

ANTONIO R. VILLARAIGOSA
MAYOR

February 18, 2010

Honorable Members of the City Council
c/o City Clerk
Room 395, City Hall

Re: Mid-Year Financial Status Report, CF 09-0600-S159

Honorable Members of the City Council:

I'm returning the FY 2009-10 Mid Year Financial Status Report Council File without my signature because I disagree with some of the actions taken to amend the report. In part the Mid Year FSR contains critical budget balancing actions developed by the City Administrative Officer (CAO) in direct response to a directive letter that I jointly co-signed with City Council Leadership on January 20, 2010. While I did not agree with every recommendation made by the CAO on this FSR, I felt and still believe that leaving the report intact was the best action we could take in the face of falling revenues, structural and constant threat of credit rating downgrades and credit negative watch.

The CAO's swift response to the FSR related motion relative to **Short Term Plan for Fiscal Solvency** dated February 9, 2010 identifies several Council actions on the report that lost us the opportunity for \$20 million in budget balancing measures. Your actions included approval of various recommendations that are imperative for the day-to-day operation of the City and as such, I can not veto your action. Therefore the only alternative to formally voice my disapproval is to return this file without signature.

I respect City Council's role in the City's budgetary process and I agree with most actions that you took on CAO's recommendations within the FSR. I will continue to foster a good working relationship between the legislative and the Executive Branches of our City government and include your leadership in most of my budget preparations. In conjunction with the necessary collaboration, I will reserve the right to use all executive authority accorded to me by the City Charter. The City's fiscal condition calls for swift action and that's why I acted immediately to effectuate the lay off process to avoid any delays in realizing the expected cost savings within this fiscal year.



Honorable Members of the City Council

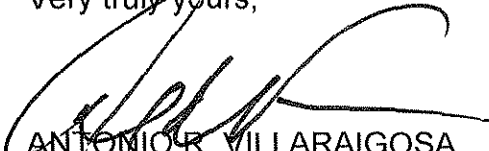
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Lastly, I would like to urge your expedient consideration and approval of all the Three Year Plan related items that your honorable body referred to City Council committees for further review.

Thank you very much for your cooperation.

Very truly yours,



ANTONIO R. VILLARAIGOSA
Mayor

ARV:so

cc: The Honorable Carmen Trutanich, City Attorney
The Honorable Wendy Greuel, City Controller
Miguel Santana, City Administrative Officer

RECEIVED
CITY CLERKS OFFICE
2010 FEB 23 AM 10:06
CITY CLERK
BY _____
DEPUTY

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2010 FEB 11 PM 3:14
CITY OF LOS ANGELES

City Clerk's Time Stamp
RECEIVED
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2010 FEB 11 PM 3:02
CITY CLERK
BY _____ DEPUTY

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 09-0600-S159

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE FEBRUARY 3, 2010

RE: THE MID-YEAR FINANCIAL STATUS REPORT

LAST DAY FOR MAYOR TO ACT FEB 22 2010
[10 Day Charter requirement as per Charter Section 231(h)]

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 231 (h)

DATE OF MAYOR APPROVAL OR DISAPPROVAL _____

MAYOR

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2010 FEB 23 AM 10:06
BY _____
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