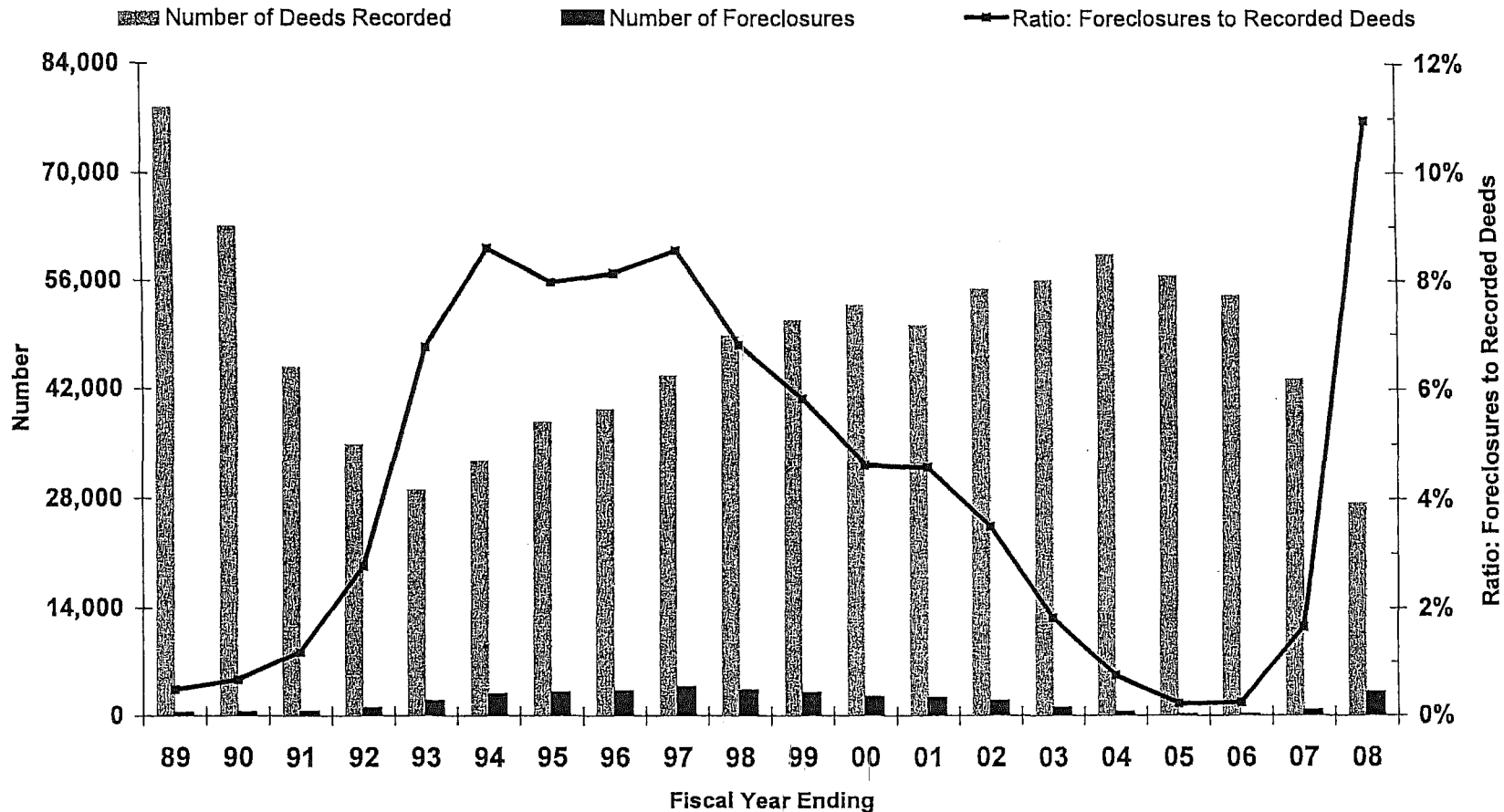
The hotel tax appears to be both the most volatile and most affected by the global and national economy. Between FY 1992-93 and FY 2006-07 average growth in hotel tax was 4.9%; sales tax was 3.4%; and parking tax grew at 4.5%. The sales tax is linked to external economies but has a strong local component. The parking tax appears to be a hybrid. It is more volatile than the sales tax but less so than the hotel tax. The parking tax outperformed both the hotel and sales tax in the last recession year – FY 2001-02. The strong growth in recent years is partially related to an active compliance effort by Office of Finance.

Attachment 14f - Residential Foreclosures in City of Los Angeles



The number of foreclosures in the City is approaching the earlier peak of the mid 1990s. Data for the "Notice of Default" series are only available since 2000. Most notices of default are resolved before foreclosure, but such notices are a leading indicator of foreclosures. It is likely the number of foreclosures will continue to rise through 2008.

Attachment 14g - Foreclosures and Recorded Deeds



This chart shows deeds recorded (gray bars) and foreclosures (black bars) by fiscal year in the City of Los Angeles. Values for deeds and foreclosures are measured on the left axis. The line shows the ratio of foreclosures to recorded deeds and is measured on the right axis. In periods of high real estate activity, foreclosures make up only a small fraction of real estate activity. In periods of low real estate activity, foreclosures comprise a greater portion of sales volume. In City fiscal year 2007-08, real estate volume was at a low point and foreclosures were at a high point. In FY 2008-09 real estate volume can be expected to decline and the number of foreclosures can be expected to rise.

Attachment 14h
REVENUE MONTHLY STATUS REPORT
SALES TAX
(Thousand Dollars)

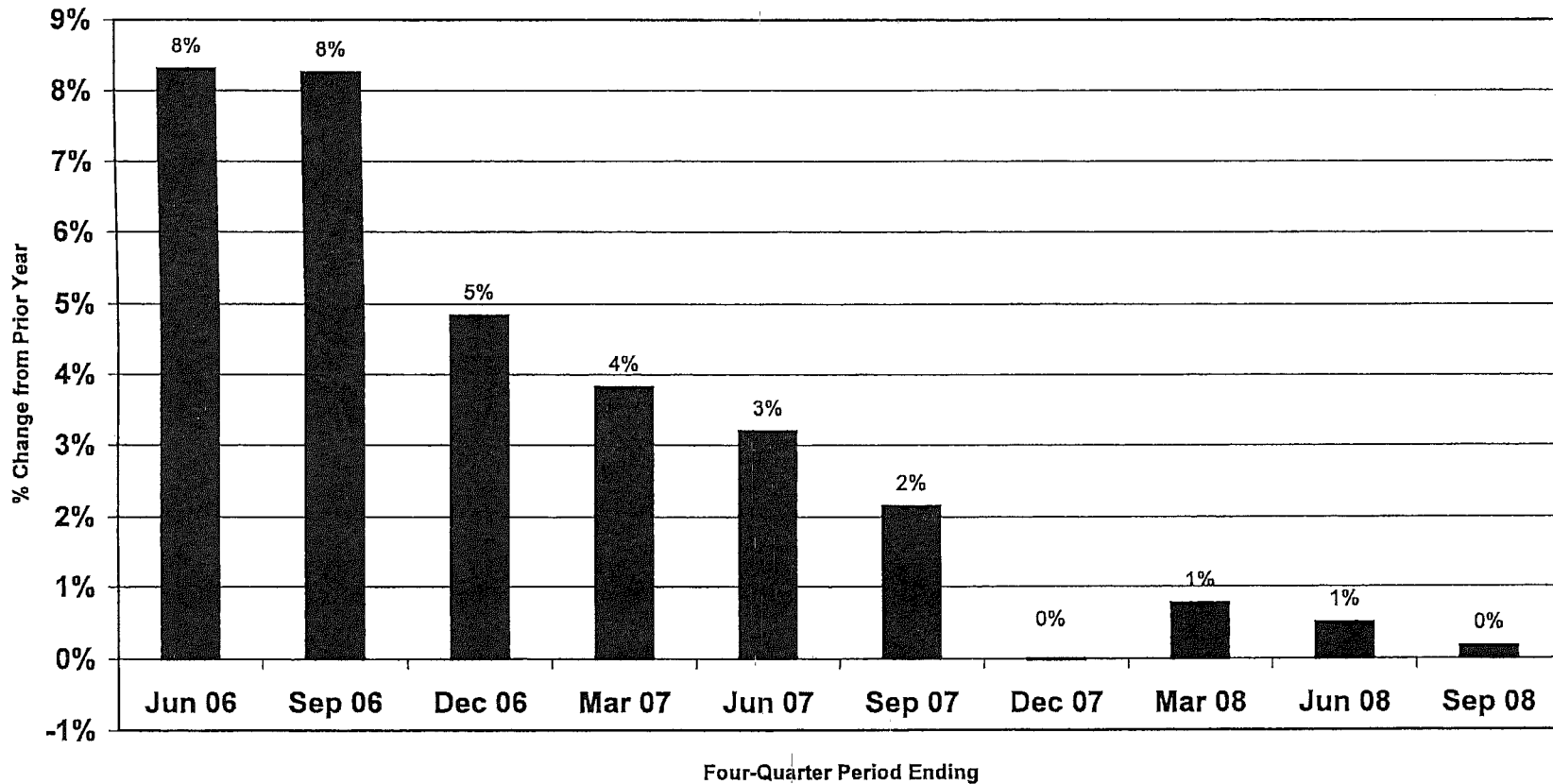
| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | \$20,690 | \$23,111 | \$22,761 | \$23,222 | \$23,582 | \$360 |
| AUGUST | 27,425 | 30,601 | 30,492 | 30,299 | 31,421 | 1,122 |
| SEPTEMBER | 29,739 | 29,051 | 31,158 | 30,763 | 29,968 | (795) |
| OCTOBER | 19,844 | 22,476 | 23,497 | 22,029 | | |
| NOVEMBER | 26,234 | 30,147 | 31,504 | 29,351 | | |
| DECEMBER | 39,408 | 35,463 | 28,566 | 34,202 | | |
| JANUARY | 22,212 | 23,504 | 23,900 | 23,716 | | |
| FEBRUARY | 29,587 | 31,154 | 31,924 | 30,897 | | |
| MARCH | 30,155 | 27,316 | 28,773 | 30,230 | | |
| APRIL | 20,787 | 20,820 | 21,854 | 21,455 | | |
| MAY | 27,697 | 27,944 | 29,021 | 28,462 | | |
| JUNE | 29,777 | 32,298 | 32,113 | 31,511 | | |
| TOTAL | \$323,555 | \$333,885 | \$335,563 | \$336,137 | | |
| % CHANGE | 2.2% | 3.2% | 0.5% | 0.7% | | |

| | | | | | | |
|----------------|-----------|-----------|-----------|-----------|--|--|
| TRADITIONAL 1% | | | | | | |
| SALES TAX | \$431,407 | \$445,179 | \$447,417 | \$448,183 | | |
| % CHANGE | 8.3% | 3.2% | 0.5% | 0.2% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|----------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | \$20,690 | \$23,111 | \$22,761 | \$23,222 | \$23,582 | \$360 |
| AUGUST | 48,115 | 53,712 | 53,253 | 53,521 | 55,003 | 1,482 |
| SEPTEMBER | 77,854 | 82,763 | 84,411 | 84,284 | 84,971 | 687 |
| OCTOBER | 97,698 | 105,239 | 107,908 | 106,313 | | |
| NOVEMBER | 123,932 | 135,386 | 139,412 | 135,664 | | |
| DECEMBER | 163,340 | 170,849 | 167,978 | 169,866 | | |
| JANUARY | 185,552 | 194,353 | 191,878 | 193,582 | | |
| FEBRUARY | 215,139 | 225,507 | 223,802 | 224,479 | | |
| MARCH | 245,294 | 252,823 | 252,575 | 254,709 | | |
| APRIL | 266,081 | 273,643 | 274,429 | 276,164 | | |
| MAY | 293,778 | 301,587 | 303,450 | 304,626 | | |
| JUNE | 323,555 | 333,885 | 335,563 | 336,137 | | |

City sales tax receipts in July, August and September are most affected by spring quarter taxable sales. Receipts are very close to plan. But this does not include recession.

**Attachment 14i - Rate of Change in City Sales Tax
Four Quarter Moving Sum**



If the fiscal year ended in September 2008, sales tax receipts would be almost exactly at the prior year level. This is consistent with the FY 2008-09 budget and with UCLA's September 2008 forecast of California taxable sales. But recession will likely pull receipts below prior-year

Attachment 14j
REVENUE MONTHLY STATUS REPORT
Transient Occupancy Tax
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|------------------|------------------|------------------|------------------|---------|-----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$9,257 | \$10,454 | \$12,304 | \$12,993 | \$9,501 | (\$3,492) |
| AUGUST | 12,072 | 11,748 | 13,406 | 13,772 | 17,789 | \$4,017 |
| SEPTEMBER | 10,187 | 10,918 | 13,048 | 13,772 | 12,924 | (\$848) |
| OCTOBER | 10,319 | 9,656 | 11,227 | 13,772 | | |
| NOVEMBER | 4,875 | 11,294 | 13,911 | 12,213 | | |
| DECEMBER | 10,721 | 12,801 | 6,591 | 12,213 | | |
| JANUARY | 13,955 | 9,710 | 12,730 | 12,213 | | |
| FEBRUARY | 5,675 | 3,674 | 7,845 | 12,993 | | |
| MARCH | 14,999 | 16,188 | 12,442 | 12,993 | | |
| APRIL | 7,560 | 13,145 | 15,792 | 12,993 | | |
| MAY | 13,561 | 13,666 | 13,958 | 12,993 | | |
| JUNE | 13,810 | 11,303 | 15,271 | 12,993 | | |
| TOTAL | \$126,991 | \$134,557 | \$148,525 | \$155,914 | | |
| % CHANGE | -0.6% | 6.0% | 10.4% | 5.0% | | |

These are actual tax receipts; the value for percentage change in FY 2005-06 is distorted by a acceleration of tax collections in FY 2004-05. The tables below normalize the percentage-change form the prior year.

| | | | | |
|----------|-------|------|-------|------|
| % CHANGE | 16.1% | 6.0% | 10.4% | 5.0% |
|----------|-------|------|-------|------|

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|-------------|-------------|
| Taxable | | | | |
| Hotel Sales | \$976,854 | \$1,035,054 | \$1,142,500 | \$1,199,338 |
| | 16.1% | 6.0% | 10.4% | 5.0% |
| Each 1% tax rate* | \$9,769 | \$10,351 | \$11,425 | \$11,993 |
| *Based on taxable hotel sales and excluding cash flow consequences of shift in remittance schedule from monthly to quarterly. | | | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|----------|----------|----------|---------|-----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$9,257 | \$10,454 | \$12,304 | \$12,993 | \$9,501 | (\$3,492) |
| AUGUST | 21,329 | 22,202 | 25,710 | 26,765 | 27,290 | 525 |
| SEPTEMBER | 31,516 | 33,120 | 38,758 | 40,538 | 40,214 | (324) |
| OCTOBER | 41,835 | 42,776 | 49,985 | 54,310 | | |
| NOVEMBER | 46,710 | 54,070 | 63,896 | 66,523 | | |
| DECEMBER | 57,431 | 66,871 | 70,487 | 78,737 | | |
| JANUARY | 71,386 | 76,581 | 83,217 | 90,950 | | |
| FEBRUARY | 77,061 | 80,255 | 91,062 | 103,943 | | |
| MARCH | 92,060 | 96,443 | 103,504 | 116,936 | | |
| APRIL | 99,620 | 109,588 | 119,296 | 129,928 | | |
| MAY | 113,181 | 123,254 | 133,254 | 142,921 | | |
| JUNE | 126,991 | 134,557 | 148,525 | 155,914 | | |

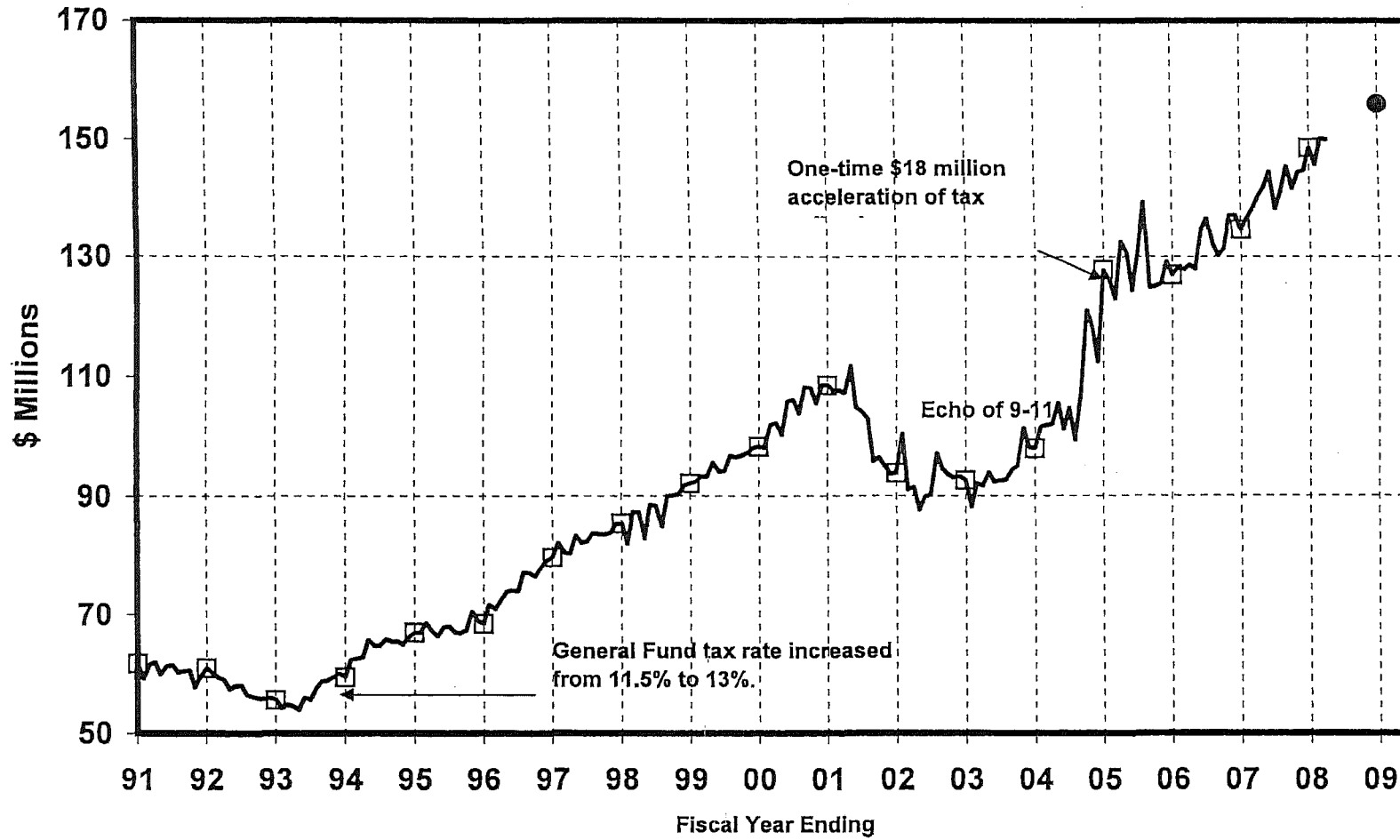
Attachment 14k - City Hotel Tax Receipts

12-Month Moving Sum

— Actual

□ Fiscal Year Value

● Estimate



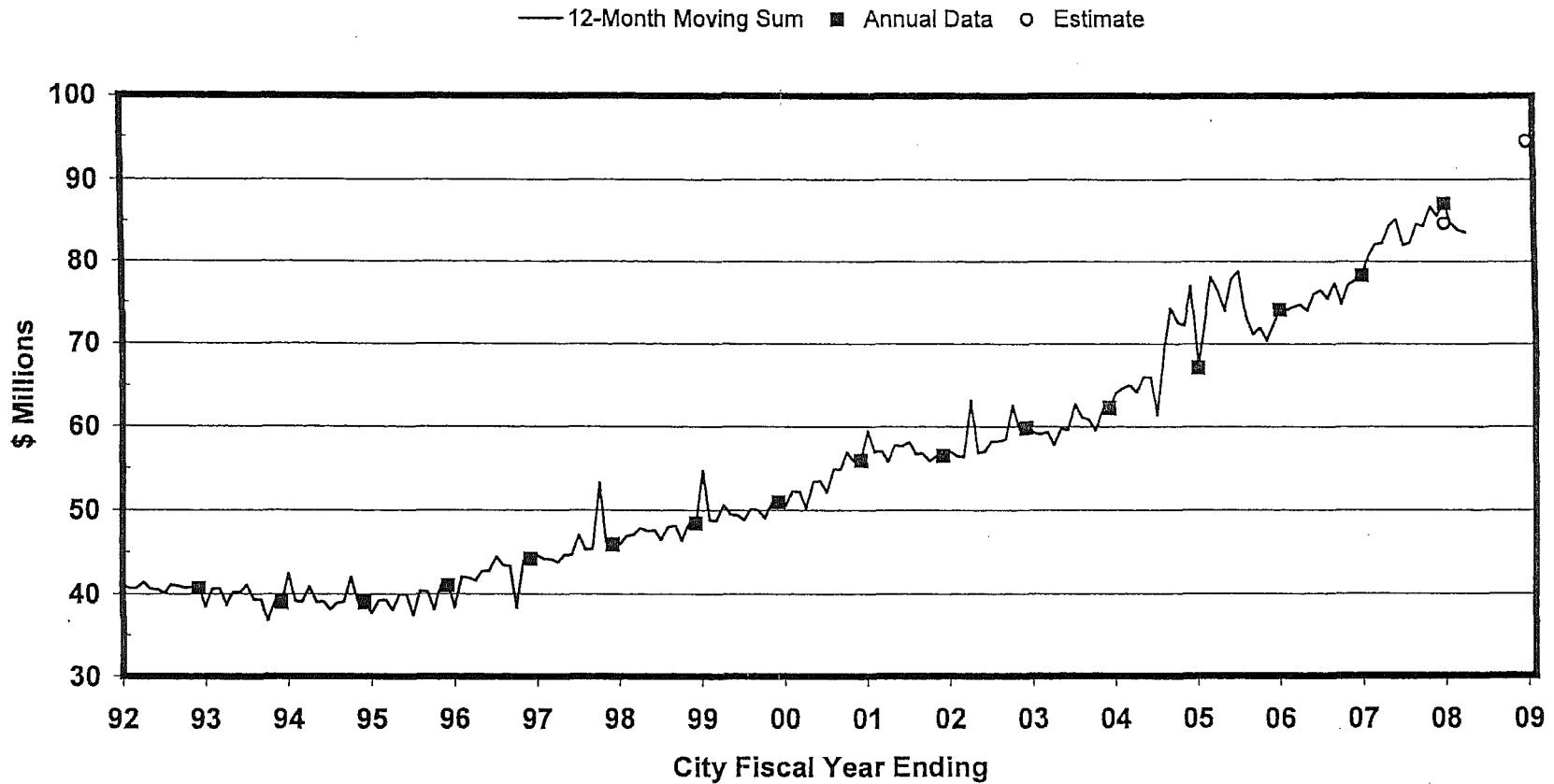
Attachment 14I
REVENUE MONTHLY STATUS REPORT
Parking Users' Tax
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|-----------------|-----------------|-----------------|-----------------|---------|-----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$6,641 | \$6,573 | \$8,869 | \$7,620 | \$6,401 | (\$1,219) |
| AUGUST | 6,185 | 6,580 | 8,076 | 7,620 | 7,277 | (343) |
| SEPTEMBER | 6,528 | 6,822 | 6,974 | 7,620 | 6,740 | (880) |
| OCTOBER | 5,836 | 5,078 | 7,116 | 7,620 | | |
| NOVEMBER | 3,931 | 5,957 | 6,818 | 8,000 | | |
| DECEMBER | 6,706 | 7,183 | 4,036 | 8,000 | | |
| JANUARY | 7,725 | 6,735 | 7,032 | 8,000 | | |
| FEBRUARY | 3,142 | 5,015 | 7,301 | 8,000 | | |
| MARCH | 9,538 | 6,988 | 6,743 | 8,000 | | |
| APRIL | 3,509 | 5,805 | 8,229 | 8,000 | | |
| MAY | 7,263 | 7,898 | 6,711 | 8,000 | | |
| JUNE | 7,095 | 7,689 | 9,226 | 8,000 | | |
| TOTAL | \$74,099 | \$78,323 | \$87,131 | \$94,480 | | |
| % CHANGE | 10.3% | 5.7% | 11.2% | 8.4% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|---------|---------|---------|---------|-----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$6,641 | \$6,573 | \$8,869 | \$7,620 | \$6,401 | (\$1,219) |
| AUGUST | 12,826 | 13,153 | 16,945 | 15,240 | 13,678 | (1,562) |
| SEPTEMBER | 19,354 | 19,975 | 23,919 | 22,860 | 20,418 | (2,442) |
| OCTOBER | 25,190 | 25,053 | 31,035 | 30,480 | | |
| NOVEMBER | 29,121 | 31,010 | 37,853 | 38,480 | | |
| DECEMBER | 35,827 | 38,193 | 41,889 | 46,480 | | |
| JANUARY | 43,552 | 44,928 | 48,921 | 54,480 | | |
| FEBRUARY | 46,694 | 49,943 | 56,222 | 62,480 | | |
| MARCH | 56,232 | 56,931 | 62,965 | 70,480 | | |
| APRIL | 59,741 | 62,736 | 71,194 | 78,480 | | |
| MAY | 67,004 | 70,634 | 77,905 | 86,480 | | |
| JUNE | 74,099 | 78,323 | 87,131 | 94,480 | | |

FY 2007-08 estimate includes recovery from outside auditor plus additional recovery from enhanced compliance efforts. Estimate for FY 2008-09 includes benefit from earlier compliance activity now in the base and the historical pattern of anticipated receipts in other economy-sensitive revenues. The FY 2008-09 estimate also includes \$4 million in additional revenue resulting from a change to the police permit ordinance providing for suspension or revocation of police permits for parking lot operators for failure to pay or underpayment of City taxes including the parking, business and transient occupancy taxes.

Attachment 14m - City of Los Angeles Parking Users' Tax



The monthly volatility in FY 2004-05 and FY 2005-06 reflects a change in cash collection timing. Growth in FY 2007-08 reflects Office of Finance compliance activity and a more aggressive approach to enforcement. Projected growth in FY 2008-09 is linked to a new program connecting police permits for parking lot operators to prompt and full payment of City taxes and fees. Parking tax revenue was higher than budget in FY 2007-08. The slower growth in recent months is still within the band of normal monthly variation, but it could also reflect a slowing economy. Data does not include recession.

Attachment 14n
REVENUE MONTHLY STATUS REPORT
PROPERTY TAX -- ALL SOURCES
 (THOUSAND DOLLARS)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|--------------------|--------------------|--------------------|--------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$19,894 | \$63,802 | \$26,935 | \$24,552 | \$37,373 | \$12,821 |
| AUGUST | 39,179 | 39,328 | 42,536 | 59,651 | 65,238 | 5,586 |
| SEPTEMBER | (261) | | (74) | (70) | | 70 |
| OCTOBER | 3,095 | | | (1,050) | | |
| NOVEMBER | 18,260 | 19,211 | 25,069 | 19,754 | | |
| DECEMBER | 270,769 | 319,795 | 345,291 | 362,745 | | |
| JANUARY | 260,244 | 288,591 | 310,265 | 320,199 | | |
| FEBRUARY | 62,568 | 49,707 | 58,948 | 54,076 | | |
| MARCH | 6,653 | 8,954 | 9,860 | 7,060 | | |
| APRIL | 205,331 | 253,827 | 278,833 | 293,967 | | |
| MAY | 222,439 | 287,497 | 287,279 | 315,451 | | |
| JUNE | 13,677 | 3,462 | 4,313 | 5,058 | | |
| TOTAL | <u>\$1,121,848</u> | <u>\$1,334,174</u> | <u>\$1,389,255</u> | <u>\$1,461,394</u> | | |
| % CHANGE | 9.0% | 18.9% | 4.1% | 5.2% | | |

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|-----------|-----------|-----------|-----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$19,894 | \$63,802 | \$26,935 | \$24,552 | \$37,373 | \$12,821 |
| AUGUST | 59,073 | 103,130 | 69,471 | 84,204 | 102,611 | 18,407 |
| SEPTEMBER | 58,812 | 103,130 | 69,397 | 84,134 | 102,611 | 18,477 |
| OCTOBER | 61,907 | 103,130 | 69,397 | 83,084 | | |
| NOVEMBER | 80,167 | 122,341 | 94,465 | 102,838 | | |
| DECEMBER | 350,936 | 442,136 | 439,757 | 465,582 | | |
| JANUARY | 611,180 | 730,727 | 750,022 | 785,781 | | |
| FEBRUARY | 673,748 | 780,435 | 808,970 | 839,858 | | |
| MARCH | 680,401 | 789,388 | 818,830 | 846,918 | | |
| APRIL | 885,732 | 1,043,215 | 1,097,663 | 1,140,884 | | |
| MAY | 1,108,171 | 1,330,712 | 1,384,942 | 1,456,336 | | |
| JUNE | 1,121,848 | 1,334,174 | 1,389,255 | 1,461,394 | | |

At least portions of the \$18.5 million variance look real. City secured receipts include what appears to be \$12 million in carryover revenue from FY 2007-08. Redemptions and supplemental receipts are each \$2.5 million ahead of the historical level, but in the uncertain current real estate market that may not be sustained. No change to the property tax estimate is recommended.

Attachment 14o
REVENUE MONTHLY STATUS REPORT
SECURED PROPERTY TAX RECEIPTS RECORDED BY CITY FISCAL YEAR
(THOUSAND DOLLARS)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$16,886 | \$56,924 | \$21,621 | \$23,732 | \$34,976 | \$11,244 |
| AUGUST | 3,634 | 3,434 | 3,312 | 3,635 | 4,640 | 1,005 |
| SEPTEMBER | | | | | | |
| OCTOBER | | | | | | |
| NOVEMBER | | | | | | |
| DECEMBER | 299,955 | 330,535 | 359,245 | 380,947 | | |
| JANUARY | 74,989 | 82,634 | 89,811 | 95,237 | | |
| FEBRUARY | 43,533 | 39,891 | 47,868 | 45,975 | | |
| MARCH | | | | | | |
| APRIL | 220,469 | 251,532 | 276,942 | 289,895 | | |
| MAY | 33,306 | 74,739 | 59,931 | 86,138 | | |
| JUNE | | | | | | |
| TOTAL | <u>\$692,772</u> | <u>\$839,689</u> | <u>\$858,730</u> | <u>\$925,559</u> | | |
| % CHANGE | 3.6% | 21.2% | 2.3% | 7.8% | | |

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|---------------------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$16,886 | \$56,924 | \$21,621 | \$23,732 | \$34,976 | \$11,244 |
| AUGUST | 20,520 | 60,358 | 24,933 | 27,367 | 39,616 | 12,248 |
| SEPTEMBER | 20,520 | 60,358 | 24,933 | 27,367 | 39,616 | 12,248 |
| OCTOBER | 20,520 | 60,358 | 24,933 | 27,367 | | |
| NOVEMBER | 20,520 | 60,358 | 24,933 | 27,367 | | |
| DECEMBER | 320,475 | 390,893 | 384,178 | 408,314 | | |
| JANUARY | 395,464 | 473,527 | 473,989 | 503,551 | | |
| FEBRUARY | 438,997 | 513,418 | 521,857 | 549,526 | | |
| MARCH | 438,997 | 513,418 | 521,857 | 549,526 | | |
| APRIL | 659,466 | 764,950 | 798,799 | 839,421 | | |
| MAY | 692,772 | 839,689 | 858,730 | 925,559 | | |
| JUNE | 692,772 | 839,689 | 858,730 | 925,559 | | |

The County tax year runs from December to August, overlapping two City fiscal years. Receipts in July and August belong to the County's prior tax year, but are recorded in the City's current fiscal year. When the County's payment pattern is normal, the City receives about 2 percent of secured receipts in July and August. The adjustment between fiscal years generally is \$5 million, but between FY 2005-06 and FY 2006-07 was about \$40 million due to a delayed receipt. The high July 2008 receipt is likely a carryover from FY 2007-08.

Attachment 14p
REVENUE MONTHLY STATUS REPORT
REDEMPTIONS -- PROPERTY TAX RECEIPTS
(THOUSAND DOLLARS)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|-----------------|-----------------|-----------------|-----------------|--------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | | | | | | |
| AUGUST | 2,097 | 1,867 | 2,369 | 2,463 | 5,059 | 2,596 |
| SEPTEMBER | | | | | | |
| OCTOBER | | | | | | |
| NOVEMBER | 11,948 | 13,483 | 12,422 | 12,744 | | |
| DECEMBER | | | | | | |
| JANUARY | | | | | | |
| FEBRUARY | 6,275 | 6,520 | 9,312 | 6,221 | | |
| MARCH | | | | | | |
| APRIL | | | | | | |
| MAY | 2,843 | 4,087 | 6,247 | 3,571 | | |
| JUNE | | | | | | |
| TOTAL | <u>\$23,163</u> | <u>\$25,958</u> | <u>\$30,350</u> | <u>\$25,000</u> | | |
| % CHANGE | 13.1% | 12.1% | 16.9% | -17.6% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|---------|---------|---------|--------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | | | | | | |
| AUGUST | 2,097 | 1,867 | 2,369 | 2,463 | 5,059 | 2,596 |
| SEPTEMBER | 2,097 | 1,867 | 2,369 | 2,463 | 5,059 | 2,596 |
| OCTOBER | 2,097 | 1,867 | 2,369 | 2,463 | | |
| NOVEMBER | 14,045 | 15,350 | 14,791 | 15,207 | | |
| DECEMBER | 14,045 | 15,350 | 14,791 | 15,207 | | |
| JANUARY | 14,045 | 15,350 | 14,791 | 15,207 | | |
| FEBRUARY | 20,320 | 21,871 | 24,103 | 21,429 | | |
| MARCH | 20,320 | 21,871 | 24,103 | 21,429 | | |
| APRIL | 20,320 | 21,871 | 24,103 | 21,429 | | |
| MAY | 23,163 | 25,958 | 30,350 | 25,000 | | |
| JUNE | 23,163 | 25,958 | 30,350 | 25,000 | | |

Unpaid property taxes, both secured and unsecured, are known as delinquencies. Delinquent taxes accumulate interest and penalties. Properties with taxes unpaid for five years are sold through auction by the State to recover unpaid taxes. The taxpayer may settle the delinquency by redemption. The City's share of principal, penalties and interest is distributed by the County.

Redemptions and penalties in August 2008 were higher than in previous years.

Attachment 14q
REVENUE MONTHLY STATUS REPORT
PROPERTY TAX -- CRA-RELATED LITIGATION SETTLEMENT
(THOUSAND DOLLARS)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|---------|---------|---------|----------|--------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | | | | | (\$8) | (\$8) |
| AUGUST | | | | \$18,500 | 18,487 | (13) |
| SEPTEMBER | | | | | | |
| OCTOBER | | | | | | |
| NOVEMBER | | | | | | |
| DECEMBER | | | | | | |
| JANUARY | | | | 4,750 | | |
| FEBRUARY | | | | | | |
| MARCH | | | \$1,217 | | | |
| APRIL | | | 129 | | | |
| MAY | | | 49 | 4,750 | | |
| JUNE | | | 2 | | | |
| TOTAL | | | \$1,396 | \$28,000 | | |
| % CHANGE | | | | | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|---------|---------|----------|--------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | | | | | (\$8) | (\$8) |
| AUGUST | | | | \$18,500 | 18,479 | (21) |
| SEPTEMBER | | | | 18,500 | 18,479 | (21) |
| OCTOBER | | | | 18,500 | | |
| NOVEMBER | | | | 18,500 | | |
| DECEMBER | | | | 18,500 | | |
| JANUARY | | | | 23,250 | | |
| FEBRUARY | | | | 23,250 | | |
| MARCH | | | 1,217 | 23,250 | | |
| APRIL | | | 1,346 | 23,250 | | |
| MAY | | | 1,395 | 28,000 | | |
| JUNE | | | 1,396 | 28,000 | | |

This category was included in the FY 2008-09 budget to recognize impounded prior year property tax revenue (estimated to be \$11.3 million for FY 2003-04 to FY 2006-07; and \$7.2 million for FY 2007-08. Total prior year impounded receipts were estimated at \$18.5 million). Receipts to date are for the years prior to FY 2008-09. The balance of approximately \$9.5 million is anticipated following first and second property tax installments in December and April.

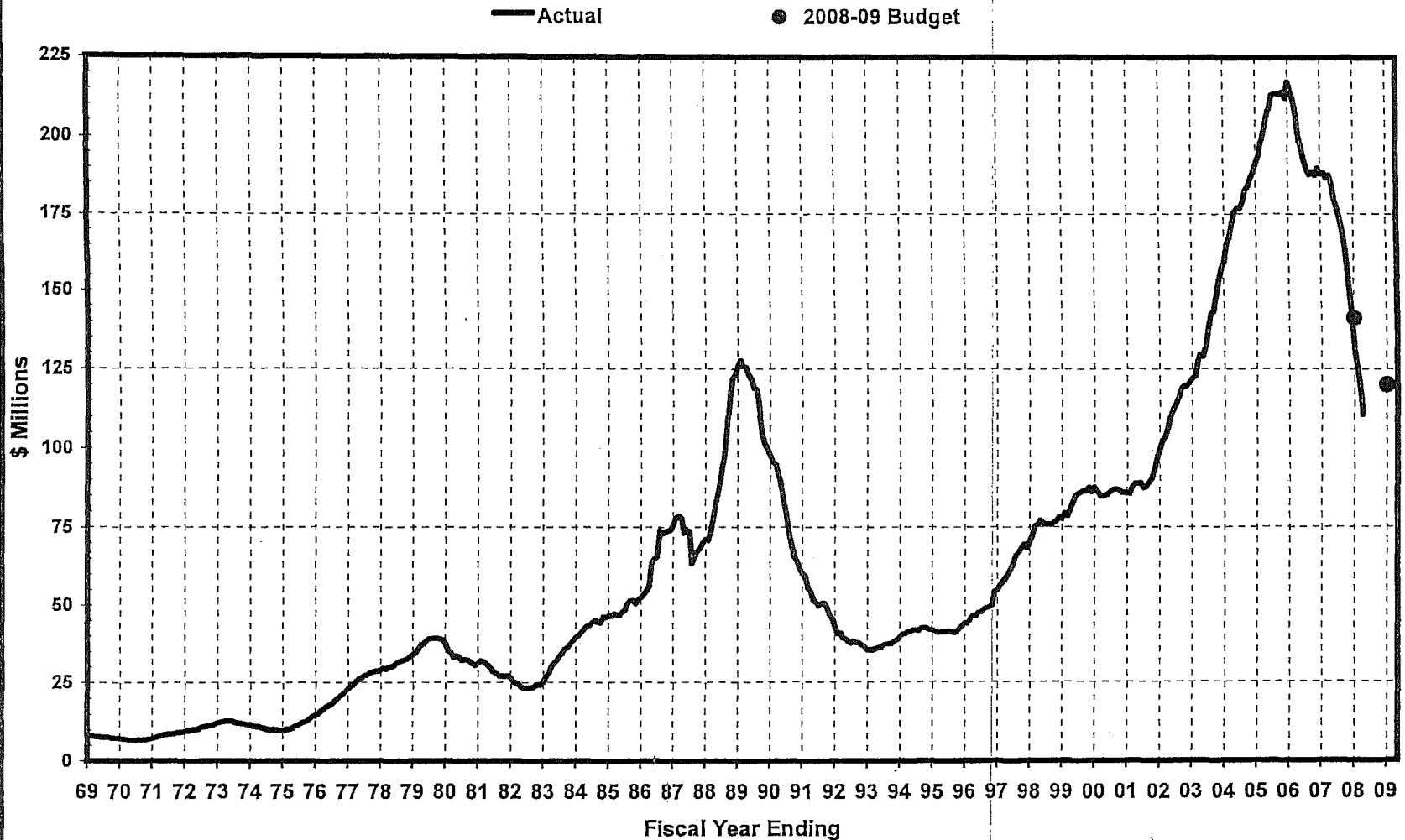
All receipts shown above are from the Central Industrial Litigation Settlement, except for \$18.5 million of the \$18.5 million August 2008 receipt. The \$18.5 million August 2008 receipt is for the City Center R.P Litigation Settlement.

Attachment 14r
REVENUE MONTHLY STATUS REPORT
DOCUMENTARY TRANSFER TAX
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | \$19,445 | \$16,264 | \$16,823 | \$10,477 | \$10,720 | \$243 |
| AUGUST | 20,480 | 18,163 | 16,243 | 10,474 | 9,408 | (1,066) |
| SEPTEMBER | 21,890 | 17,300 | 18,289 | 11,095 | 8,922 | (2,173) |
| OCTOBER | 20,577 | 12,822 | 9,851 | 10,288 | | |
| NOVEMBER | 17,893 | 15,811 | 10,190 | 9,668 | | |
| DECEMBER | 17,171 | 12,698 | 9,710 | 8,710 | | |
| JANUARY | 17,402 | 14,326 | 11,635 | 10,643 | | |
| FEBRUARY | 14,594 | 13,047 | 8,692 | 8,173 | | |
| MARCH | 12,589 | 13,344 | 6,606 | 7,629 | | |
| APRIL | 18,477 | 17,276 | 8,237 | 10,822 | | |
| MAY | 15,523 | 17,828 | 8,840 | 10,745 | | |
| JUNE | 21,279 | 19,393 | 7,805 | 11,300 | | |
| TOTAL | \$217,320 | \$188,272 | \$132,921 | \$120,024 | | |
| % CHANGE | 13.7% | -13.4% | -29.4% | -9.7% | | |

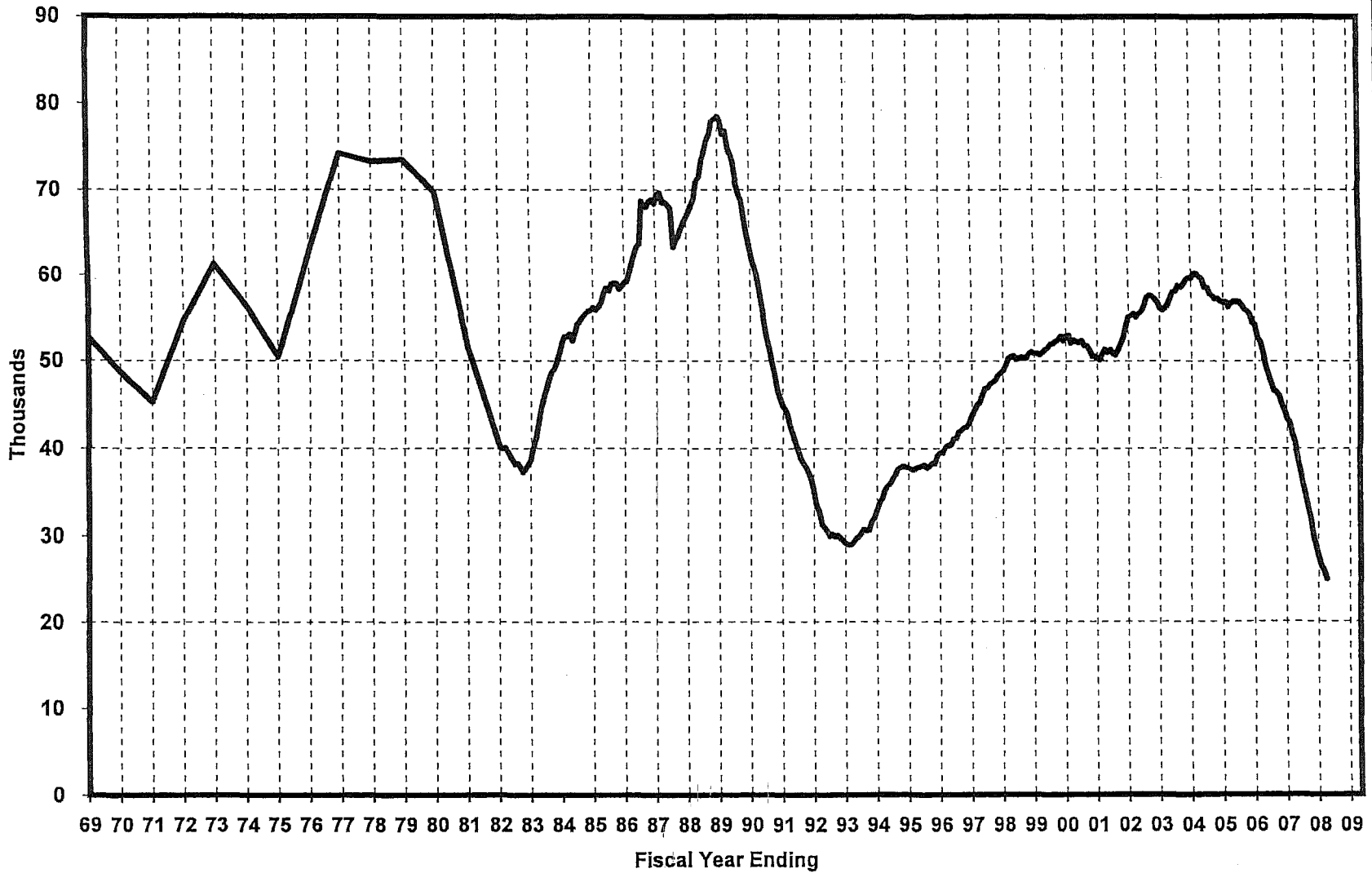
| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|----------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET | ACTUAL | VARIANCE |
| JULY | \$19,445 | \$16,264 | \$16,823 | \$10,477 | \$10,720 | \$243 |
| AUGUST | 39,925 | 34,427 | 33,066 | 20,951 | 20,128 | (823) |
| SEPTEMBER | 61,815 | 51,727 | 51,355 | 32,046 | 29,050 | (2,996) |
| OCTOBER | 82,392 | 64,549 | 61,206 | 42,334 | | |
| NOVEMBER | 100,285 | 80,360 | 71,396 | 52,002 | | |
| DECEMBER | 117,456 | 93,058 | 81,106 | 60,712 | | |
| JANUARY | 134,858 | 107,384 | 92,741 | 71,355 | | |
| FEBRUARY | 149,452 | 120,431 | 101,433 | 79,528 | | |
| MARCH | 162,041 | 133,775 | 108,039 | 87,157 | | |
| APRIL | 180,518 | 151,051 | 116,276 | 97,979 | | |
| MAY | 196,041 | 168,879 | 125,116 | 108,724 | | |
| JUNE | 217,320 | 188,272 | 132,921 | 120,024 | | |

**Attachment 14t - Documentary Transfer Tax Receipts
12-month Moving Sum
(Data prior to 1991 is adjusted for change in tax rate)**



The FY 2008-09 budget anticipated a revenue drop of 25% in FY 2007-08, followed by a 15% decline in FY 2008-09. The actual decline in FY 2007-08 was 29%. Receipts for the 12-months ending in September 2008 are below the budgeted level for FY 2008-09

Attachment 14u - Deeds Recorded in City
12-month Moving Sum



Recorded deeds are in free fall; volume, as measured by recorded deeds, is at the historic low point.

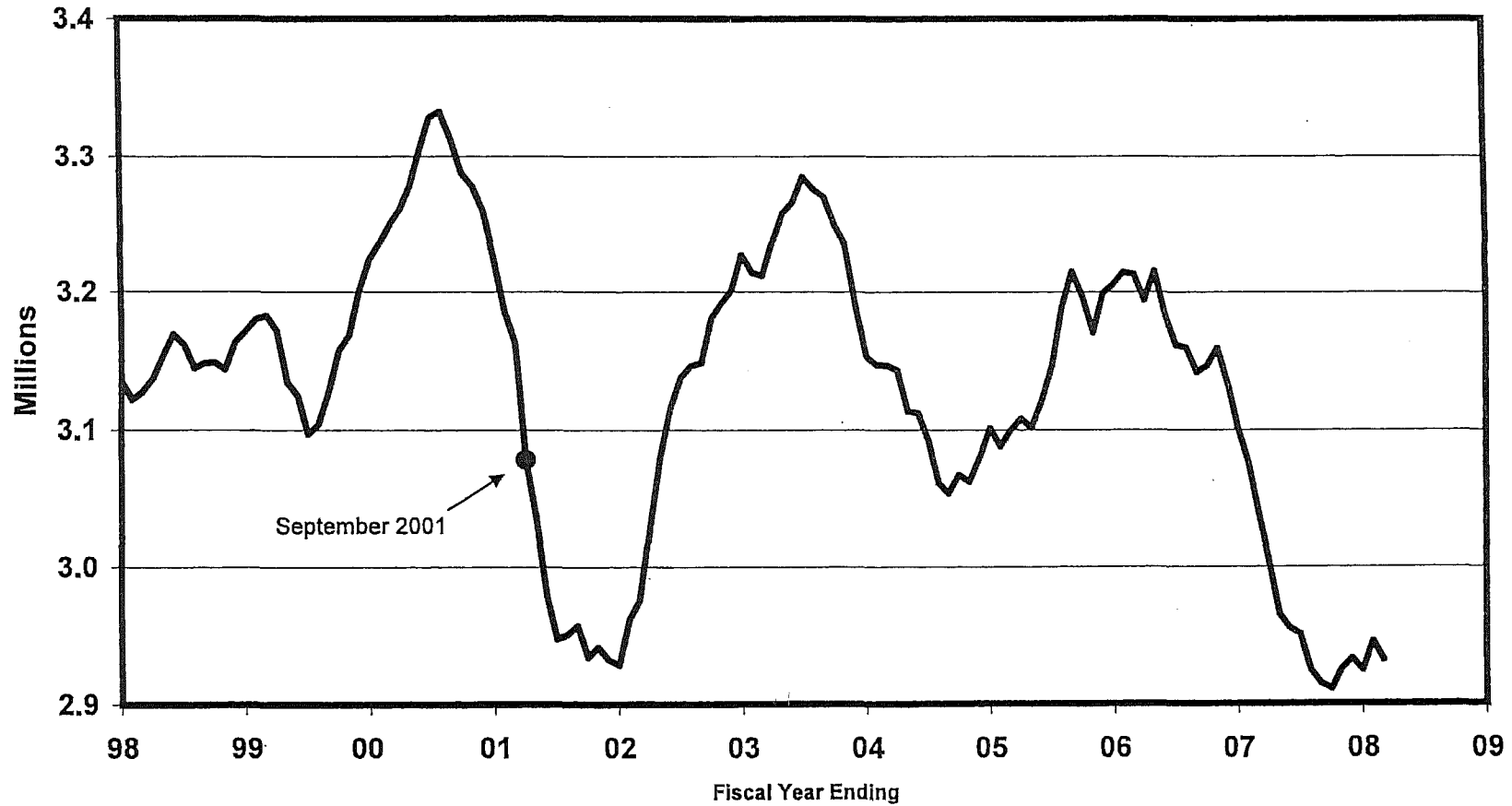
Attachmen14v
REVENUE MONTHLY STATUS REPORT
PARKING FINES
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | BUDGET PLAN | ACTUAL | VARIANCE |
| JULY | \$5,030 | \$5,035 | \$10,556 | \$10,900 | \$10,517 | (\$383) |
| AUGUST | 8,681 | 9,595 | 10,751 | 10,993 | 10,894 | (99) |
| SEPTEMBER | 9,410 | 9,611 | 10,903 | 10,953 | 10,343 | (610) |
| OCTOBER | 9,325 | 9,281 | 9,297 | 11,239 | | |
| NOVEMBER | 8,846 | 9,847 | 10,573 | 11,239 | | |
| DECEMBER | 9,134 | 10,135 | 10,037 | 11,239 | | |
| JANUARY | 9,071 | 9,759 | 9,565 | 11,239 | | |
| FEBRUARY | 9,902 | 11,513 | 11,514 | 11,239 | | |
| MARCH | 9,516 | 10,538 | 10,756 | 11,239 | | |
| APRIL | 10,692 | 11,688 | 10,869 | 11,240 | | |
| MAY | 9,273 | 11,469 | 11,496 | 11,240 | | |
| JUNE | 14,181 | 11,031 | 10,944 | 11,240 | | |
| TOTAL | <u>\$113,060</u> | <u>\$119,502</u> | <u>\$127,261</u> | <u>\$134,000</u> | | |
| % CHANGE | 2.7% | 5.7% | -5.0% | 18.5% | | |
| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
| | ACTUAL | ACTUAL | ACTUAL | BUDGET PLAN | ACTUAL | VARIANCE |
| JULY | \$5,030 | \$5,035 | \$10,556 | \$10,900 | \$10,517 | (\$383) |
| AUGUST | 13,711 | 14,630 | 21,307 | 21,893 | 21,411 | (482) |
| SEPTEMBER | 23,121 | 24,241 | 32,210 | 32,846 | 31,754 | (1,092) |
| OCTOBER | 32,446 | 33,522 | 41,507 | 44,085 | | |
| NOVEMBER | 41,292 | 43,369 | 52,080 | 55,324 | | |
| DECEMBER | 50,426 | 53,504 | 62,117 | 66,563 | | |
| JANUARY | 59,496 | 63,263 | 71,682 | 77,802 | | |
| FEBRUARY | 69,398 | 74,776 | 83,196 | 89,041 | | |
| MARCH | 78,914 | 85,314 | 93,952 | 100,280 | | |
| APRIL | 89,606 | 97,002 | 104,821 | 111,520 | | |
| MAY | 98,879 | 108,471 | 116,317 | 122,760 | | |
| JUNE | 113,060 | 119,502 | 127,261 | 134,000 | | |

A fine increase of approximately \$5 on most citations was included in budget planning as was a return to citation issuance volume of 3.2 million annually. At the time of budget planning, the citation issuance level was \$2.9 million annually.

Attachment 14w - Parking Citations Issued

12-Month Moving Sum



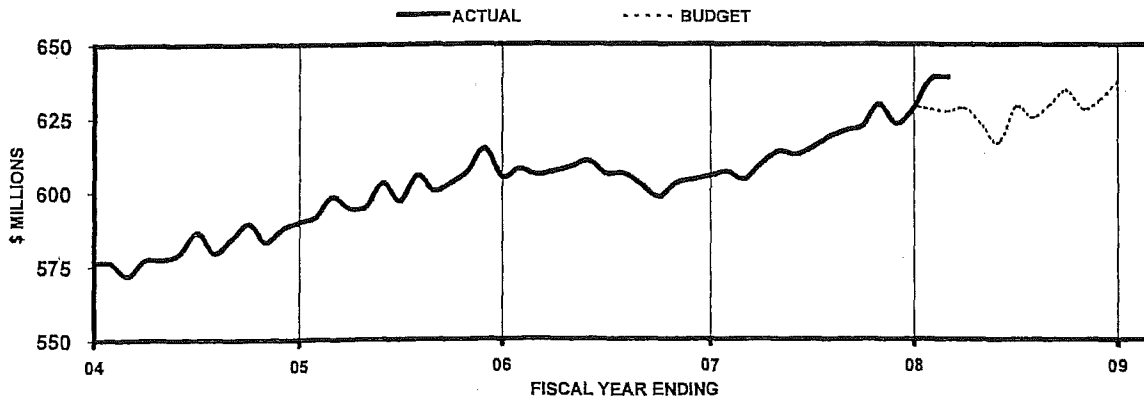
Attachment 14x
REVENUE MONTHLY STATUS REPORT
UTILITY USERS' TAX

(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$45,125 | \$47,907 | \$49,242 | \$53,840 | \$58,995 | \$5,155 |
| AUGUST | 53,738 | 51,713 | 49,308 | 48,545 | 50,097 | 1,552 |
| SEPTEMBER | 45,956 | 47,227 | 52,469 | 48,618 | 53,866 | 5,248 |
| OCTOBER | 49,045 | 50,583 | 54,865 | 53,704 | | |
| NOVEMBER | 54,872 | 56,620 | 55,458 | 49,815 | | |
| DECEMBER | 46,680 | 42,426 | 44,923 | 52,194 | | |
| JANUARY | 53,518 | 53,639 | 57,227 | 58,475 | | |
| FEBRUARY | 52,808 | 48,993 | 51,222 | 55,586 | | |
| MARCH | 57,177 | 52,999 | 54,602 | 54,621 | | |
| APRIL | 47,845 | 52,514 | 59,689 | 58,297 | | |
| MAY | 54,596 | 55,842 | 49,174 | 52,457 | | |
| JUNE | 43,588 | 44,804 | 50,140 | 51,448 | | |
| TOTAL | \$604,946 | \$605,265 | \$628,319 | \$637,600 | | |
| % CHANGE | 2.4% | 0.1% | 3.8% | 1.5% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|----------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$45,125 | \$47,907 | \$49,242 | \$53,840 | \$58,995 | \$5,155 |
| AUGUST | 98,862 | 99,619 | 98,550 | 102,385 | 109,092 | 6,706 |
| SEPTEMBER | 144,818 | 146,846 | 151,019 | 151,003 | 162,957 | 11,955 |
| OCTOBER | 193,863 | 197,429 | 205,884 | 204,707 | | |
| NOVEMBER | 248,735 | 254,049 | 261,343 | 254,522 | | |
| DECEMBER | 295,415 | 296,475 | 306,266 | 306,716 | | |
| JANUARY | 348,933 | 350,114 | 363,492 | 365,192 | | |
| FEBRUARY | 401,741 | 399,106 | 414,714 | 420,778 | | |
| MARCH | 458,918 | 452,105 | 469,317 | 475,398 | | |
| APRIL | 506,763 | 504,619 | 529,005 | 533,695 | | |
| MAY | 561,359 | 560,461 | 578,179 | 586,153 | | |
| JUNE | 604,946 | 605,265 | 628,319 | 637,600 | | |

ELECTRIC USERS' TAX
12-MONTH MOVING SUM



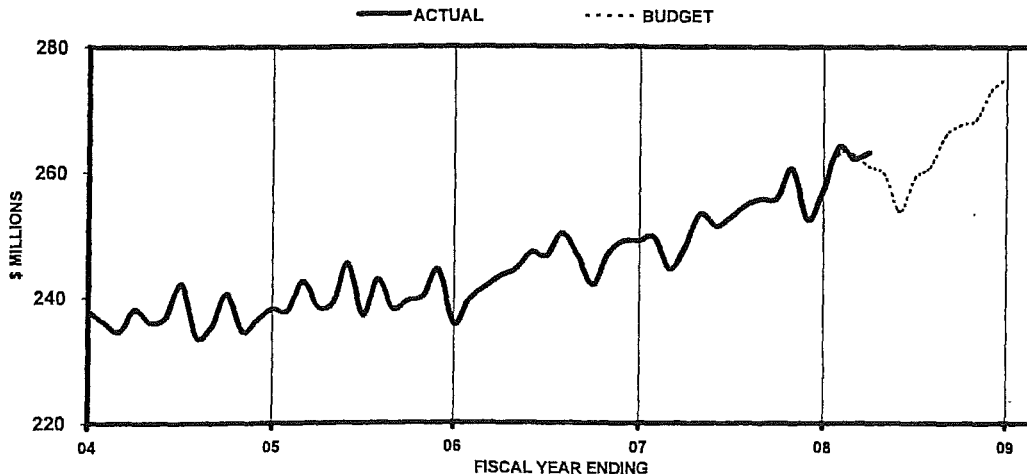
Strong revenues from all three users' tax accounts are driving this revenue category above plan.

Attachment14y
REVENUE MONTHLY STATUS REPORT
ELECTRIC USERS' TAX
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|-----------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$14,989 | \$18,992 | \$19,648 | 25,340 | \$26,491 | \$1,151 |
| AUGUST | 23,849 | 25,698 | 20,614 | 20,645 | 18,694 | (1,951) |
| SEPTEMBER | 18,308 | 20,120 | 23,575 | 21,568 | 24,608 | 3,040 |
| OCTOBER | 21,034 | 22,133 | 27,457 | 26,254 | | |
| NOVEMBER | 26,445 | 29,112 | 27,170 | 21,265 | | |
| DECEMBER | 15,238 | 14,737 | 16,248 | 21,594 | | |
| JANUARY | 19,192 | 22,738 | 24,592 | 26,275 | | |
| FEBRUARY | 18,750 | 15,244 | 16,244 | 21,286 | | |
| MARCH | 24,577 | 19,879 | 19,949 | 21,621 | | |
| APRIL | 15,492 | 20,483 | 25,303 | 26,297 | | |
| MAY | 23,063 | 25,096 | 16,878 | 21,307 | | |
| JUNE | 14,771 | 14,751 | 19,552 | 21,648 | | |
| TOTAL | <u>\$235,708</u> | <u>\$248,983</u> | <u>\$257,228</u> | <u>\$275,100</u> | | |
| % CHANGE | -1.1% | 5.6% | 3.3% | 6.9% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|----------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$14,989 | \$18,992 | \$19,648 | \$25,340 | \$26,491 | \$1,151 |
| AUGUST | 38,838 | 44,690 | 40,262 | 45,985 | 45,186 | (799) |
| SEPTEMBER | 57,146 | 64,810 | 63,836 | 67,553 | 69,793 | 2,240 |
| OCTOBER | 78,180 | 86,943 | 91,293 | 93,807 | | |
| NOVEMBER | 104,625 | 116,055 | 118,463 | 115,072 | | |
| DECEMBER | 119,863 | 130,792 | 134,711 | 136,666 | | |
| JANUARY | 139,056 | 153,530 | 159,303 | 162,942 | | |
| FEBRUARY | 157,805 | 168,773 | 175,547 | 184,228 | | |
| MARCH | 182,382 | 188,652 | 195,496 | 205,848 | | |
| APRIL | 197,874 | 209,135 | 220,798 | 232,145 | | |
| MAY | 220,937 | 234,232 | 237,676 | 253,453 | | |
| JUNE | 235,708 | 248,983 | 257,228 | 275,100 | | |

ELECTRIC USERS' TAX
12-MONTH MOVING SUM

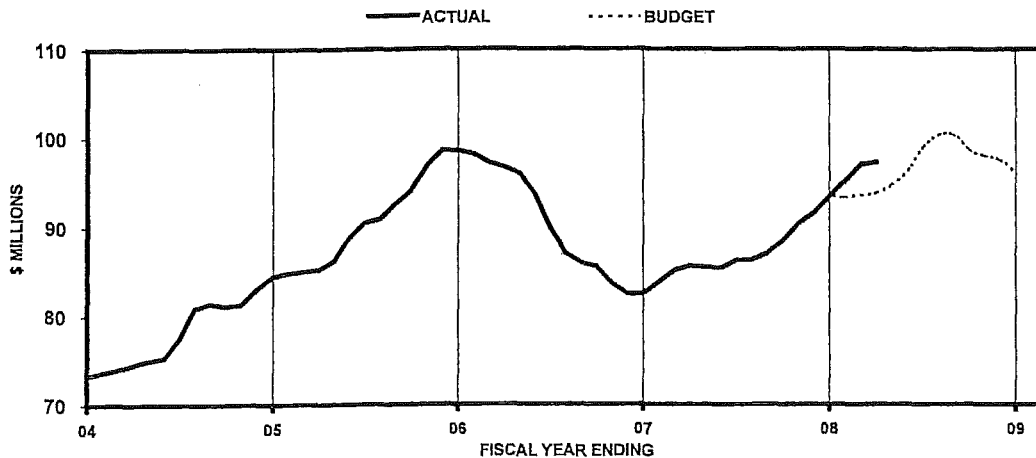


Attachment 14z
REVENUE MONTHLY STATUS REPORT
GAS USERS' TAX
(Thousand Dollars)

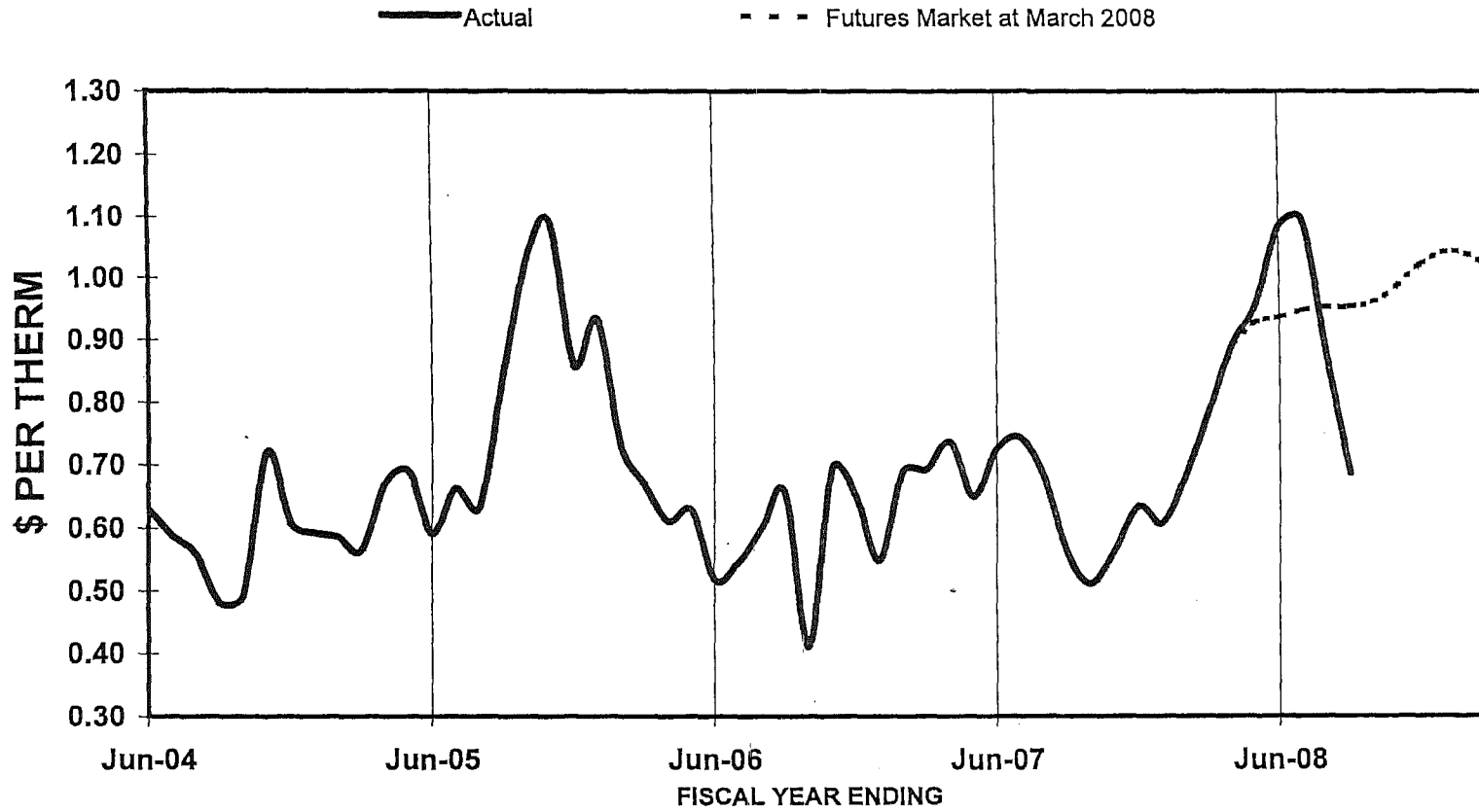
| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|-----------------|-----------------|-----------------|-----------------|---------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$5,990 | \$5,592 | \$6,860 | 6,900 | \$8,621 | \$1,721 |
| AUGUST | 5,417 | 4,432 | 5,803 | 6,000 | 7,728 | 1,728 |
| SEPTEMBER | 4,846 | 4,329 | 4,851 | 5,100 | 7,225 | 2,125 |
| OCTOBER | 5,547 | 4,817 | 4,624 | 5,500 | | |
| NOVEMBER | 7,166 | 4,881 | 4,849 | 6,500 | | |
| DECEMBER | 8,889 | 5,017 | 5,848 | 8,500 | | |
| JANUARY | 11,446 | 8,639 | 8,659 | 10,000 | | |
| FEBRUARY | 12,232 | 11,183 | 11,949 | 12,000 | | |
| MARCH | 11,138 | 10,750 | 12,196 | 10,500 | | |
| APRIL | 10,216 | 8,283 | 10,155 | 9,500 | | |
| MAY | 9,000 | 7,806 | 8,982 | 8,500 | | |
| JUNE | 6,670 | 6,735 | 8,496 | 7,000 | | |
| TOTAL | \$98,558 | \$82,465 | \$93,271 | \$96,000 | | |
| % CHANGE | 16.8% | -16.3% | 13.1% | 2.9% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|---------|---------|---------|---------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$5,990 | \$5,592 | \$6,860 | \$6,900 | \$8,621 | \$1,721 |
| AUGUST | 11,407 | 10,024 | 12,663 | 12,900 | 16,350 | 3,450 |
| SEPTEMBER | 16,253 | 14,353 | 17,513 | 18,000 | 23,575 | 5,575 |
| OCTOBER | 21,800 | 19,170 | 22,137 | 23,500 | | |
| NOVEMBER | 28,966 | 24,051 | 26,986 | 30,000 | | |
| DECEMBER | 37,855 | 29,069 | 32,834 | 38,500 | | |
| JANUARY | 49,301 | 37,708 | 41,493 | 48,500 | | |
| FEBRUARY | 61,534 | 48,891 | 53,443 | 60,500 | | |
| MARCH | 72,672 | 59,641 | 65,639 | 71,000 | | |
| APRIL | 82,888 | 67,924 | 75,793 | 80,500 | | |
| MAY | 91,888 | 75,730 | 84,775 | 89,000 | | |
| JUNE | 98,558 | 82,465 | 93,271 | 96,000 | | |

GAS USERS' TAX
12-MONTH MOVING SUM



Attachment 14aa - COST OF NATURAL GAS



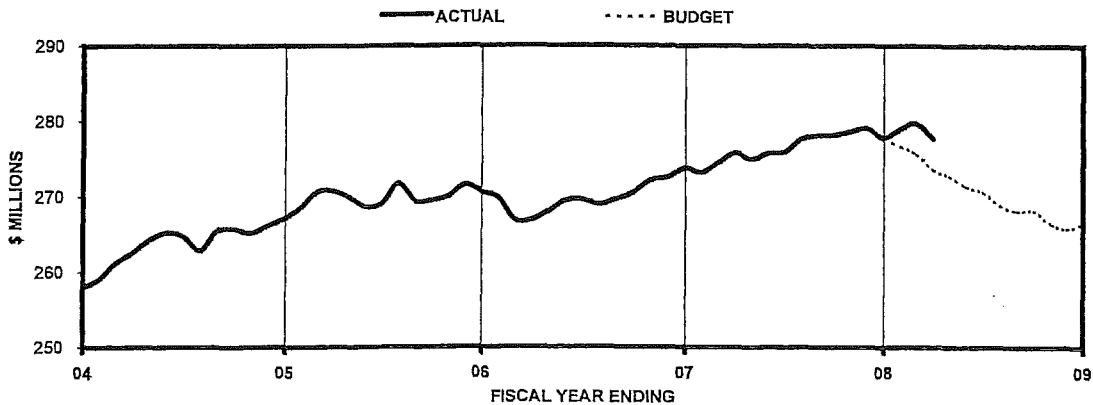
Natural gas prices have been declining.

Attachmen14bb
REVENUE MONTHLY STATUS REPORT
TELEPHONE UTILITY USERS' TAX
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|------------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$24,146 | \$23,323 | \$22,734 | \$21,600 | \$23,882 | \$2,282 |
| AUGUST | 24,472 | 21,582 | 22,892 | 21,900 | 23,674 | 1,774 |
| SEPTEMBER | 22,802 | 22,778 | 24,044 | 21,950 | 22,033 | 83 |
| OCTOBER | 22,465 | 23,633 | 22,785 | 21,950 | | |
| NOVEMBER | 21,260 | 22,627 | 23,440 | 22,050 | | |
| DECEMBER | 22,553 | 22,671 | 22,827 | 22,100 | | |
| JANUARY | 22,879 | 22,261 | 23,976 | 22,200 | | |
| FEBRUARY | 21,825 | 22,566 | 23,028 | 22,300 | | |
| MARCH | 21,462 | 22,370 | 22,457 | 22,500 | | |
| APRIL | 22,138 | 23,747 | 24,231 | 22,500 | | |
| MAY | 22,533 | 22,939 | 23,314 | 22,650 | | |
| JUNE | 22,147 | 23,319 | 22,092 | 22,800 | | |
| TOTAL | \$270,681 | \$273,817 | \$277,819 | \$266,500 | | |
| % CHANGE | 1.3% | 1.2% | 1.5% | -4.1% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|----------|----------|----------|----------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$24,146 | \$23,323 | \$22,734 | \$21,600 | \$23,882 | \$2,282 |
| AUGUST | 48,618 | 44,905 | 45,625 | 43,500 | 47,556 | 4,056 |
| SEPTEMBER | 71,419 | 67,683 | 69,669 | 65,450 | 69,589 | 4,139 |
| OCTOBER | 93,884 | 91,316 | 92,454 | 87,400 | | |
| NOVEMBER | 115,144 | 113,943 | 115,894 | 109,450 | | |
| DECEMBER | 137,697 | 136,614 | 138,721 | 131,550 | | |
| JANUARY | 160,576 | 158,876 | 162,696 | 153,750 | | |
| FEBRUARY | 182,402 | 181,442 | 185,725 | 176,050 | | |
| MARCH | 203,864 | 203,812 | 208,182 | 198,550 | | |
| APRIL | 226,001 | 227,559 | 232,414 | 221,050 | | |
| MAY | 248,534 | 250,499 | 255,728 | 243,700 | | |
| JUNE | 270,681 | 273,817 | 277,819 | 266,500 | | |

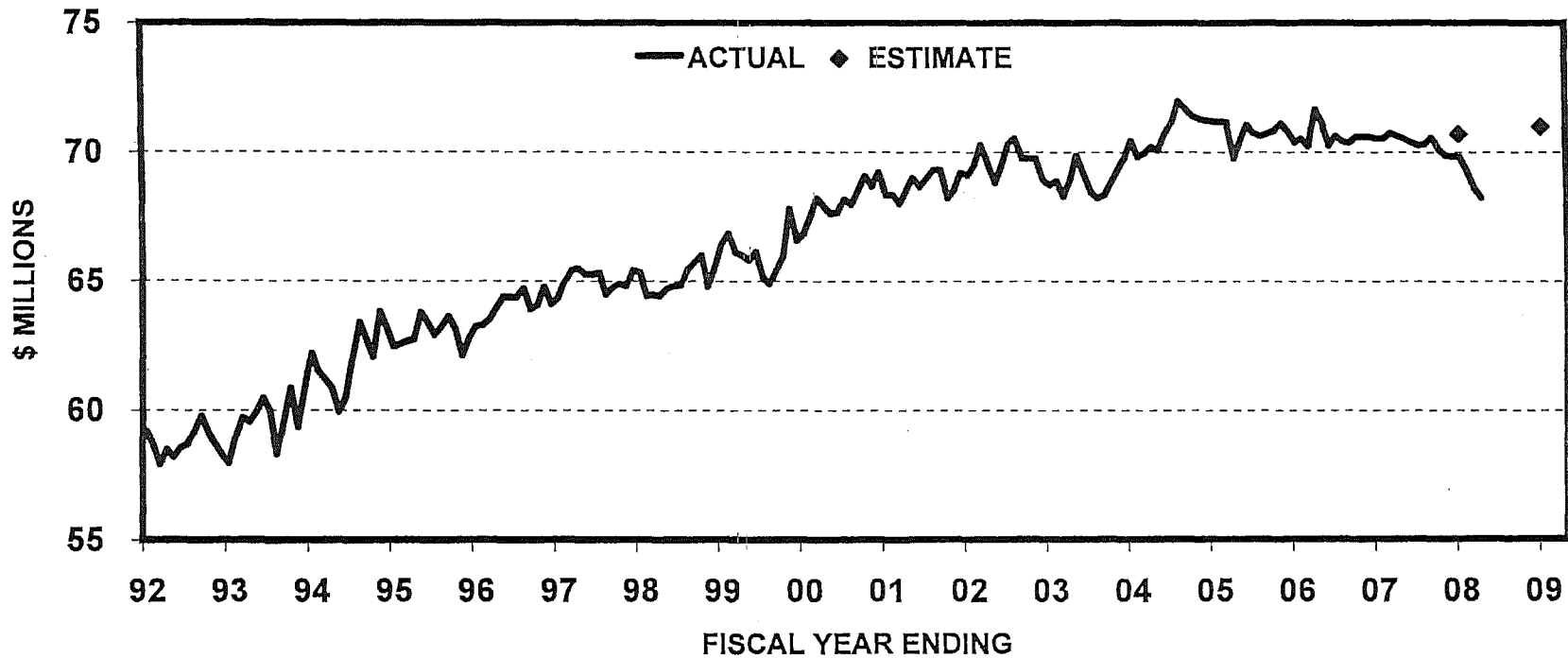
TELEPHONE USERS' TAX
12-MONTH MOVING SUM



The 10% rate decrease tied to the successful passage of Proposition S was expected to be felt in July 2008 and was to be somewhat offset through revenues from phone technology that had previously escaped taxation. It appears that growth from usage is stronger than anticipated.

Attachment 14cc - STATE GAS TAXES

SECTIONS 21105, 21106 AND 21107
ADJUSTED 12-MONTH MOVING SUM



Measure of tax is gallons sold not dollar value of sales. Higher gasoline prices may be dampening demand. See "State Gas Taxes" table for revenue estimates by category.

Attachmen14dd
Revenue Monthly Status Report
SOLID WASTE FEE

Component of SOLID WASTE RESOURCES REVENUE FUND
(Thousand Dollars)

| MONTHLY | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|--------------|-----------------|------------------|------------------|------------------|----------|----------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | VARIANCE |
| JULY | \$5,682 | \$7,331 | \$8,000 | \$17,875 | \$17,286 | (\$589) |
| AUGUST | 6,706 | 8,451 | 17,012 | 17,875 | 15,755 | (2,120) |
| SEPTEMBER | 7,832 | 5,353 | 13,516 | 17,875 | 12,976 | (4,899) |
| OCTOBER | 6,948 | 7,353 | 8,689 | 17,875 | | |
| NOVEMBER | 8,613 | 10,813 | 17,961 | 24,873 | | |
| DECEMBER | 5,323 | 9,263 | 17,626 | 24,717 | | |
| JANUARY | 7,026 | 12,487 | 18,446 | 24,717 | | |
| FEBRUARY | 7,551 | 10,690 | 16,643 | 24,717 | | |
| MARCH | 8,892 | 12,073 | 18,313 | 24,717 | | |
| APRIL | 6,302 | 12,021 | 19,882 | 24,717 | | |
| MAY | 8,570 | 11,853 | 15,008 | 24,717 | | |
| JUNE | 7,195 | 11,430 | 19,944 | 24,717 | | |
| TOTAL | \$86,638 | \$119,118 | \$191,040 | \$269,392 | | |
| | -0.9% | 37.5% | 60.4% | 41.0% | | |

| CUMULATIVE | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
|------------|---------|---------|---------|----------|----------|---------|
| | ACTUAL | ACTUAL | ACTUAL | PLAN | ACTUAL | REVISED |
| JULY | \$5,682 | \$7,331 | \$8,000 | \$17,875 | \$17,286 | (\$589) |
| AUGUST | 12,388 | 15,782 | 25,012 | 35,750 | 33,041 | (2,709) |
| SEPTEMBER | 20,220 | 21,135 | 38,528 | 53,625 | 46,017 | (7,608) |
| OCTOBER | 27,167 | 28,488 | 47,218 | 71,500 | | |
| NOVEMBER | 35,780 | 39,301 | 65,178 | 96,373 | | |
| DECEMBER | 41,103 | 48,565 | 82,804 | 121,090 | | |
| JANUARY | 48,129 | 61,052 | 101,250 | 145,807 | | |
| FEBRUARY | 55,680 | 71,741 | 117,893 | 170,524 | | |
| MARCH | 64,571 | 83,814 | 136,206 | 195,241 | | |
| APRIL | 70,874 | 95,835 | 156,088 | 219,958 | | |
| MAY | 79,444 | 107,687 | 171,096 | 244,675 | | |
| JUNE | 86,638 | 119,118 | 191,040 | 269,392 | | |

The Proposed Budget anticipated a fee increase effective September 2008 with increased collections starting in December 2008. The Adopted Budget anticipated an earlier effective date with increased collections starting in November 2008. The receipt of revenue from a fee increase typically lags the effective date of the fee ordinance by about three months. The actual ordinance was adopted August 5, 2008 and was effective September 8, which is consistent with the proposed budget.

DWP collects and remits this fee to the Solid Waste Fund. Revenue shown in this table is net of the multi-family bulky item pick-up program.