

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: February 26, 2009

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: **MID YEAR FINANCIAL STATUS REPORT**

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### SUMMARY

The Office of the City Administrative Officer monitors the budget and transmits reports detailing the City's current financial condition to both the Mayor and Council. This Office is transmitting the Mid Year Financial Status Report (FSR) for 2008-09 which summarizes the budget status through January.

On December 12, 2008 this Office released the Third FSR which identified a projected year-end deficit of approximately \$91.36 million consisting of an expenditure shortfall of \$13.71 million and revenue deficit of \$77.65 million. As part of the Mayor's Mid Year Budget Adjustment's Report and subsequent Council action, various reductions were implemented and revenue enhancements were identified which were expected to reduce the overall deficit to approximately \$17.01 million.

In this report we identify changes to the City's overall deficit since the Third FSR and the Mayor's Mid Year Budget Adjustment's Report based on current revenue estimates and department expenditure data. Based on this latest data, the projected year-end deficit has increased by \$18.28 million, from \$17.01 million to approximately \$35.29 million mainly due to revenue and expenditure changes.

After accounting for current departmental deficits, non-departmental offsets, cumulative year-to-date budget balancing initiatives, and recommendations in this report, expenditure savings of \$43.67 million are identified to partially offset the revenue deficit. However, it should be noted that projected departmental expenditure deficits have increased from the \$15.4 million estimate after the Mayor's Mid Year Adjustments, to \$21.6 million (see Attachment 4). In particular, the most significant changes are due to increased deficits for Police and Bank Service Fees paid by the Treasurer, and the elimination of the anticipated Proposition 1B funding swap for the Bureau of Street Services. Regarding non-departmental deficits, a deficit is now reported for the Capital Finance Administration Fund due to decreased Convention Center revenue (\$1.7 million) that is unavailable to be transferred. Additionally, the Liability Claims Account deficit has increased by about \$755,000.

However, savings in the Reserve for Economic Uncertainties and Short-Term Layoff Agreement accounts as well as other reported savings offset these deficits resulting in projected year-end expenditures that are \$43.67 million below appropriated amounts. This will partially offset the revenue shortfall.

2008-09 Appropriation Surplus/(Deficits) (in millions)	
2 <sup>nd</sup> FSR	\$(55.09)
Budget Balancing Report Offsets	37.63
<i>Subtotal</i>	(17.46)
3 <sup>rd</sup> FSR	
Decrease to Deficit	3.75
Mayor's Mid Year Adjustments	55.73
<i>Subtotal</i>	42.02
Mid Year FSR	
Decrease in Savings	(.92)
Mid Year Recommendations	2.57
<b>Total</b>	<b>43.67*</b>

\*Note: Represents projected expenditures below appropriated amounts.

## Revenue

The Third FSR dated December 12, 2008 projected a 2008-09 General Fund revenue shortfall of \$77.65 million. Through Council action regarding the Mayor's Mid Year adjustments, this shortfall was reduced to \$59.03 million. The combined General Fund shortfall from all sources is now projected to be \$78.96 million. This report is focused on the current fiscal year, but it has implications for the 2009-10 budget and the years thereafter.

City revenue is seriously affected by the severe economic recession that began in December 2007. The most recent economic consensus is that the current calendar quarter will show the largest decline and that the recession will bottom out in the Second Quarter of 2009. The current consensus forecast is that there will be slow recovery starting in the Summer Quarter of 2009. If that proves accurate, City revenue will suffer declines through 2009-10 and into 2010-11. Because City revenue is linked to the economy on a lagged basis, the full effect of the recession will not be felt until 2009-10. Property tax values in the current year reflect market conditions in 2007. Accordingly, assessed values this year are up nearly eight percent. Assessed values in 2009-10 are based on 2008 market activity and the tax roll for 2009-10 is expected to decline by one percent. The property tax roll could decline again in 2010-11. Sales and business tax receipts are holding at mid-year, but are expected to decline in the second half of 2008-09 and keep falling in 2009-10. Other economy-sensitive revenues such as the hotel and parking taxes are already showing signs of the downturn.

Property, utility, business and sales taxes are collectively \$72 million ahead of plan as of January 2009. But these are propped up by the lagged effects of prior-year assessed values; earlier high energy prices; a change in state law; and, audits. The variance for these accounts is currently expected to be reduced to \$36 million by June 2009. These accounts are collectively expected to decline in 2009-10. Other accounts are already showing the effects of the recession. The documentary transfer tax is \$13 million below budget at January and is expected to be \$25 million short for the fiscal year. The hotel and parking taxes combined are expected to be down \$13 million for the year and vehicle license fees, which are closely linked to new car sales, are projected to be down \$7 million. Departmental receipts are affected by reduced revenue from property sales and lower special fund receipts. Of special concern is that the budget anticipated \$89.7 million in General Fund receipts from the Special Parking Revenue Fund (SPRF) through transfer surplus revenue and General Fund reimbursements. However, projected SPRF revenue is down \$46.1 million, leaving a shortfall of at least that amount. The combined General Fund shortfall from all sources is now projected to be \$78.96 million.

Results for Fourth Quarter 2008 taxable sales will be available around March 20. A preliminary look at business tax renewal revenue will be possible in late March. Even with the revisions recommended in this report, there is still downside risk to the revised 2008-09 estimates. Declines in property values, energy prices, consumer spending and employment provide no basis for optimism and leave a very grim outlook. We will continue to report on City revenue as information becomes available.

The table below summarizes the current year potential revenue shortfalls.

2008-09 Revenue Shortfalls (in millions)	
2 <sup>nd</sup> FSR	\$(55.00)
Budget Balancing	
Additional Revenue Shortfall	(20.00)
Offsets from Reimbursements	3.35
<i>Subtotal</i>	(71.65)
3 <sup>rd</sup> FSR	
Increase to deficit	(6.00)
<i>Subtotal</i>	(77.65)
Mayor's Mid Year Adjustments	
Offsets from Reimbursements & Other	18.62
<i>Subtotal</i>	(59.03)
Mid Year FSR	
Increase to deficit	(19.93)
<b>Total</b>	<b>\$(78.96)</b>

## **Reserve Fund**

The current Reserve Fund balance as of February 13, 2009 is estimated at \$160 million (consisting of \$125 million in the Emergency Reserve Account and \$35 million in the Contingency Reserve Account). 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 \$10 million, the year-end Reserve Fund balance is estimated at \$170 million.

## **Short-Term Layoff Reductions & Voluntary Furloughs**

As of February 23, 2009, savings of about \$1.3 million have been achieved across City departments through voluntary furloughs. However, a portion of this amount consists of special funds (approximately 36 percent) and should not count toward the \$3.1 million General Fund savings target. If employee participation continues at the current level through the remainder of the fiscal year, savings generated from voluntary furloughs by year-end, will be short of the \$3.1 million in General Fund savings required per the short-term layoffs alternative agreement.

## **State Budget**

The State Budget crisis continues to present a real threat to the City's current year budget as well as the 2009-10 budget. On February 20, 2009 the Governor signed a budget package which consists of actions to close the \$40 billion budget deficit through June 2010. Preliminary reports indicate that the adopted budget includes \$14.9 billion in reductions, \$12.5 billion in temporary tax increases, \$11.4 billion in borrowing and a reserve of \$1 billion. New taxes include increasing the State sales tax by 1 percent; and increasing personal income tax by 0.50 percent. The package also increases the vehicle license fee from the current 0.65 percent to 1.15 percent, of which 0.15 percent is dedicated to fund local public safety programs (i.e., provides a funding swap for local law enforcement and public safety programs previously supported by the General Fund including Citizens Option for Public Safety and Juvenile Justice Crime Prevention programs). All the tax increases and borrowing would be in place for only two years.

The recently approved State budget is also expected to help mitigate the State's cash flow situation, which partly relies on borrowing. In early February, the State's bond rating was downgraded by Standard & Poor's due to the lack of political progress with State budget negotiations. However, it is now anticipated that recent budget actions will improve the State's ability to access bond markets for financing. It should be noted that State Officials have verbally advised that the State budget package also includes about \$2 billion in Short-Term Cash Management Solutions such as the deferral of Gas tax funds in the current year.

This Office is reviewing the details of the recently adopted State budget and will report on any impacts to the City. However, our initial review of the adopted budget, as well as State actions taken prior to February 20, reveal several impacts to the City. At this time, the following issues are

identified:

- **Supplemental Law Enforcement Services Fund:** The State officially reduced the City's appropriation from the anticipated \$7.49 million to \$6.45 million. In addition, the State has changed the funding schedule from one payment to four quarterly payments. Since the first payment was received in December, the fourth payment is not anticipated until the first quarter of 2009-10. The total impact of these changes in 2008-09 is estimated at \$2.65 million. Therefore, it is recommended that appropriations to the Police Department's Sworn Salaries account from this source of funds be reduced by this amount consistent with this action. It is estimated that there are sufficient projected savings in this account to absorb this reduction.
- **State Bond Funds Suspended:** The State suspended financing of infrastructure projects across California due to its weak cash position and its inability to access bond markets for financing. As a result, the State indefinitely stopped all State bond-related payments to the City, including those funded out of Propositions 12 and 40 Park Bond funds, Proposition 50 and Proposition 1B. The State has not provided a timeline on when this funding will resume.

The City's Administrative Oversight Committees are reviewing this situation to determine the scope of the problem and possible mitigating steps. The LA for Kids Steering Committee has performed an initial review of all impacted projects under its oversight. This review included \$95 million in State awards representing 134 grants for 80 project sites. Of the total award, \$75 million remains with the State. Under separate cover, the Steering Committee will provide recommendations for Council consideration regarding those projects that present the greatest liability to the City.

- In addition, relative to the City's share of **Proposition 1B** funds which are not under the purview of the City's Administrative Oversight Committees, appropriations to the City totaling approximately \$50 million are being withheld indefinitely as part of the State bond suspension. Approximately \$17.2 million of the \$50 million was anticipated to be expended in the current fiscal year. Of the \$17.2 million, \$4.8 million was to be swapped for General Fund dollars as a current-year budget balancing solution.
- **Gas Tax:** State Officials have verbally advised that the State has decided to suspend the allocation of the local share of State Gas Tax to cities and counties for local street and road projects for three months (approximately \$14.6 million), with a payback due later this year. The last payment received to date was the January transfer for \$4.34 million. We are awaiting official confirmation of this deferral.
- **Proposition 42 (transportation funds):** The State previously proposed to suspend the final current-year payment of the City/County portion of Proposition 42 transportation funds which represents approximately \$8.7 million in City funding. At this time, it is not known whether this proposal was included as part of the State's Short-Term Cash Management Solutions. These funds are received on a quarterly basis and the City received second quarter receipts in the

amount of \$7.54 million in mid-January 2009. The next quarterly receipts are due in mid-April 2009.

This Office will be coordinating with impacted City departments, the Mayor's Office and the Chief Legislative Analyst to evaluate and recommend proposed solutions to offset the potential deficits generated from any State funding suspensions. It should also be noted that there are assumptions in the recently adopted State Budget that are contingent on the passage of various statewide ballot measures scheduled for the May 19, 2009 election. It is anticipated that the Governor's May Budget Revise will be delayed pending the outcome of this election. We continue to watch these developments closely and will report on the impact of any State action on the City.

### Significant Issues

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

- **Special Parking Revenue Fund:** The 2008-09 Budget assumed usage of approximately \$112.3 million from the Special Parking Revenue Fund (SPRF), which was intended to be partially financed by \$38.7 million from the anticipated sale of the City-owned property on 1<sup>st</sup> and Alameda streets, known as the Mangrove Property, and receipt of the entire budgeted amount of higher parking meter revenue. However, receipt of the full amount of SPRF funding is no longer projected due to the deferral of the sale of the Mangrove Property and a \$15.7 million projected shortfall in parking meter revenue resulting in a net shortfall of \$54.4 million. However, if the actions recommended in this report are adopted, the SPRF shortfall would be reduced to approximately \$46.1 million.
- **Solid Waste Fund:** As reported in the last FSR, Solid Waste trash fee receipts, deposited in the Solid Waste Revenue Resources Fund (SWRRF), have continued to trend short with exception of an upswing in February. Receipts are at 88 percent of plan from the \$269 million budgeted. The Bureau has been working with its billing agent, the Los Angeles Department of Water and Power (DWP), on this matter. The departments have convened a joint audit team to review source data and procedures for collections and remittance of solid waste receipts, including an examination of the customer database, billing, accounting and other areas. Results of this review are expected in the next three weeks.

This Office is working with the Bureau to identify other SWRRF revenue components and savings to offset any year end shortfalls. Any deficit within this fund will impact its ability to fully reimburse the General Fund for related costs and could have implications for the following year, as well. However, if receipts for the balance of the year begin trending closer to plan as occurred in February, all cost obligations would be met. We will continue to monitor receipts and expenditures.

- **Federal Economic Stimulus Plan:** This Office is in the process of analyzing the recently adopted Federal Economic Stimulus Plan (i.e., the American Recovery and Reinvestment

Act) for potential impact on the City budget, as well as infrastructure opportunities. We will report back once more information is known.

### **Three Year Forecast**

Attachment 12 provides a summary of the current three-year General Fund budget forecast with a projected deficit of \$427 million in 2009-10. This deficit may grow depending on the severity of the current recession.

The Three Year Forecast illustrates that if currently projected investment assumptions materialize, and absent changes to the City's contribution policy, the City's contribution rates for the Los Angeles City Employee's Retirement System and the Fire and Police Pension System will increase substantially over the next few years. Current investment assumptions include investment losses of 25 percent in Fiscal Year 2008-09, and flat returns in Fiscal Year 2009-10 (i.e., 0 percent returns). Under current funding policies and based on these investment return assumptions, the contribution to both systems would increase by \$458 million in Fiscal Year 2010-11, and an additional \$205 million in Fiscal Year 2011-12 (i.e., on top of the \$458 million).

However, the City's contribution rates are subject to change should actual investment returns differ from the previously assumed scenarios. Furthermore, we are exploring different funding methodologies to help mitigate these impacts. According to actuarial consultants, there are alternative strategies that might mitigate the anticipated contribution rate increases in the short-run, such as extending the smoothing or amortization periods, or modifying the existing market value corridor policy; the latter causes the contribution rates to increase more rapidly as more of the investment losses must be recognized immediately. However, any such changes in funding methodology would result in potentially higher long-term contribution rates absent other changes in earnings or other assumptions. The advisability of lowering short-term contribution rates relies on the assumption that either these higher contribution rates will be more affordable when the economy turns around and/or that a market rebound will generate investment gains in excess of actuarial assumptions, reducing later contribution rates. Given the current market volatility, there are many unknowns. Therefore, we are in the process of reviewing potential options to mitigate the short-term budgetary impact of these potential scenarios.

### **Proposed Budget Balancing Actions**

The continuing effects of the recession on City receipts, the State's fiscal crisis, and the City's projected \$427M deficit in Fiscal Year 2009-10 indicate the need for ongoing budget balancing actions throughout the current year. The following actions are recommended at this time to further mitigate the remaining current-year budget deficit:

- Instruct all City departments reporting deficits in the Mid Year Financial Status Report to identify offsets equal to their respective shortfalls within 30 days;
- Instruct Animal Services to take actions necessary to offset its projected deficit;
- Instruct Recreation and Parks to begin implementation of its "clustering" proposal to reduce

the projected \$2 million deficit;

- Instruct the City Administrative Officer and the Chief Legislative Analyst to identify cash in the SPRF in order to increase the transfer to the budget; and,
- Limit hiring for all City positions, with the exception of those identified in Recommendation No. 41 of this report, due to Charter mandated function, critical to public health and safety or MOU requirement; instruct all General Managers to limit requests for hiring to only the most critical vacancies due to current economic conditions; and instruct the City Administrative Officer (CAO) to expeditiously review all departmental hiring requests against the criteria and make recommendations to the Mayor's Office and Chief Legislative Analyst (CLA) regarding these requests.

Additionally, this Office will continue to review special funds for potential General Fund savings, re-evaluate new services included in the current year budget, and review additional budget cuts based on department's 2009-10 budget reduction submittals.

### **Budgetary Adjustments**

Budgetary adjustments of about \$62 million are included in this report consisting of the following:

- \$10.4 million for transfers between accounts within various departments and funds;
- \$10.6 million for transfers between various departments and funds;
- \$11.9 million in appropriations from the Unappropriated Balance including approximately \$10.6 million from the Reserve for Economic Uncertainties and \$638,000 from the Short Term Layoff Agreement Account;
- \$7.6 million in appropriations to the Unappropriated, Balance Reserve for Economic Uncertainties;
- \$3.7 million for transfers within various special funds as follows: to reimburse the General Fund for Planning projects (\$1.9 million); to initiate the LED Conversion Program (\$1.5 million); and \$337,000 for various miscellaneous projects;
- Reduce appropriations totaling \$5.2 million to the Convention Center Revenue Trust Fund, (\$1.2 million); Supplemental Law Enforcement Services Fund (\$2.65 million) and the Police Department Grant Fund (\$1.35 million) to reflect a reduction in anticipated revenue from the Convention Center, the State, and Federal Bullet Proof Vest Partnership Program, respectively;
- Reduce Sewer Construction and Maintenance Fund related cost obligations to the General Fund by \$1.5 million;
- Eliminate \$8.1 million in unallocated project appropriations from the Special Parking Revenue Fund due to the deferred sale of the Mangrove Property;
- A \$1.25 million Public Works Trust Fund loan to front-fund the Sun Valley Neighborhood Retrofit consistent with prior Council action (CF 08-3294);
- Approximately \$438,000 in technical adjustments to prior Council actions; and
- \$1.3 million in miscellaneous 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. Transfers between Accounts within Departments and Funds
6. Transfers between Departments and Funds
7. Appropriations from the Unappropriated Balance
8. Appropriations to the Unappropriated Balance, Reserve for Econ. Uncert.
9. Employment Level Report
10. Status of Revenue for 2008-09
11. Status of MICLA Projects
12. Three Year Budget Forecast & Assumptions
13. Hiring Criteria

## RECOMMENDATIONS

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

1. Transfer \$10,371,837 between accounts within various departments and funds as specified in Attachment 5;
2. Transfer \$10,601,670 between various departments and funds as specified in Attachment 6;
3. Appropriate funds in the amount of \$11,960,037 from the Unappropriated Balance to the departments and funds as specified in Attachment 7;
4. Appropriate funds in the amount of \$7,579,389 from various departments and funds to the Unappropriated Balance Fund No. 100/58, Account 0037, Reserve for Economic Uncertainties as specified in Attachment 8;

### Commission for Children, Youth & Their Families

5. Regarding various instructions in connection to the City's Young Women from Adversity to Resiliency Program approved by the Council on December 9, 2008 per C.F. 08-3097, authorize the Controller to implement the following technical corrections to the Council file:
  - a. In recommendation 1 (a), change July 2208 to July 2008;
  - b. Replace the language in recommendation 2 with the following:

Authorize the Controller to set up receivables and establish and appropriate the funds in the Schiff-Cardenas Act Fund No. 45D/20 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
E127	Salaries	\$222,833.80
E301	Professional Services	10,000.00
E302	Supplies and Mileage	4,000.00
E303	CBO Contacts	2,000.00
E304	Curriculum, Materials	<u>7,873.20</u>
Total		\$246,707.00

- c. Add the following recommendations:

Appropriate \$222,833.80 from the Schiff-Cardenas Act Fund No. 45D/20 to the Commission for Children, Youth and Their Families Fund No. 100/27, Account 1010, Salaries General; and, authorize the Commission for Children, Youth and Their Families to make any technical adjustments consistent with these actions and C.F. 08-3097, subject to the approval of the City Administrative Officer;

Community Development Department

6. Approve the following actions to allow the Community Development Department (CDD) to pay for costs associated with the Youth Opportunities Program:
- Authorize the Controller to appropriate \$50,000 within the Community Development Trust Fund No. 424 to pay stipends to participants of the Youth Opportunities (YO) Program;
  - Establish a new account and transfer \$50,000 in appropriations within Fund No. 424 from Account E122, Community Development, to E716, YO Stipends;
  - Decrease appropriations in the amount of \$50,000 from CDD Fund No. 100/22, Account 1010, Salaries General;
7. Approve the following actions to allow CDD to pay for costs associated with the LA's Hope Grant Program (LA's Hope):

- Transfer \$14,900 in appropriations within the LA's Hope-Ending Chronic Homelessness Fund No. 48D, from Account Y330, LA's Hope, to the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
E122	Community Development	\$ 7,200
E299	Related Costs	<u>7,700</u>
Total		\$14,900

- Appropriate \$7,200 from the LA's Hope-Ending Chronic Homelessness Fund No. 48D to Fund No. 100/22, Account 1010, Salaries General, for salary costs associated with LA's Hope;
  - Expend funds upon presentation of documentation and proper demand of the General Manager, CDD or designee;
8. Approve the following actions to allow CDD to pay for costs associated with the Re-entry Employment Options Demonstration Project Program:

- Authorize the Controller to re-appropriate \$17,253 within the Re-Entry Employment Options Demonstration Project Fund No. 49S as follows:

	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From	A122	Community Development	\$17,253
	A299	Related Costs	<u>5,169</u>
	Total		\$22,422
To	E122	Community Development	\$17,253
	E299	Related Costs	<u>5,169</u>
	Total		\$22,422

- b. Authorize the Controller to increase appropriations within Fund No.100/22, for a total amount of \$17,253 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 5,406
6010	Office and Admin Exp.	5,096
6030	Leasing	<u>6,751</u>
	Total	\$17,253

- c. Expend funds upon presentation of documentation and proper demand of the General Manager, CDD or designee;
9. Increase appropriations within the Audit Repayment Fund No. 593, Account E299, Related costs by \$500,000;
10. Rescind the Controller instruction included in the Mayor's Mid-Year Budget Adjustments (C.F. 08-0600-S34 Attachment 2 Ref. No. 9 and Attachment 4, page 13) relative to the transfer of \$102,408 from the CDD Salaries General account to the Unappropriated Balance, Reserve for Economic Uncertainties, and replace with the following:
- a. Transfer appropriations in the amount of \$102,408 within the Community Development Trust Fund No. 424 from Account E122, Community Development, to Account E299, Related Costs;
- b. Authorize Controller to decrease appropriations within CDD Fund No. 100/22, Account 1010, Salaries General, by \$102,408;

#### Convention Center

11. Decrease appropriations to the Convention Center Revenue Trust Fund No. 725/48, Account 203E, Reserve, by \$1,200,000;

#### Environmental Affairs

12. Approve the following actions relative to the Mobile Source Air Pollution Reduction Trust Fund:
- a. Appropriate \$35,000 from the Mobile Source Air Pollution Reduction Trust Fund No. 528/37, Account 268E, Climate Change Plan, to Environmental Affairs Fund No. 100/37, Account 1070, Salaries As-Needed;
- b. Transfer cash to reimburse the General Fund on an as-needed basis upon proper documentation from the Environmental Affairs Department;

Fire

13. Authorize the Controller to increase appropriations in the sum of \$302,518.60 to the Information Technology Agency Fund No. 100/32, Account 1100, Hiring Hall Salaries, for installation of communications equipment in Fire Department vehicles, and correspondingly transfer \$302,518.60 from Fund 298/38 MICLA, Account E132, Information Technology Agency to the following accounts within Fund No. 298/38 MICLA:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
A206	Radios	\$14,792.85
C206	Communications Equipment	196,630.39
W200	Apparatus	<u>91,095.36</u>
Total		\$302,518.60

14. In accordance with Recommendation No. 13 above, authorize the Controller to transfer cash from Fund No. 298 to reimburse the General Fund on an as-needed basis upon proper documentation from the Information Technology Agency and the approval of the City Administrative Officer;

General City Purposes

15. Authorize the Controller to establish a new account within the General City Purposes Fund No. 100/56 entitled Fire/Police Pensions Defrayal, appropriate \$45,930, from the Unappropriated Balance Fund No. 100/58, Account 0037, Reserve for Economic Uncertainties to this new account, and authorize the Controller to transfer \$45,930, to the Fire and Police Pensions Fund No. 916/64, Revenue Source 4712;

Housing

16. Increase the appropriations from available cash balance within the Systematic Code Enforcement Fee Fund No. 41M/43 and the Rent Stabilization Trust Fund No. 440/43 as follows:

<u>Fund</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
41M/43	E301	Code Enforcement Reserve	\$450,066
440/43	E201	Rent Stabilization Reserve	<u>158,214</u>
Total			\$608,280

17. Transfer appropriations in the amount of \$608,280 from appropriations listed in Recommendation No. 16 above to the Los Angeles Housing Department Fund No. 100/43 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
3040	Contractual Services	\$300,383
6030	Lease	<u>307,897</u>
Total		\$608,280

18. Relative to administrative costs associated with a City Planning Associate position (Recommendation No. 16 of the Second Financial Status Report C.F. 08-0600-S27), increase appropriations to City Planning Department Fund No. 100/68, Account 1010, Salaries General, by \$90,861;

Information Technology Agency

19. Transfer appropriations in the amount of \$100,000 within the Telecommunications Development Account, Fund No. 342/32 from the accounts, and in the amounts listed below to Account 132E, Information Technology Agency (ITA), and appropriate therefrom to ITA Fund No. 100/32, Account 1070, Salaries As-Needed:

<u>Year</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
07-08	014C	Cable Franchise Renewal Program	\$73,000
07-08	016C	Cable Regulation Program	2,000
07-08	112C	City Attorney	<u>25,000</u>
		Total	100,000

Neighborhood Empowerment

20. Authorize the Controller to decrease the General Fund budget appropriation to the Department of Neighborhood Empowerment Fund No. 44B/47, Account E218, Neighborhood Council Funding, by \$2,972,375 and increase appropriations by the same amount to the Unappropriated Balance Fund No. 100/58, Account 0037, Reserve for Economic Uncertainties;

Planning

21. Transfer appropriations totaling \$1,925,232.29 within the following accounts in the Major Projects Review Trust Fund No. 524 as follows:

	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	001E	Playa Vista Collection	\$1,632,694.26
To:	201E	Playa Vista	964,510.48
	299E	Related Costs	<u>668,183.78</u>
		Total	\$1,632,694.26

	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	002E	LA Arena Collection	\$161,113.17
To:	202E	LA Arena	85,008.64
	299E	Related Costs	<u>76,104.53</u>
		Total	\$161,113.17

	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	003E	USC Collection	\$12,792.26
To:	203E	USC	7,106.21
	299E	Related Costs	<u>5,686.05</u>
		Total	\$12,792.26

	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	008E	Ponte Vista Collection	\$118,632.60
To:	208E	Ponte Vista	67,735.35
	299E	Related Costs	<u>50,897.25</u>
		Total	\$118,632.60

22. Instruct the Planning Department to reimburse a total of \$1,058,334.74 in outstanding direct costs incurred in 2006-07 and 2007-08 by various City departments from the Playa Vista, LA Arena, USC, and Ponte Vista accounts to the General Fund, Street Lighting Maintenance Assessment Fund No. 347/50, One-Stop Trust Fund No. 438/50, Engineering Equipment, Training Fund No. 568/50 and Building and Safety Enterprise Fund No. 48R/08 as follows:

Playa Vista

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
06-07	F524/ 68/ 201E	F100/ 78/ 4610	\$6,956.01

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
07-08	F524/ 68/ 201E	F100/ 68/ 4610	\$113,153.40
		F100/ 12/ 4610	831.68
		F100/ 94/ 4610	54,778.40
		F100/ 76/ 4610	200,651.55
		F100/ 78/ 4610	196,132.40
		F347/ 50/ 4610	32,272.48
		F48R/ 08/ 4610	<u>293,708.62</u>
		Total	\$891,528.53

LA Arena

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
06-07	F524/ 68/ 202E	F100/ 68/ 4610	\$14,971.77
		F100/ 12/ 4610	940.95
		F100/ 94/ 4610	<u>164.18</u>
		Total	\$16,076.90
07-08	F524/ 68/ 202E	F100/ 68/ 4610	\$67,340.15
		F100/ 12/ 4610	690.04
		F100/ 94/ 4610	<u>901.55</u>
		Total	\$68,931.74

USC

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
06-07	F524/ 68/ 203E	F100/ 68/ 4610	\$699.60
		F100/ 94/ 4610	<u>16.58</u>
		Total	\$716.18
07-08	F524/ 68/ 203E	F100/ 68/ 4610	\$4,751.63
		F100/ 94/ 4610	<u>1,638.40</u>
		Total	\$6,390.03

Ponte Vista

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
06-07	F524/ 68/ 208E	F100/ 68/ 4610	\$59,981.65
		F100/ 94/ 4610	<u>7,753.70</u>
		Total	\$67,735.35

23. Instruct the Planning Department to repay a total of \$66,025.94 in surcharges associated with the costs incurred in 2007-08 by the Bureau of Contract Administration, the Bureau of



Engineering, and the Bureau of Street Lighting from the Playa Vista Account to the One-Stop Trust Fund No. 438/50 and the Engineering Equipment, Training Fund No. 568/50 as follows:

<u>Year</u>	<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
07-08	F524/ 68/ 201E	F438/ 50/ 4229	\$14,672.43
		F568/ 50/ 4233	\$51,353.51
		Total	\$66,025.94

24. Instruct the Planning Department to reimburse a total of \$800,871.61 to the General Fund and the Building and Safety Enterprise Trust Fund for associated outstanding related costs incurred in 2006-07 and 2007-08 by the Planning Department, the City Attorney, the Department of Transportation, the Bureau of Contract Administration, the Bureau of Engineering, the Bureau of Street Lighting, and the Department of Building and Safety for the listed projects with funds received in the respective project account in the Major Projects Review Trust Fund as follows:

Playa Vista

<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
F524/ 68/ 299E	F100/ 68/ 4640	\$121,101.36
	F100/ 12/ 4640	437.71
	F100/ 94/ 4640	54,723.61
	F100/ 76/ 4640	218,646.51
	F100/ 78/ 4640	71,818.95
	F100/ 84/ 4640	14,100.40
	F48R/ 08/ 4640	187,355.24
	Total	\$668,183.78

LA Arena

<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
F524/ 68/ 299E	F100/ 68/ 4640	\$74,260.43
	F100/ 12/ 4640	1,227.64
	F100/ 94/ 4640	616.46
	Total	\$76,104.53

USC

<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
F524/ 68/ 299E	F100/ 68/ 4640	\$5,677.74
	F100/ 94/ 4640	\$8.31
	Total	\$5,686.05

Ponte Vista

<u>From Fund/Account</u>	<u>To Fund/Revenue Source</u>	<u>Amount</u>
F524/ 68/ 299E	F100/ 68/ 4640	\$45,656.73
	F100/ 94/ 4640	\$5,240.52
	Total	\$50,897.25

Police

25. Approve the following actions relative to the implementation of a reward program for the Project Safe Neighborhoods Grant Program:

- a. Transfer appropriations from Fund No. 339/70, Account C408, in the amount of \$25,000 to Police Department Fund No. 100/70, Account 4310, Secret Service, to implement a reward program for the Project Safe Neighborhoods Grant Program;
- b. Authorize the Police Department to process a Payment Voucher to draw down funds in the amount of \$25,000 from Police Department Fund No. 100/70, Account 4310, Secret Service, to the LAPD Secret Service Checking Account to implement a reward program for the Project Safe Neighborhood Grant Program for citizens who provide information leading to the apprehension of a person prohibited from possessing a firearm;
- c. Authorize the Police Department to cut check(s) from the checking account on an as-needed basis to support necessary expenditures for operations associated with the Project Safe Neighborhood Reward Program;

26. Reduce appropriations to the Supplemental Law Enforcement Services Fund No. 667/70, Account E170, by \$2,650,000, to reflect a reduction in anticipated revenue from the State; and, reduce appropriations to the Police Department Fund No. 100/70, Account 1012, Salaries Sworn, by \$2,650,000 to correspond with the reduction in State revenue;

27. Reduce appropriations to the Police Department Grant Fund No. 339/70, Account E170, \$1,351,478 due to receipts from the federal Bullet Proof Vest Partnership Program grant being less than budget; and, reduce appropriations to the Police Department Fund No. 100/70, Account 4430, Uniforms, by \$1,351,478 to correspond with a decrease in the federal Bullet Proof Vest Partnership Program grant (also, see Attachment 7 for appropriations from the Unappropriated Balance, Reserve for Economic Uncertainties to this account);

PW-Sanitation

28. Authorize the Controller to decrease appropriations within the Sewer Capital Fund No. 761, Related Costs, Account E299, by \$1,485,606 to reduce the amount of related cost reimbursements in 2008-09 from this funding source to the General Fund by \$639,790 for the Bureau of Contract Administration, \$844,155 for the Bureau of Engineering and \$1,661

for the Bureau of Sanitation; and decrease appropriations within the Sewer Operations & Maintenance Fund No. 760, Related Costs, Account E299, by \$54,821 for the Bureau of Sanitation; to repay Fund Nos. 761 and 760 for prior year over-reimbursement of related costs totaling \$1,540,427;

PW/Bureau of Street Lighting

29. Reappropriate \$904,146.80 from the Community Development Trust Fund No. 424/22 as follows to enable the PW-Bureau of Street Lighting to complete various lighting improvement projects initiated in 2006-07 and 2007-08:

- a. Transfer appropriations within the Community Development Trust Fund No. 424/22 as follows:

	<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	424/22/A184	Public Works/BSL - Commerce	\$ 371.25
	424/22/C184	Public Works/BSL - Cypress Park PII	114,121.89
	424/22/C184	Public Works/BSL - Cypress Park PIII	276,927.00
	424/22/C184	Public Works/BSL - Delano&Beck	502,526.41
	424/22/C184	Public Works/BSL - SmartCrosswalk	200.25
	424/22/C184	Public Works/BSL - Sun Valley	<u>10,000.00</u>
		Subtotal	\$904,146.80
To:	424/22/E184	Public Works - Street Lighting	\$904,146.80

- b. Appropriate \$904,146.80 from Community Development Trust Fund No. 424/22, E184, Public Works-Street Lighting to the following accounts within the PW-Bureau of Street Lighting Fund No. 100/84 for the Commerce Avenue Street Lighting Improvement Project (\$371.25), the Cypress Park Phase II Street Lighting Project (\$114,121.89), Cypress Park Phase III Street Lighting Project (\$276,927), the Delano and Beck Lighting Improvement Project (\$502,526.41), the CD 10 Smart Crosswalks Street Lighting Improvement Project (\$200.25), and the Sun Valley Street Lighting Improvement Project (\$10,000) :

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$60,893.39
1090	Salaries Overtime	10,000.00
3040	Contractual Services	<u>833,253.41</u>
	Total	\$904,146.80

30. Transfer \$1,500,000 from Street Lighting Maintenance Assessment Fund 347/50, Account E600, Available Series to Multiple Projects, to a new account within the Fund entitled LED Fixtures to provide front funding for the initiation of the Light Emitting Diode (LED) Conversion program;

PW-Street Services

31. Authorize a loan from the Public Works Trust Fund (PWTF) in the Subventions and Grant Fund No. 305/50 in the amount of \$1,250,000 to front-fund the Sun Valley Neighborhood Retrofit (Elmer Street Greenscape) project (C.F. 08-3294);
32. Authorize the Controller to transfer funds in the amount of \$1,250,000 from the Public Works Trust Fund 834/50, to Subventions and Grant Fund 305/50, and appropriate therein to a new 2008-09 account for the Elmer Street Greenscape project, and appropriate therefrom to the following accounts in Bureau of Street Services Fund 100/86;

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$175,000
1090	Salaries Overtime	75,000
1100	Hiring Hall Salaries	75,000
1120	Hiring Hall Benefits	25,000
1190	Hiring Hall Overtime	12,500
3030	Construction Expense	700,000
3040	Contractual Services	12,500
3330	Utilities Expense	12,500
	Private Co.	
6010	Office and	25,000
	Administrative	
6020	Operating Supplies	<u>137,500</u>
	Total	\$1,250,000

33. Instruct the Bureau of Street Services to repay the \$1,250,000 PWTF loan upon receipt of grant reimbursements prior to June 1, 2010;

Special Parking Revenue Fund

34. Eliminate unallocated project appropriations for the following accounts within the Special Parking Revenue Fund No. 363/94 (due to the deferral of the sale of the Mangrove Property, there is no source of funds to back these appropriations totaling \$8.1 million):

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
C001	Unallocated Funds – CD1	\$2,304,478
C002	Unallocated Funds – CD2	\$ 126,435
C003	Unallocated Funds – CD3	\$1,436,471
C004	Unallocated Funds – CD4	\$1,724,744
C005	Unallocated Funds – CD5	\$ 539,851
C006	Unallocated Funds – CD6	\$ 81,988
C008	Unallocated Funds – CD8	\$ 470,911
C010	Unallocated Funds – CD10	\$ 128,820
C013	Unallocated Funds – CD13	\$ 391,656
C014	Unallocated Funds – CD14	\$ 214,025
C015	Unallocated Funds – CD15	\$ 676,978
	Total	\$8,096,357

Budgetary

35. Instruct all Departments reporting deficits in the Mid Year Financial Status Report to identify offsets equal to their respective shortfalls within 30 days;

36. Instruct Animal Services to take actions necessary to offset its projected deficit;

37. Instruct Recreation and Parks to begin implementation of its "clustering" proposal to reduce the projected \$2 million deficit;

38. Limit hiring for all City positions, with the exception of the following (which will not be subject to the review process described in Recommendation No. 41 below). Note: the following list supersedes the blanket exemption list approved by the Managed Hiring Committee on February 5, 2009.

- Police Sworn
- Police Civilian classifications:
  - Criminalist
  - Forensic Print Specialist
  - Detention Officer
- Fire Sworn – Platoon Duty only
- City Clerk - Elections Division (up to June 30, 2009)
- Harbor Department
- Airports Department
- DWP
- Hiring Hall

- MOU-required changes to paygrade or classification

39. Adopt Attachment 13 which will provide the criteria for consideration of Departments' individual requests for hiring;
40. Instruct all General Managers to limit requests for hiring to only the most critical vacancies due to current economic conditions;
41. Dissolve the Managed Hiring Committee and instruct the City Administrative Officer (CAO) to expeditiously review all departmental hiring requests against the criteria and make recommendations to the Mayor's Office and Chief Legislative Analyst (CLA) regarding these requests. The timely approval or denial of these requests will be based upon the unanimous decision of the Mayor's Office, CAO, and CLA;
42. For layoff avoidance, instruct the Personnel Department to work with the proprietary departments to enable employees in Council-controlled departments to fill vacancies in common classes; and,

#### Technical

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

#### **FISCAL IMPACT**

Transfers, appropriations and other adjustments totaling approximately \$62 million are recommended in this report to meet current-year obligations. The current Reserve Fund balance is estimated at \$160 million (consisting of \$125 million in the Emergency Reserve Account and \$35 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**

The Third FSR dated December 12, 2008 projected a 2008-09 General Fund revenue shortfall of \$77.65 million. Our current projection is little changed; we now anticipate a revenue shortfall of \$78.96 million.

Following the release of the CAO's December report, the Mayor and Council took specific action to generate \$18.6 million in additional revenue including:

- \$5.1 million from the sale of the City's fiber optic network;
- \$5 million from a new tax amnesty program for prior year unpaid taxes;
- \$1.3 million in additional interest income; and
- \$7.2 million from other revenue adjustments.

In addition, this Office now anticipates increased revenue from property, sales, and utility users' taxes. Most of the positive changes are in property taxes. While this good news is helpful, it does not change the contracting nature of the City revenue base. The effect of the downturn on property taxes will be fully felt in the 2009-10 budget. Sales tax cash receipts continued to hold close to budget for the first half of 2008-09; this is a result of a change in the law. Major components of the City's retail tax base are contracting and growth will not be sustainable at least through the end of 2009-10. Local revenues such as the hotel, parking and documentary transfer taxes are already in decline.

Finally, the budget provides for a transfer of \$89.7 million from the Special Parking Revenue Fund to finance transportation-related and general purposes. A recent ordinance modified the Special Parking Revenue Fund to permit surplus funds to be transferred to the Reserve Fund in 2008-09. The Reserve Fund would then be a source of funds for the budget. But parking fund revenue appears to be \$46.1 million below target and that shortfall directly links to the budget. Unless scheduled appropriations are reduced, the Special Parking Revenue Fund would be short the \$46.1 million and that amount would not be available for transfer to the Reserve Fund.

A discussion of major components of changing City revenue follows. Changes by revenue account are summarized in Attachment 10.1. The link between the General Fund and the Special Parking Revenue Fund is summarized in Attachment 10.2.

**Property Taxes – Add \$34.8 million to budget:**

- \$12 million from a carryover of secured receipts anticipated that belong to City fiscal year 2007-08, but actually received in 2008-09;
- \$22 million in additional redemptions from settlement of taxes related to foreclosure-related deed transfers; and
- \$8 million from a higher allocation of property taxes in-lieu of vehicle license fees caused by growth in assessed values during 2007; but
- these are partially offset by anticipated declines in secured receipts from recession-related lower collection rates.

The additional property tax receipts in the current year (2 percent above budget) are welcome but do not change the underlying outlook for local real estate. Countywide assessed values grew by an average of 10 percent between 2005 and 2007. Countywide growth for 2008 (City Fiscal Year 2008-09) was 7 percent. But for 2009 (City Fiscal Year 2009-10), the Assessor projects a decline in assessed values of nearly 1 percent. In addition, the county property tax collection rate fell from 97 percent to 95 percent in the last year. Based on historical experience, that rate is likely to continue to decline for several more years. Growth in City assessed values and change in City collection rate often closely track the county experience. Attachment 10.3 summarizes changes to property taxes by account.

**Utility Users' Taxes – Add \$13.5 million to our December estimate** from growth in telephone tax base and from higher electric users' tax base. The revised estimate is in addition to the \$8.2 million audit collection recognized in the Third FSR. Collections are expected to be \$659.3 million:

- **Telephone Users' Tax – Add \$15.6 million** from growth in the telephone industry and expansion of the tax base. The revised estimate is in addition to the \$8.2 million audit collection recognized in the Third FSR. The budget anticipated that Measure "S," approved by the electorate on the February 5, 2008 special election ballot, would result in a revenue decline. But early remittances from the telephone companies suggest the 10 percent tax rate reduction will be offset by increased revenue from tax restructuring that will result in continued growth at about the rate experienced in the years prior to approval of Measure "S." We will keep watching this account.
- **Electric Users' Tax – Add \$7.9 million** based on early reports on power sales. The projected growth in electric revenue was based on two rate increases of 2.9 percent: one late in 2007-08 and one at the beginning of 2008-09. Additional rate adjustments were triggered by rising energy prices. The budgeted increase in this account was 6.9 percent. Growth of ten percent is more likely. At this time, we do not recommend any higher estimate because DWP's collection rate is falling. This account is still under review.
- **Gas Users' Tax – Reduce \$10 million** based on declining commodity prices. The market price paid by the Gas Company for natural gas has declined more than 50 percent since the time the budget was prepared. Although gas users' tax receipts are only three percent below



plan after seven months, the final months of the year will be most affected by the declining commodity prices.

Attachments 10.4 to 10.8 summarize changes to the utility users' taxes.

**Licenses, Permits, Fees and Fines – Decrease budget by \$112.3 million.**

- **Non-Special Parking Revenue Fund Issues** – The estimated shortfall in the Third FSR was \$30.9 million. Now, the **projected shortfall is reduced to \$22.6 million**. Many changes – some with positive revenue consequences and some with negative consequences – make up the reduced shortfall and are outlined in Attachment 10.9.
- **Special Parking Revenue Fund Issues** – The budget anticipated \$89.7 million in transfers and reimbursements from the Special Parking Revenue Fund to finance transportation-related and general purposes in the budget. A recent ordinance restructured the Special Parking Revenue Fund to ensure fulfillment of requirements of State law and bond covenants and still achieve the budgetary intent. Now, surplus monies in the Special Parking Revenue Fund may be transferred to the Reserve Fund. The Reserve Fund would then have available funds for transfer to the budget. But Special Parking Revenue Fund receipts are anticipated to be **\$46.1 million below budget**. The full transfer would only be possible with redirection of some budgeted Special Parking Revenue Fund appropriations so that a surplus can be made available for transfer. Attachment 10.2 outlines possible transfers to finance the budget which can be linked to a surplus in the Special Parking Revenue Fund.

**Business Tax** – This estimate was **reduced \$15 million** from budget in the Third FSR; a three percent reduction. Since then, the Mayor and Council enacted a tax amnesty program estimated to produce **\$5 million in increased collections** in the business tax and other revenue accounts collected by the Office of Finance. For this report, we show all of that estimated collection in the business tax. More than 90 percent of business tax revenue is collected between February and June. This Office will work with the Office of Finance to monitor business tax renewal collections on a daily basis and report if additional adjustments are necessary. Attachment 10.10 provides additional information.

**Sales Tax** – This estimate was also **reduced \$15 million** from budget in the Third FSR. This report **restores \$5 million**. This is due to a state law change regarding the allocation of aviation fuel taxes. Sales tax receipts are almost exactly on target through January, but the current pattern is not sustainable. We will receive the results of fourth quarter 2008 sales in late March. At this time, City receipts reflect only taxable sales through the Summer Quarter. For that quarter, general retail was down 6 percent; taxable food products down 1.5 percent; and construction material down 9.9 percent. We saw gains only in business-to-business energy sales (the aviation fuel) and in service stations reflecting the very high gasoline prices of that time. Both the aviation fuel and motor vehicle fuel prices declined in the fourth quarter, and a drop in sales tax receipts for the balance of 2008-09 is anticipated. Attachments 10.11 and 10.12 provide additional information.

**Documentary Transfer Tax** – This estimate was **reduced \$10 million** from budget in the Third

FSR. We now **reduce the estimate another \$15 million**. Volume of real estate transactions is increasing slightly, but prices continue to fall. Attachments 10.13 and 10.14 provide perspective.

**Transient Occupancy Tax** – This estimate was **reduced \$3 million** from budget in the Third FSR. We now **further reduce the estimate by \$4.4 million for a total reduction of \$7.4 million**. City receipts lag hotel sales by about two months. Hotel revenue held through September and we have not fully seen the results of the downturn in City receipts yet. This revision is based on information provided by industry experts, but additional adjustments may still be necessary. The full effect of the recession will be seen in Fiscal Year 2009-10 hotel tax revenue. Attachment 10.15 provides perspective.

**Parking Users' Tax** – This estimate was **reduced \$2 million** from budget in the Third FSR. This Office **further reduces the estimate by \$3.4 million for a total reduction of \$5.4 million**. Monthly receipts are sometimes affected by timing of deposits. We need to keep watching this; additional adjustments may be necessary. Attachment 10.15 provides the current status.

### **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. Attachment 4 summarizes projected surpluses and deficits by department.

#### **A. Aging**

A special fund surplus of \$129,430 is projected in the Salaries General account. The surplus, which is in Title III E – Older Americans Act grant funds, is due to savings accumulated through long standing vacancies of two positions in the Department's Family Caregiver Support Program.

#### **B. Animal Services**

A year-end deficit of \$174,288 was identified in the Third FSR, due to a salary shortfall in connection to the short-term layoff reduction. However, the Department's overall year-end deficit has now increased to \$347,050 due to continued shortfalls in its Salaries General account (\$173,432) and a Salaries Overtime deficit of \$173,618. The Department attributes the deficit in the Salaries Overtime account to its inability to offset overtime costs with savings in other accounts as in prior years and to accrued overtime during the Marek-Sesnon and Sayre fires. The Department is currently in the process of obtaining FEMA reimbursement for expenses of approximately \$50,000 incurred during these emergencies. However, it is unlikely that the reimbursements will be received by year-end.

The Department continues to express concern over shortages in the Animal Medical Supplies (\$75,000) and Private Veterinary Care (\$50,000) 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. The Department anticipates that funding from the Animal Welfare Trust Fund may be available to offset potential deficits in the Animal Medical Supplies and Private Veterinary Care

accounts. Additionally, the Department is also reviewing its various internal procedures to control costs in these accounts as well as potential revenue opportunities. This Office will continue to monitor these accounts and advise on any necessary adjustments in subsequent financial status reports.

### **C. Building and Safety**

A year-end deficit is no longer projected. A General Fund deficit of \$540,565 was previously projected for this department. However, in December 2008, the Department received authority from the Community Redevelopment Agency (CRA) for six months of funding for the CRA – PACE program. The Department is in the process of appropriating \$168,133 for this program. This appropriation, plus anticipated savings in the Salaries As-Needed account, helped reduce the projected General Fund deficit reported in the Third FSR from \$540,565 to \$369,140. The remainder of the General Fund deficit is expected to be addressed through the continued efforts of the Department to control costs, and one or both of the following: (1) receipt of Community Development Block Grant (CDBG) funding for the PACE-CDBG project (\$330,000 was requested) or (2) revenue from the Off Site Sign Periodic Inspection Program scheduled to begin in February. Because of the Department's cost control efforts and these potential revenues, no further actions are proposed to address the projected General Fund deficit at this time as it is expected to be offset by year-end.

The Enterprise Fund deficit was resolved through actions in the Third FSR.

The Department continues to highlight the following issues relative to its current-year revenues:

- General Fund receipts are lower than expected. The slowdown is likely attributed to the state of the economy. The Department is currently working on an ordinance which will allow collection of annual inspection fees on more businesses. The Ordinance is under review by the Planning Department.
- Building and Safety has launched a more aggressive collection process which is anticipated to increase non-compliance revenues. It is anticipated that this will contribute to an increase in revenues in the coming months.
- The Building and Safety Permit Enterprise Fund continues to experience a downturn in revenue (about 20 percent less than at the same time a year ago). The Department is cautiously optimistic that federal economic initiatives will improve credit markets and the ability of builders/developers to secure financing for large projects.

### **D. City Administrative Officer**

#### **Attachment 7 – Appropriations from the Unappropriated Balance**

In December 2008, the Office of Finance issued a Request for Proposals to select a qualified firm to analyze the feasibility of centralizing all non-proprietary City billing and collection functions under the management and control of the Office of Finance to improve the efficiency and effectiveness of

accounts receivable management. The qualified firm would also develop an implementation plan for the centralization. Six firms submitted proposals by the January 15, 2009 deadline.

This effort is supported by the Mayor and City Council (C.F. 08-2122) in response to a Controller's Audit of Citywide Billing and Collection (C.F. 07-1875). The CAO will administer the contract. Previously identified savings within the CAO were transferred to the UB, Reserve for Economic Uncertainties due to the City's economic constraints. However, given the need to proceed with this project, it is recommended that funding in the amount of \$250,000 be appropriated from the Unappropriated Balance, Reserve for Economic Uncertainties to the CAO's Contractual Services account to pay for the cost of the contract related to this effort.

#### **E. City Attorney**

##### **Attachment 7 – Appropriations from the Unappropriated Balance**

Excluding the liability claims shortfall, a year-end deficit of approximately \$5,083,094 is projected which is attributable to the Salaries General (\$1,226,236) Salaries Proprietary (\$2,856,858) and Litigation Expenses (\$1,000,000) accounts. Approximately \$1,471,227 of this shortfall is attributable to the short term layoff reduction.

The following provides more detail regarding the estimated deficits for this Department.

- After accounting for previous transfers and appropriations from the Third FSR and the Mayor's Mid-Year Budget Adjustments, a remaining deficit of \$1,226,236 million is projected in the Salaries General account (i.e., \$600,000 less than the amount anticipated in the Third FSR). The shortfall is solely attributable to the short term layoff reduction. This estimate also assumes the anticipated \$1 million year-end internal transfer from the Consumer Protection Trust Fund to cover salary costs related to the enforcement of consumer protection laws.

The City Attorney was requested to work with this Office and the CLA to address the deficit resulting from the short-term layoff reduction, and the CAO was further instructed to report back in the Mid-Year FSR regarding the status of these efforts. As noted above, the remaining deficit in the Salaries General account has been reduced. The department will continue to work towards reducing this deficit by pursuing alternative revenue resources to help absorb these costs. It is anticipated that the remaining shortfall will be further reduced through attrition, the more stringent managed hiring process, and further revenue offsets. Adjustments to this account are not recommended at this time.

- A deficit of \$2,856,858 is projected in the Salaries Proprietary account which is slightly more than the Third FSR estimate of \$2.7 million. The deficit is mainly comprised of unfunded resolution authorities approved in the Adopted Budget. These positions serve the proprietary departments and are fully reimbursable. The shortfall is largely due to a cash flow problem for the last two payroll periods of the fiscal year, as the proprietary reimbursements will not be available until the beginning of the next fiscal year. A \$1,650,000 appropriation is recommended from the Unappropriated Balance, Reserve for Economic Uncertainties to the

City Attorney's Salaries Proprietary account in order to meet payroll through June 3, 2009. The Department will require an additional appropriation at year-end to cover salary expenses for the remainder of the fiscal year. All expenditures from this account will be fully reimbursed to the General Fund by proprietary departments.

- The Department projects a year-end deficit of \$1 million or more in the Litigation Expense account, due to the high volume and complexity of cases filed against the City. This deficit is in addition to the \$750,000 already appropriated to the City Attorney from the Unappropriated Balance, Litigation Expense line item as part of the Third FSR actions. The Department projects that the current available balance will be expended before the next FSR and requests a supplemental appropriation of \$500,000 to pay for upcoming expenditures. Since all budgeted litigation expense funds have already been transferred to the City Attorney, a \$500,000 appropriation is recommended from the Unappropriated Balance, Reserve for Economic Uncertainties.
- The 2008-09 Budget provided \$4 million in the Unappropriated Balance Outside Counsel Including Workers Compensation line item. However, as part of the Mayor's Mid-Year Budget Adjustments the line item was reduced by \$650,000 to help offset the City's deficit. After accounting for this reduction and other approved requests, \$1 million remains. A \$160,000 transfer is recommended from the Outside Counsel Workers Compensation line item to the City Attorney for outstanding invoices and projected future billings. At this time the department expects to stay within budgeted funds and will keep the CAO and Council apprised of any changes.
- There is a potential Year-End shortfall of \$6.8 million resulting from Liability Claims, excluding the Harper, Liddy, Ortiz and May Day settlements. As part of the Mayor's Mid Year Adjustments it was anticipated that the General Fund would receive reimbursement of \$1.2 million for a previous Liability Claims payment from Bureau of Sanitation special funds. A proposed "cash flow" loan from the Citywide Recycling Trust Fund for a Solid Waste Resources Revenue Fund (SWRRF) obligation to reimburse the General Fund this year instead of 2009-10, was determined to be an ineligible use of funds by the City Attorney. There are insufficient funds in SWRRF to reimburse the General Fund in the current year.

The Harper, Liddy, Ortiz case has been settled and is expected to be paid through a judgement obligation bond. The full settlement of approximately \$20 million is required to be paid on or before June 30, 2009. This Office has issued a report to the Council requesting authorization to issue these bonds.

In addition, the Council recently authorized the City Attorney to proceed with May Day settlement negotiations at a specified amount for federal cases. However, the City Attorney currently reports that no settlements are expected to be paid out this fiscal year and the state cases are still under negotiations.

The City Attorney and the CAO are working together to monitor all settlement activity and will

continue to apprise Council of the most current status.

## **F. City Clerk**

### **Attachment 7 – Appropriations from the Unappropriated Balance**

The Office of the City Clerk (City Clerk) is currently projecting a deficit of \$8,905 in their Salaries General account. The shortfall is reflective of previous reductions to this account totaling \$383,923 as part of the 2008-09 Budget Balancing Measures and Mayor's Mid Year reductions. The City Clerk anticipates absorbing these costs by year-end either through savings generated by attrition or internal transfer of funds from other accounts. This Office will continue to monitor salary expenditures and personnel activities to ensure the Department is within budget plan.

As reported in previous FSRs, the City Council 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. As a result, the City Clerk anticipated increased publication costs resulting from the expansion of the escheatment notification process. The City Clerk now estimates this increase at \$50,000 and requests an additional appropriation to the General City Purposes, Official Notices account. A \$50,000 appropriation is recommended from the Unappropriated Balance, Reserve for Economic Uncertainties to offset additional publication costs as a result of the expansion of the notification process.

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

### **Recommendation No. 5**

Assuming that the Department continues to limit hiring to current levels, a year-end surplus of \$71,676 is anticipated. This surplus is in addition to reductions of \$36,871 already made to this Department. However, the Commission continues to express concern over a potential \$40,000 deficit in the Contractual Services account attributed to the Joy Picus Childcare Center (\$35,000) and the No Secrets Program (\$5,000). If the \$40,000 deficit materializes, a portion of the projected \$71,676 surplus will be necessary to offset this deficit, reducing the surplus to \$31,676.

In December 2008 the Council and Mayor approved various actions relative to the Young Women from Adversity to Resiliency (YWAR) Program (C.F. 08-3097). However, the Controller has advised that technical corrections are necessary to implement the Mayor and Council's intent. Since the Council file did not include authority for the CAO to make technical corrections, Council action is now necessary to implement the corrections.

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

A surplus of \$22,171 is currently projected in the Salaries General account. This surplus is in addition to a \$58,649 reduction already made to this Department as part of the Budget Balancing Report. The Commission requests that these funds be transferred to the Salaries As-Needed and Contractual Services accounts. However, this Office does not recommend the transfer of funds as the Commission is not currently authorized to hire as-needed employees. Also, it is recommended that the Commission delay the procurement of any contractors or consultants for the purposes of

developing and implementing a strategic plan for collaborating with corporate organizations at this time. Due to the City's fiscal constraints, funding for these potential partnerships may not be available.

#### **I. Community Development Department Recommendation Nos. 6 – 10**

A year-end deficit is not projected for this Department. This also assumes that the Department will maintain its current vacancy level of 12 percent through the end of the fiscal year. The Budget and Finance Committee instructed this Office to monitor the Department's efforts at recovering related costs. Previous 2008-09 FSRs stated that the Department had identified approximately \$3.7 million in anticipated additional revenues and savings from current and prior year expenditures that may be available for transfer to the General Fund for related cost obligations to meet its remaining General Fund reimbursement of \$4 million - \$6 million. To date, the Department has taken action to increase appropriations for related costs by approximately \$1.9 million. The transfer of the actual cash for the additional revenues and savings will occur as the actual salary expenditures are incurred. The Department continues its efforts to bring its costs in line with available resources, such as holding a number of vacancies and other cost cutting measures. Any budget surpluses remaining at year-end should be used to cover related cost obligations.

The following actions are recommended:

- The Department requests a total transfer of \$37,322 from approved grant funds including LA's Hope-Ending Chronic Homelessness Fund (\$14,900) and the Re-Entry Employment Options Demonstration Project Fund (\$22,422) to its operating budget and within the special funds for salary costs, related costs, and expenses associated with grant activities.
- The Department also requests the transfer of \$50,000 within the Community Development Trust Fund for the Youth Opportunities (YO) Program to pay YO Stipends to participants and the transfer of \$500,000 within the Audit Repayment Fund to increase appropriations to pay related costs.
- Lastly, the Department requests an amendment to Controller instructions approved in the Mayor's Midyear Budget Adjustments (C.F.08-0600-S34, Attachment 2, Reference No. 9 and Attachment 4, Page 13) which will rescind a transfer of \$102,408 to the UB, Reserve for Economic Uncertainties from the Departments, Salaries General account and instead CDD will transfer this amount to the General Fund as the related costs are incurred.

#### **J. Controller**

A year-end deficit is no longer projected for this Office. Should deficits materialize at year-end, the Controller plans to offset these deficits with potential surpluses in other accounts and salary savings resulting from the Managed Hiring Process. This Office will continue to monitor the Controller's accounts and make recommendations in future FSRs.

## **K. Council**

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

A \$150,000 transfer is recommended to meet current expenditure patterns within the Council's salary accounts.

## **L. Convention Center**

### **Recommendation No. 11**

The projected year-end special fund shortfall in the Convention Center Revenue Fund has increased from the previously reported amount of \$1 million to \$4.8 million. The \$4.8 million special fund deficit is due to a cash balance shortfall of actual 2007-08 revenues (\$500,000) and a projected \$4.3 million revenue shortfall for 2008-09. The actions recommended in this report are expected to partially offset the revenue shortfall to approximately \$3.6 million, which may be reduced even further depending upon revenue receipts and further expenditure reductions. However, even after accounting for these actions, a General Fund impact of at least \$1.7 million is projected as Convention Center indicates that its revenues are insufficient to cover the Revenue Fund's appropriation to the Capital Finance Administration Fund. We are closely monitoring these revenues and will report back in the next FSR to determine if further actions are necessary.

The special fund shortfall is due to economic conditions that have had an unanticipated effect on the Fund's revenue streams. More specifically, there has been a decline from Convention Center clients in space utilization and revenue generating services such as electrical, food, room rental and parking.

It is recommended that appropriations to the Convention Center Revenue Trust Fund, Reserve account be decreased by \$1.2M to partially offset the projected deficit to \$3.6 million. The Department advises that it will decrease its operating expenditures by \$1.7 million which would further reduce the deficit to \$1.9 million. This includes reductions in Printing and Binding, Contractual Services, Maintenance, Materials Supplies & Services, Utilities Expense Private Company, Water and Electricity, Furniture, Office and Technical Equipment, and the Modifications Repairs Addition accounts. Adjustments to these accounts are not recommended at this time. The Convention Center reports that it will continue to make necessary adjustments as the year progresses to mitigate the deficit.

Lastly, the Department is also requesting reimbursement from the General City Purposes, Special Fund Fee Subsidy Reimbursements account for various Council-approved waivers in the amount of \$77,118.88. This Office is currently reviewing this request. Should these funds be available, the Departments deficit would be further reduced.



## **M. Cultural Affairs**

The previously reported year-end deficit of \$45,198 has been eliminated. A year-end surplus of \$35,865 is now projected in the Salaries General account due to the Department's adherence to the Mayor's belt-tightening measures and receipt of a portion of grant funds. Cultural Affairs expects to receive additional grant fund reimbursements that will be used to offset department administrative costs.

Cultural Affairs continues to project a potential revenue shortfall of up to \$126,000 for the Gallery Theater (which provides direct funding to the department's Salaries As-Needed account). However, the Department reports that it is actively monitoring its activities and has restricted spending in its As-Needed account as instructed by Council. Consequently, Cultural Affairs reports that it will be able to absorb the reduction in revenues as well as previously projected deficits. Cultural Affairs provided appropriate documentation for reimbursements for administrative support for public art projects which can be used to offset as-needed salary costs associated with the Public Art Program. Our Office will continue to work with Cultural Affairs to appropriately reimburse Cultural Affairs for its salary costs.

## **N. Disability**

In the Third FSR, a year-end deficit of \$55,692 was projected for Disability due to employee sick time payouts, car allowance expenses, and sign language interpretation services. At the time, the Department projected an increase in sign language costs due to a rise in service requests and a shortage of sign language interpreters; however, the actual amount of the shortfall was not known. As a result, this Office reported that it would work with Disability to determine the Department's actual funding needs.

We have concluded our review of the Department's accounts and identified a projected year-end deficit of \$137,650. Of this amount, \$8,055 is attributed to deficits in the salary accounts and \$129,595 is attributed to the expense accounts as a result of unpaid costs from the Annual Disabled Access Expo (\$22,885) and increased costs for sign language interpretation services (\$106,710). Disability reports that it will work with its Expo exhibitors and attempt to collect all unpaid expenses for the Expo. However, it is likely that the Department will need an additional appropriation at year-end for this purpose.

For 2008-09, Disability projects it will provide approximately 1,340 hours of sign language interpretation services at a cost of approximately \$150,000. This amount includes \$113,900 for current year charges and \$36,100 in cost over-runs from Fiscal Year 2007-08. Disability reports that its practice of carrying-over invoices from one year to the next is a result of insufficient funds and delayed billing from the sign language contractor. Disability has been instructed to immediately stop the carryover of invoices from one year to the next and to notify its Contractor to submit its invoices in a timely manner.

Our Office has begun discussions with the user departments regarding their ability to reimburse Disability for their use of sign language interpretation services. However, further analysis and coordination concerning reimbursements from these departments is required and will be reported in

the next financial status report. It is likely that Disability will require an additional appropriation to fully cover all costs up to and through 2008-09.

#### **O. El Pueblo**

An overall surplus of \$111,000 is projected for this Department, however it is anticipated that these funds will be needed to offset the potential revenue shortfall discussed below. This surplus assumes that the Department will absorb a projected \$47,500 deficit in the Water and Electricity account (the result of DWP rate increases and increased usage due to construction at El Pueblo). No transfer of funds is recommended at this time.

The Department projects that it will collect \$3.537 million in revenue; \$103,000 less than the 2008-09 Budget revenue plan. This deficit is due to a decline in parking lot usage and delays in opening the Simpson Jones Building. The Department reports that the parking rates for special events, validations, and lot rental were increased in December 2008. If the Department is unable to meet the budgeted revenue, the shortfall can be offset with surpluses in various department accounts and prior year surpluses within the El Pueblo De Los Angeles Historical Monument Revenue Fund.

As part of the First FSR, the Council instructed the Department to report on the status of lease negotiations. The Department reports that a draft report of the market rate study commissioned earlier this fiscal year is under review by the CLA, Mayor, and City Attorney. Additionally, the El Pueblo Commission has directed the Budget and Operations Committee (Committee) to review the current rates and recommend new lease and common area maintenance rates. Upon completion of the market rate study and the Committee's reviews, the Department will move forward with negotiations.

#### **P. Emergency Management Department** **Attachment 6 – Transfers between Departments and Fund**

The previously reported deficit of \$31,987 is no longer projected. It is also anticipated that the Department will be able to absorb the short-term layoff budget reduction of \$40,547. The Department's anticipated deficit has been eliminated due to a delay in hiring new positions as a result of the Managed Hiring Process. Additionally, the Department has increased its anticipated Homeland Security Grant reimbursement estimates from \$469,886 to approximately \$500,000. The grant reimbursements are anticipated for the 2006 Urban Area Security Initiative (UASI) Grant, the 2007 UASI Grant, and the Regional Catastrophic Preparedness Grant.

In November 2008, the City hosted an International Earthquake Conference which was funded by registration fees, sponsorships, and grants. The Council previously authorized \$75,000 in front-funding from the Unappropriated Balance for the conference's initial costs to be reimbursed from conference revenue, and authorized the Emergency Management Department (EMD) to execute and administer all necessary agreements (C.F. 07-0600-S59). EMD subsequently provided an allocation from the Emergency Operations Fund for additional registrations by regional agencies, but actual turnout resulted in \$14,848 in unspent funds. It is recommended that \$75,000 in conference revenue be recognized as General Fund revenue to reimburse the City for the front-funded costs and that the

\$14,848 in unspent funds be reimbursed to the Emergency Operation's Fund since all conference activities are completed.

#### **Q. Employee Relations Board**

The Employee Relations Board (ERB) is faced with several unique circumstances this year. It has received about 20 more unfair filings this year than by the same time last year. Depending upon the outcome of the filings, and whether the rate of filings remains elevated, ERB may run short of contractual services funds and may require a transfer to this account. The Department may also need to pay expenses for several elections, depending upon the outcome of upcoming Board decisions. In addition, one of three staff to the Board expects to retire this year resulting in a payout.

The total cost of these items, which cannot be determined at this time, but nonetheless, may restrict the ability of the Department to manage salary and contractual costs within budget. The Department currently anticipates an overall surplus of \$8,860. This Office will continue to work closely with the Department to assess future expenses and will provide additional information in future reports as needed.

#### **R. Environmental Affairs**

##### **Attachment 6 – Transfers between Departments and Funds Recommendation No. 12**

A year-end deficit is not projected for this Department. Transfers are recommended as follows:

- The Department has requested a transfer of \$50,000 in State grant funding from the Environmental Affairs Trust Fund to the Salaries General account. The funds are needed to offset a \$44,536 reduction approved as part of the Mayor's Mid Year Budget Adjustments report. Staff will be diverted from General Funded activities to tree-planting related activities to be funded by the State grant.
- On December 5, 2008, the Department hired an as-needed Project Assistant to assist with climate change work. Funds for the position are available in the Mobile Source Air Pollution Reduction Trust Fund, Climate Change Plan account. A \$35,000 appropriation is recommended from the Mobile Source Trust Fund to the Department's Salaries As-Needed account to fund this position.

#### **S. Ethics Commission**

A net year-end surplus of \$35,437 is projected for this Department if current staffing levels are maintained for the remainder of the fiscal year. A previously reported salaries deficit of \$186,000 has decreased to \$150,845 and is expected to be fully offset by anticipated savings in the Contractual Services account in the amount of \$186,282. Budget adjustments are not recommended at this time but are expected to be made at year-end.

## **T. Finance**

### **Attachment 6 – Transfers between Departments and Fund**

### **Attachment 7 – Appropriations from the Unappropriated Balance**

The Third FSR reported a projected year-end deficit of approximately \$1.4 million for the Office of Finance. However, based on the latest expenditure projections, the year-end deficit has increased to approximately \$1.7 million. In particular, the deficit in the Salaries General account has increased from \$1,046,089 to \$1,368,000. As previously reported, deficits are also projected in Overtime Salaries (\$88,000), Printing and Binding (\$84,000), Contractual Services (\$50,000), and the Transportation (\$110,000) accounts.

The salaries deficit is primarily attributed to a \$568,348 short-term layoff budget reduction, sick/retirement payouts, and high employment levels to meet aggressive revenue targets. The projected deficit in the Overtime account 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. The projected deficit in the Printing and Binding accounts due to the increased costs of printing the annual business tax renewal booklets and the growth in new accounts. Additionally, Finance anticipates a deficit in its Transportation account due to increasing audit staff and IRS standard mileage reimbursement rate increases.

The following actions are recommended:

- Appropriations totaling \$1.7 million are recommended as follows: \$1.368 million to the Salaries General account from the Reserve for Economic Uncertainties (\$799,652) and Short-Term Layoff (\$568,348) accounts within the Unappropriated Balance; and appropriations of \$282,000 from the UB, Reserve for Economic Uncertainties to various expense and overtime accounts.
- **Communication Users Tax:** In February 2008, City voters approved Measure S, which replaced the existing Telephone Users' Tax with the Communications Users Tax (CUT). As part of this measure, the City is required to perform an annual audit of the CUT. Per the implementing ordinance, Finance is designated with overseeing the independent audit with an estimated cost of \$50,000; however, no funds have been appropriated for this purpose. Finance indicates that they do not have sufficient savings in their budget to absorb the cost of this contract. The Department is in the process of selecting a vendor to perform the audit. A \$50,000 appropriation is recommended from the UB, Reserve for Economic Uncertainties for the 2008 CUT audit.
- **Centralized Billing:** See CAO Section for discussion regarding the Request for Proposals to select a qualified firm to conduct a Centralized Billing Study and a requested \$250,000 appropriation from the Unappropriated Balance, Reserve for Economic Uncertainties for the cost of the contract related to this effort.

Although the following proposals are pending in Council Committees, approval of these proposals by Council and Mayor are expected to result in additional funding needs of approximately \$553,000 for this Department (i.e., in addition to the \$1.7 million appropriation already recommended above):

- **Tax Amnesty Program:** The Tax Amnesty Program (Program) is scheduled for Council consideration on March 4, 2009. The Program will enable taxpayers to apply for a penalty waiver for taxes owed as a result of non-reporting or under-reporting of tax liabilities or the non-payment of taxes. The Program will apply to the following taxes: Business Tax; Telephone Users' Tax; Electricity Users' Tax; Gas Users' Tax; Commercial Tenants Occupancy Tax; Transient Occupancy Tax; and, Parking Occupancy Tax. The Program will commence on May 1, 2009 and end on July 31, 2009. This program is estimated to yield \$15 million in revenue, of which \$5 million would be received in the current fiscal year. A \$189,000 appropriation is recommended from the Tax Reform Fund to perform outreach efforts related to the program.
- **Audit Penetration Rate:** On February 17, 2009 the Council approved a proposal from the Office of Finance to increase the audit penetration rate from 2.2 percent to 2.5 percent. The proposal includes the addition of 12 new positions and four former Finance positions to be borrowed from other City departments. The cost to increase the audit penetration rate this fiscal year is estimated at \$363,748 in direct salary and expense costs. Additionally, \$8,800 is required for the General Services Department to provide parking for the new mileage employees. It is recommended to provide \$363,748 to the Office of Finance and \$8,800 to the General Services Department from the UB, Reserve for Economic Uncertainties.

## **U. Fire**

### **Attachment 5 – Transfers between Accounts within Departments and Funds Recommendation Nos. 13 and 14**

After accounting for the actions adopted as part of the Budget Balancing Report, the Department's year-end remaining deficit is \$6.3 million. The deficit can be reduced to \$4.4 million if the following offsets/reductions provided by the Department are approved. The reductions include: \$1.8 million in savings from the cancellation of the 5<sup>th</sup> Recruit Training Class and \$140,070 from the Transportation Equipment account. The balance of the deficit is primarily attributable to a \$3.875 million reduction to the Sworn Salaries account for payment of back wages related to an approved settlement (C.F. 08-1873).

The estimated year-end deficit also reflects a \$502,551 short-term layoff budget reduction. Also, it should also be noted that the Department continues to express concern regarding pending litigation that could further impact the reported deficit.

Furthermore, in the first six months of the fiscal year, the Department has provided resources to battle numerous major fires and deployed their Urban Search and Rescue and Swift Water teams to two hurricanes at a cost of approximately \$5.3 million. While this is expected to impact the

Department's Civilian Overtime, Sworn Overtime and Contractual Services accounts, most of these expenses are reimbursable. However, all may not be received by the end of the fiscal year.

This Office will continue to monitor the Department's salary and expense accounts and will provide updates in subsequent FSRs. The Fire Academy has graduated 115 recruits, with an additional 40 expected to graduate in early February and an additional 40 expected before the end of the fiscal year, which should reduce the number of platoon duty vacancies. This estimate assumes the cancellation of the 5<sup>th</sup> Recruit Training Class.

Revenue projections are anticipated to increase by \$8.8 to \$135.7 million for Fiscal Year 2008-09 due primarily to the increased revenue from the Department of Airports and Harbor.

The following transfers are recommended:

- A transfer of \$300,000 from the Salaries General account to the Overtime General account primarily to cover critical functions of repair and maintenance for the Department's fleet.
- A transfer of \$1,400,000 from the Sworn Overtime Variable account to the Overtime Sworn account to cover the projected deficit in this account through year end due to emergency response to wildfires, hurricanes and other major disasters.
- A transfer of \$302,519 to the Information Technology Agency Hiring Hall Salaries account for installation of communications equipment in Fire Department vehicles to be funded from MICLA funds.

Lastly, since the Department is still projecting a deficit and given the City's current economic constraints, it is recommended that all sworn special duty positions in the Department be subject to the City's Managed Hiring Process. There are a total of 330 special duty positions in the Department. Staff assigned to special duty positions are involved in a broad range of tasks within different Divisions in the Department. These are non-field positions and can include work such as drill tower training, disaster preparedness coordination, and legal, liaison, and research work.

## **V. General Services**

### **Attachment 5 – Transfers between Accounts within Departments and Funds**

There is no projected deficit for the General Services Department. The Salaries General account has accrued a \$2.4 million projected surplus as a result of the City's Managed Hiring Process, however savings are needed to offset anticipated shortfalls in other accounts.

The Department highlights the following areas of concern:

- According to the Department, the Managed Hiring Process has significantly delayed hiring and has created a high vacancy rate within the Department. The hiring delay has also increased the Department's reliance on overtime; generating a shortfall of approximately \$1.4

million. In addition, the Fleet Services and the Office of Public Safety divisions have incurred extra overtime costs due to a high vacancy rate, high workloads and recent events such as the fires and the Metrolink crash. This Office recommends a transfer of \$1.4 million from the Salaries General account to the Salaries Overtime account.

- The 2008-09 Budget included \$1.3 million in the Salaries As-Needed account to pay for costs associated with new facilities. There are 31 new facilities that General Services is expected to maintain for this fiscal year, of which 20 have already opened. As a result of the Managed Hiring Process, the Department has been unable to hire the necessary level of as-needed positions on a timely basis and has relied on hiring hall to provide building maintenance services. Therefore a transfer of \$926,000 is recommended from the Salaries As-Needed account to the Hiring Hall and Hiring Hall Benefits accounts to offset these costs.
- As part of prior budget adjustments of \$952,000 was transferred from the Unappropriated Balance (UB), New Facilities line item to the UB, Reserve for Economic Uncertainties. It was anticipated that the Department would generate additional savings to support operating costs for new facilities opening this fiscal year. However, the Department is projecting deficits in various operating accounts such as the Maintenance, Materials and Supplies, Custodial Supplies and the Office and Administrative accounts due to the opening of new facilities. No transfers are recommended at this time. However, this Office will continue to monitor these accounts. Contingency plans should be developed to mitigate these shortfalls.

Regarding petroleum, a total of \$42.3 million is budgeted in the Petroleum Products account this year and an additional \$4 million is included in the Unappropriated Balance for petroleum contingencies. A year-end petroleum deficit of \$8 million was previously projected (excluding the \$4 million in the UB), however, a petroleum deficit is no longer projected. Therefore, it is anticipated that the \$4 million in the Unappropriated Balance will be available to offset the overall City deficit.

## **W. General City Purposes**

### **Attachment 7 – Appropriations from the Unappropriated Balance Recommendation No. 15**

A net year-end deficit of \$1.7 million is projected in General City Purposes (GCP). The GCP deficit has increased from the Third FSR estimate of \$1.45 million due to an increase in Retirement Contributions, Official Notices, and Fire and Police Pension Defrayal payments. Specifically, the deficit is comprised of the following: Medicare Contributions (\$1,425,777), Retirement Contributions (\$345,000), Official Notices (\$50,000) and, Fire and Police Pension Defrayal (\$45,930).

The Medicare Contributions account was budgeted based on 36,250 employees per pay period. The fiscal year began with over 37,000 employees through August 2008. Due to the managed hiring process, the number of employees has begun to decline, but it did not decline below the budgeted number of 36,250 until December 2008. The Retirement Contributions account was based on the attrition of ten employees per pay period. However there have been fewer retirements than originally anticipated. Potential savings may be identified in the Pensions Savings Plan and Social Security

accounts that would offset a portion of the deficits in these two accounts. However, at this time, a transfer of \$850,000 is recommended from the Unappropriated Balance, Reserve for Economic Uncertainties to partially mitigate the deficits in the Medicare Contributions (\$650,000) and Retirement Contributions (\$200,000) accounts. We will monitor these accounts and report back in the Year End Financial Status Report.

The Tier 5 Fire and Police Pension plan includes an employee contribution rate of nine percent of pay. However, the City pays one percent of the participating employees' contribution rate contingent on the pension system remaining at least 100 percent actuarially funded for pension benefits. The Fire and Police Pension System has billed the City its 1 percent Tier 5 contribution resulting from member service buybacks for fiscal years ending 2006-07 (\$18,064.53) and 2007-08 (\$27,865.93). Authority is recommended for the Controller to establish a new account entitled Fire/Police Pensions Defrayal within General City Purposes. It is further recommended that \$45,930 be appropriated from the Unappropriated Balance, Reserve for Economic Uncertainties to the General City Purposes, Fire and Police Pension Defrayal account and that these funds be subsequently transferred to the Fire and Police Pensions Fund No. 916.

See City Clerk Section for discussion of the Official Notices deficit.

## **X. Housing**

### **Recommendation Nos. 16 – 18**

The Los Angeles Housing Department (LAHD) is projecting a net year-end deficit of \$552,597. However, as previously anticipated, the deficits are expected to be partially offset with special fund adjustments recommended in this report. Specifically, the Department continues to project deficits in the Lease and Transportation accounts. In addition, LAHD is now projecting a year-end deficit of \$384,406 in the Contractual Services account.

As part of the 2008-09 mandatory short-term layoff reductions, the Department's budget was reduced by \$910,375 which is attributed to special funds. Due to the adoption of the alternative short-term layoff agreement, and the Department's current deficit, the pertinent special funds must now be adjusted to reimburse the Department in the amount of \$608,280. It is recommended that funds in the amount of \$608,280 from the Rent Stabilization (\$450,066) and Code Enforcement (\$158,214) Trust Funds be transferred to the Contractual Services (\$300,383) and Lease (\$307,897) accounts to offset the projected deficits in these respective accounts.

The \$384,406 deficit in the Contractual Services account is mainly due to the Department's request to execute four "piggyback" contracts with vendors procured and selected by the Information Technology Agency (ITA) for citywide programming services. The scope of work includes systems enhancements, ongoing support and system maintenance for various Department applications. To partially offset the Contractual Services deficit, a total of \$300,383 in special fund reimbursements is recommended from the mandatory short-term layoff reduction. The remaining deficit is expected to be offset from savings from other department accounts. We will monitor these expenditures closely.



In addition, Recommendation No. 16 of the Second FSR, dated October 17, 2008, contained instructions that allowed for the transfer of administrative costs in the amount of \$90,861 for a City Planning Associate assigned to LAHD's Major Projects Division. However, an additional instruction is now necessary to increase appropriations to the City Planning Department's Salaries General account by \$90,861 consistent with this transaction.

## **Y. Human Relations Commission**

A salaries deficit of \$41,500 is currently projected. However, it is anticipated that surpluses in the Salaries As-Needed account and various expense accounts may be available to eliminate a portion of this deficit by year-end. This Office will work with the Commission to identify and transfer funds from other accounts to address this deficit.

## **Z. Information Technology Agency**

### **Attachment 5 – Transfers between Accounts within Departments and Funds Recommendation No. 19**

The Information Technology Agency (ITA) is projected to have a \$613,809 deficit, which is significantly less than the \$2.1 million estimate in the Third FSR. This change is due in part to the actions taken in the Mayor's Mid Year Report and the Managed Hiring Process. The \$613,809 deficit is comprised of deficits in the Salaries General, Salaries As-Needed, Salaries Overtime, and Salaries Hiring Hall accounts which are partially offset by projected surpluses in the Communications Services and Equipment Lease accounts. Appropriations totaling \$415,328 are recommended in this report which further reduce the deficit to \$198,481. Additional reimbursements are expected to be received by year-end, which would reduce the remaining deficit to \$8,189.

The Salaries As-Needed account is primarily used for part-time student workers who provide desktop and other support to small departments, elected officials, and Channel 35. During Budget deliberations, ITA worked with the Office of the Chief Legislative Analyst (CLA) to identify \$100,000 of prior-year funds in the Telecommunications Development Account (TDA) that could be used to offset an anticipated Salaries As-Needed deficit. It is now recommended that those prior-year TDA funds be used for this purpose.

The Salaries Overtime account has experienced chronic deficits in recent years. The total overtime spending in 2008-09 is projected to be approximately \$2.1 million in 2008-09 (\$300,000 less than it was in 2007-08). This spending reduction reflects the termination of 24x7 communications equipment installation services. Due to this service reduction, the 2008-09 Budget provided funding for this account in the amount of \$946,287. There have been transfers and appropriations totaling \$950,012 into this account during 2008-09 to offset the \$2.1 million deficit for total funding of about \$1.89 million, but a projected deficit of approximately \$187,000 remains. ITA has made efforts to contain overtime use during 2008-09 and should continue with those efforts. This Office will recommend transfers from available funds within ITA in subsequent reports to address this deficit.

The Salaries Hiring Hall deficit of \$433,429 is due to reimbursements for installations of

communications services lagging behind the work being completed. Adequate reimbursements are expected during this fiscal year to fully offset this deficit, including \$302,519 which are recommended in the Fire Department section of this report.

The following additional appropriations are also recommended:

- An appropriation of \$42,643 from revenues received from the Department of Water and Power (DWP) and the Los Angeles World Airports for Channel 35 to reimburse Channel 35 for covering the two departments respective commission meetings;
- An appropriation of \$4,947 from the Department of Recreation and Parks funds to pay for communications services requests; and,
- An appropriation of \$7,861.79 from revenues received from the Department of Building and Safety to reimburse ITA for a communication service request that has been performed.

#### **AA. Library**

A year-end deficit is not projected for this department. The Library continues to absorb the 2008-09 budget reductions totaling \$1,799,000 with savings achieved as a result of the managed-hiring process and reduced expenditures. The Department will continue to work to implement the reductions so as to limit the impact on the Library's operations and report on the specific account reductions in the 2008-09 Year-End Financial Status Report.

#### **BB. Neighborhood Empowerment**

##### **Attachment 8 – Transfers to the Reserve for Economic Uncertainties Recommendation No. 20**

A year-end deficit is not projected for this Department at this time.

Furthermore, during its consideration of the Third FSR, the Budget and Finance Committee requested this Office to report back on the cash balance in the Neighborhood Council (NC) Funding Program and the amount of surplus funds which could be transferred back to the Reserve Fund. By working with the Controller's Office and staff from the Department of Neighborhood Empowerment (DONE), this Office has determined that the Neighborhood Empowerment Fund has a cash balance of \$5.4 million as of December 31, 2008. As provided in the 2008-09 Budget, this Fund will also receive an additional General Fund appropriation of \$2.97 million through the year-end. This Fund supports all costs related to the NC Funding Program as well as the Department's operating budget. It is estimated that the current \$5.4 million cash balance is sufficient to support all remaining Department expenses (\$1.8 million) and NC expenditures (\$4.1 million).

At the beginning of each year, the NC Funding Program provides each certified NC with an annual appropriation of \$50,000 and a reappropriation of all prior year unspent monies. In 2008-09, the total for these two amounts was \$6.3 million and, as of December 31, 2008, the NCs have spent a total of

\$2.2 million, leaving the NCs with a spending limit of \$4.1 million for the remainder of the year. This Office does not anticipate that the NCs will spend this full amount.

At this time, monies in the Fund cannot revert or be transferred to the Reserve Fund; however, the City Attorney recently drafted an Ordinance, for Council consideration, which would allow monies to leave the Fund and revert to the Reserve Fund. Since this Ordinance has not yet been adopted, it is recommended that the Controller stop all remaining General Fund appropriations to Fund 44B, which will result in savings of \$2.97 million to the General Fund. It is further recommended that these savings be transferred to the UB, Reserve for Economic Uncertainties.

#### **CC. Personnel**

##### **Attachment 7 – Appropriations from the Unappropriated Balance**

Since the Third FSR, the Personnel Department's projected year-end deficit has increased from \$384,000 to \$559,000. Due to attrition and the Managed Hiring Process, the Salaries General account is no longer projecting a deficit. However, the shortfall in the Salaries As-Needed account has increased from \$103,000 to \$459,000 and a new shortfall of \$100,000 is projected in the Salaries Overtime account as a result of increased public safety background work and an increased demand for as-needed medical staffing in the jails during the holiday season. Additionally, the Department is no longer projecting a deficit in the Police Recruitment Incentive account. A \$420,000 transfer is recommended from the UB, Reserve for Economic Uncertainties account to Salaries As-Needed (\$320,000) and Salaries Overtime (\$100,000) to partially offset the deficit in these accounts.

#### **DD. Planning**

##### **Attachment 8 – Transfers to the Reserve for Economic Uncertainties Recommendation Nos. 21 – 24**

The Planning Department is projecting a surplus of \$234,639 in the Salaries General account based on anticipated hiring of 54 employees. However, if hires are restricted to approximately 23 as approved through the Managed Hiring Process, a year-end surplus of \$907,780 is likely. However, the Department has expressed concern that if retirement incentives are implemented during this fiscal year, additional funds may be needed for increased retirement payouts. A transfer of \$500,000 is recommended from the Salaries General account to the Unappropriated Balance, Reserve for Economic Uncertainties to mitigate the City's projected departmental deficit. We will monitor the status of the Department's salary accounts and evaluate the need for the remaining surplus in subsequent FSRs.

The Major Projects Review Trust Fund was established to allow full cost recovery of the costs incurred by the City through the Supplemental Fee Agreements. Reimbursement of General Fund expenditures totaling an estimated \$1.93 million are recommended from the Major Projects Review Trust Fund to various City departments for costs incurred in prior years related to the Playa Vista project, the LA Arena project, the USC project, and the Ponte Vista project.

Lastly, the Department projects a decrease in the amount collected for the Systems Development

Trust Fund, which may result in a shortage for related costs receipts to the General Fund. For 2008-09, Planning anticipates General Fund revenues of \$13.8 million which is \$1.0 million less than the \$14.8 million reported in the Third FSR and \$3.3 million less than the \$17.1 million budget plan. The CAO will continue to monitor Planning revenues and will work closely with the Planning Department to identify ways to meet the revenue plan.

## EE. Police

### Attachment 5 – Transfers between Accounts within Departments and Funds

### Attachment 7 – Appropriations from the Unappropriated Balance

### Recommendation Nos. 25 – 27

Following the Third FSR actions, a surplus of about \$240,000 was anticipated for this Department. Furthermore, as part of the Mayor's Mid Year Adjustments, the Salaries Overtime account was reduced by \$6.7 million and funds were transferred to the UB, Reserve for Economic Uncertainties. Based on the latest expenditure projections, a \$3.6 million deficit is now projected, due to shortfalls in various expense accounts and unbudgeted reimbursable sworn overtime.

A \$5.2 million surplus is currently projected in the Salaries Sworn account as net hiring is below plan. Recommended actions in this report reduce the Salaries Sworn account by \$3.77 million by transferring approximately \$1.12 million to offset deficits in other departmental accounts and to account for a \$2.65 million reduction in Supplemental Law Enforcement Services Fund receipts which fund sworn salaries (see additional discussion below).

Net hiring through January is 109, which is 20 under plan. This is largely due to higher than anticipated attrition. Due to the last two recruit classes of 2007-08 being smaller than anticipated, the starting point for 2008-09 was approximately 43 below the budgeted amount. This also contributes to the projected surplus. Hiring of police officers is still the top priority of the Mayor and Council. City officials are committed to hiring 1,000 officers consistent with the Council's policy adopted in 2006.

The following table summarizes year-to-date (YTD) sworn hiring:

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	YTD*
<b>Actual Hires</b>	<b>63</b>	<b>118</b>	<b>58</b>	<b>63</b>	<b>65</b>	<b>63</b>	<b>60</b>	<b>490</b>
<b>08-09 Budget</b>	60	120	60	60	60	60	60	480
<b>Actual Attrition</b>	<b>50</b>	<b>105</b>	<b>39</b>	<b>29</b>	<b>32</b>	<b>46</b>	<b>80</b>	<b>381</b>
<b>08-09 Budget</b>	79	67	32	39	33	26	75	351
<b>Actual Net</b>	<b>+13</b>	<b>+13</b>	<b>+19</b>	<b>+34</b>	<b>+33</b>	<b>+17</b>	<b>-20</b>	<b>+109</b>
<b>08-09 Budget</b>	-19	+53	+28	+21	+27	+34	-15	+129

Also, savings in the amount of \$1 million are currently projected in the Salaries General account due to the Department's voluntary limitation on civilian hiring earlier in the fiscal year. It is recommended that these savings be used to offset deficits in other Police accounts.

Deficits are mainly projected in the following accounts:

- **Civilian Overtime:** A \$430,000 shortfall is projected in the civilian overtime account. As previously reported, 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. A \$330,000 transfer is recommended from other department accounts.
- **Sworn Overtime:** A Sworn Overtime deficit of \$6.9 million is projected by the Department 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 \$1.4 million of the unbudgeted reimbursable overtime deficit (even after the Council and Mayor approved the transfer of \$6.7 million out of this account in December). 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. However, at this time, a \$4 million appropriation is recommended from the UB, Reserve for Economic Uncertainties to offset the deficit in this account.

(See following table for a breakdown of LAPD sworn overtime use by category)

### Police Sworn Overtime Use-Hours Worked Through January 3, 2009

**Reimbursable Overtime Category:**

	<b>Hours</b>	<b>Percent</b>
LAX	117,050	63%
Grants/Other	68,081	37%

**Total Reimbursable Hours Worked: 119,461**

**Non-Reimbursable Overtime Category:**

	<b>Hours</b>	<b>Percent</b>
Court	207,855	25%
Department Administration	31,976	4%
Detective Operations	69,545	7%
Gang Activities	25,280	3%
Homicide Investigations	52,349	6%
Narcotics Activities	33,374	4%
Patrol Operations	190,477	23%
Special Events/Staples	15,681	2%
Tactical Situation	27,936	3%
Traffic Enforcement	21,365	3%
Use of Force Investigations	29,334	4%
Other	109,961	13%

**Total Non-Reimbursable Hours Worked: 815,133**

**Total Overtime Hours Worked: 1,000,984**

- **Firearms, Ammunition, and Other Devices:** Due to a 30 percent increase in the price of ammunition, and the continued growth in the number of Police Officers, there will be a deficit of approximately \$500,000 in this account. A \$400,000 transfer from other accounts is recommended to partially offset this deficit.
- **Contractual Services:** A \$1.6 million deficit is now projected in this account. The account is used to pay for items such as DNA analysis and prisoner transport and release. The Department will continue to limit contractual services expenditures wherever possible. A transfer from other accounts in the amount of \$1.07 million is recommended to partially offset this deficit.
- **Field Equipment Expense:** A \$750,000 deficit is now projected in this account. Efforts to eliminate the backlog in DNA analysis and reduce vehicle replacement have resulted in additional expenditures on consumables and laboratory reagents for DNA and narcotics analysis (\$250,000) and maintenance parts and supplies for vehicles (\$500,000) are incurred. It is recommended that this deficit be offset by transferring savings of \$250,000 from other accounts to this account and a \$500,000 appropriation from the Unappropriated Balance, Reserve for Economic Uncertainties.

- Uniforms: The 2008-09 Budget assumed the receipt of federal matching funds (Bullet Proof Vest Partnership Program grant) to partially offset vest replacement costs. However, the final grant award is \$1.35 million less (i.e., over 75 percent less) than previously anticipated, resulting in unfunded appropriations of \$1.35 million. It is recommended that appropriations to the Uniform account from the Grant Trust Fund No. 339 be reduced by \$1.35 million to correspond with the actual grant award. This reduction will result in a year-end deficit of \$750,000 in this account. Since the Department still has a legal obligation to replace old vests, a \$750,000 appropriation is recommended from the UB, Reserve for Economic Uncertainties to offset this deficit.

The following additional actions are recommended for this Department:

- A transfer of \$25,000 from the Police Department Grant Fund to the Secret Service account is requested to implement a reward program relating to the Project Safe Neighborhoods Grant Program (C.F. 07-1995-S1).
- A transfer of \$70,000 from the Overtime General account to the Contractual Services account is recommended to reflect a budget change for the 2007 DNA Backlog Grant (C.F. 07-2878).
- A transfer of \$500,000 is recommended from the Unappropriated Balance, LAPD Consent Decree Program line item to the TEAMS II Trust Fund to purchase additional storage capacity and upgrade the Department's TEAMS II data storage systems.

Other Issues:

- False Alarm Penalty Revenue – Due to continued work by the Police Commission on cleaning up the alarm permit database and continued benefits of the revisions to the false alarm policy, an additional \$1.8 million is anticipated in revenue from this source. However, the surplus is necessary to offset revenue deficits in other accounts.
- Impound Fees – Due to the ordinance increasing the fee not being adopted until December, there is a projected shortfall of \$3 million in revenue from this source.
- Supplemental Law Enforcement Services Fund – The State officially reduced the City's appropriation from the anticipated \$7.49 million to \$6.45 million. In addition, the State has changed the funding schedule from one payment to four quarterly payments. As the first payment was received in December, the fourth payment is not anticipated until the first quarter of 2009-10. The total impact of these changes in 2008-09 is \$2.65 million. Therefore, it is recommended that appropriations to the Police Department's Sworn Salaries account from this source of funds be reduced by this amount consistent with this action. It is estimated that there are sufficient projected savings in this account to absorb this reduction.

**Report Backs:**

- The Department was requested to report back on LAPD deployment at LAX and on the Department's budget deficits. At this time, LAPD does not intend to provide a written response. However, representatives of the Department will be willing and prepared to discuss these topics whenever they are placed on Council committee agendas.

**FF. Public Works/Board**

A year-end deficit is not projected for the Board. However, this is contingent upon timely reimbursement from various bond funds during the current year. In addition to the reductions in the Board's budget (\$595,634) the Mayor's Mid-Year Adjustments reduced the Board's Budget by an additional \$397,800. At this time it is anticipated that the Board will be able to absorb these reductions and will not require additional funding.

**GG. Public Works/Bureau of Contract Administration**  
**Attachment 5 – Transfers between Accounts within Departments and Funds**

Assuming anticipated bond reimbursements are received in the current year, a year-end deficit is not projected for this Bureau. This Office will track bond reimbursements closely to ensure that the required funding is received by year-end. Also, it is recommended that \$591,344 be transferred from the Salaries General account to the Transportation account to eliminate an anticipated deficit.

In addition, the Bureau anticipates a net increase of \$345,000 revenue from the original budgeted amount.

**HH. Public Works/Bureau of Engineering**  
**Attachment 8 – Transfers to the Reserve for Economic Uncertainties**

The Bureau is currently projecting a year-end surplus of \$5.7 million (i.e., more than the \$3.9 million anticipated in the Third FSR), primarily in its salary account, consisting of about \$2.4 million in General Fund and \$3.3 million in Sewer Construction and Maintenance Fund. The salary savings are due to an existing vacancy rate of 15 percent. This report recommends that \$500,000 in General Fund savings be transferred to Unappropriated Balance, Reserve for Economic Uncertainties. The remaining projected savings are not recommended to be transferred from the Bureau's budget at this time since the Bureau is using these appropriations to cash flow about \$8.6 million in appropriations from off-budget programs some of which may be received in the current year.

Actual revenue receipts are three percent less than for the same period last fiscal year. The shortfall is primarily due to less subdivision work activities as a result of the decline in major development projects. Given the state of the economy, the Bureau might not be able to make its revenue target of \$31.5 million from fee revenues. However, the Bureau is in the process of reviewing prior years' work to assess whether there are any outstanding reimbursements.



In addition, the Bureau continues to work with the City Attorney's Office on the amendments of ordinances for two off-budget funds, Engineering Equipment and Training Trust (EQ&TT) Fund and Engineering Special Services Fund. The Bureau has transmitted a draft of the amending ordinance for the EQ&TT Fund to the City Attorney's Office for review and processing. The Bureau reports that it will begin work on the Engineering Special Services Fund amending ordinance.

It should be noted that the Planning Department has hired a consultant to conduct a fee analysis and study. When that study's findings are available, we will reassess if there are opportunities for full cost recovery on general services to the public to ensure consistent methodology among City departments.

## **II. Public Works/Bureau of Sanitation**

### **Attachment 5 – Transfers between Accounts within Departments and Funds**

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

### **Recommendation No. 28**

As reported in the last FSR, Solid Waste trash fee receipts, deposited in the Solid Waste Revenue Resources Fund (SWRRF), have continued to trend short with exception of an upswing in February. Receipts are at 88 percent of plan from the \$269 million budgeted. The Bureau has been working with its billing agent, the Los Angeles Department of Water and Power (DWP), on this matter. The departments have convened a joint audit team to review source data and procedures for collections and remittance of solid waste receipts, including an examination of the customer database, billing, accounting and other areas. Results of this review are expected in the next three weeks.

This Office is working with the Bureau to identify other SWRRF revenue components and savings to offset any year end shortfalls. Any deficit within this fund will impact its ability to fully reimburse the General Fund for related costs and could have implications for the following year, as well. However, if receipts for the balance of the year begin trending closer to plan as occurred in February, all cost obligations would be met. We will continue to monitor receipts and expenditures. Current hiring is limited to positions that are critical in maintaining minimum service levels and addressing public health and safety.

After accounting for the actions recommended in this report and all FSR and budget balancing actions to date, Bureau-wide expenditures should be \$5.1 million below budget. Additionally, there was an overpayment of \$1.5 million in related costs to the General Fund from the Sewer Construction and Maintenance (SCM) Fund in prior years. Of this amount, \$639,790 corresponds to the Bureau of Contract Administration, \$844,155 to the Bureau of Engineering and \$56,482 to the Bureau of Sanitation. Consistent with prior years, it is recommended that SCM's current year budgeted related cost obligation be reduced by \$1.5 million to reconcile the overpayment.

The following adjustments totaling about \$7.4 million are recommended to meet the Bureau's immediate operational needs:

- Transfer funding in the amount of \$363,123 to cover anticipated deficits in various expense accounts for the Solid Resources program.
- Transfer funding in the amount of \$29,287 from various expense accounts to cover anticipated deficits in transportation expenses associated with enforcement in the Watershed Protection Division. Funding is provided by the Stormwater Pollution Abatement Fund.
- Transfer funding in the amount of \$731,828 from salary savings in the Wastewater program to cover anticipated deficits in overtime, hiring hall and transportation expenses. The Wastewater program currently has a 15 percent vacancy rate, which has necessitated an increasing use of overtime and hiring hall labor to maintain operations at treatment plants and facilities. The transfer also covers the mileage needs of safety and industrial waste inspection staff who travel to various field and plant locations. Funding is provided by the Sewer Construction Maintenance and Operations Fund.
- Transfer \$5.2 million in the Wastewater program for the following purposes: 1) \$5 million from the NEIS project, which was completed under budget, to the Emergency Sewer Repair Program, which is experiencing a higher than expected volume of sewer repairs; 2) \$230,857 from Sanitation's salary savings to reimburse the Bureau of Contract Administration (BCA) for Sanitation's share of MOU 5 retroactive payments for inspection services provided by BCA; and 3) \$359 adjustment between salaries and overtime in the Operations and Capital programs.
- Transfer approximately \$1 million for various purposes in the Solid Resources program as follows:
  - 1) \$887,000 from the Citywide Recycling Trust Fund (CRTF) to reimburse SWRRF for recycling advertisements on collection trucks and for Weekend Drop Off Program activity; to correctly fund recycling operations and support employees who perform work associated with the CRTF but are currently funded under the Hazardous Waste Special Fund (HWSF) and other funds; and, for Department of Recreation and Parks overtime costs incurred for the Christmas Tree Drop Off program.
  - 2) Transfers of \$163,591 for the following purposes: \$137,920 from the Integrated Solid Waste Management Fund (ISWM) to cover salary, as-needed, and overtime deficits in recycling operations and to reimburse the Community Development Department (CDD) costs associated with the Summer Youth Employment Program; \$7,628 from the SWRRF to reimburse the Information Technology Agency (ITA) for overtime incurred to repair damage at the Lopez Canyon Landfill by the recent Sayre wildfire; and, \$18,043 from the City Facilities Recycling Trust Fund, administered by the General Services Department, to the ISWM in connection with the functional transfer of the City Facilities Recycling Program in 2008-09 from GSD to BOS.

**JJ. Public Works/Bureau of Street Lighting  
Recommendation Nos. 29 – 30**

Assuming pending special fund transfers and reimbursements are received in the current year, a year-end deficit is not projected for this Bureau. No General Fund impact is anticipated at this time.

The following actions are recommended in this report:

- A transfer of \$80,600 from available appropriations within the Street Lighting Maintenance Assessment Fund to hire six Transportation Foundation of Los Angeles interns.
- Transfers of \$152,000 from the Transportation Grant Fund (TGF) to continue design and construction on the Chinatown Streetscape Improvement and Hollywood Media District Pedestrian Improvement projects as part of the TGF Work Program.
- Reappropriations of \$904,147 from the Community Development Block Grant Trust Fund (CDBG) to complete various lighting improvement projects initiated in 2006-07 and 2007-08.
- Appropriation of \$200,000 to a new account in the Street Lighting Maintenance Assessment Fund for voltage conversion work within the Pacific Corridor Redevelopment Project, as requested by the Community Redevelopment Agency (CRA) through a Cooperation Agreement between the Bureau of Street Lighting and the CRA (C.F. 07-4165).
- Transfer \$1,500,000 from Street Lighting Maintenance Assessment Fund to a new account within the Fund entitled LED Fixtures to provide front funding for the initiation of the Light Emitting Diode (LED) Conversion program. These funds will be used to purchase LED fixtures so installation can begin on the program and energy savings can be realized as soon as possible. Funding for the LED Conversion program is currently being requested as part of the 2009-10 Budget, and will be used to reimburse the Series to Multiple account in 2009-10 once it is available.

**KK. Public Works/Bureau of Street Services  
Attachment 5 – Transfers between Accounts within Departments and Funds  
Recommendation Nos. 31 – 33**

Our office projects a year-end surplus of \$1.4 million provided the Bureau receives \$12.3 million in anticipated interim appropriations from off-budget, special fund sources. The receipt of these funds will be closely monitored to ensure a balanced budget at fiscal year-end.

Due to the recent budget crisis, the State has been unable to release the remaining \$14.8 million in Proposition (Prop) 1B funds budgeted in 2008-09 to resurface 42 miles of local streets (See Summary Section for additional discussion of State impacts). The 2008-09 Budget provided \$61.6 million in funding to complete 175 miles of local streets, and \$22.4 million in funding for 60 miles of major streets, for a total resurfacing program of 235 miles. The loss of \$14.8 million in Prop 1B

funding will reduce local miles to 133, and reduce the overall resurfacing program to 193 miles.

The following transfers and appropriations are recommended:

- Transfers and appropriations totaling approximately \$2.73 million to the Bureau from the following sources and for the following purposes: \$610,000 from the Community Redevelopment Agency for the Pico-Union Streetscape project, \$4,741 from a California Integrated Waste Tire Management Board grant, \$1,037,327 received from participants of the 50/50 Sidewalk Repair Program, \$900,000 in asphalt billings from Los Angeles World Airports, \$155,710 in funding from the Special Parking Revenue fund for maintenance of off-site Department of Transportation parking lots, and \$23,280 from the Department of Recreation and Parks for the purchase of 400 tons of asphalt.
- On December 17, 2008 the Council approved the use of \$1.25 million from the Public Works Trust Fund (PWTF) to provide front-funding for the Sun Valley Neighborhood Retrofit (Elmer Street Greenscape) project (C.F. 08-3294). The PWTF will be repaid from grant receipts collected under the terms of the Memorandum of Understanding between the Department of Public Works and the Los Angeles and San Gabriel Rivers Watershed Council (LASGRWC). The LASGRWC received grant funding from the Department of Water Resources and the U.S. Bureau of Reclamation for this stormwater retrofit project. The necessary Controller instructions are now necessary to implement previous Council action. It is recommended that \$1.25 million be transferred from the Public Works Trust Fund to the Bureau to complete this work, and that the Bureau be instructed to repay the loan upon receipt of grant reimbursements prior to June 1, 2010.

This Office is closely tracking the following revenue issues:

- 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 \$27,422, which is significantly below the \$943,000 revenue budget. Adoption of the new permit fee increase was initially scheduled for Board of Public Works approval on January 9, 2009, but was continued to allow time for additional discussions with the publishers.
- Traffic Safety Fund (TSF) revenue from Municipal Court Fines is five percent below budget with a projected shortfall of \$750,000. No reduction in TSF budget appropriations is recommended at this time. Receipts to this fund will be closely monitored, and an update provided in the next FSR.
- Street Damage Restoration Fee (SDRF) Special Fund revenues are projected to be over the \$3.8 million budget. SDRF receives revenue from the collection of fees imposed on utility companies who perform street cuts. These funds must be used for street resurfacing, repair and reconstruction. Historically, revenue estimates for this fund have been difficult to

forecast, as they involve not only the number of permits issued, but fees calculated based on the size of the street cut and street age. An analysis of recent U Permit billings by the Bureau of Engineering indicate a drop-off in applications from private utility companies, and an increase in applications from the Department of Water and Power (DWP). The increase in SDRF revenue from DWP is a result of the agency's Mainline Replacement Program. This program will eventually replace 38 million feet of water pipe. Therefore, it is anticipated that this revenue stream will continue in spite of the recent downturn in construction activity in the private sector. Any revenues collected above budget should be used to fully reimburse the General Fund for related costs.

The 2008-09 SDRF budget included a partial related cost reimbursement to the General Fund in the amount of \$1,160,628. Full cost recovery would be \$3,159,581 (CAP Rate 30). This Office will report the status of this item in a subsequent FSR.

#### **LL. Recreation and Parks**

A net year-end deficit of approximately \$2 million is projected for this Department.

The \$1.2 million deficit in the Salaries General account identified in the Third FSR is expected to be eliminated by year-end with the continued implementation of the Managed Hiring Process. This Office will continue to monitor the Department's anticipated shortfall in the Salaries General account and make appropriate recommendations in future FSRs.

The previously reported \$2 million shortfall in the Department's Salaries As-Needed remains relatively unchanged. In its transmittal to Budget and Finance Committee dated January 23, 2009, the Department provided a list of potential impacts, including clustering of facilities. It should be noted that the potential impacts presented by the Department include those that are in anticipation of budgetary cuts for next fiscal year. Due to the current City financial situation, it is highly improbable that other City funds could be identified to offset this deficit. The Department continues to evaluate its current organizational and operational structure to mitigate the impact of the projected shortfall on as-needed service levels. It is recommended that the Department be allowed to implement the "clustering" proposal to help offset the projected \$2 million deficit.

The Department now projects a \$2.7 million shortfall in Departmental revenues, a minor decrease of \$100,000 from the \$2.8 million shortfall reported in the Third FSR. However, the revenue shortfall is expected to be fully offset by year-end. The \$2.7 million projected shortfall is explained below:

- A \$1.3 million shortfall in golf revenues is now projected, a \$300,000 increase from the \$1.0 million shortfall reported in the Third FSR. According to the Department, the continued decrease in the number of rounds played, as well as the decline in golf concessions revenue due to reduced golf course traffic contributed to the increased shortfall. The Department further reports that a delay in the execution of a contract relative to golf gift cards further contributed to decreased revenues. The Department continues its efforts to increase promotions and advertisement of City golf courses to communities and visitors to raise more revenues and meet its budgeted revenue goal.
- The Department now projects a \$300,000 shortfall in Griffith Observatory revenues due to decreased attendance.
- The Department still projects a \$280,000 shortfall in swimming pool revenues due to decreased pool attendance.
- Additionally, the Department maintains its projection of a \$500,000 shortfall in other revenue categories, such as camps, parks, recreation centers and tennis.
- Finally, the Department reduces its projected shortfall in reimbursements from other funds from \$880,000 to \$300,000. The Department is committed to seeking grant reimbursements to eliminate this shortfall.

In its December 9, 2008 transmittal to Budget and Finance Committee, the Department proposed various actions to address the revenue shortfall. As we indicated in our transmittal dated January 9, 2009 to Budget and Finance Committee, our Office has reviewed the Department's action plan and projects that the revenue shortfall can be eliminated at the end of the fiscal year by a combination of the expenditure reductions and revenue enhancement efforts. The Department has identified savings in several operating accounts, including Contractual Services, Maintenance, Materials and Supplies and Operating Supplies to partially offset the revenue shortfall. Our Office will closely monitor the Department's revenue stream and will report back as necessary in future FSRs.

Lastly, during deliberations of the Budget Balancing Report, the Budget and Finance Committee instructed our Office to report on the availability of Quimby funds as a possible funding source for the Department. In accordance with State law, Quimby fees are land development fees that may only be used for park land acquisition or capital improvements. Additionally, Quimby fees may only fund projects within a one-mile radius (for neighborhood parks) and two-mile radius (for community parks) from where the fees were collected. Expanding the use of Quimby funds beyond land acquisition and capital improvements would require a change to State law. In the short term, expanding the use of Quimby funds to include operating expenses could be helpful to address current budgetary constraints. However, there may not be long-term benefits due to the shifting of available funds from capital programs to operating expenses.

## **MM. Transportation**

### **Attachment 5 – Transfers between Accounts within Departments and Funds**

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

A year-end deficit is not projected for this Department. The Department continues to maintain an overall special fund surplus of approximately \$1 million. This surplus is attributed to an estimated surplus in the Salaries General account due to vacancies in the fiscal year.

It should be noted that the Special Parking Revenue Fund (SPRF) was to be a source of funds (\$23 million) and revenue (\$3.03 million) for the Department's 2008-09 Budget. The funds were to be transferred upon Council approval of the SPRF amended Ordinance.

A year-end SPRF revenue shortfall of \$54.4 million is now projected this fiscal year for this Department due to a projected shortfall in parking meter revenue (\$15.7 million) and the deferred sale of the Mangrove Property (\$38.7 million). See Special Parking Revenue Fund Section for additional discussion.

The following actions are recommended in this report:

- A transfer of \$58,803 from the Transportation Regulation and Enforcement Trust Fund to the Los Angeles Police Department, Sworn Overtime account to provide for reimbursement for work related to the Bandit Taxicab Enforcement Program for the periods of February 2008 through June 2008 (\$27,386) and July 2008 through November 2008 (\$31,417); and
- A transfer of \$1,041,000 within the Proposition A Fund to provide for a transit bus radio/automated vehicle locator system as approved in the 2007-08 Transportation Grant Fund Annual Work Program report (C.F. 06-1282-S3, Recommendation 38). As these funds were not spent in the 2007-08 fiscal year, this action would transfer the funding to a current year account for expenditure this fiscal year.
- A transfer of \$10,000 from the Department's Contractual Services account to the Public Works-Bureau of Sanitation, Sewer Operation and Maintenance Fund to provide for hazardous waste services related to the Department's field operations for the remainder of the fiscal year.

## **Report Back**

Lastly, as part of the First FSR, the Department was instructed to report back relative to the number of Venice Beach parking lots that are controlled by Los Angeles County, the amount of revenue received from the parking lots, and how parking lot revenue is shared between the City and the County. Currently, LA County owns and operates the main beach parking lot at the end of Washington Boulevard. Although requested, DOT was unable to receive any financial information from the County on their revenues. The County is solely responsible for operation and maintenance of this parking lot.

**NN. Treasurer**

**Attachment 7 – Appropriations from the Unappropriated Balance**

The Third FSR reported a projected shortfall of \$365,438. However, the deficit has increased to approximately \$2.36 million due to a \$2 million shortfall in the Bank Service Fees account (budget appropriation). Historically, a combination of earnings credits on cash balances (\$5.5 million) and a budget appropriation (\$1.5 million) have been used to pay bank service fees. Due to historically low interest rates, the Treasurer is forecasting earnings credits at \$2 million less than anticipated. Any shortfall in earnings credits will require an increase to the budget appropriation in a like amount. Increased offerings from the City's new bank may include the ability to determine bank service fees by department. This Office will work with the Treasurer to identify bank service fees attributable to individual departments and work with those departments to determine if special funds should reimburse the General Fund for bank service fees generated through their business activity. An adjustment to the Bank Service Fees account is not recommended at this time.

Also, the Treasurer continues to project shortfalls in its Salaries General (\$228,838) and Contractual Services (\$136,600) accounts totaling \$365,438. The salaries deficit is attributed to the short-term layoff budget reduction of \$69,959, retroactive payouts for non-represented employees, sick leave payouts, and a litigation settlement. The Treasurer reports that its Contractual Services account will not have an anticipated surplus of funds to offset the cost for the BondEdge Investment System contract as it did in 2007-08. Appropriations totaling \$206,559 are recommended to the Treasurer's Office to partially offset deficits in these accounts as follows: \$69,959 from the Unappropriated Balance, Short Term Layoff Agreement account to the Salaries General account; and, \$136,600 from the Unappropriated Balance, Reserve for Economic Uncertainties to the Contractual Services account to fund the BondEdge contract. This Office will continue to work with the Department in monitoring the remaining deficit and report back in the next Financial Status Report.

**OO. Zoo**

A year-end deficit is not projected at this time. However, the Zoo reports that overall, both revenue and attendance are lower than projected. In particular, the December 2008 revenue was \$255,705 less than budget. Assuming revenue is on target for the remainder of the fiscal year, the estimated year-end salary savings may be necessary to offset this shortfall. As part of previous budget balancing actions, the Department's General Fund appropriation was reduced by \$1.14 million due to prior year savings. Furthermore, the Zoo's Salaries General account was also reduced by \$289,936. The Zoo is looking at increasing its public relations outreach to meet attendance projections in the coming months.

**PP. Unappropriated Balance-General**

**Attachment 7 – Appropriations from the Unappropriated Balance**

An appropriation of \$5,000 is recommended from the UB, Reserve for Economic Uncertainties to the UB, General account to address current year expenditure patterns in that account. However, given



the current economic climate, all expenditures from this account should be curtailed.

#### **4. OTHER BUDGETARY ISSUES**

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

##### **Attachment 8 – Transfers to the Reserve for Economic Uncertainties**

A \$601,000 year-end surplus is projected for the Human Resources Benefits (HRB) Fund, mainly due to a surplus in the Fire Health & Welfare Program. This projection takes into account \$31.04 million in reductions from various Council actions and assumes a no growth enrollment rate in the Civilian Health Care Plan and a 1.5 and 2.5 percent annual enrollment growth rate for the Fire and Police Health Care Plans, respectively. Since the implementation of the Managed Hiring Process in March 2008, net enrollment in the Civilian Health Care Plan has continued to decline. Net enrollment in the Fire Health Care Plan also declined during the first half of the year and sufficient savings are available to offset any potential deficits in the Police Health and Welfare Account, which is projecting a year-end deficit. Currently, Workers' Compensation expenditures are below budgeted amounts. A \$1.02 million transfer is recommended from the Fire Health and Welfare Program account as follows: \$420,000 to the UB, Reserve for Economic Uncertainties to offset the City's deficit and \$600,000 to the Police Health and Welfare account to offset a deficit in this account. This Office will continue to monitor the status of HRB and report back on any significant issues.

##### **B. Special Parking Revenue Fund**

##### **Recommendation No. 34**

The 2008-09 Budget assumed usage of approximately \$112.8 million in Special Parking Revenue Funds (SPRF) which was intended to be partially financed by \$38.7 million from the anticipated sale of the City-owned property on 1<sup>st</sup> and Alameda streets, known as the Mangrove Property, and receipt of the entire budgeted amount of higher parking meter revenue. However, receipt of the full amount of SPRF funding is no longer projected due to the deferral of the sale of the Mangrove Property and a \$15.7 million projected shortfall in parking meter revenue resulting in a net shortfall of \$54.4 million. However, if the actions recommended in this report are adopted, the SPRF shortfall would be reduced to approximately \$46.1 million.

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. On December 3, 2008, the Department reported in an update to the Council (C.F. 07-0068-S1) that meter rate changes and the installation of new meters and pay stations, as part of a pilot project to upgrade 18 percent of Citywide parking meters, would be complete at the end of December 2008. Additionally, DOT reported that revised meter hours of operation would be completely implemented by the end of January 2009. Based on this information and an early evaluation of revenue data as of January 31, 2009, this Office now anticipates a \$15.7 million shortfall in parking meter revenue.

Furthermore, the anticipated sale of the Mangrove Property, is no longer expected to be completed in this fiscal year. The 2008-09 Budget assumed a total of \$38.7 million in revenue for the sale of the Mangrove Property. Further, the 2008-09 Budget assumed that, of the total \$38.7 million in proceeds from the sale of the Mangrove Property, \$8.3 million would provide the cash funding to reinstate \$8.3 million in unallocated project appropriations in the SPRF that were proposed for elimination in the 2008-09 Proposed Budget. The remaining \$30.4 million in anticipated proceeds were assumed to be transferred to the General Fund as "surplus" funds. Since the sale of the Mangrove Property has been deferred to a future fiscal year, the total impact is a General Fund shortfall of \$30.4 million and an \$8.3 million shortfall in the SPRF.

To address the \$8.3 million shortfall in the SPRF, this report recommends eliminating the unallocated project appropriations in the SPRF. It should be noted that in July 2008, prior to the knowledge that the sale of the Mangrove Property would be deferred until a future fiscal year, approximately \$236,000 of the \$8.3 million in unallocated project accounts were transferred to an active project and expended. Due to an available cash balance at the time, these funds were transferred to the Abbot Kinney parking project (C.F. 08-1348). Therefore, it is recommended that the remaining following accounts within the SPRF, totaling approximately \$8.1 million, be closed to reduce the overall revenue shortfall from \$54.4 million to approximately \$46.1 million:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
C001	Unallocated Funds – CD1	\$2,304,478
C002	Unallocated Funds – CD2	\$ 126,435
C003	Unallocated Funds – CD3	\$1,436,471
C004	Unallocated Funds – CD4	\$1,724,744
C005	Unallocated Funds – CD5	\$ 539,851
C006	Unallocated Funds – CD6	\$ 81,988
C008	Unallocated Funds – CD8	\$ 470,911
C010	Unallocated Funds – CD10	\$ 128,820
C013	Unallocated Funds – CD13	\$ 391,656
C014	Unallocated Funds – CD14	\$ 214,025
C015	Unallocated Funds – CD15	<u>\$ 676,978</u>
	Total	\$8,096,357

### **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. We will provide updated expenditures in the next FSR.

### **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.

### **E. 2008 Tax and Revenue Anticipation Notes (TRANS)**

#### **Attachment 8 – Transfers to the Reserve for Economic Uncertainties**

The 2008 TRANS Fund budgets the debt service for tax and revenue anticipation notes issued to pay for the annual contribution to both the Fire and Police Pension Fund and the Los Angeles City Employees' Retirement System at the beginning of the fiscal year, as well as to pay the interest portion of the debt service on notes issued to alleviate the cash flow deficits that occur early in the fiscal year when taxes and revenues have not yet been received. Savings in the amount of \$3.2 million have been identified in the TRANS Fund to partially offset the City's deficit. The savings are a result of the difference between the amount budgeted for debt service in May and the actual debt service determined when the notes were sold in July. Total debt service budgeted is \$661.1 million and the actual debt service is \$657.9 million, for a savings of approximately \$3.2 million.

## **5. EMPLOYMENT LEVEL REPORT**

Citywide employment authority from all funding sources totaled 35,776 at the end of December 2008 for both *civilian* and *sworn* classes. Filled positions *increased* by 225 from 35,551 at the end of July to 35,776 at the end of December. Departments reported a total of 3,840 vacant positions, 2,743 General Fund and 1,097 special funded (see Attachment 9).

Based on departments' monthly reporting, the number of filled *civilian* positions *increased* by 73, from 22,151 at the end of July 2008 to 22,224 at the end of December 2008. The decrease in the number of vacancies can be partially explained by a drop in the number of planned retirements. The number of employees retiring dropped from 62 in July to 13 in December. In addition, General Services, Police and Street Services were the main contributors to the increase in filled civilian positions and decreased vacancies.

## 6. STATUS OF THE CITY'S MICLA COMMERCIAL PAPER PROGRAM

The City's Financial Policies instruct the City Administrative Officer (CAO) to periodically report on the status of the MICLA Commercial Paper (CP) Program. In June 2004, the Mayor and Council approved a \$200 million CP program to be used as temporary financing for previously approved MICLA capital construction projects and capital equipment purchases. During the reporting period, CP was used for the construction of the Motor Transport Division, Neighborhood City Halls for Council District 7 and Council District 9, Southwest Alternative Fuel Infrastructure Facility and for the Financial Management System project. Capital equipment and replacement vehicles were purchased for the Departments of Fire, Police and General Services.

The amount of outstanding tax-exempt CP notes is \$138,100,000. The City does not have any taxable notes outstanding at this time. Below is the status of the MICLA CP Program through January 31, 2009:

<b><i>Reporting Period</i></b>	<b><i>Amount Outstanding</i></b>	<b><i>Range of Interest Rates</i></b>
11/01/08 – 01/31/09	\$138,100,000	0.30% to 1.10% (tax-exempt)

As part of the Third FSR actions, this Office was instructed to report back with a list of Municipal Corporation of Los Angeles (MICLA) funded projects and the status of project. Please see Attachment 11 for the status of all MICLA projects by Council District.

## 7. GANG REDUCTION PROGRAM FUNDING

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 2008-09 Gang Reduction Program Budget. We have worked with the Mayor's Office to review allocations from all funding sources. Funding for the 2008-09 Gang Reduction Program in the Mayor's Gang Reduction and Youth Development (GRYD) Office is estimated at \$23.8 million from the following sources: \$19.4 million from the General Fund and \$4.4 million from federal and state grants. Below is a summary of the status of allocated funds as of December 31, 2008 as reported by the Mayor's Office:

(Continued on next page)

Summary of Appropriations	Amount	Encumbrances	Expenditures	Balance
<b>2008-09 Adopted Budget</b>				
Salaries General*	\$ 1,409,891	\$ --	\$ 314,934	\$ 1,094,957
Salaries As Needed	\$ --	\$ --	\$ 56,013	\$ (56,013)
Salaries Grant Reimbursed	\$ --	\$ --	\$ 15,118	\$ (15,118)
Travel	\$ 35,000	\$ --	\$ --	\$ 35,000
Contractual Services**	\$ 17,838,626	\$ 7,157,640	\$ 4,437,464	\$ 6,243,522
Transportation	\$ 6,000	\$ --	\$ --	\$ 6,000
Office and Administration	\$ 144,280	\$ 2,918	\$ 46,886	\$ 94,476
<b>Total:</b>	<b>\$ 19,433,797</b>	<b>\$ 7,160,558</b>	<b>\$ 4,810,415</b>	<b>\$ 7,402,824</b>
2008-09 CDBG LA Bridges I & II***	\$ 874,789	\$ 132,235	\$ 742,554	\$ --
<b>Grants (Pro-rated for 2008-09)</b>	<b>\$ 3,552,290</b>			
See detailed breakdown below.				

\* Reflects Mid-Year reduction of \$24,292 from the Salaries General account.


\*\* Reflects interim transfer/appropriation of \$806,803 into the Contractual Services account.

The interim appropriation of \$806,803 consists of \$600,000 from the 2007-08 Unappropriated Balance and \$206,803 from the 2007-08 CDD LA Bridges Savings.

\*\*\*Appropriated into Fund 50K.

**Detailed Breakdown of Grant Funding as of December 31, 2008:**

Grants	Total Award	GRYD Allocation	Encumbrances	Expenditures	Balance
2008 CalGRIP (Boyle Heights)	\$ 962,000	\$ 636,434	\$ --	\$ --	\$ 962,000
2008 BJA Byrne Discretionary/ Targeting Violent Crime (77 <sup>th</sup> )	1,650,000	1,228,500	400,000	--	1,250,000
2007 GPCAP – 4 GRYD Zones	200,000	200,000	--	--	200,000
2006 BJA Earmark (Baldwin Village)	987,228	579,960	521,771	222,649	242,808
2006 Justice Assistance Grant (Ramona Gardens)	1,956,165	400,044	400,000	1,382,517	173,648
2003 Gang Reduction Program (Boyle Heights)	2,600,000	507,352	278,716	1,663,875	657,409
<b>Total:</b>	<b>\$ 8,355,393</b>	<b>\$ 3,552,290</b>	<b>\$ 1,600,487</b>	<b>\$ 3,269,041</b>	<b>\$ 3,485,865</b>

  
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Maria D. Gutierrez, Finance Specialist

APPROVED:

  
\_\_\_\_\_  
Matias Farfan, Chief Administrative Analyst

RPC:MF:MDG:01090054c

Attachments

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

Expenditures		Revenue		Total
				Year-End Shortfall
<b>2nd FSR</b>		<b>2nd FSR</b>		
	\$ 4,554		\$ 4,554	
Issues/Changes:		Issues/Changes:		
Departmental Deficits	\$ 35.00	Sales Tax	\$ (5.00)	
Non-Departmental Deficits	47.00	Business Tax	\$ (5.00)	
Expenditure Shortfall	82.00	Transient Occupancy	\$ (3.00)	
		Parking Tax	\$ (2.00)	
2nd FSR Offsets	(26.91)	Doc. Transfer Tx	\$ (10.00)	
		Lic. Permits Fees & Fines	\$ (30.00)	
	55.09		(55.00)	
<b>2008-09 Projected Expenditures</b>	<b>\$ 4,609</b>	<b>2008-09 Projected Revenues</b>	<b>\$ 4,499</b>	<b>\$ (110.09)</b>
<b>Budget Balancing</b>		<b>Budget Balancing</b>		
Issues/Changes:		Issues/Changes:		
Budget Balancing Offsets	(37.63)	Additional Revenue Shortfall	(20.00)	
	(37.63)	Sales Tax	(10.00)	
		Business Tax	(10.00)	
		Budget Balancing Offsets	3.35	
		Lic. Permits Fees & Fines	3.35	
<b>2008-09 Projected Expenditures</b>	<b>\$ 4,571</b>	<b>2008-09 Projected Revenues</b>	<b>\$ 4,482</b>	<b>\$ (89.11)</b>
<b>3rd FSR</b>		<b>3rd FSR</b>		
Issues/Changes:		Issues/Changes:		
Change to Deficit	(2.90)	Additional Revenue Shortfall	(6.00)	
Recommended Offsets	(0.85)	Vehicle License Fee	(10.00)	
	(3.75)	Lic. Permits Fees & Fines	(4.20)	
		Communication Users' Tax	8.20	
<b>2008-09 Projected Expenditures</b>	<b>\$ 4,568</b>	<b>2008-09 Projected Revenues</b>	<b>\$ 4,476</b>	<b>\$ (91.36)</b>
<b>Mayor's Mid Year Adjust.</b>		<b>Mayor's Mid Year Adjust.</b>		
Issues/Changes:		Issues/Changes:		
Recommended Offsets	(55.73)	Recommended Offsets	18.62	
	(55.73)	Lic. Perm. Fees & Fines	12.32	
		Business Tax	5.00	
		Interest Income	1.30	
<b>2008-09 Projected Expenditures</b>	<b>\$ 4,512</b>	<b>2008-09 Projected Revenues</b>	<b>\$ 4,495</b>	<b>\$ (17.01)</b>
<b>Mid Year FSR</b>		<b>Mid Year FSR</b>		
Issues/Changes:		Issues/Changes:		
Change	0.92		(19.93)	
Mid Year Recommendations	(2.57)	Property Tax	34.79	
	(1.65)	Utility Users Tax	13.50	
		License Permits Fees & Fines	(94.19)	
		Sales Tax	5.00	
		Doc. Transfer Tax	(15.02)	
		Power Revenue	(2.71)	
		Transient Occupancy	(4.39)	
		Parking Users	(3.43)	
		Vehicle License Fee	2.71	
		Residential	0.22	
		Reserve Fund Transfer	43.58	
<b>Year-End Estimated Shortfall</b>	<b>\$ 4,510</b>	<b>2008-09 Projected Revenues</b>	<b>\$ 4,475</b>	<b>\$ (35.29)</b>
	<b>\$ 43.67</b>		<b>\$ (78.96)</b>	<b>(35.29)</b>

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

**Reserve Fund**

Balance as of February 13, 2009	160
Increase from loan repayments & misc.	10
<b>Projected Reserve Fund Balance, 6/30/09</b>	<b>170</b>



**ATTACHMENT 2**  
**STATUS OF RESERVE FUND AS OF 2/13/09**

<b>Council File No.</b>	<b>Item Description</b>	<b>Amount</b>
	<b>Balance Available, 7/1/08</b>	\$ 165,743,210
	<b>Less: Emergency Reserve Account</b>	<u>125,226,000</u>
	<b>Contingency Reserve Account 7/1/08</b>	\$ 40,517,210
	<b>General Fund Appropriation to the Reserve Fund \$14,858,525 (to UB)</b>	-
	<b>Loan Repayment and Other Receipts</b>	<u>14,567,476</u>
	<b>Contingency Reserve Account</b>	\$ 55,084,686
<b>Loans and Transfers Approved to Date</b>		
07-2878	Forensic DNA Backlog Reduction Program	\$ (870,921)
CAO memo	LA Inc. Quarterly Payment	(459,802)
08-1268-S1	Senior Community Service Employment Program Summary	(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)
08-0600-S27	P/W Street Services Reappropriation	(1,153,097)
07-1959	Youth Development Strategy	(600,000)
08-0600-S27	Police Reappropriation	(369,058)
08-1800-S2	November 2008 Special Election Update of Low Rent Housing	(200,000)
07-0591	Annual Audit Contract for Fiscal Years (FY) 2007-08 through 2009-10	(109,950)
08-0600 1st FSR	Youth Development Strategy Assessment prior-year reversion	(99,999)
08-1733	Unclaimed Monies Seized Incidental to Arrest replacement system	(75,000)
05-0049-S2	Storm Damage Repair Program	(53,700)
05-0010	Jae Yang Case Reward	(50,000)
04-0010-S55	Sherman Clark Case Reward	(50,000)
08-2475-S1	2008-09 Second Construction Projects Report	(34,074)
08-2862	UCLA Day in Local Government	(697)
<b>Loans and Transfers Approved to Date</b>		\$ (19,664,171)
<b>Contingency Reserve Available Balance as of 2/13/2009</b>		<u><u>\$ 35,420,515</u></u>
<b>Total Reserve Fund</b>		<u><u>\$ 160,646,515</u></u>

**ATTACHMENT 3a**  
**STATUS OF UNAPPROPRIATED BALANCE**  
**GENERAL ACCOUNT as of 2/13/09**

<b>C.F.</b>	<b>Appropriations</b>	<b>Amount</b>
	Beginning Balance	\$ 25,000
<b>Approved Transfer</b>		
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)
08-3137	LA County Bar Association	(390)
06-2179-S1	Goldenvoice Third Annual LA Weekly Detour Festival	(7,450)
08-3182	Home Preservation Event	(324)
08-0144-S1	CD Nine Farmers' Market	(1,300)
08-0144-S2	CD Nine Farmers' Market	(1,300)
08-0489-S2	Federacion Mexico Unido Reception	(602)
09-0112	Da Camera Society Concert	(1,135)
09-0095	Millennium Momentum Foundation	(3,101)
08-0489-S1	Federacion Mexico Unido Reception	(535)
08-0067-S2	Latina Lawyers Bar Association	(547)
Mid Year	General Account	5,000
	<b>Balance Available</b>	<u><u>3,359</u></u>

## STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 2/13/09

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						
Mid Yr (\$5K)	General (see Attachment 3A)		\$ 25,000	\$ 5,000	\$ (26,641)	\$ -	\$ 3,359
	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)	0
	GSD - Petroleum Products	GSD	4,000,000				4,000,000
07-0600-S90 YE; 08-09 MidYr \$500K)	LAPD Consent Decree Program	Police	500,000	113,142	(500,000)		113,142
08-0969	LA Regional Interoperable Communications System		250,000		(250,000)		0
	Litigation Expense Account	City Atty	750,000		(750,000)		0
	Neighborhood Council Elections	DONE	100,000				100,000
	Neighborhood Council Funding	DONE	149,500				149,500
	New Fire Stations	Fire	540,000				540,000
	New Police Facilities	Police	2,050,000		(2,050,000)		0
08-1957; 08-2368 (Veto \$96,000); 08-0600-S34 (\$650K); Mid Yr (\$160K)	Outside Counsel including Workers' Comp.	City Atty	4,000,000		(374,000)	(650,000)	2,976,000
07-0600-S90 YE 1st FSR; Mid Year FSR	Gang Prevention/Intervention/Reduction (reapprop)			40,000			40,000
(\$2.962M for Liab Claims;Mid Year FSR)	Short-term Layoff Agreement	Various		19,870,000	(5,638,307)		14,231,693
	Reserve for Economic Uncertainties			57,081,955		(6,044,841)	51,037,114
							0
	<b>Grand Total</b>		<b>\$ 16,462,500</b>	<b>\$ 77,110,097</b>	<b>\$ (12,659,948)</b>	<b>\$ (7,646,841)</b>	<b>\$ 73,265,808</b>

ATTACHMENT 4-2008-09 SUMMARY OF GENERAL FUND SURPLUS (DEFICIT)

		3RD FSR Surplus/(Deficit)	Mayor's MY Budget Adjust Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR
DEPARTMENTAL	Account No., Name	After Council Actions	After Council Actions	Change	Dec. FSR Amt	Recommendations
Aging	1010, Salaries General	\$ -	\$ -	\$ -	\$ -	-
Animal Services	1010, Salaries General	(174,288)	(174,288)	856	(173,432)	-
	1090, Salaries Overtime	-	-	(173,618)	(173,618)	-
	3190, Animal Medical Supplies	-	-	-	-	-
	4460, Private Vet Care	-	-	-	-	-
	<b>Subtotal</b>	<b>(174,288)</b>	<b>(174,288)</b>	<b>(172,762)</b>	<b>(347,050)</b>	<b>-</b>
Building And Safety	1010, Salaries General	(540,565)	(540,565)	540,565	-	-
City Administrative Officer	-	-	-	-	-	-
City Attorney	1010, Salaries General	(1,852,992)	(1,602,992)	376,756	(1,226,236)	-
	4200, Litigation Expense	(1,000,000)	(1,000,000)	-	(1,000,000)	500,000
City Attorney-Proprietaries	1080, Salaries, Proprietary	(2,726,952)	(2,726,952)	(129,906)	(2,856,858)	1,650,000
	<b>Subtotal</b>	<b>(5,579,944)</b>	<b>(5,329,944)</b>	<b>246,850</b>	<b>(5,083,094)</b>	<b>2,150,000</b>
City Clerk	1010, Salaries General	-	-	-	-	-
Comm. /Children, Youth	1010, Salaries General	58,762	58,762	12,914	71,676	-
	3040, Contractual Services	(40,000)	(40,000)	-	(40,000)	-
	<b>Subtotal</b>	<b>18,762</b>	<b>18,762</b>	<b>12,914</b>	<b>31,676</b>	<b>-</b>
Comm./Status Of Women	1010, Salaries General	-	-	22,171	22,171	-
Community Development	-	-	-	-	-	-
Controller	1010, Salaries General	(200,000)	(200,000)	200,000	-	-
	4620, Contingent Expense	-	-	-	-	-
	6010, Office and Administrative	-	-	-	-	-
	<b>Subtotal</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>200,000</b>	<b>-</b>	<b>-</b>
Convention Center	-	-	-	-	-	-
Council	-	-	-	-	-	-
Cultural Affairs	1010, Salaries General	80,802	80,802	(44,937)	35,865	-
	1070, Salaries As-Needed	(126,000)	(126,000)	126,000	-	-
	<b>Subtotal</b>	<b>(45,198)</b>	<b>(45,198)</b>	<b>81,063</b>	<b>35,865</b>	<b>-</b>
Department on Disability	1010, Salaries General	(55,692)	(55,692)	42,237	(13,455)	-
	1070, Salaries As-Needed	-	-	5,400	5,400	-
	1090, Salaries Overtime	-	-	-	-	-

ATTACHMENT 4-2008-09 SUMMARY OF GENERAL FUND SURPLUS (DEFICIT)

		3RD FSR Surplus/(Deficit)	Mayor's MY Budget Adjust Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR
DEPARTMENTAL	Account No., Name	After Council Actions	After Council Actions	Change	Dec. FSR Amt	Recommendations
	2120, Printing & Binding		-	(2,103)	(2,103)	-
	3040, Contractual Services			(133,006)	(133,006)	-
	6010, Office & Administrative			5,514	5,514	-
	<b>Subtotal</b>	-	(55,692)	(81,958)	(137,650)	-
El Pueblo		-	-	-	-	-
Emergency Management	1010, Salaries General	(31,987)	(31,987)	31,987	-	-
Employee Relations	1010, Salaries General	(13,083)	(13,083)	21,943	8,860	-
Environmental Affairs	1010, Salaries General	-	-	-	-	-
Ethics Commission	1010, Salaries General	(186,282)	(186,282)	35,437	(150,845)	-
	3040, Contractual Services	186,282	186,282	-	186,282	-
	<b>Subtotal</b>	-	-	35,437	35,437	-
Finance	1010, Salaries General	(1,046,189)	(1,046,189)	(321,811)	(1,368,000)	1,368,000
	1090, Overtime General	(88,000)	(88,000)	-	(88,000)	88,000
	2120, Printing & Binding	(84,000)	(84,000)	-	(84,000)	84,000
	2130, Travel	-	-	-	-	-
	3040, Contractual Services	(50,000)	(50,000)	-	(50,000)	50,000
	3310, Transportation	(108,400)	(108,400)	(1,600)	(110,000)	110,000
	6010, Office & Administrative	-	-	-	-	-
	<b>Subtotal</b>	(1,376,589)	(1,376,589)	(323,411)	(1,700,000)	1,700,000
Fire	1010, Salaries General	(463,625)	(463,625)	682,999	219,374	-
	1012, Salaries Sworn	1,607,105	1,607,105	(224,022)	1,383,083	-
	1030, Sworn Bonuses	208,121	208,121	30,483	238,604	-
	1050, Unused Sick Time	164,051	164,051	118,643	282,694	-
	1070, Salaries As-Needed	80,971	80,971	5,000	85,971	-
	1090, Overtime General	(287,878)	(287,878)	98,985	(188,893)	-
	1092, Overtime Sworn	(284,954)	(284,954)	338,751	53,797	-
	1093, Overtime Constant Staffing	(9,175,618)	(9,175,618)	2,230	(9,173,388)	-
	1098, Overtime Variable Staffing	2,015,076	2,015,076	(1,367,736)	647,340	-
	3090, Field Equipment Expense	-	-	-	-	-
	4430, Uniforms	-	-	-	-	-
	6020, Operating Supplies	-	-	2,528	2,528	-
	7340, Transportation Equipment	-	-	140,070	140,070	-
	<b>Subtotal</b>	(6,136,751)	(6,136,751)	(172,069)	(6,308,820)	-
General Services	1010, Salaries General	-	-	-	-	-
Housing Dept		-	-	-	-	-

ATTACHMENT 4-2008-09 SUMMARY OF GENERAL FUND SURPLUS (DEFICIT)

		3RD FSR Surplus/(Deficit)	Mayor's MY Budget Adjust Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR
DEPARTMENTAL	Account No., Name	After Council Actions	After Council Actions	Change	Dec. FSR Amt	Recommendations
Human Relations	1010, Salaries General	(65,766)	(65,766)	24,266	(41,500)	-
Information Technology	1010, Salaries General	(1,582,713)	(1,229,772)	1,215,890	(13,882)	-
	1070, Salaries As-Needed	(148,697)	(148,697)	5,866	(142,831)	100,000
	1090, Overtime General	(657,654)	28,591	(215,980)	(187,389)	7,862
	1100, Hiring Hall Salaries	16,840	216,840	(650,269)	(433,429)	302,519
	2120, Printing & Binding	-	-	-	-	-
	3040, Contractual Services	239,000	239,000	(239,000)	-	-
	6020, Operating Supplies	-	-	-	-	-
	9350, Communication Services	-	-	163,278	163,278	4,947
	9810, Equipment Lease	-	-	444	444	-
	<b>Subtotal</b>	<b>(2,133,224)</b>	<b>(894,038)</b>	<b>280,229</b>	<b>(613,809)</b>	<b>415,328</b>
Mayor	-	-	-	-	-	-
Neighborhood Empowerment	1010, Salaries General	-	-	-	-	-
Personnel	1010, Salaries General	(231,000)	(231,000)	231,000	-	-
	1070, Salaries As Needed	(103,000)	(103,000)	(356,000)	(459,000)	320,000
	1090, Salaries Overtime	-	-	(100,000)	(100,000)	100,000
	9590, Police Recruitment Incentive	(50,000)	(50,000)	50,000	-	-
	<b>Subtotal</b>	<b>(384,000)</b>	<b>(384,000)</b>	<b>(175,000)</b>	<b>(559,000)</b>	<b>420,000</b>
Planning	1010, Salaries General	-	-	500,000	500,000	(500,000)
Police	1010, Salaries General	800,000	800,000	300,000	1,100,000	(1,100,000)
	1012, Salaries Sworn	5,150,000	5,150,000	4,840	5,154,840	(3,765,000)
	1030, Sworn Bonuses	-	-	200,000	200,000	(200,000)
	1070, Salaries As-Needed	-	-	230,421	230,421	(230,000)
	1090, Overtime General	(70,000)	(70,000)	(359,553)	(429,553)	330,000
	1092, Overtime Sworn	(5,187,500)	(5,187,500)	(1,754,341)	(6,941,841)	4,000,000
	1095, Accumulated Overtime	-	-	200,000	200,000	(200,000)
	2120, Printing & Binding	-	-	675	675	-
	2130, Travel	-	-	(200,000)	(200,000)	200,000
	3010, Firearms, Ammunition & Others	-	-	(499,859)	(499,859)	400,000
	3040, Contractual Services	(451,722)	(451,722)	(1,148,000)	(1,599,722)	1,070,000
	3090, Field Equipment Expense	-	-	(750,500)	(750,500)	750,000
	3110, Institutional Supplies	-	-	(150,199)	(150,199)	150,000
	3290, Traffic and Signal Expense	-	-	10,008	10,008	(10,000)
	3310, Transportation	-	-	49,520	49,520	(20,000)
	4310, Secret Service	-	-	(99,940)	(99,940)	75,000
	4430, Uniforms	-	-	601,478	601,478	(601,478)

ATTACHMENT 4-2008-09 SUMMARY OF GENERAL FUND SURPLUS (DEFICIT)

		3RD FSR Surplus/(Deficit)	Mayor's MY Budget Adjust Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR
DEPARTMENTAL	Account No., Name	After Council Actions	After Council Actions	Change	Dec. FSR Amt	Recommendations
	4440, Reserve Officer Expense	-		790	790	
	6010, Office & Administrative	-		(499,836)	(499,836)	400,000
	6020, Operating Supplies	-		477	477	
	7300, Furniture, Office & Tech Equip	-		623	623	
	7340, Transportation Equipment	-		679	679	
	<b>Subtotal</b>	<b>240,778</b>	<b>240,778</b>	<b>(3,862,717)</b>	<b>(3,621,939)</b>	<b>1,248,522</b>
Board Of Public Works		-	-	-	-	-
PW/Contract Administration		-	-	-	-	-
PW/Engineering	1010, Salaries General	-	-	500,000	500,000	(500,000)
PW/Sanitation		-	-	-	-	-
PW/Street Lighting		-	-	-	-	-
PW/Street Services	Various Accounts (Prop 1B)	-	2,400,000	(2,400,000)	-	
Transportation	1010, Salaries General	(480,000)	(480,000)	480,000	-	-
	3040, Contractual Services	-	-	-	-	-
	<b>Subtotal</b>	<b>(480,000)</b>	<b>(480,000)</b>	<b>480,000</b>	<b>-</b>	<b>-</b>
Treasurer	1010, Salaries General	(229,092)	(229,092)	253	(228,839)	69,959
	3040, Contractual Services	(136,600)	(136,600)	-	(136,600)	136,600
	2120, Printing & Binding	-	-	-	-	
	2130, Travel	-	-	-	-	
	4040, Bank Service Fees	-	-	(2,000,000)	(2,000,000)	
	6010, Office & Administrative	-	-	-	-	
	6020, Operating Supplies	-	-	-	-	
	<b>Subtotal</b>	<b>(365,692)</b>	<b>(365,692)</b>	<b>(1,999,747)</b>	<b>(2,365,439)</b>	<b>206,559</b>
Zoo	1010, Salaries General	-	-	-	-	-
<b>Total-Budgetary Depts.</b>		<b>\$ (17,267,547)</b>	<b>\$ (13,434,053)</b>	<b>\$ (6,210,239)</b>	<b>\$ (19,644,292)</b>	<b>\$ 5,140,409</b>
Library	1010, Salaries General	\$ -		\$ -	\$ -	\$ -
	1070, Salaries As-Needed	\$ -			-	-
	3310, Transportation	\$ -			-	-
	<b>Subtotal</b>	<b>-</b>			<b>-</b>	<b>-</b>
Rec. & Parks	1010, Salaries General	(1,201,089)	(1,089)	1,089	-	-
	1070, Salaries As-Needed	(2,000,000)	(2,000,000)	-	(2,000,000)	-
	<b>Subtotal</b>	<b>(3,201,089)</b>	<b>(2,001,089)</b>	<b>1,089</b>	<b>(2,000,000)</b>	<b>-</b>
<b>Total-Departmental</b>		<b>\$ (20,468,636)</b>	<b>\$ (15,435,142)</b>	<b>\$ (6,209,150)</b>	<b>\$ (21,644,292)</b>	<b>\$ 5,140,409</b>

ATTACHMENT 4-2008-09 SUMMARY OF GENERAL FUND SURPLUS (DEFICIT)

		3RD FSR Surplus/(Deficit)	Mayor's MY Budget Adjust Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR Surplus/(Deficit)	Mid Year FSR
DEPARTMENTAL	Account No., Name	After Council Actions	After Council Actions	Change	Dec. FSR Amt	Recommendations
<b>NONDEPARTMENTAL</b>						
General City Purposes	0501, Official Notices		-	(50,000)	(50,000)	50,000
	0823, Fire/Police Pension Defrayal		-	(45,930)	(45,930)	45,930
	0510, Medicare Contributions	(1,360,496)	(1,360,496)	(65,281)	(1,425,777)	650,000
	0505, Retirement Defrayal Contributio	(121,484)	(121,484)	(223,516)	(345,000)	200,000
	0577, Pensions Savings Plan	(160,560)	(160,560)	160,560	-	
	0570, Social Security Contributions	190,312	190,312	-	190,312	
	<b>Subtotal</b>	<b>(1,452,228)</b>	<b>(1,452,228)</b>	<b>(224,167)</b>	<b>(1,676,395)</b>	<b>945,930</b>
Unappropriated Balance	0130, GSD Petroleum Products	4,000,000	4,000,000	-	4,000,000	
	0240, Short Term Layoff Agreement	14,870,000	14,870,000	-	14,870,000	(638,307)
	0037, Reserve for Economic Uncert.	27,747,397	54,119,455	-	54,119,455	(3,082,341)
Human Resources Benefits						
	9100, Unemployment Insurance	-	-	-	-	-
	9110, Employee Assistance	-	-	(7,000)	(7,000)	-
	9200, Civilian FLEX Program	-	-	89,000	89,000	-
	9210, Fire Health & Welfare Program	-	-	1,200,000	1,200,000	(1,020,000)
	9220, Police Health & Welfare Progra	-	-	(795,000)	(795,000)	600,000
	9330, Supplemental Union Benefits	-	-	114,000	114,000	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>601,000</b>	<b>601,000</b>	<b>(420,000)</b>
Liability Claims	9760, Liability Claims \$100,000 & Und	-	-	-	-	-
	9770, Liability Claims Over \$100,000	(6,830,235)	(6,086,767)	(755,335)	(6,842,102)	-
Liability Claims-Harper Case	9770, Liability Claims Over \$100,000	(18,525,298)	-	-	-	-
	<b>Subtotal</b>	<b>(25,355,533)</b>	<b>(6,086,767)</b>	<b>(755,335)</b>	<b>(6,842,102)</b>	<b>-</b>
Outside Counsel					-	-
Petroleum Expense	3230, Petroleum Products	(13,000,000)	(8,000,000)	8,000,000	-	-
Capital Finance Admin. Fund		-	-	(1,700,000)	(1,700,000)	-
Unappropriated Balance	General		-	(5,000)	(5,000)	5,000
Centralized Billing		-	-	(250,000)	(250,000)	250,000
Audit Penetration Rate		-	-	(372,548)	(372,548)	372,548
<b>Total - Nondepartmental</b>		<b>\$ 6,809,636</b>	<b>\$ 57,450,460</b>	<b>\$ 5,293,950</b>	<b>\$ 62,744,410</b>	<b>\$ (2,567,170)</b>
<b>GRAND TOTAL</b>		<b>\$ (13,659,000)</b>	<b>\$ 42,015,318</b>	<b>\$ (915,200)</b>	<b>\$ 41,100,118</b>	<b>\$ 2,573,239</b>
			-			



**ATTACHMENT 5**  
**FY 2008-09 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

TRANSFER FROM			TRANSFER TO			
DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT		
Fire	<u>Fund 100/38, Fire</u>		<u>Fund 100/38, Fire</u>			
	1010, Salaries General	\$ 300,000	1090, Overtime General	\$ 300,000		
	1098, Overtime Variable Staffing	\$ 1,400,000	1092, Sworn Overtime	1,400,000		
		<u>\$ 1,700,000</u>		<u>\$ 1,700,000</u>		
General Services	<u>Fund 100/40, General Services</u>		<u>Fund 100/40, General Services</u>			
	1010, Salaries General	\$ 1,400,000	1090, Salaries Overtime	\$ 1,400,000		
	1070, Salaries As-Needed	\$ 926,000	1100, Hiring Hall	\$ 694,000		
	Subtotal	<u>\$ 2,326,000</u>	1120, Hiring Hall Benefits	232,000		
			Subtotal	<u>\$ 2,326,000</u>		
Human Resource Benefits	<u>Fund 100/61, Human Resource Benefits</u>		<u>Fund 100/61, Human Resource Benefits</u>			
	9210, Fire Health and Welfare	\$ 600,000	9220, Police Health and Welfare	\$ 600,000		
Information Technology Agency	<u>Fund 100/32, Information Technology Agency</u>		<u>Fund 100/32, Information Technology Agency</u>			
	4610, Reimbursements from Depts./Funds	\$ 12,809	1090, Salaries Overtime	\$ 7,862		
			9350, Communications Services	\$ 4,947		
			Subtotal	<u>\$ 12,809</u>		
Police	<u>Fund 100/70, Police</u>		<u>Fund 100/70, Police</u>			
	1010, Salaries General	\$ 1,100,000	1090, Overtime General	\$ 330,000		
	1012, Salaries Sworn	\$ 1,115,000	2130, Travel	\$ 200,000		
	1030, Sworn Bonuses	\$ 200,000	3010, Firearms, Ammunition and Other	\$ 400,000		
	1070, Salaries As-Needed	\$ 230,000	3040, Contractual Services	\$ 1,070,000		
	1095, Accumulated Overtime	\$ 200,000	3090, Field Equipment Expense	\$ 250,000		
	3290, Traffic and Signal Expense	\$ 10,000	3110, Institutional Supplies	\$ 150,000		
	3310, Transportation	\$ 20,000	4310, Secret Service	\$ 75,000		
	Subtotal	<u>\$ 2,875,000</u>	6010, Office and Administrative	\$ 400,000		
			Subtotal	<u>\$ 2,875,000</u>		
PW, Bureau of Contract Administration	<u>Fund 100/76, PW Bureau of Contract Administration</u>		<u>Fund 100/76, PW Bureau of Contract Administration</u>			
	1010, Salaries General	\$ 591,344	3310, Transportation	\$ 591,344		
PW, Bureau of Sanitation	<u>Fund 100/82, Bureau of Sanitation</u>		<u>Fund 100/82, Bureau of Sanitation</u>			
	1010, Salaries General	\$ 958,791	1010, Salaries General	\$ 12,000		
	1070, Salaries As-Needed	\$ 40,780	1070, Salaries As-Needed	\$ 23,654		
	1090, Salaries Overtime	\$ 15,143	1090, Salaries Overtime	\$ 632,704		
	2120, Printing & Binding	\$ 14,447	1120, Hiring Hall Benefits	\$ 69,455		
	3040, Contractual Services	\$ 45,237	2120, Printing & Binding	\$ 10,000		
	4430, Uniforms	\$ 35,000	3040, Contractual Services	\$ 263,255		
	6010, Office and Administrative	\$ 10,000	3310, Transportation	\$ 66,587		
	6020, Operating Supplies & Expenses	\$ 4,840	6010, Office and Administrative	\$ 46,583		
	Subtotal	<u>\$ 1,124,238</u>	Subtotal	<u>\$ 1,124,238</u>		
	Telecomm. Development Account	<u>Fund 342/32, Telecomm. Development Account</u>		<u>Fund 342/32, Telecomm. Development Account</u>		
		4190, Interfund Billings	\$ 42,643	015E, LA CityView Operations	\$ 42,643	

**ATTACHMENT 5**  
**FY 2008-09 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

		TRANSFER FROM		TRANSFER TO	
DEPARTMENT	FUND/ACCOUNT	AMOUNT		FUND/ACCOUNT	AMOUNT
Transportation	<u>Fund 596/94, Transportation Regulation &amp; Enforcement</u>			<u>Fund 596/94, Transportation Regulation &amp; Enforcement</u>	
	3294, Taxicab Vehicle Bandit Fee	\$ 58,803		E194, L.A. Department of Transportation	\$ 58,803
	<u>Fund 385/94, Proposition A</u>			<u>Fund 385/94, Proposition A</u>	
	C132, ITA	\$ 1,041,000		E132, ITA	\$ 1,041,000
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 10,371,837</b>			<b>\$ 10,371,837</b>

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

TRANSFER FROM		TRANSFER TO		
DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Council	<u>Fund 47S/14, CLARTS</u> Available Cash Balance	\$ 150,000	<u>Fund 100/28, Council</u> 1070, Salaries As-Needed	\$ 150,000
Emergency Management	<u>Fund 441/14, Furtherance of International Earthquake Conf. Goals</u> 001C, General	\$ 89,848	<u>Fund 100/62, Non Dept. General</u> 4552, Reimbursement of Expenditures	\$ 75,000
			<u>Fund 392/34, Emergency Operation's Fund</u> 6010, Office and Administrative Expense	\$ 14,848
			Subtotal	\$ 89,848
Environmental Affairs	<u>537/37, Environmental Affairs Trust Fund</u> 0049, Growing Livable Neighborhoods	\$ 50,000	<u>100/37, Environmental Affairs</u> 1010, Salaries General	\$ 50,000
PW-Bureau of Sanitation	<u>Fund 100/82, Bureau of Sanitation</u> 1010, Salaries General (Source: SCMO) 1090, Salaries Overtime (Source: SWRRF)	\$ 231,216 \$ 7,628	<u>Fund 100/76, Bureau of Contract Administration</u> 1010, Salaries General	\$ 230,857
	Subtotal	\$ 238,844	<u>Fund 100/82, Bureau of Sanitation</u> 1090, Salaries Overtime	\$ 359
			<u>Fund 100/32, Information Technology Agency</u> 1090, Salaries Overtime (Source: SWRRF)	\$ 7,628
Sewer Capital Fund	<u>Fund 761/50, Sewer Capital Fund</u> WAU8, NEIS Ph 1	\$ 5,000,000	<u>Fund 760/50, Sewer Operations &amp; Maintenance</u> E782, Expense & Equipment Sanitation Project Related	\$ 5,000,000
Citywide Recycling Trust Fund	<u>Fund 46D/50, Citywide Recycling Trust Fund</u> E350, Commercial Recycling Development and Capital Costs	\$ 887,154	<u>Fund 100/82, Bureau of Sanitation</u> 1010, Salaries General	\$ 415,154
			<u>Fund 302/88, Recreation and Parks</u> 1010, Salaries General	\$ 12,000
			<u>Fund 508/50, Solid Waste Resources Revenue Fund</u> 4172, Reimb Miscellaneous 4428, Leases and Rentals	\$ 375,000 \$ 85,000

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

TRANSFER FROM		TRANSFER TO		
DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Integrated Solid Waste Manage. Fund	<u>Fund 556/50, Integrated Solid Waste Management Fund</u>		<u>Fund 100/82, Bureau of Sanitation</u>	
	E500, Beverage Container Recycling	\$ 115,370	1090, Salaries Overtime	\$ 1,555
	C182, Bureau of Sanitation	\$ 22,550	1010, Salaries General	\$ 89,882
	Subtotal	\$ 137,920	1070, Salaries As-Needed	\$ 3,625
			<u>Fund 556/50, Integrated Solid Waste Management Fund</u>	
			E299, Overhead Costs	\$ 2,666
			<u>Fund 100/22, Community Development Department</u>	
			1070, Salaries As-Needed	\$ 17,642
			4610, Reimburse from Other Funds/Depts.	\$ 22,550
			Subtotal	\$ 137,920
PW Bureau of Street Services	<u>Fund 305/50, Subventions &amp; Grants Fund</u>		<u>Fund 100/86, Bureau of Street Services</u>	
	3741, Revenue from Community Redevelopment Agency	\$ 610,000	1010, Salaries, General	\$ 341,600
			1090, Salaries, Overtime	\$ 85,400
			3030, Construction Expense	\$ 122,000
			3040, Contractual Services	\$ 6,100
			6010, Office and Administrative	\$ 18,300
			6020, Operating Supplies	\$ 36,600
			Subtotal	\$ 610,000
	<u>Fund 305/50, Subventions &amp; Grants Fund</u>		<u>Fund 100/86, Bureau of Street Services</u>	
	3734, Reimbursement from Other Funds/Departments	\$ 4,741	1010, Salaries, General	\$ 3,000
			6010, Office and Administrative	\$ 741
			6020, Operating Supplies	\$ 1,000
			Subtotal	\$ 4,741
	<u>Fund 305/50, Subventions &amp; Grants Fund</u>		<u>Fund 100/86, Bureau of Street Services</u>	
	4511, Contributions from Non-Government Sources	\$ 1,037,327	3030, Construction Expense	\$ 1,037,327
	<u>Fund 305/50, Subventions &amp; Grants Fund</u>		<u>Fund 100/86, Bureau of Street Services</u>	
	C525, LAWA Asphalt	\$ 900,000	3030, Construction Expense	\$ 900,000
	<u>Fund 363/94, Special Parking Revenue Fund</u>		<u>Fund 100/86, Bureau of Street Services</u>	
	0030, Maint., Repair & Utility for Off-Site Parking Lots 2	\$ 155,710	1010, Salaries, General	\$ 155,710

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

TRANSFER FROM		TRANSFER TO	
DEPARTMENT	FUND/ACCOUNT	AMOUNT	AMOUNT
	<u>Fund 302/89, Recreation &amp; Parks Fund - Special Accounts</u>		<u>Fund 100/86, Bureau of Street Services</u>
	440K, Zone Charge Park Fees	\$ 23,280	3030, Construction Expense \$ 23,280
City Recycling Trust Fund	<u>Fund 40Y/40, City Facility Recycling Trust Fund</u>		<u>Fund 556/50, Integrated Solid Waste Management Fund</u>
	1010, Available Cash Balance	\$ 18,043	E450, TBD \$ 18,043
Tax Reform Fund	<u>Fund 45R/39, Tax Reform Fund</u>		<u>Fund 100/39, Finance</u>
	Available Cash Balance	\$ 189,000	2120, Printing and Binding \$ 75,000
			6010, Office and Administrative Expense \$ 114,000
			Subtotal \$ 189,000
Transportation	<u>Fund 596/94, Transportation Regulation &amp; Enforcement</u>		<u>Fund 100/94, Transportation</u>
	E194, L.A. Department of Transportation	\$ 58,803	1090, Salaries Overtime \$ 58,803
	<u>Fund 385/94, Proposition A</u>		<u>100/32, Information Technology Agency</u>
	E132, ITA	\$ 1,041,000	3040, Contractual Services \$ 1,041,000
	<u>Fund 100/94, Transportation</u>		<u>Fund 208/50, Sewer Construction and Maintenance Fund</u>
	3040, Contractual Services	\$ 10,000	Revenue Source Code 4551, Miscellaneous Revenue \$ 10,000
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 10,601,670</b>	<b>\$ 10,601,670</b>

APPROPRIATE FROM:		APPROPRIATE TO:	
DEPARTMENT	FUND/ACCOUNT	AMOUNT	
0078, LAPD Consent Decree Program	<u>47C/70, LAPD Train &amp; Eval. Mgt. Syst. II</u>		
	A301, MSRP Hardware/Software	\$	125,000
	A001, RMIS/UOFS	\$	375,000
	Subtotal	\$	500,000
0197, Outside Counsel Inc. Work. Comp.	<u>100/12, City Attorney</u>		
	9302, Outside Counsel Workers Comp.	\$	160,000
0037, Reserve for Economic Uncertainties	<u>100/10, City Administrative Officer</u>		
	3040, Contractual Services	\$	250,000
	<u>100/12, City Attorney</u>		
	1080, Salaries Proprietary	\$	1,650,000
	4200, Litigation Expenses	\$	500,000
	Subtotal	\$	2,150,000
	<u>100/39, Finance</u>		
	1010, Salaries General	\$	1,107,414
	1090, Salaries Overtime	\$	88,000
	2120, Printing and Binding	\$	84,000
	3040, Contractual Services	\$	50,000
	3310, Transportation	\$	123,386
	6010, Office and Administrative	\$	42,600
	Subtotal	\$	1,495,400
(See Recommendation No. 15)	<u>100/40, General Services</u>		
	6030, Leasing	\$	8,800
	<u>100/56, General City Purposes</u>		
	0501, Official Notices	\$	50,000
	TBD, Fire/Police Pension Defrayal	\$	45,930
	0505, Retirement Contributions	\$	200,000
	0510, Medicare Contributions	\$	650,000
	Subtotal	\$	945,930
	<u>100/66, Personnel</u>		
	1070, Salaries As-Needed	\$	320,000
1090, Salaries Overtime	\$	100,000	
Subtotal	\$	420,000	
	<u>100/70, Police</u>		
	1092, Overtime Sworn	\$	4,000,000
	3090, Field Equipment Expense	\$	500,000
	4430, Uniforms	\$	750,000
	Subtotal	\$	5,250,000

**ATTACHMENT 7**  
**FY 2008-09 BUDGET ADJUSTMENTS**  
**APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<b>APPROPRIATE FROM:</b>		<b>APPROPRIATE TO:</b>	
<b>DEPARTMENT</b>		<b>FUND/ACCOUNT</b>	<b>AMOUNT</b>
		<u>100/96, Treasurer</u>	
		3040, Contractual Services	\$ 136,600
		<u>100/58, Unappropriated Balance</u>	
		0001, General	\$ 5,000
		Reserve for Econ. Un Total	<u>\$ 10,661,730</u>
0240, Short Term Layoff Agreement		<u>100/96, Treasurer</u>	
		1010, Salaries General	\$ 69,959
		<u>100/39, Finance</u>	
		1010, Salaries General	\$ 568,348
		Short Term Layoff Total	<u>\$ 638,307</u>
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>			<u><b>\$ 11,960,037</b></u>

**ATTACHMENT 8**  
**FY 2008-09 BUDGET ADJUSTMENTS**  
**TRANSFERS TO UNAPPROPRIATED BALANCE, RESERVE FOR ECONOMIC UNCERTAINTIES**

**TRANSFER FROM:**

<u>DEPARTMENT/FUND</u>	<u>FUND/ACCOUNT</u>	<u>AMOUNT</u>
Planning	<u>100/68, Planning</u> 1010, Salaries General	\$ 500,000
PW-Engineering	<u>100/78, Engineering</u> 1010, Salaries General	\$ 500,000
Human Resources Benefits	<u>100/61, Human Resources Benefits Fund</u> 9210, Fire Health & Welfare Program	\$ 420,000
Tax Revenue Anticipation Note	<u>100/62, Non Dept.-General</u> 0P15, 2008 Tax Rev. Anticipation Note	\$ 3,187,014
Neighborhood Empowerment Fund	<u>44B/47, Neighborhood Empower. Fund</u> See Recommendation No. 20	\$ 2,972,375
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 7,579,389</b>



**ATTACHMENT 9  
EMPLOYMENT LEVEL REPORT  
FY 2008-09**

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of December	Changes	End of December	Start of December	Changes	End of December		
Aging	44	61	-	61	46	(1)	45	16	1
Animal Services	357	412	-	412	374	1	375	37	32
Building and Safety	810	1112	-	1112	985	(4)	981	131	43
City Administrative Officer	130	135	-	135	126	(1)	125	10	-
City Attorney	831	1042	-	1042	1011	10	1021	21	-
City Clerk	150	157	-	157	141	1	142	15	3
Commission on C, Y and their F	16	31	-	31	19	-	19	12	1
Commission on the Status of Women	3	3	-	3	2	-	2	1	-
Community Development	210	317	-	317	281	(1)	280	37	5
Controller	189	240	-	240	186	-	186	54	11
Cultural Affairs	76	80	-	80	65.5	(1)	64.5	16	3
Disability	13	19	-	19	19	-	19	-	-
El Pueblo	21	23	-	23	17	-	17	6	2
Emergency Management	17	25	-	25	25	-	25	-	-
Employee Relations Board	3	3	-	3	3	-	3	-	-
Environmental Affairs	31	32	-	32	29	-	29	3	1
Ethics Commission	23	27	-	27	26	-	26	1	-
Finance	362	391	1	392	377	(2)	375	17	23
Fire - Civilian	353	444	-	444	373	2	375	69	41
Fire - Sworn	3,586	3643	5	3648	3670	52	3722	(74)	6
General Services	2,217	2293	-	2293	2012	15	2027	266	22
Housing	501	599	-	599	530	2	532	67	13
Human Relations Commission	6	10	-	10	10	-	10	-	-
Information Technology Agency	729	831	-	831	735	3	738	93	17
L.A. Convention Center	165	193	-	193	153	-	153	40	22
Neighborhood Empowerment	49	49	-	49	41	1	42	7	-
Personnel	464	556	-	556	498	(2)	496	60	25
Planning	270	401	-	401	297	2	299	102	-
Police - Civilian	3,786	3856	-	3856	3168	31	3199	657	-
Police - Sworn	10,467	10493	-	10493	9813	17	9830	663	-
PW/Board of Public Works	130	142	-	142	130	1	131	11	-
PW/Bureau of Contract Admin	290	454	-	454	362	-	362	92	-
PW/Bureau of Engineering	961	1154	-	1154	975	-	975	179	32
PW/Bureau of Sanitation	2,945	3031	-	3031	2696	(6)	2690	341	17
PW/Bureau of Street Lighting	230	247	-	247	209	2	211	36	2
PW/Bureau of Street Services	1,282	1637	-	1637	1328	24	1352	285	30
Transportation	1,584	1765	-	1765	1604	3	1607	158	16
Treasurer	38	43	-	43	36	1	37	6	3
Zoo	257	261	-	261	224	(2)	222	39	2
<b>Subtotal</b>	<b>33,596</b>	<b>36,212</b>	<b>6</b>	<b>36,218</b>	<b>32,597</b>	<b>148</b>	<b>32,745</b>	<b>3,474</b>	<b>373</b>
Library	1,136	1,181	-	1,181	1,128	3	1,131	50	-
Recreation and Parks	2,038	2,217	-	2,217	1,903	(3)	1,900	317	124
<b>Subtotal</b>	<b>3,174</b>	<b>3,398</b>	<b>-</b>	<b>3,398</b>	<b>3,031</b>	<b>-</b>	<b>3,031</b>	<b>367</b>	<b>124</b>
<b>Total</b>	<b>36,770</b>	<b>39,610</b>	<b>6</b>	<b>39,616</b>	<b>35,628</b>	<b>148</b>	<b>35,776</b>	<b>3,841</b>	<b>497</b>

"Position Authorities-Start of December" 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	36,770	39,518	16	39,534	35,586	(35)	35,551	3,983	430
August	36,770	39,534	37	39,571	35,551	(48)	35,503	4,068	460
September	36,770	39,571	29	39,600	35,503	77	35,580	4,020	482
October	36,770	39,600	8	39,608	35,580	26	35,606	4,003	491
November	36,770	39,608	2	39,610	35,606	22	35,628	3,982	496
December	36,770	39,610	6	39,616	35,628	148	35,776	3,840	497
January			-			-		-	-
February			-			-		-	-
March			-			-		-	-
April			-			-		-	-
May			-			-		-	-
June			-			-		-	-

# Attachment 10.1

## Fiscal Year 2008-09 General Fund Receipts

\$ Thousands

Through January 2009				Budget	CAO Recommendations		
Plan	Receipts	Variance (Receipts Less Plan)			December Report	Mid Year Revisions	Mid Year Change From Budget
\$790,781	\$831,108	\$40,327	Property Tax	\$1,461,394	\$1,461,394	\$1,496,181	\$34,787
369,808	393,143	23,335	Utility Users' Tax	637,600	645,800	659,300	21,700
405,499	313,929	(91,570)	Licenses, Permits, Fees and Fines	804,178	773,278	691,903 *	(112,275)
46,773	55,353	8,580	Business Tax	472,395	457,395	462,395	(10,000)
193,582	193,312	(270)	Sales Tax	336,137	321,137	326,137	(10,000)
71,355	57,957	(13,398)	Documentary Transfer Tax	120,024	110,024	95,000	(25,024)
			Power Revenue Transfer	197,400	197,400	194,693	(2,707)
90,948	86,349	(4,599)	Transient Occupancy Tax	155,914	152,914	148,525	(7,389)
76,400	74,673	(1,727)	Parking Fines	134,000	134,000	134,000	
54,480	49,054	(5,426)	Parking Users' Tax	94,480	92,480	89,054	(5,426)
28,911	28,261	(650)	Franchise Income	53,341	53,341	53,341	
11,490	7,230	(4,260)	State Motor Vehicle License Fees	19,700	9,700	12,411	(7,289)
9,984	8,784	(1,200)	Grant Receipts	17,116	17,116	17,116	
			Tobacco Settlement	12,028	12,028	12,028	
			Transfer from	3,871	3,871	3,871	
			Telecommunications Fund				
1,120	953	(167)	Residential Development Tax	1,920	1,920	1,700	(220)
17,367	31,900	14,533	Interest Income	32,172	32,172	33,472	1,300
<b>\$2,168,499</b>	<b>\$2,132,006</b>	<b>(\$36,493)</b>	<b>Total General Fund</b>	<b>\$4,553,670</b>	<b>\$4,475,970</b>	<b>\$4,431,127</b>	<b>(\$122,543)</b>
			Reserve Fund Transfer -- Possible Transfer to Budget from Surplus Special Parking Revenue Funds *			43,584	43,584
<b>\$2,168,499</b>	<b>\$2,132,006</b>	<b>(\$36,493)</b>	<b>Total General Fund</b>	<b>\$4,553,670</b>	<b>\$4,475,970</b>	<b>\$4,474,711</b>	<b>(\$78,959)</b>
			<b>Projected General Fund Revenue Shortfall</b>		<b>(\$77,700)</b>	<b>(\$78,959)</b>	

\* Additional detail on next page

## Attachment 10.2

### Components of Revenue Shortfall in Special Parking Revenue Fund and Impact on Availability Fund Revenue to Finance the Budget

#### Budgeted General Fund Receipts that will not be Received

	\$ Thousands
Special Parking Revenue Fund Transfer	\$86,661
Special Parking Revenue Fund Overhead	<u>3,030</u>
Subtotal from Special Parking Revenue Fund	\$89,691
All Other Shortfalls	<u>22,584</u>
Licenses, Permit Fees and Fines Projected Shortfall	<u><u>\$112,275</u></u>

A portion of the projected \$89.3 million shortfall in the Special Parking Revenue Fund could be made available to finance the budget, possibly through a transfer of surplus revenue from the Special Parking Revenue Fund to the Reserve Fund. But some budgeted Special Parking Revenue Fund receipts will not be realized in 2008-09:

	\$ Thousands
<b>Total Budgeted Transfers for Special Parking Revenue Fund</b>	\$89,691
Less Reductions in Fund Revenue	
Sale of Surplus Property	(\$30,400) *
Parking Meter Revenue	<u>(15,707)</u>
Net Reduction to Special Parking Revenue Fund (which could be used to finance the budget).	(46,107)
Amount Available for Possible Transfer to Budget from Surplus Special Parking Revenue Funds	<u><u>\$43,584</u></u>

\* The actual budgeted amount from sale of surplus property is \$38,732,000; of this amount \$30,368,000 was included to finance the budget.

**Attachment 10.3**  
**Property Tax by Account**  
 Thousand Dollars

	2006-07	2007-08	2008-09		Revised Less Budget
	Actual	Actual	Budget	Revised	2008-09 Variance
Secured	\$839,689	\$858,730	\$925,559	\$937,807	\$12,249
Unsecured	41,005	43,434	45,975	46,909	934
Homeowner Exemption	8,492	8,657	8,657	8,686	29
Supplemental	52,875	50,845	30,000	30,000	0
Redemptions	25,958	30,350	25,000	47,000	22,000
County Admin Charges	(16,698)	(19,105)	(20,061)	(19,649)	412
Refunds	(4,347)	(3,901)	(7,000)	(7,000)	0
Adjustments	(223)	995		568	568
CRA-Related Litigation Settlement		1,395	28,000	18,479	(9,521)
CRA	4,642	1,262	1,600	1,200	(400)
<b>1% Property Tax</b>	<b>\$951,392</b>	<b>\$972,662</b>	<b>\$1,037,729</b>	<b>\$1,064,001</b>	<b>\$26,271</b>
VLF Replacement	270,688	297,256	312,118	320,498	8,380
Sales tax Replacement	112,094	119,337	111,546	111,683	137
ERAF Adjustment					
<b>Property Tax All Sources</b>	<b>\$1,334,174</b>	<b>\$1,389,255</b>	<b>\$1,461,393</b>	<b>\$1,496,181</b>	<b>\$34,788</b>

**Percent Change from Year Ago**

	2006-07	2007-08	2008-09	
	Actual	Actual	Budget	Revised
Secured	21.2%	2.3%	7.8%	9.2%
Unsecured	1.3%	5.9%	5.9%	8.0%
Homeowner Exemption	-1.7%	1.9%	0.0%	0.3%
Supplemental	-7.9%	-3.8%	-41.0%	-41.0%
Redemptions	12.1%	16.9%	-17.6%	54.9%
County Admin Charges	44.9%	14.4%	5.0%	2.8%
Refunds		-10.3%	79.4%	79.4%
Adjustments				-42.9%
CRA-Related Litigation Settlement				1224.7%
CRA	-76.2%	-72.8%	26.8%	-4.9%
<b>1% Property Tax</b>	<b>15.5%</b>	<b>2.2%</b>	<b>6.7%</b>	<b>9.4%</b>
VLF Replacement	5.2%	9.8%	5.0%	7.8%
Sales tax Replacement	26.0%	6.5%	-6.5%	-6.4%
<b>Property Tax All Sources</b>		<b>4.1%</b>	<b>5.2%</b>	<b>7.7%</b>

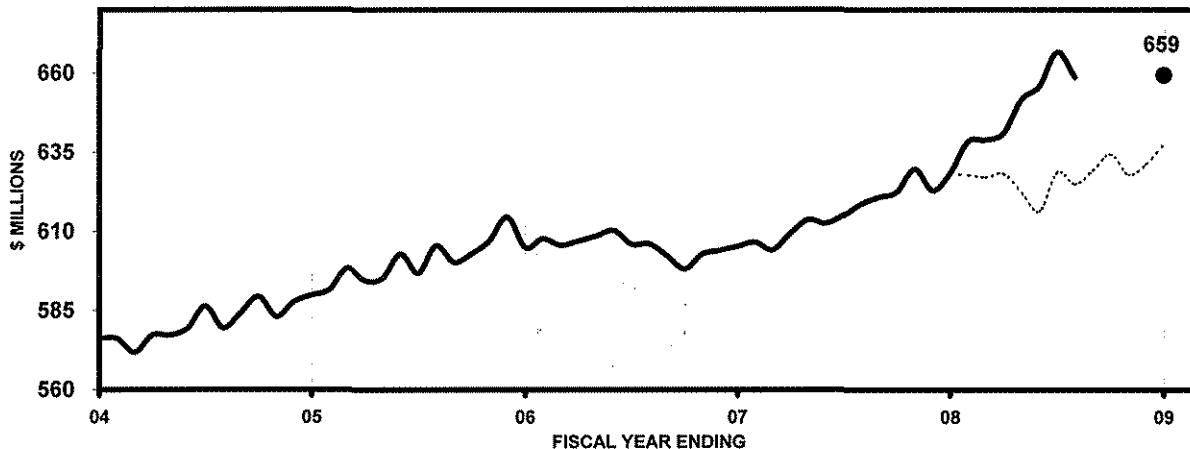
**Attachment 10.4**  
**REVENUE MONTHLY STATUS REPORT**  
**UTILITY USERS' TAX**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$45,125	\$47,907	\$49,242	\$48,385	\$59,303	\$10,917	\$59,303
AUGUST	53,738	51,713	49,308	53,915	49,913	(4,002)	49,913
SEPTEMBER	45,956	47,227	52,469	50,040	54,500	4,460	54,500
OCTOBER	49,045	50,583	54,865	53,637	65,526	11,889	65,526
NOVEMBER	54,872	56,620	55,458	59,225	59,631	406	59,631
DECEMBER	46,680	42,426	44,923	47,739	55,677	7,938	55,677
JANUARY	53,518	53,639	57,227	56,866	49,286	(7,580)	49,286
FEBRUARY	52,808	48,993	51,222	52,928			51,348
MARCH	57,177	52,999	54,602	56,881			56,601
APRIL	47,845	52,514	59,689	54,721			54,341
MAY	54,596	55,842	49,174	55,265			54,735
JUNE	43,588	44,804	50,140	47,996			48,437
<b>TOTAL</b>	<b>\$604,946</b>	<b>\$605,265</b>	<b>\$628,319</b>	<b>\$637,600</b>			<b>\$659,300</b>
% CHANGE	2.4%	0.1%	3.8%	1.5%			4.9%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$45,125	\$47,907	\$49,242	\$48,385	\$59,303	\$10,917	\$59,303
AUGUST	98,862	99,619	98,550	102,301	109,216	6,916	109,216
SEPTEMBER	144,818	146,846	151,019	152,341	163,716	11,376	163,716
OCTOBER	193,863	197,429	205,884	205,978	229,242	23,264	229,242
NOVEMBER	248,735	254,049	261,343	265,203	288,873	23,671	288,873
DECEMBER	295,415	296,475	306,266	312,942	344,550	31,609	344,550
JANUARY	348,933	350,114	363,492	369,808	393,837	24,029	393,837
FEBRUARY	401,741	399,106	414,714	422,736			445,185
MARCH	458,918	452,105	469,317	479,617			501,786
APRIL	506,763	504,619	529,005	534,338			556,127
MAY	561,359	560,461	578,179	589,604			610,863
JUNE	604,946	605,265	628,319	637,600			659,300

**UTILITY USERS' TAX**  
**12-MONTH MOVING SUM**

— ACTUAL    ..... BUDGET    ● REVISED

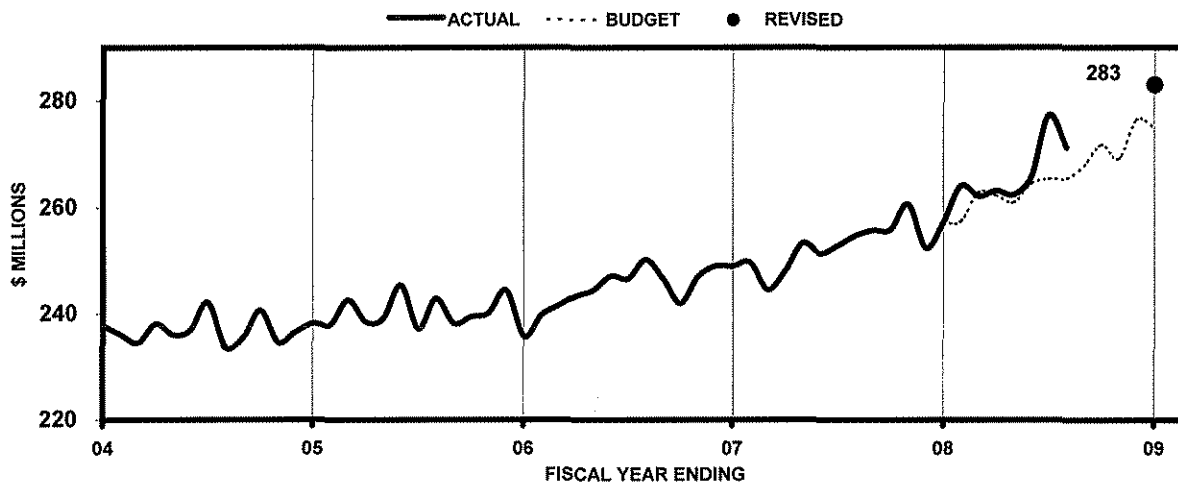


**Attachment 10.5**  
**REVENUE MONTHLY STATUS REPORT**  
**ELECTRIC USERS' TAX**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$14,989	\$18,992	\$19,648	\$19,885	\$26,491	\$6,606	\$26,491
AUGUST	23,849	25,698	20,614	26,015	18,694	(7,321)	18,694
SEPTEMBER	18,308	20,120	23,575	22,990	24,608	1,617	24,608
OCTOBER	21,034	22,133	27,457	26,187	26,712	525	26,712
NOVEMBER	26,445	29,112	27,170	30,675	30,497	(178)	30,497
DECEMBER	15,238	14,737	16,248	17,139	27,739	10,600	27,739
JANUARY	19,192	22,738	24,592	24,666	18,618	(6,048)	18,618
FEBRUARY	18,750	15,244	16,244	18,628			19,048
MARCH	24,577	19,879	19,949	23,881			24,301
APRIL	15,492	20,483	25,303	22,721			23,141
MAY	23,063	25,096	16,878	24,115			24,535
JUNE	14,771	14,751	19,552	18,196			18,615
<b>TOTAL</b>	<b>\$235,708</b>	<b>\$248,983</b>	<b>\$257,228</b>	<b>\$275,100</b>			<b>\$283,000</b>
% CHANGE	-1.1%	5.6%	3.3%	6.9%			10.0%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$14,989	\$18,992	\$19,648	\$19,885	\$26,491	\$6,606	\$26,491
AUGUST	38,838	44,690	40,262	45,901	45,186	(715)	45,186
SEPTEMBER	57,146	64,810	63,836	68,891	69,793	903	69,793
OCTOBER	78,180	86,943	91,293	95,078	96,506	1,428	96,506
NOVEMBER	104,625	116,055	118,463	125,753	127,002	1,250	127,002
DECEMBER	119,863	130,792	134,711	142,892	154,741	11,850	154,741
JANUARY	139,056	153,530	159,303	167,558	173,359	5,801	173,359
FEBRUARY	157,805	168,773	175,547	186,186			192,407
MARCH	182,382	188,652	195,496	210,067			216,708
APRIL	197,874	209,135	220,798	232,788			239,849
MAY	220,937	234,232	237,676	256,904			264,385
JUNE	235,708	248,983	257,228	275,100			283,000

**ELECTRIC USERS' TAX**  
**12-MONTH MOVING SUM**



# Attachment 10.6

## REVENUE MONTHLY STATUS REPORT

### GAS USERS' TAX

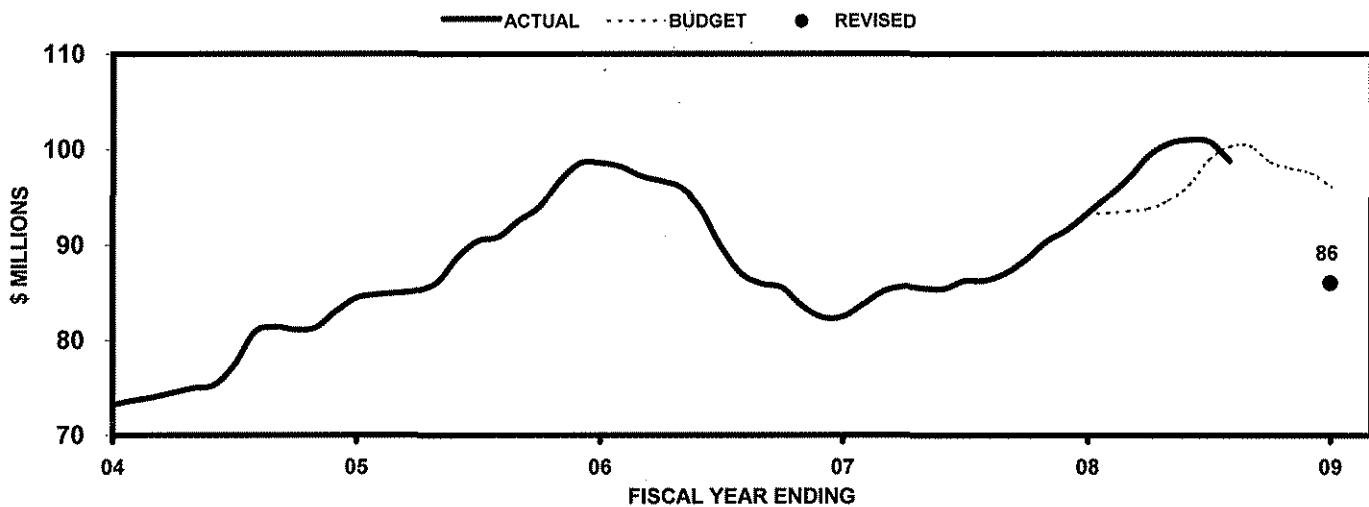
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$5,990	\$5,592	\$6,860	6,900	\$8,621	\$1,721	\$8,621
AUGUST	5,417	4,432	5,803	6,000	7,728	1,728	7,728
SEPTEMBER	4,846	4,329	4,851	5,100	7,225	2,125	7,225
OCTOBER	5,547	4,817	4,624	5,500	5,885	385	5,885
NOVEMBER	7,166	4,881	4,849	6,500	5,222	(1,278)	5,222
DECEMBER	8,889	5,017	5,848	8,500	5,642	(2,858)	5,642
JANUARY	11,446	8,639	8,659	10,000	6,651	(3,349)	6,651
FEBRUARY	12,232	11,183	11,949	12,000			9,500
MARCH	11,138	10,750	12,196	10,500			9,500
APRIL	10,216	8,283	10,155	9,500			7,500
MAY	9,000	7,806	8,982	8,500			6,500
JUNE	6,670	6,735	8,496	7,000			6,025
<b>TOTAL</b>	<b>\$98,558</b>	<b>\$82,465</b>	<b>\$93,271</b>	<b>\$96,000</b>			<b>\$86,000</b>
% CHANGE	16.8%	-16.3%	13.1%	2.9%			-7.8%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$5,990	\$5,592	\$6,860	\$6,900	\$8,621	\$1,721	\$8,621
AUGUST	11,407	10,024	12,663	12,900	16,350	3,450	16,350
SEPTEMBER	16,253	14,353	17,513	18,000	23,575	5,575	23,575
OCTOBER	21,800	19,170	22,137	23,500	29,460	5,960	29,460
NOVEMBER	28,966	24,051	26,986	30,000	34,682	4,682	34,682
DECEMBER	37,855	29,069	32,834	38,500	40,324	1,824	40,324
JANUARY	49,301	37,708	41,493	48,500	46,975	(1,525)	46,975
FEBRUARY	61,534	48,891	53,443	60,500			56,475
MARCH	72,672	59,641	65,639	71,000			65,975
APRIL	82,888	67,924	75,793	80,500			73,475
MAY	91,888	75,730	84,775	89,000			79,975
JUNE	98,558	82,465	93,271	96,000			86,000

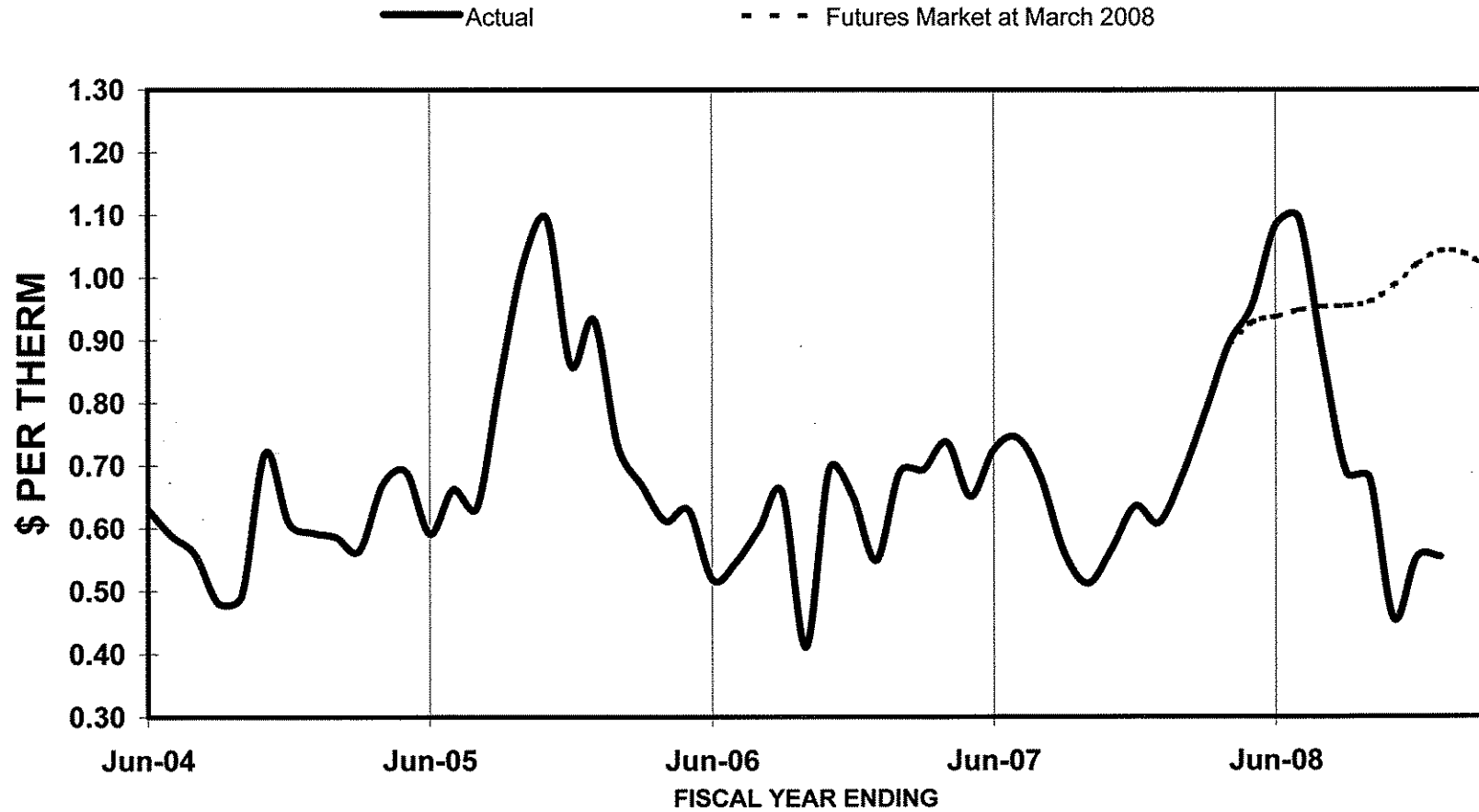
### GAS USERS' TAX

#### 12-MONTH MOVING SUM



The commodity price of natural gas is falling. Please see next page. The budget estimate was based on commodity cost of \$1.00/therm. Recent experience has been about \$0.55.

## Attachment 10.7: COST OF NATURAL GAS



Natural gas prices have been declining.

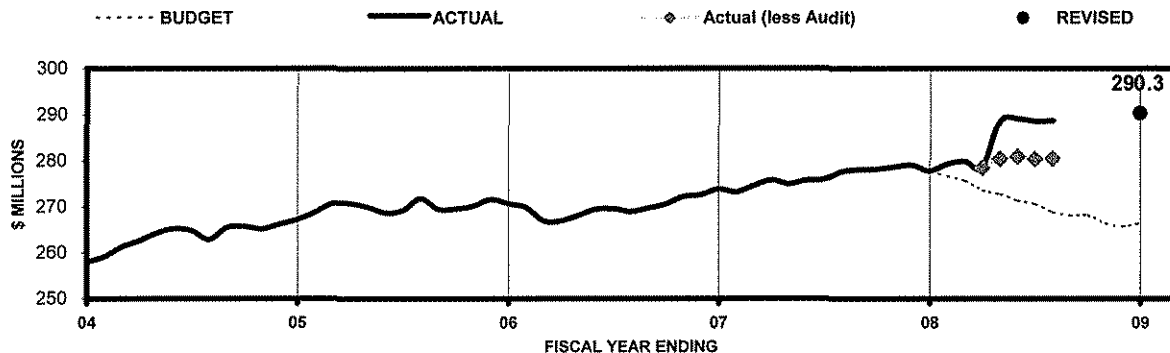


**Attachment 10.8**  
**REVENUE MONTHLY STATUS REPORT**  
**TELEPHONE USERS' TAX**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$24,146	\$23,323	\$22,734	\$21,600	\$24,190	\$2,590	\$24,190
AUGUST	24,472	21,582	22,892	21,900	23,491	1,591	23,491
SEPTEMBER	22,802	22,778	24,044	21,950	22,667	717	22,667
OCTOBER	22,465	23,633	22,785	21,950	32,928	10,978	32,928
NOVEMBER	21,260	22,627	23,440	22,050	23,912	1,862	23,912
DECEMBER	22,553	22,671	22,827	22,100	22,296	196	22,296
JANUARY	22,879	22,261	23,976	22,200	24,018	1,818	24,018
FEBRUARY	21,825	22,566	23,028	22,300			22,800
MARCH	21,462	22,370	22,457	22,500			22,800
APRIL	22,138	23,747	24,231	22,500			23,700
MAY	22,533	22,939	23,314	22,650			23,700
JUNE	22,147	23,319	22,092	22,800			23,797
<b>TOTAL</b>	<b>\$270,681</b>	<b>\$273,817</b>	<b>\$277,819</b>	<b>\$266,500</b>			<b>\$290,300</b>
% CHANGE	1.3%	1.2%	1.5%	-4.1%			4.5%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$24,146	\$23,323	\$22,734	\$21,600	\$24,190	\$2,590	\$24,190
AUGUST	48,618	44,905	45,625	43,500	47,681	4,181	47,681
SEPTEMBER	71,419	67,683	69,669	65,450	70,348	4,898	70,348
OCTOBER	93,884	91,316	92,454	87,400	103,277	15,877	103,277
NOVEMBER	115,144	113,943	115,894	109,450	127,189	17,739	127,189
DECEMBER	137,697	136,614	138,721	131,550	149,485	17,935	149,485
JANUARY	160,576	158,876	162,696	153,750	173,503	19,753	173,503
FEBRUARY	182,402	181,442	185,725	176,050			196,303
MARCH	203,864	203,812	208,182	198,550			219,103
APRIL	226,001	227,559	232,414	221,050			242,803
MAY	248,534	250,499	255,728	243,700			266,503
JUNE	270,681	273,817	277,819	266,500			290,300

**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 (anticipated pattern is shown on dashed line.)

**Attachment 10.9**  
**Licenses, Permits, Fees and Fines**  
**Potential Revisions to Budget**  
**FY 2008-09**

Department/Category	Amount	Notes
Adopted Budget	\$ 804,177,566	
Special Parking Revenue Fund transfer	(86,660,500)	This item will no longer be counted as revenue to Licenses, Permits, Fees and Fines. Any portion of this amount available to fund the budget will be transferred to the Reserve Fund.
Special Parking Revenue Fund Overhead Revenue	(3,030,042)	Overhead revenue no longer due from the Special Parking Revenue Fund, the revenue was based on direct funding of the department of Transportation. The direct funding is no longer planned.
Sale of Surplus Property	(12,683,000)	The sales of surplus property budget is \$22 million and is not expected to be fully realized.
Aggressive collection of accounts receivable	(10,000,000)	This is a one-time revenue for 2008-09. Because actual collections are credited to departments and there is no basis to increase individual estimates, this item is removed in the revised 2008-09 estimate.
SCM Reimbursement	(5,000,000)	Current year overhead reimbursement revenues are projected to fall below budget.
Planning Fees	(3,300,000)	Due to a weak real estate market, planning fees are below budget.
Police Impound Fee	(3,000,000)	The increase to the impound fee was delayed until January 2009. The budget expected the increase to be effective July 2008.
Court Fines	(3,000,000)	Collections are below budget.
Naming Rights Sale	(2,000,000)	The CAO and CLA are in the process of developing a naming policy which is not expected to be finalized in the current year due to private use issues. Potential revenues opportunities are unknown.
Staples Sign Sale	(2,000,000)	Not likely to occur in 2008-09; would require state legislative action.
Animal Services	(738,088)	Animal Services expects a revenue shortfall.
Miscellaneous Taxes	900,000	Property taxes on aircraft are ahead of plan.
Water and Electricity	1,000,000	Additional reimbursement from Recreation and Parks for water and electricity.
Fire Hydrant Inspection	1,500,000	The Fire Department will receive reimbursement from DWP for fire hydrant inspection.
False Alarm Fees	1,500,000	Police false alarm fees are expected to exceed budget.
SCM Reimbursement	4,400,000	Unbudgeted reimbursement of prior year expenses from the Sewer Fund
Budget Balancing Revenues	4,410,000	Additional revenues identified in the CAO report - 2008-09 Budget Balancing Measures (11/19/2008)
Fiber Optic Sale	5,134,000	Fiber Optic sale not included in the adopted budget.
Miscellaneous Revenues	293,000	Other Adjustments
2008-09 Revised Estimate	<u>\$ 691,902,936</u>	
	<u>\$ (112,274,630)</u>	Variance from Adopted Budget
	<u>\$ (22,584,088)</u>	Variance from Adopted Budget less Special Parking Revenue Fund transfers

Attachment 10.10  
REVENUE MONTHLY STATUS REPORT

**Business Tax**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$3,484	\$5,109	\$6,531	\$5,315	\$5,853	\$538	\$5,853
AUGUST	3,890	5,770	5,913	4,670	5,439	769	5,439
SEPTEMBER	4,048	4,626	4,087	4,606	4,809	203	4,809
OCTOBER	3,138	5,992	5,318	4,494	9,355	4,861	9,355
NOVEMBER	3,111	7,436	4,523	4,409	3,623	(786)	3,623
DECEMBER	3,861	5,520	2,648	3,897	6,581	2,684	6,581
JANUARY	20,782	20,870	12,875	19,382	19,693	311	19,693
FEBRUARY	63,890	75,079	95,648	76,525			
MARCH	287,061	292,883	271,614	310,007			
APRIL	11,128	14,121	34,146	12,821			
MAY	20,942	16,232	17,201	17,631			
JUNE	9,194	10,693	6,491	8,637			
<b>TOTAL</b>	<b>\$434,529</b>	<b>\$464,331</b>	<b>\$466,995</b>	<b>\$472,395</b>			<b>\$462,395</b>
% CHANGE	9.5%	6.9%	0.6%	4.8%			-1.0%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$3,484	\$5,109	\$6,531	\$5,315	\$5,853	\$538	\$5,853
AUGUST	7,374	10,879	12,444	9,985	11,292	1,307	11,292
SEPTEMBER	11,422	15,505	16,531	14,591	16,101	1,510	16,101
OCTOBER	14,560	21,497	21,849	19,085	25,456	6,371	25,456
NOVEMBER	17,671	28,933	26,372	23,494	29,079	5,585	29,079
DECEMBER	21,532	34,453	29,020	27,391	35,660	8,269	35,660
JANUARY	42,314	55,323	41,895	46,774	55,353	8,579	55,353
FEBRUARY	106,204	130,402	137,543	123,299			
MARCH	393,265	423,285	409,157	433,305			
APRIL	404,393	437,406	443,303	446,126			
MAY	425,335	453,638	460,504	463,758			
JUNE	434,529	464,331	466,995	472,395			

Although receipts are nearly \$9 million above plan at January, early receipts include audit recovery and other prior-year activity.

More than 90% of revenue is typically received between February and June. Plan is based on long-term experience, but receipts in first half of fiscal year are not indicative of final results. We previously reduced this estimate by \$15 million to reflect a recession-economy; we now restore \$5 million to account for the revenue consequences of a new tax-amnesty program.

**Attachment 10.11**  
**REVENUE MONTHLY STATUS REPORT**  
**SALES TAX**  
(Thousand Dollars)

	2005-06	2006-07	2007-08		2008-09		
MONTHLY	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$20,690	\$23,111	\$22,761	\$23,222	\$23,582	\$360	\$23,582
AUGUST	27,425	30,601	30,492	30,299	31,421	1,122	31,421
SEPTEMBER	29,739	29,051	31,158	30,763	29,968	(795)	29,968
OCTOBER	19,844	22,476	23,497	22,029	22,829	800	22,829
NOVEMBER	26,234	30,147	31,504	29,351	30,440	1,089	30,440
DECEMBER	39,408	35,463	28,566	34,202	31,743	(2,459)	31,743
JANUARY	22,212	23,504	23,900	23,716	23,330	(386)	23,330
FEBRUARY	29,587	31,154	31,924	30,897			31,107
MARCH	30,155	27,316	28,773	30,230			28,000
APRIL	20,787	20,820	21,854	21,455			20,000
MAY	27,697	27,944	29,021	28,462			26,666
JUNE	29,777	32,298	32,113	31,511			27,051
<b>TOTAL</b>	<b>\$323,555</b>	<b>\$333,885</b>	<b>\$335,563</b>	<b>\$336,137</b>			<b>\$326,137</b>
% CHANGE	2.2%	3.2%	0.5%	0.2%			-2.8%

**TRADITIONAL 1%**

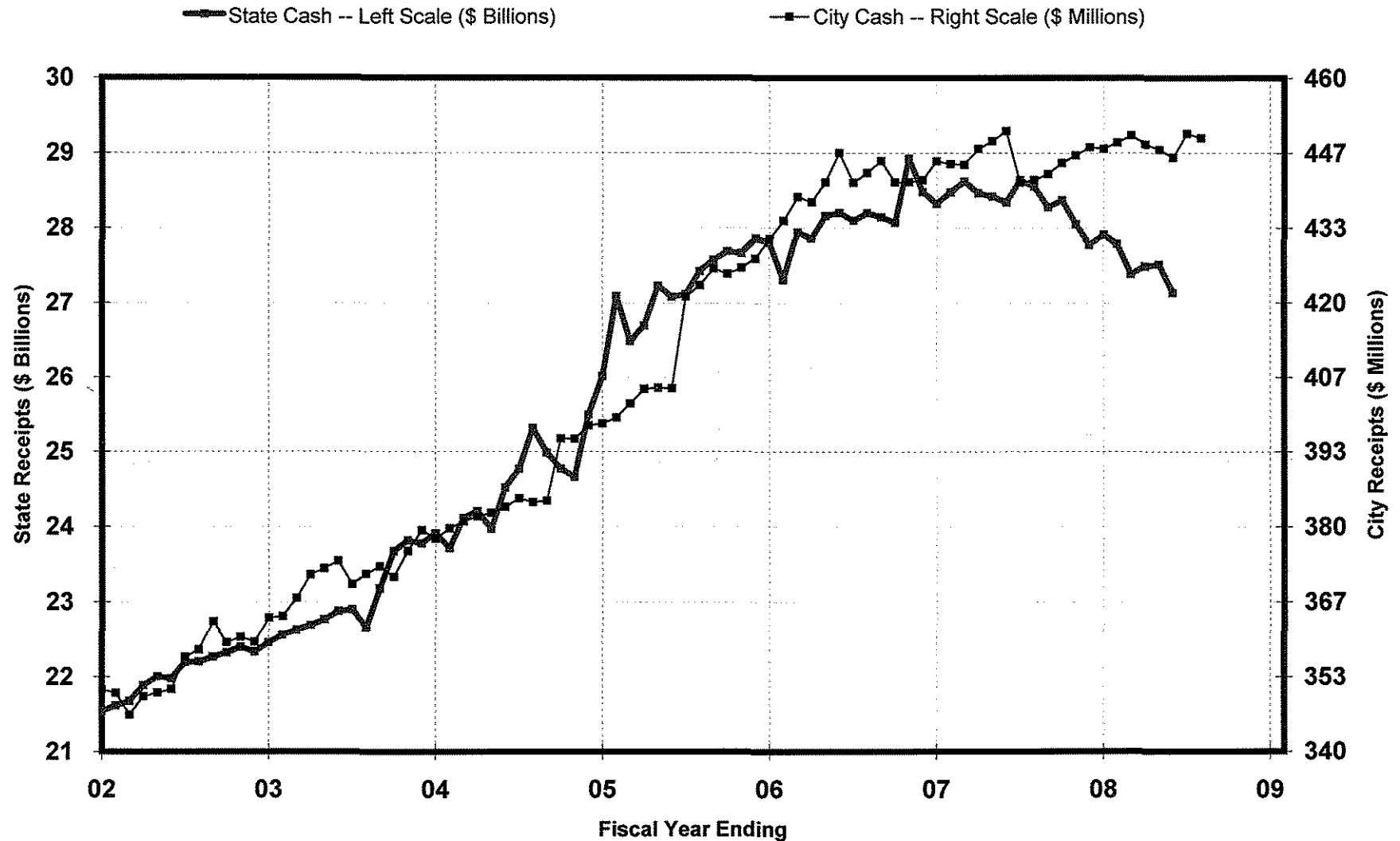
<b>SALES TAX</b>	<b>\$431,407</b>	<b>\$445,179</b>	<b>\$447,417</b>	<b>\$448,183</b>
<b>% CHANGE</b>	<b>8.3%</b>	<b>3.2%</b>	<b>0.5%</b>	<b>0.2%</b>

	2005-06	2006-07	2007-08		2008-09		
CUMULATIVE	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$20,690	\$23,111	\$22,761	\$23,222	\$23,582	\$360	\$23,582
AUGUST	48,115	53,712	53,253	53,521	55,003	1,482	55,003
SEPTEMBER	77,854	82,763	84,411	84,284	84,971	687	84,971
OCTOBER	97,698	105,239	107,908	106,313	107,800	1,487	107,800
NOVEMBER	123,932	135,386	139,412	135,664	138,240	2,576	138,240
DECEMBER	163,340	170,849	167,978	169,866	169,984	118	169,984
JANUARY	185,552	194,353	191,878	193,582	193,314	(268)	193,314
FEBRUARY	215,139	225,507	223,802	224,479			224,420
MARCH	245,294	252,823	252,575	254,709			252,420
APRIL	266,081	273,643	274,429	276,164			272,420
MAY	293,778	301,587	303,450	304,626			299,086
JUNE	323,555	333,885	335,563	336,137			326,137

Data for the first six months of FY 2008-09 reflect taxable sales activity in the City between April and September 2008. The fourth quarter of 2008 and the first quarter of 2009 make up the second half of the sales tax year. These quarters will almost certainly show the effects of the recession. Receipts to date are on target only because of a change in state law allocating sales tax on jet fuel to local airports and because of higher gasoline prices in recent months. The price of aviation and motor vehicle fuel is declining. All other categories of city taxable sales are below last year's level. We previously recommended reducing the budget estimate by \$15 million. We now add \$5 million back to that due to actual receipts from the change in state law concerning jet fuel allocation.

## Attachment 10.12: State and City Cash Receipts

12-Month Moving Sum



State sales tax cash receipts trail taxable activity by 30 to 60 days and City sales tax receipts trail taxable activity by 90 to 180 days. State cash receipts partially reflect fourth quarter sales; City receipts (which include triple flip property taxes) still reflect mostly Summer activity. Also, City receipts benefit from a law change that does not affect the state. This only temporarily mitigates underlying trend since general retail in City is down 4.7%; construction material sales are down 10.4%; and car sales in City are down 17%. Nothing in our experience provides a basis to believe City taxable sales can grow on a sustained basis while most major components of City retail sales are below the prior year level and while statewide taxable sales continue to decline.

Attachment 10.13  
REVENUE MONTHLY STATUS REPORT  
**DOCUMENTARY TRANSFER TAX**  
(Thousand Dollars)

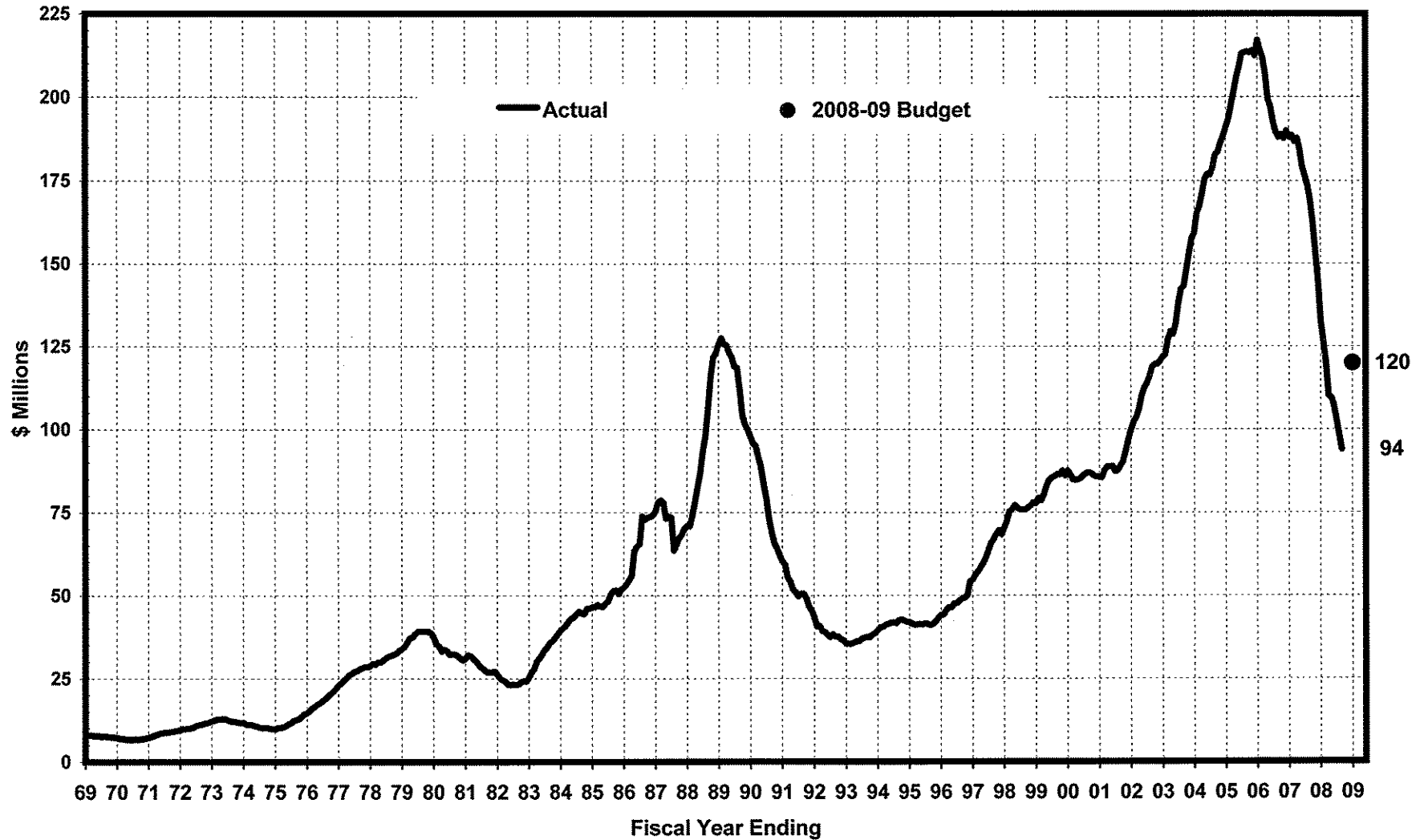
MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$19,445	\$16,264	\$16,823	\$10,477	\$10,711	\$234	\$10,711
AUGUST	20,480	18,163	16,243	10,474	9,408	(1,066)	9,408
SEPTEMBER	21,890	17,300	18,289	11,095	8,922	(2,173)	8,922
OCTOBER	20,577	12,822	9,851	10,288	8,840	(1,448)	8,840
NOVEMBER	17,893	15,811	10,190	9,668	7,895	(1,773)	7,895
DECEMBER	17,171	12,698	9,710	8,710	5,340	(3,370)	5,340
JANUARY	17,402	14,326	11,635	10,643	6,882	(3,761)	6,882
FEBRUARY	14,594	13,047	8,692	8,173	4,395	(3,779)	4,395
MARCH	12,589	13,344	6,606	7,629			6,143
APRIL	18,477	17,276	8,237	10,822			8,714
MAY	15,523	17,828	8,840	10,745			8,652
JUNE	21,279	19,393	7,805	11,300			9,098
<b>TOTAL</b>	<b>\$217,320</b>	<b>\$188,272</b>	<b>\$132,921</b>	<b>\$120,024</b>			<b>\$95,000</b>
<b>% CHANGE</b>	<b>13.7%</b>	<b>-13.4%</b>	<b>-29.4%</b>	<b>-9.7%</b>			<b>-28.5%</b>

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE	REVISED
JULY	\$19,445	\$16,264	\$16,823	\$10,477	\$10,711	\$234	\$10,711
AUGUST	39,925	34,427	33,066	20,951	20,119	(832)	20,119
SEPTEMBER	61,815	51,727	51,355	32,046	29,041	(3,005)	29,041
OCTOBER	82,392	64,549	61,206	42,334	37,881	(4,453)	37,881
NOVEMBER	100,285	80,360	71,396	52,002	45,776	(6,226)	45,776
DECEMBER	117,456	93,058	81,106	60,712	51,116	(9,595)	51,116
JANUARY	134,858	107,384	92,741	71,355	57,998	(13,356)	57,998
FEBRUARY	149,452	120,431	101,433	79,528	62,393	(17,135)	62,393
MARCH	162,041	133,775	108,039	87,157			68,536
APRIL	180,518	151,051	116,276	97,979			77,249
MAY	196,041	168,879	125,116	108,724			85,902
JUNE	217,320	188,272	132,921	120,024			95,000

Both prices and volume are down about 25% from the prior year. But prices continue to fall and volume has been increasing in recent months. It is anticipated that that revenue will stabilize at about \$95 million this fiscal year.

## Attachment 10.14: Documentary Transfer Tax

12-Month Moving Sum



Receipts for the 12-months ending January 2009 are 18% below the budgeted level for FY 2008-09 and 43% below the prior year. In previous reports, we reduced our projection from the budgeted \$120 million to \$110 million. A reduction to \$95 million is now recommended. Based on increasing property sales related to foreclosure activity, it is anticipated that revenue will stabilize this year at about the current level.

Attachment 10.15  
REVENUE MONTHLY STATUS REPORT  
**Transient Occupancy Tax**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	PLAN	2008-09		REVISED
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	VARIANCE	
JULY	\$9,257	\$10,454	\$12,304	\$12,993	\$9,501	(\$3,492)	\$9,501
AUGUST	12,072	11,748	13,406	13,772	17,789	4,017	17,789
SEPTEMBER	10,187	10,918	13,048	13,772	12,924	(848)	12,924
OCTOBER	10,319	9,656	11,227	13,772	13,038	(734)	13,038
NOVEMBER	4,875	11,294	13,911	12,213	4,263	(7,950)	4,263
DECEMBER	10,721	12,801	6,591	12,213	18,332	6,119	18,332
JANUARY	13,955	9,710	12,730	12,213	10,503	(1,710)	10,503
FEBRUARY	5,675	3,674	7,845	12,993			12,435
MARCH	14,999	16,188	12,442	12,993			12,435
APRIL	7,560	13,145	15,792	12,993			12,435
MAY	13,561	13,666	13,958	12,993			12,435
JUNE	13,810	11,303	15,271	12,993			12,435
<b>TOTAL</b>	<b>\$126,991</b>	<b>\$134,557</b>	<b>\$148,525</b>	<b>\$155,914</b>			<b>\$148,525</b>
% 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%
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<b>Taxable Hotel</b>					
<b>Sales</b>	<b>\$976,854</b>	<b>\$1,035,054</b>	<b>\$1,142,500</b>	<b>\$1,199,338</b>	<b>\$1,142,500</b>
	16.1%	6.0%	10.4%	5.0%	
Each 1% tax rate*	<b>\$9,769</b>	<b>\$10,351</b>	<b>\$11,425</b>	<b>\$11,993</b>	<b>\$11,425</b>
*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	PLAN	2008-09		REVISED
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	VARIANCE	
JULY	\$9,257	\$10,454	\$12,304	\$12,993	\$9,501	(\$3,492)	\$9,501
AUGUST	21,329	22,202	25,710	26,765	27,290	525	27,290
SEPTEMBER	31,516	33,120	38,758	40,538	40,214	(324)	40,214
OCTOBER	41,835	42,776	49,985	54,310	53,252	(1,058)	53,252
NOVEMBER	46,710	54,070	63,896	66,523	57,515	(9,008)	57,515
DECEMBER	57,431	66,871	70,487	78,737	75,847	(2,890)	75,847
JANUARY	71,386	76,581	83,217	90,950	86,350	(4,600)	86,350
FEBRUARY	77,061	80,255	91,062	103,943			98,785
MARCH	92,060	96,443	103,504	116,936			111,220
APRIL	99,620	109,588	119,296	129,928			123,655
MAY	113,181	123,254	133,254	142,921			136,090
JUNE	126,991	134,557	148,525	155,914			148,525

Receipts through January are below budget, but still 3.7% above last year's level. But receipts trail market activity by 30 to 60 days. November and December hotel sales are only partially included in City tax receipts. An industry survey shows hotel sales declined 10% in November and another 6% in December. Tax receipts between February and June 2009 are expected to reflect declining sales and offset the early gains.



**Attachment 10.16**  
**REVENUE MONTHLY STATUS REPORT**  
**Parking Users' Tax**  
(Thousand Dollars)

MONTHLY	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$6,641	\$6,573	\$8,869	\$7,620	\$6,401	(\$1,219)	\$6,401
AUGUST	6,185	6,580	8,076	7,620	7,277	(343)	7,277
SEPTEMBER	6,528	6,822	6,974	7,620	6,740	(880)	6,740
OCTOBER	5,836	5,078	7,116	7,620	9,600	1,980	9,600
NOVEMBER	3,931	5,957	6,818	8,000	2,501	(5,499)	2,501
DECEMBER	6,706	7,183	4,036	8,000	10,391	2,391	10,391
JANUARY	7,725	6,735	7,032	8,000	6,144	(1,856)	6,144
FEBRUARY	3,142	5,015	7,301	8,000			8,000
MARCH	9,538	6,988	6,743	8,000			8,000
APRIL	3,509	5,805	8,229	8,000			8,000
MAY	7,263	7,898	6,711	8,000			8,000
JUNE	7,095	7,689	9,226	8,000			8,000
<b>TOTAL</b>	<b>\$74,099</b>	<b>\$78,323</b>	<b>\$87,131</b>	<b>\$94,480</b>			<b>\$89,054</b>
% CHANGE	10.3%	5.7%	11.2%	8.4%			2.2%

CUMULATIVE	2005-06	2006-07	2007-08	2008-09			
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE	REVISED
JULY	\$6,641	\$6,573	\$8,869	\$7,620	\$6,401	(\$1,219)	\$6,401
AUGUST	12,826	13,153	16,945	15,240	13,678	(1,562)	13,678
SEPTEMBER	19,354	19,975	23,919	22,860	20,418	(2,442)	20,418
OCTOBER	25,190	25,053	31,035	30,480	30,018	(462)	30,018
NOVEMBER	29,121	31,010	37,853	38,480	32,519	(5,961)	32,519
DECEMBER	35,827	38,193	41,889	46,480	42,910	(3,570)	42,910
JANUARY	43,552	44,928	48,921	54,480	49,054	(5,426)	49,054
FEBRUARY	46,694	49,943	56,222	62,480			57,054
MARCH	56,232	56,931	62,965	70,480			65,054
APRIL	59,741	62,736	71,194	78,480			73,054
MAY	67,004	70,634	77,905	86,480			81,054
JUNE	74,099	78,323	87,131	94,480			89,054

Estimate for FY 2008-09 includes benefit from earlier compliance activity 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.

SUMMARY - STATUS OF MUNICIPAL FACILITIES PROJECTS			MICLA Financing	Final Payment	Authorized MICLA	Future MICLA	Total MICLA
CD	PROJECT	STATUS					
1	CD 1 Neighborhood City Hall	Deferred	CP		-	9,000,000	9,000,000
1	DOT Central Yard	Deferred	CP		5,200,000	34,800,000	40,000,000
1	Lincoln Pool and Bathhouse Replacement	Deferred	CP		600,000	9,192,662	9,792,662
4	Rainforest of the Americas	Deferred	CP		2,502,981	1,800,000	4,302,981
9	BOSS Southeast Yard	Deferred	CP		9,147,000	3,960,000	13,107,000
11	BOSS Thatcher Yard	Deferred	CP		4,465,000	2,302,000	6,767,000
14	Costello Pool and Bathhouse Replacement	Deferred	CP		900,000	8,928,691	9,828,691
15	109th Street Pool and Bathhouse Replacement	Deferred	CP		900,000	7,848,278	8,748,278
9	Scientific Investigation Division*	Conceptual	CP		-	14,170,000	14,170,000
10	CD 10 Neighborhood City Hall	Conceptual	CP		-	20,000,000	20,000,000
14	BOSS Asphalt Plant No.1	Land Acquisition	CP		5,494,000	-	5,494,000
1	BOSS Urban Forestry Division Relocation	Land Acquisition	CP		10,000,000	-	10,000,000
9	Figueroa Plaza Tenant Improvements	Design	CP		4,000,000	-	4,000,000
14	CD 14 Neighborhood City Hall	Design	CP		16,225,000	-	16,225,000
4	Reptile and Insect Interpretive Center	Bid/Award	CP		4,050,000	-	4,050,000
4	Small Equipment Repair Shop GSD	Bid/Award	CP		1,300,000	-	1,300,000
1	Downey Pool and Replacement	Construction	CP		5,011,000	-	5,011,000
2	East Valley Multipurpose Center	Construction	CP		16,000,000	-	16,000,000
4	BOSS Southwest Yard	Construction	CP		5,198,000	-	5,198,000
4	Pachyderm Forest Exhibit	Construction	CP		14,479,700	-	14,479,700
4	Zoo Infrastructure	Construction	CP		734,924	-	734,924
7	CD 7 Neighborhood City Hall	Construction	CP		15,680,000	-	15,680,000
7	CD 7 Neighborhood City Hall	Construction	MICLA T3	2026-27	2,000,000	-	2,000,000
7	Lopez Canyon Canopy GSD Yard	Construction	CP		600,000	-	600,000
9	311 Contact Center**	Construction	CP		2,300,000	2,000,000	4,300,000
9	Aiso Public Parking Project	Construction	CP		17,430,000	-	17,430,000
9	CD 9 Neighborhood City Hall	Construction	CP		12,530,200	-	12,530,200
9	Figueroa Plaza Capital Improvements**	Construction	CP		8,700,000	6,300,000	15,000,000
9	LAPD Data Center	Construction	CP		5,200,000	-	5,200,000
9	PAB	Construction	MICLA 26A		317,567,743	-	317,567,743
9	PAB	Construction	CP		900,000	-	900,000
9	PAB - IT Installation	Construction	CP		14,662,000	200,000	14,862,000
9	PAB - Motor Transport Division	Construction	CP		77,291,479	-	77,291,479
9	PAB - Motor Transport Division Data Center	Construction	MICLA 26A		10,872,491	-	10,872,491
9	P Levels CHE FLS	Construction	CP		3,400,000	-	3,400,000
12	Topanga Canyon Street Services Yard	Construction	CP		6,000,000	-	6,000,000
1, 14	El Pueblo Capital Program. Puesto Renovation, Siqueiros and Italian Hall	Construction	CP		20,900,000	-	20,900,000
14	Fleet Auto Body Repair	Construction	CP		100,000	-	100,000
Var	Alternative Fuels Infrastructure Program**	Construction	CP		48,339,600	-	48,339,600

ATTACHMENT 11

SUMMARY - STATUS OF MUNICIPAL FACILITIES PROJECTS			MICLA Financing	Final Payment	Authorized MICLA	Future MICLA	Total MICLA
CD	PROJECT	STATUS					
Var	Alternative Fuels Infrastructure Program**	Construction	MICLA AR	2023-24	5,000,000	-	5,000,000
9	Emergency Operations Center	Post-Construct	CP		29,767,000	-	29,767,000
9	Medical Services Division	Post-Construct	CP		21,260,000	-	21,260,000
9	Public Works Building	Post-Construct	MICLA 2006-A	2036-37	89,007,509	-	89,007,509
2	Sunland-Tujunga Neighborhood City Hall	Completed	CP		400,000	-	400,000
4	Golden Monkey Exhibit	Completed	CP		3,154,260	-	3,154,260
4	Gorilla Exhibit	Completed	CP		4,928,135	-	4,928,135
4	Griffith Observatory	Completed	CP		12,000,000	-	12,000,000
4	Griffith Observatory	Completed	MICLA AR	2026-27	6,900,000	-	6,900,000
4	Hollywood Neighborhood City Hall	Completed	CP		732,000	-	732,000
6	Marvin Braude Constituent Services Center	Completed	MICLA AW	2032-33	34,220,000	-	34,220,000
7	North Valley Police Station	Completed	MICLA T3, MICLA AQ	2026-27, 2031-32	27,100,000	-	27,100,000
7	North Valley Police Station	Completed	CP		1,400,000	-	1,400,000
13	North East Police Station Improvements	Completed	MICLA AC	2014-15	630,000	-	630,000
8	CD 8 Neighborhood City Hall	Completed	MICLA T3	2026-27	1,800,000	-	1,800,000
14	CD 14 Neighborhood City Hall- El Sereno	Completed	MICLA T3	2026-27	3,000,000	-	3,000,000
9	Central Library Expansion	Completed	MICLA AT, MICLA AV	2019-20, 2014-15	73,635,000	-	73,635,000
9	City Hall East	Completed	MICLA T3, MICLA AR	2026-27, 2023-24	43,500,000	-	43,500,000
9	City Hall 2nd Floor Tenant Improvements	Completed	CP		1,010,000	-	1,010,000
9	Convention Center Roof	Completed	CP		1,100,000	-	1,100,000
9	DOT Caltrans Building Tenant Improvements	Completed	CP		2,500,000	-	2,500,000
9	DOT Caltrans Building Tenant Improvements	Completed	MICLA AR-2	2023-24	7,000,000	-	7,000,000
9	Caltrans State Land Exchange	Completed	MICLA AR	2026-27	30,000,000	-	30,000,000
9	Figueroa Plaza	Completed	MICLA 2007-B	2037-38	219,000,000	-	219,000,000
9	LA Convention Center Improvements	Completed	LACC	2024-25	470,875,000	-	470,875,000
9	Parker Center Temporary Fix	Completed	CP		3,500,000	-	3,500,000
13	Hollywood & Highland (Kodak)	Completed	MICLA AK	2028-29	32,650,000	-	32,650,000
14	Crime Lab	Completed	CP		6,000,000	-	6,000,000
14	El Sereno CSC/Barrio Action Youth	Completed	CP		3,000,000	-	3,000,000
14	Piper Tech Retrofit	Completed	MICLA T3	2026-27	1,000,000	-	1,000,000
14	Relocation of the Election Division to Piper Tech	Completed	CP		3,990,000	-	3,990,000
Var	Removal of Fuel Storage Tanks	Completed	MICLA AC	2014-15	6,500,000	-	6,500,000
Var	Fire Station Improvements	Completed	MICLA AE	2014-15	1,600,000	-	1,600,000
Var	Separate Gender Facilities for Fire Stations	Completed	MICLA AE	2014-15	1,100,000	-	1,100,000
					<b>1,819,940,022</b>	<b>120,501,631</b>	<b>1,940,441,653</b>

\*pending Council approval \*\*phased projects

Does not include Staples Center Construction (Developer Obligation)

**Attachment 12**  
**Three-Year Budget Forecast (\$ millions)**

	<b>2008-09 Budget</b>	<b>2008-09 Estimate</b>	<b>2009-10</b>	<b>2010-11</b>
<b>ESTIMATED GENERAL FUND REVENUE</b>				
General Fund Base (1)	\$ 4,351.9	\$ 4,351.9	\$ 4,474.7	\$ 4,342.3
Revenue Growth (2)				
Property Related Taxes	25.0	34.6	(60.4)	20.0
Sales and Business Taxes	(18.0)	(38.0)	(23.7)	-
Utility Users' Tax	10.4	32.1	11.4	13.4
License, Permits and Fees	183.5	71.2	(15.6)	-
Other Fees, Taxes and Transfers	0.9	(20.7)	(0.7)	28.9
Transfer from Reserve Fund (2a)	-	43.6	(43.6)	-
<b>Total Revenue</b>	<b>\$ 4,553.7</b>	<b>\$ 4,474.7</b>	<b>\$ 4,342.3</b>	<b>\$ 4,404.6</b>
<i>General Fund Revenue Increase %</i>	<i>2.6%</i>	<i>0.8%</i>	<i>-4.7%</i>	<i>1.4%</i>
<i>General Fund Revenue Increase \$</i>	<i>116.0</i>	<i>37.0</i>	<i>(211.4)</i>	<i>62.3</i>
<i>Revenue Shortfall</i>		<i>(79.0)</i>		
<b>ESTIMATED GENERAL FUND EXPENDITURES</b>				
General Fund Base (3)	\$ 4,437.7	\$ 4,437.7	\$ 4,510.0	\$ 4,769.3
Incremental Changes to Base: (4)				
Employee Compensation Adjustments (5)	120.5	120.5	101.9	65.7
City Employees Retirement System (6)	(26.2)	(26.2)	7.2	173.9
Fire and Police Pensions (6)	(2.1)	(2.1)	30.1	283.7
Workers Compensation Benefits (7)	7.5	7.5	10.8	11.6
Health and Dental Benefits (8)	29.7	29.7	44.4	42.3
Debt Service (9)	14.2	14.2	41.4	(7.0)
Expense CPI Increases (10)	-	-	6.6	6.7
Delete Reso. Authorities & One-Time Costs (11)	(103.2)	(103.2)	-	-
Unappropriated Balance (12)	16.5	16.5	-	-
New Facilities (13)	27.4	27.4	10.6	9.2
City Elections (14)	16.9	16.9	(16.9)	17.4
Police 1,000 Officers Hiring Plan (15a)	16.1	16.1	22.0	8.9
VLF Police Hires (15b)	19.1	19.1	-	-
Public Safety Systems Project (16)	3.2	3.2	-	-
CIEP (17)	11.2	11.2	36.5	6.1
Emergency Communications System (18)	3.5	3.5	-	-
Public Safety Radio Replacement (19)	-	-	-	-
Police In-Car Videos (20)	-	-	-	-
Appropriation to the Reserve Fund (21)	14.8	14.8	-	-
Net - Other Additions and Deletions	(53.0)	(53.0)	-	-
2008-09 Budget Actions (22)				
2nd FSR Expenditure Shortfall		55.1		
Budget Balancing Report	-	(37.6)		
3rd FSR Expenditure Shortfall		(3.8)		
Mayor Budget Adjustments		(55.7)		
Mid-Year Expenditure Shortfall		(1.7)		
Remaining Budget Actions			(35.3)	
<b>Subtotal Expenditures</b>	<b>\$ 4,553.7</b>	<b>\$ 4,510.0</b>	<b>\$ 4,769.3</b>	<b>\$ 5,387.9</b>
<i>Expenditure Growth %</i>	<i>2.6%</i>	<i>1.6%</i>	<i>4.7%</i>	<i>13.0%</i>
<i>Expenditure Growth \$</i>	<i>116.0</i>	<i>72.3</i>	<i>215.6</i>	<i>618.6</i>
<b>TOTAL BUDGET GAP</b>	<b>\$ -</b>	<b>\$ (35.3)</b>	<b>\$ (427.0)</b>	<b>\$ (983.3)</b>

**ATTACHMENT 12b**  
**THREE 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 December 2008. Future year revenue projections have been revised to reflect the growing consensus among economists that the economy is in a long-term recession. Additionally, downward adjustments are likely depending on the length and severity of this recession. 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.

(2a) Transfer from the Reserve Fund: The 2008-09 Budget provided that surplus would be transferred from Special Parking Revenue Fund (SPRF) to General Fund as receipts. It has been determined that SPRF surplus should be initially transferred to the Reserve Fund and thereafter to the General Fund.

**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 3-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 1<sup>st</sup> 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 last COLA of 3.75% on 7/1/2008.

(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. The forecast assumes the following investment returns: 2008-09 (-25%), 2009-10 (0%), 2010-11 (8%), 2011-12 (8%) and 2012-13 (8%). Based on this scenario, City contributions for both systems would increase by \$458 million in 2010-11 and an additional \$205 million in 2011-12. Given the current market volatility, other scenarios are possible. City contribution rates are subject to change assuming changes in current market conditions and funding methodologies.

(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 Motorola lease payments for the Public Safety Radio Replacement and 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 \$3.5 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 start in 2009-10 and are included in the Capital Finance Administration budget (see note 9, Debt Service).

(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.

(21) Appropriation to Reserve Fund: Even though the 2008-09 forecast still reflects a \$14.8 million appropriation from the Reserve Fund it was subsequently deleted as part of the Budget Balancing Report actions and reflected within the Budget Balancing Report line item.

(22) 2008-09 Budget Actions: Assumes that entire 2008-09 Budget Gap will be solved through budget actions and that those actions will carry forward into subsequent General Fund Base.

## **ATTACHMENT 13**

### **HIRING CRITERIA**

#### **POSITION REQUESTS THAT WILL BE APPROVED UPON VERIFICATION**

1. Revenue generating position where the revenue generated exceeds full cost recovery. (Cost recovery = Salaries, Fringe Benefits and overhead cost as determined by CAP rates)
2. Special funded positions where the fee provides 100% cost recovery.
3. Grant funded positions where the grant in the current year and projected grant for the following year covers 100% of the costs.

#### **POSITION REQUESTS THAT WILL NOT BE APPROVED**

1. Any position in a function that was proposed by the Department for elimination as part of the 6% and 9% budget reduction exercise for fiscal year 09-10.
2. Any supervisory position where the underlying reporting relationship is one to one.

#### **REVIEW CRITERIA FOR ALL POSITIONS**

1. Authorized position and duration of authorization.
2. Current fiscal year's budget capacity to absorb costs within existing funds, and amount of funding authorized for position.
3. Federal, state or local mandated program.
4. General Fund positions that provide or support public safety.
5. General Fund positions that generate revenue.
6. The percentage of cost recovery of all special fund and grant funded positions.
7. Source of the vacancy.
8. Vacancy factor within the unit/function.
9. Workload analysis.
10. Span of control and supervisory relationships.
11. Status of Emergency Appointments.
12. Grievance/lawsuit settlements.
13. Reclassification opportunities.
14. Department effort to fill positions from existing City staff.