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JON KIRK MUKRI  
GENERAL MANAGER

ANTONIO R. VILLARAIGOSA  
MAYOR

December 9, 2008

Honorable Bernard C. Parks, Chair  
Budget and Finance Committee  
City Clerk, City Hall Room 395  
Los Angeles, CA 90012

ATTN: Lauraine Braithwaite, Legislative Assistant

Dear Councilmember Parks:

**2008-09 Budget Balancing Measures**

At the November 24, 2008 Budget and Finance Committee Meeting, the Committee instructed the City Administrative Officer and the Department of Recreation and Parks (RAP) to report back to the Committee on the impact a \$6-\$8 million budget reduction would have on Department services, staffing, facility maintenance, etc. This amount was derived from a projected \$6 million budget deficit in RAP's current budget and a possible additional \$2 million cut to meet a 3% reduction request per the Mayor.

Per the Mayor's directive, the Department has outlined, in the attached report, our current financial situation and proposed actions for RAP to take to close this projected budgetary shortfall.

If additional information is needed, please do not hesitate to contact Regina Adams, Executive Officer, at (213) 928-9033.

Sincerely,

  
JON KIRK MUKRI  
General Manager

JKM:NW:bc

Attachment


cc: Ray Ciranna, City Administrative Officer  
Veronica Salumbides, Sr. Administrative Analyst II



**CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: December 2, 2008

TO: Ben Ceja, Budget Director  
Office of the Mayor

FROM:  Jon Kirk Mukri, General Manager  
Department of Recreation and Parks

**SUBJECT: FISCAL YEAR 2008-09 EXTRAORDINARY BUDGET REVISION**

This memo is in response to the Mayor's letter dated November 21, 2008 directing Departments to review their current fiscal year's budget and devise an expenditure program that would allow for a three percent budget reduction prorated over the next six months.

**Recreation and Parks Current Financial Status**

It is important to note that before this latest Mayoral budget instruction, the Department of Recreation and Parks (RAP) was already struggling with a projected \$6 million budget deficit (see chart below).

Projected Salaries, General - Account 1010 Deficit	\$(2,500,000)
Projected Salaries, As-Needed - Account 1070 Deficit	\$(3,300,000)
Projected Revenue Shortfall	\$(2,800,000)
<b>Original Budget Shortfall</b>	<b>\$(8,600,000)</b>
Add: Transfer of \$2.5 million approved by Council (C.F.# 08-0600-S27) to RAP in the second Financial Status Report	\$ 2,500,000
<b>Budget Shortfall After Transfer</b>	<b>\$(6,100,000)</b>

During the Fiscal Year 2008-09 budget deliberations this past May, we had already announced that our As-Needed salary account budget was under-funded at approximately \$3.3 million because it had not been funded to meet the required Cost of Living Adjustments (COLA) that had been approved. This meant that we would have to implement changes and reductions after our busy summer months. This was coupled with later direction in August that the six "mandatory" furlough days, at a cost of \$2.5 million that had been deleted from our full-time Salaries, General account, would now become "voluntary" furlough days. This action created a projected \$2.5 million deficit in addition to our \$3.3 million Salaries, As-Needed account deficit. Our revenue projections were also declining in the millions. RAP was approaching a large projected budget deficit.

With this proposed budget deficit we devised a post-summer plan to address these various issues. We identified departmental operations for reduction and/or elimination which affected some of our as-needed, part-time staff which are "at will" employees. In September 2008, we met several times with the American Federation of State, County and Municipal Employees (AFSCME) and the Service Employees International Union (SEIU) Local 721 to inform them of our projected budget deficit and discuss our plans which would affect some of their members. In late September we started implementing staff reductions. We also met with the Offices of the Mayor and City Administrative Officer and were informed that we would be provided with an additional \$2.5 million into our salary accounts to aid in offsetting the deficit. We requested the funds be placed solely into our Salaries, General account to address the voluntary furlough days issue for our full-time employees. However, the funds were divided amongst both of our salary accounts (C.F. No. 08-0600-S27). A salary budget deficit of \$3.3 million still remains along with a revenue deficit which has since increased to almost \$3 million. Generally, this shortfall appears to be due to the worsening state of the overall economy.

Also, a couple of years ago, our budget included a requirement for us to pay \$1.2 million towards our own utilities usage. In this fiscal year's adopted budget this utility payment amount was increased to over \$4 million which also affected our ability to provide services as well to be able to provide those services in an equitable manner citywide. (It should be noted that we have been proactive in implementing various water conservation measures and have already reduced our water usage by 13%.)

Now with the latest Mayor budget cut directive an additional \$1.9 million is added to our projected \$6.1 million deficit for a total of over \$8 million budget deficit hole to fill.

### **Financial Action Plan**

In order to close the projected \$6.1 million budget deficit we have devised a plan that includes various actions.

Transfer \$1.0 Million From the Golf Surcharge Account to RAP General Fund to Cover the Revenue Shortfall	\$1,000,000
Reduce Expenditures in the Following Accounts:	
Salaries, As-Needed - Account 1070	\$3,300,000
Contractual Services - Account 3040	\$ 250,000
Children's Play Equipment - Account 8620	\$ 300,000
Maintenance, Materials, & Supplies - Account 3160	\$ 300,000
Uniforms - Account 4430	\$ 50,000
Operating Supplies - Account 6020	\$ 900,000
<b>Total Reductions</b>	<b>\$6,100,000</b>

***Transfer from Golf Surcharge Account - \$1,000,000***

The Department will be recommending to the RAP Board that \$1.0 million be transferred from the Golf Surcharge Account to the RAP General Fund Account to cover revenue shortfalls. This would delay some capital improvements planned for the golf courses.

***Salaries, As-Needed - Account 1070 - \$3,300,000***

The Department has identified operational changes that should be made to eliminate this deficit. These changes include closing some facilities on Sundays and Holidays, reducing the frequency of maintenance services, eliminating support for special events, and reducing some programming. The Department is currently engaging in discussions with labor organizations representing employees who will be affected by these proposed changes. It is necessary to implement the operational changes immediately in order to eliminate the deficit.

***Expenses Account Reductions - \$1,800,000***

We will delay certain actions funded from our expense accounts to use towards covering our budget deficit. The Department will delay purchases and replacement of Children's Play Equipment, reduce expenditures in our Maintenance, Materials and Supplies Account, and reduce expenditures in the Operating Supplies Account by delaying purchases and replacement of small equipment and by reducing expenditures in the CLASS PARKS program.

**Mayor's Prorated 3% Budget Reduction**

A prorated 3% budget reduction for RAP is \$1.9 million calculated as follows:

Adopted Budget 2008-09	\$166,719,163
Less Self-Generated Revenue	\$(35,092,626)
General Fund Appropriation	\$131,626,537
Minus Direct Pay Utility Costs	\$ (4,344,231)
Budget Reduction Base	\$127,282,306
3% Reduction	\$ 3,818,469
<b>Prorated 3% Reduction (6 months)</b>	<b>\$ 1,909,235</b>

If RAP is required to meet this budget reduction target, we propose that our utility payment for this fiscal year be reduced by \$1.9 million. This would have a lesser impact on those we service throughout the City and it would not require further reductions for the public.

The Department is committed to take all necessary actions to ensure that we meet our budget reduction target. If additional information is necessary, please contact Regina Adams, Executive Officer, at (213) 928-9033.

FY 2008-09 Extraordinary Budget Revision  
December 2, 2008  
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JKM:ndw

cc: Miriam Long, Office of the Mayor  
Chris Espinosa, Office of the Mayor  
Shannon Lawrence, Office of the Mayor  
Matthew Rudnick, Office of the Mayor  
Ray Ciranna, City Administrative Officer  
Terry Sauer, Chief Administrative Analyst  
Veronica Salumbides, Sr. Administrative Analyst II