

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Council File No. 09-0600

Council District: All

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

From: Miguel A. Santana, City Administrative Officer 

Reference: 2009-10 Budget

Subject: **FOURTH FINANCIAL STATUS REPORT**

SUMMARY

The Office of the City Administrative Officer (CAO) monitors the budget and transmits periodic reports to the Mayor and Council detailing the City's current financial condition. As instructed in the 2009-10 Budget, this Office is transmitting the Fourth Financial Status Report (FSR) for this fiscal year. This report provides an update on the current-year budget deficit, revenue shortfall and reserve fund status as reported in the Mid-Year (Third) FSR, and it highlights current issues of concern and the potential impact to the City. In addition, it provides an update on department revenues and expenditures, which includes recommendations totaling \$168.2 million for appropriations, transfers and other budgetary adjustments—including a recommendation to transfer \$80 million from the Reserve Fund to address the current-year deficit. The report also updates the status of the City's spending and savings efforts.

Progress Made to Reduce the 2009-10 Budget Deficit

Since the 2009-10 Mid-Year FSR, substantial improvement in the current-year deficit has been realized through a combination of savings measures and increased revenue. In the Mid-Year FSR, the previously reported budgetary shortfall was revised from \$98.1 million to \$208.5 million, which increased further as a result of Council actions in conjunction with the approval of the report. The concluding budget deficit was \$211.7 million, as reported in correspondence dated February 9, 2010 concerning the Short-Term Plan for Fiscal Solvency (C.F. No. 09-0600-S159) and as detailed in the following table.

Table 1.
Fiscal Year 2009-10 Budget Deficit and
Approved Mid-Year FSR Savings Measures
(millions)

Budget Deficit (reported 1/29/10 in the Mid-Year FSR)	(208.5)
Reduced Revenue from AB1290 Funds	(10.0)
Transfer of Community Beautification Program and Swimming Pool Renovations funds to Reserve for Economic Uncertainties	0.6
Cancellation of 2009-10 Fire Department Recruit Class	2.0
Transfer of LAPD Consent Decree Monitor Funds (GCP) to Reserve for Economic Uncertainties	1.6
Transfer of LAPD Consent Decree Program, New Fire Stations and New Police Facilities Funds (UB) to Reserve for Economic Uncertainties	1.7
Transfer of Business Improvement Trust Funds to the Reserve Fund	0.4
Transfer of Emergency Operations Funds to the Reserve Fund	0.5
Budget Deficit (reported 2/9/10 in the Short-Term Plan for Fiscal Solvency)	(211.7)

Not included in the \$211.7 million deficit were savings from other Mid-Year FSR and Three-Year Plan to Fiscal Sustainability recommendations, which have been approved, but not fully implemented. These include savings from the elimination of 790 positions out of the proposed 1,000, the modification to the Solid Waste Resources Lifeline Program, the elimination of the Environmental Affairs and the Human Services Departments, the reduction of contract costs, and the planned transfer of \$12 million from Council funds to the Reserve for Economic Uncertainties. In addition, \$16.1 million in deficit reduction efforts by Departments and improved projections for \$26 million in property tax revenue further decrease the deficit. Based on current estimates, the current-year deficit was effectively reduced to \$148.9 million. Analysis continues on other proposals to increase revenue, consolidate functions, identify operational efficiencies and develop public-private partnerships that may result in additional savings; however, these savings may not be realized until fiscal year 2010-11 or later.

Table 2.
Fiscal Year 2009-10 Budget Deficit and
Additional Savings Measures and Revenue
(millions)

Budget Deficit	(\$211.7)
<i>Mid-Year FSR-Related Savings Measures</i>	
Elimination of General Fund Positions <small>Amount reflects the 100 layoffs, and 280 transfers to special fund positions.</small>	\$ 6.2
Transfer of Neighborhood Council Rollover Grant Funds (C.F. No. 09-0600-S196)	0.8
Elimination of Human Services Department (C.F. No. 09-0600-S162)	0.6
Elimination of Environmental Affairs Division (C.F. No. 09-0600-S159)	0.1
Ten Percent Reduction in Personal Services Contracts (C.F. No. 09-0600-S159)	1.0
Council Funds (C.F. No. 09-0853)	12.0
<i>Additional Savings and Revenue Reported in Fourth FSR</i>	
Reduction in Department Deficits	16.1
Additional Property Tax Revenue	26.0
Revised Budget Deficit Reflecting Savings from Actions Subsequent to FSR	(\$148.9)
Loss of Remaining DWP Power Revenue Transfer	(73.5)
Revised Budget Deficit Reflecting Loss of DWP Transfer	(\$222.4)

Improved Revenue Collection

The severe recession has reduced expected revenue from the economy-sensitive taxes: sales, business and hotel taxes; the communications users' tax; the gas users' tax and related franchise income; and the documentary transfer tax. Across the board, most of the City's revenue categories have fallen in the current year. However, property tax revenue has held up better than expected. During the budget development process, receipts from property taxes were expected to fall in conjunction with falling collection rates due to the distressed real estate market. Since the collection rate has held better than expected, the City has realized additional receipts. Redemptions have also trended higher in the current year, adding several million to the estimate. As indicated above, \$26 million has been added back to the property tax estimate. Additional revenue analysis is ongoing, and updates will be provided during the budget development process and in the next FSR.

Reduction of DWP Power Revenue Transfer Offsets Post-Mid-Year FSR Deficit Reductions

Unfortunately, with the loss of the planned power revenue transfer from the Department of Water and Power (DWP), the deficit has again increased to \$222.4 million. According to DWP, an increase to the Energy Cost Adjustment Factor (ECAAF) cap would be necessary in order to declare and transfer surplus funds before the close of the fiscal year. The increase was not approved by Council, and subsequently DWP confirmed that it would not be able to transfer the funds due to cash flow constraints.

2009-10 Budget-Balancing Efforts

In order to reduce the budget deficit, the City has implemented several measures to reduce costs. Expenditures on sworn and civilian labor costs have been reduced with the implementation of managed hiring policies, mandatory and voluntary furlough programs, the Early Retirement Incentive Program, new agreements with the City's labor partners, and the Modified Deployment Plan within the Fire Department. Equipment and expense costs have been curtailed with efforts to renegotiate contracts, as adopted by Council in the Mid-Year FSR, and to freeze other expenditures, as directed by the Offices of the Mayor and Controller in their joint March 10, 2010 memorandum. These efforts extend to actions to reduce the City's utilization of Municipal Improvement Corporation of Los Angeles (MICLA) debt and corresponding General Fund debt payments, by halting vehicle purchases and postponing construction projects funded by MICLA. (Refer to Sections 4 and 5 for further information on some of these efforts.)

Strong Reserve Fund Needed to Close 2009-10 Deficit

In the Mid-Year FSR, the Reserve Fund balance was reported at approximately \$170.9 million. After accounting for approximately \$38.5 million in new receipts and other adjustments and \$2.7 million in new approved and proposed loans and transfers, the current Reserve Fund balance is now estimated at \$206.7 million. Included in the new balance is the receipt of \$28.8 million from the Fire Hydrant and Main Installation Fund escheatment in March 2010 (C.F. No. 10-0235). Continued

efforts to increase the Reserve Fund balance will be critical, as multiple transfers will be needed to provide necessary cash flow through year-end and to offset the remaining budget shortfall.

On April 5, 2010, the Controller requested a transfer of \$90 million from the Reserve Fund to the General Fund to provide cash to the General Fund beginning in May. At this time, it is recommended that \$80 million from the Reserve Fund be transferred, leaving a remaining balance of \$126.7 million in the Reserve (Table 3). Attachment 1 provides detail on all pending and approved Reserve Fund transactions.

Table 3. 2009-10 Status of Reserve Fund
(\$ millions)

Reserve Fund Balance – As of March 31, 2010	\$ 206.7
Transfer to General Fund	(80.0)
Adjusted Reserve Fund Balance	\$ 126.7

The Reserve Fund balance will increase to \$181.7 million with the anticipated issuance of Judgment Obligation Bonds (JOB) and the reversion of prior-year encumbrances. Before the end of the fiscal year, a JOB issuance will repay a total of \$31.3 million of the \$32.3 million in various actual and proposed liability claims settlement payments made by the Reserve Fund. On March 30, 2010, Council approved recommendations to unencumber and revert \$23.7 million to the Reserve Fund, which is anticipated to be completed by May (C.F. No. 09-0600-S183).

Table 4. 2009-10 Projected Status of Reserve Fund
(\$ millions)

Reserve Fund Balance – As of March 31, 2010	\$ 126.7
Repayment of Loans from JOB Proceeds	31.3
Reversion of Prior-Year Encumbrances	23.7
Adjusted Reserve Fund Balance	\$ 181.7

With the transfer of \$80 million to the UB, approximately \$142.4 million of the projected current-year deficit remains to be addressed. Unless other savings are identified, any additional transfers from the Reserve Fund will leave a balance of \$39.3 million. This amount represents 0.9 percent of the General Fund adopted budget, well below the 5 percent goal for the Reserve Fund set by the City's Financial Policies. **Therefore, efforts to build the Reserve Fund balance are critical to maintain sufficient cash flow, to address the current-year revenue shortfall and resulting budget deficit, and to provide an adequate safety net for the 2010-11 fiscal year.**

State Budget Update

On January 8, 2010, the Governor released his Proposed 2010-11 Budget for the State of California, which included solutions to address the State's \$19.9 billion budget shortfall with significant spending reductions, additional federal funds, and alternative funding and revenue sources. Additional steps have also been taken via a special legislative session to address the State's budget shortfall. On March 22, 2010, the Governor approved the final element of a deficit cutting budget package with implications to the current and following fiscal year. Our Office will continue to monitor State budget

deliberations and report on items of concern. Below is a summary of 2010-11 solutions and an update on 2009-10 actions that concern the City.

Transportation Funding Shift, 2010-11 Budget: The State has approved the replacement of General Fund revenue from sales tax on fuel with an increase to the excise tax. Funding within the Budget for local streets and roads, state highways and Proposition 42-funded highways remain the same. It should also be noted that the elimination of the sales tax also eliminates the constitutional protection that restricts the use of fuel sales tax to transportation funding. As such, there is no guarantee that equivalent transportation funding will be included in future State budgets.

Redevelopment Funding Shift, 2009-10 and 2010-11 Budgets: The 2009-10 State Budget required all redevelopment agencies to make \$2.05 billion in payments in 2009-10 and 2010-11 to the Supplemental Education Revenue Augmentation Fund (SERAF) to offset State General Fund spending on education and other programs. The Governor's Proposed Budget proposes to reprogram the \$350 million in 2010-11 SERAF funds for trial court costs. The California Redevelopment Association filed a lawsuit challenging the provision. A ruling will be sought before Community Redevelopment Agency's (CRA/LA) first payment of \$70.8 million becomes due in May 2010.

Gas Tax and Proposition 42 (transportation), 2009-10 Budget, 2010-11 Budget: Current year cash flow has been adversely affected by the State Budget's postponement of Highway Users (Gas) Tax monthly transfers and Proposition 42 quarterly transfers, totaling \$31.4 million and \$16.6 million, respectively. Proposition 42 payments are delayed until May. Gas Tax transfers for November through March will be delayed until April. To date, deferred Gas Tax transfers total \$25.8 million.

With the approval of the latest budget packages a portion of 2010-11 HUTA payments will again be deferred during fiscal year 2010-11. Specifically, funds will be deferred from July 2010 until March 2011, to be fully repaid in April 2011. Deferrals to cities and counties are not to exceed more than \$50 million a month. At this time, we do not have information for the City's share during this deferral period.

The State previously approved the use of Proposition 1B Infrastructure Bonds to backfill deferred payments. However, with the passage of the latest budget reduction package (ABX 8 5 and ABX8 14), local agencies are now required to pay interest if Proposition 1B funds are temporarily used for HUTA purposes. This amendment arose from the State Treasurer who was concerned about maintaining the tax exempt status of the Proposition 1B bonds. Currently, the City has no plans to utilize these funds for cash flow purposes.

Issues of Concern

The following are significant issues of potential impact to the 2009-10 Budget that this Office is closely tracking:

Liability Claims: An estimated year-end appropriation of \$2.4 million for Account 9770 (Liability Claims over \$100,000) may be needed for potential payouts between \$100,000 and \$1 million. The

projected shortfall of \$53.7 million for claims \$1 million and above will be addressed through the issuance of Judgment Obligation Bonds.

Budgetary Adjustments

Budgetary adjustments totaling approximately \$168.2 million are recommended in Sections 2 and 3 of this report. Among these recommendations is the transfer of \$80 million from the Reserve Fund to the Unappropriated Balance to partially address the current-year deficit and provide sufficient cash flow in May. Additionally, a transfer of \$22 million to the Police Department is recommended to address the deficit in its sworn salaries account. Other recommended transactions totaling \$66.2 million include:

- \$48.6 million in transfers to the Unappropriated Balance, Reserve for Economic Uncertainties, to include the \$46.8 million appropriation to the Reserve Fund provided for in the adopted budget;
- \$481,000 in new appropriations;
- \$7.3 million for transfers between accounts within various departments and funds;
- \$4.0 million for transfers between departments and funds, including:
 - \$150,000 transferred from the General Fund Unappropriated Balance for the Personnel Department (see Attachments 2-a and 2-b for the status of the Unappropriated Balance);
 - \$402,000 from prior-year authorize Municipal Improvement Corporation of Los Angeles funding for storm damage repair;
 - \$50,000 from the Reserve for Economic Uncertainty to the Century Corridor Business Improvement District in accordance with the Municipal Code;
 - \$130,000 to the Fire and Police Pension System to fund the Excess Benefit Plan obligation related to the Deferred Retirement Option Plan; and
 - \$3.3 million in other transfers;
- \$751,000 in General Fund reappropriations for the Office of the City Clerk and the Police Department;
- \$4.7 million in reduced special fund appropriations for the Police Department and the Bureaus of Engineering and Sanitation;
- \$214,000 in special fund receipts to reimburse for related costs; and
- \$134,000 to refund Los Angeles County unexpended funds provided for vaccination clinics.

Other recommendations include:

- The reprogramming of \$800,000 in special election funds for the City Clerk's Office;
- Resolution authority for the hiring of as-needed Licensed Vocational Nurses for the Personnel Department;
- The direction to the Treasurer's Office to produce a report on bank fees;
- The authorization to contract with the Los Angeles County's administrator for the Workers' Compensation Program; and

- The write-off a \$1 million reserve fund loan for a liability claims settlement.

Additional Details

Attachments

- 1 Current Status of the Reserve Fund
- 2-a Status of the Unappropriated Balance - General Account
- 2-b Status of the Unappropriated Balance – non-General Accounts
- 3 New Appropriations
- 4 Transfers between Accounts within Departments and Funds
- 5 Transfers between Departments and Funds
- 6 Transfers from the Unappropriated Balance
- 7 Transfers to the Reserve for Economic Uncertainties
- 8 CDD Report – Status of Full Cost Recovery for Fiscal Year 2009-10
- 9 Employment Level Report
- 10 Status of Voluntary Furlough Program
- 11 Status of Fee Increases in the 2009-10 Budget

FINANCIAL STATUS REPORT RECOMMENDATIONS

(Refer to Discussion Sections 2 and 3)

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

1. Appropriate \$466,436.30 to Department accounts as specified in Attachment 3;
2. Transfer \$4,280,000.00 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$2,736,248.72 between various departments and funds as specified in Attachment 5;
4. Appropriate \$150,000.00 to Department accounts from the Unappropriated Balance as specified in Attachment 6;
5. Transfer \$48,547,196.72 from various Department and Fund accounts to the Unappropriated Balance, Reserve for Economic Uncertainties account, as specified in Attachment 7;

City Clerk

6. Authorize the Controller to unencumber \$650,000 of 2002-03 funds provided for election related equipment in City Clerk Fund No. 100/14, Account No. 4170, Elections; revert to the Reserve Fund; transfer to the Unappropriated Balance Fund No. 100/58; and reappropriate to the same account, to implement a vote-by-mail system;

7. Authorize the use \$800,000 in funds appropriated for the Council District 2 Special Election (C.F. No. 09-0753) for other election-related activities, including referendum petitions such as Medical Marijuana or other signature verification processes for recall efforts, in order to mitigate the need for additional appropriations;

Community Development

8. Transfer \$25,000 within the Community Development Trust Fund (CDBG) Fund to pay for the Information Technology Agency (ITA) labor and materials costs associated with communications and technology for regional offices, as follows:
 - a) Transfer \$25,000 from Account No. F122, CDD to Account No. F132, ITA within CDBG Fund No. 424/22 and appropriate therefrom to ITA Fund No. 100/32, Account No. 9350 Communications Expense and,
 - b) Decrease appropriations in the amount of \$25,000 in CDD Fund No. 100/22, Account No. 1090, Salaries Overtime;
9. Approve the following adjustments within the Workforce Investment Act (WIA), Community Services Block Grant (CSBG) and Community Development Block Grant (CDBG) funds to allow the CDD to pay for \$752,964 in direct and indirect costs related to grant activities:
 - a) Decrease appropriations in account F122, CDD, in the amount of \$158,827 within WIA, Fund No. 44A;
 - b) Increase appropriations in account F122, CDD, in the amount of \$158,827 within CSBG, Fund No. 428;
 - c) Establish new account F741, CDD Admin and appropriate \$454,137 within CDBG, Fund No. 424; and,
 - d) Increase appropriations in account F299, Related Costs in the amount of \$140,000 within CDBG, Fund No. 424.

Cultural Affairs

10. Approve the following actions to decrease salary appropriations in the Cultural Affairs Department and use the savings to reimburse the General Fund for related costs:
 - a) Transfer \$214,000 in appropriations within the Arts and Cultural Facilities and Services Fund No. 480/30 from Account No. F130, Cultural Affairs, into Account No. F299, Related Costs;
 - b) Decrease appropriations by \$214,000 in Cultural Affairs Fund No. 100/30, Account No. 1010, Salaries General;
 - c) Instruct the Department to reimburse a total of \$214,000 from Fund No.480/30, Account No.F299, Related Costs, to the General Fund No. 100/46, Revenue Source Code No. 4641, Arts and Cultural Facilities Related Costs;

Emergency Management

11. Authorize the Emergency Management Department to refund a total of \$113,547.70 deposited to Fund No. 100/35, Revenue Source Code No. 3702 to the County of Los Angeles for the overpayment for the City's participation in H1N1 Influenza Virus Vaccination Clinics.

Mayor

12. Approve the following actions to reimburse \$125,234 of City Attorney salary costs in support of the Community Law Enforcement and Recovery (CLEAR) Program:
- a) Transfer appropriations totaling \$88,270.08 within the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, from Account No. E212, City Attorney Salary Reserve, to a new Account No. F112, City Attorney Salaries;
 - b) Increase appropriations within the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, Account No. F112 by \$4,681.60;
 - c) Increase appropriations by \$92,951.68 to the City Attorney Fund No. 100/12, Account No. 1010, Salaries General, from the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, Account No. F112, City Attorney Salaries; and
 - d) Authorize the Controller to reimburse the City Attorney and Mayor Fund Nos. 100/12 and 100/46, Revenue Source Code 4610, Reimbursement from Other Funds, a total of \$32,282.50 from the FY07-08 Earmark CLEAR Foothill Fund 51B/46, Account E299, Fringe Benefits – Mayor & City Attorney, on an as-needed basis for reimbursement of grant-funded related costs;
13. Approve the following actions to reimburse \$44,495 in Police Department salary costs in support of the CLEAR Program:
- a) Create a new appropriation Account No. F270, LAPD Reimbursement, within the Local Law Enforcement Block Grant (Justice Assistance Grant) Fund No. 40B/46, and increase appropriations within the new account by \$34,023.43;
 - b) Transfer appropriations totaling \$10,472.00 within the Local Law Enforcement Block Grant Fund No. 40B/46, from Account No. C201, Other Availables, to Account No. F270, LAPD Reimbursement; and
 - c) Authorize the Controller to reimburse the Police Department Fund No. 100/70, Revenue Source Code 4610, Reimbursement from Other Funds, a total of \$44,495.43 from the Local Law Enforcement Block Grant Fund No. 40B/46, Account No. F270, LAPD Reimbursement, on an as-needed basis for reimbursement of prior year salary expenditures;
14. Approve the following actions to partly address the loss of approximately \$4 million in Supplemental Law Enforcement Services (SLESF) Fund appropriations to the Police Department due to decreased State funding:
- a) In accordance with recommendation 3 (Attachment 5) to replace \$1,073,000 in SLESF Fund appropriations with Community Law Enforcement and Recovery Funds, decrease

appropriations in Police No. 100/70, Account No. 1012, Salaries Sworn by \$1,073,000; and thereafter decrease appropriations within SLESF Fund No. 667/46, Account No. F170, Los Angeles Police Department;

- b) Decrease appropriations in Police No. 100/70, Account No. 1092, Sworn Overtime by \$500,000; and thereafter decrease appropriations within SLESF Fund No. 667/46, Account No. F170, Los Angeles Police Department to reflect decreased State funding of the Supplemental Law Enforcement Services Fund;

Personnel

- 15. Authorize resolution employment authority for five (5) positions of Licensed Vocational Nurse, Class Code 2332, in the Personnel Department for the period of April 1, 2010 through June 30, 2010, subject to classification determination by the Personnel Department, to backfill emergency and basic health care services on an as-needed basis in the City's jail facilities;

Police

- 16. Recognize \$14,810 in revenue to reimburse the City for replacement of a Smart Trailer that was damaged by a motorist, and appropriate the same amount to Police Fund No. 100/70, Account No. 7300, Furniture, Office and Technical Equipment;
- 17. Authorize the Controller to unencumber \$75,982 of 2008-09 funds in Police Fund No. 100/70, Account No. 4430, Uniforms; revert to the Reserve Fund; transfer to the Unappropriated Balance Fund No. 100/58; and reappropriate to the same account, to complete the purchase of bomb suits;
- 18. Authorize the Controller to reappropriate \$25,000 from the Reserve Fund to Police Fund No. 100/70, Account No. 6010, Office and Administrative Expense, into the same account for the purchase of a Sexual Assault Kit Tracking System;
- 19. Transfer \$22,000,000 from the Unappropriated Balance Fund No. 100/58, Account No. 0037, Reserve for Economic Uncertainties, to Police Fund No. 100/70, Account No. 1012, Salaries, Sworn to provide sufficient funding for sworn salaries through pay period 25;

Public Works, Engineering

- 20. Reduce appropriations in the amount of \$500,000 in the Bureau of Engineering Fund No. 100/78, Account No. 1010, Salaries General; and thereafter reduce appropriations by \$500,000 in Waste Water System Commercial Paper B Construction Fund 70X/50, Account No. F178, PW-Engineering, to reflect salary savings in the fund by the Bureau;
- 21. Reduce appropriations in the amount of \$100,000 in the Bureau of Engineering Fund No. 100/78, in various accounts detailed below; and thereafter reduce appropriations by \$100,000 in Special Gas Tax Street Improvement Fund No. 206/50, Account No. F178, PW-Engineering, to reflect salary savings in the fund by the Bureau;

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 50,000
1090	Salaries Overtime	<u>50,000</u>
	Total	\$ 100,000

Public Works, Sanitation

22. Decrease appropriations in Bureau of Sanitation Fund No. 100/82, Account No. 1010, Salaries General by \$2,000,000; and thereafter decrease appropriations by the same amount within the Sewer Operations and Maintenance Fund No. 760/50, Account No. F182, Bureau of Sanitation to reflect salary savings in the fund by the Bureau;

23. Decrease appropriations from the Multifamily Bulky Item (MFBI) Program in the Department of General Services (GSD) by \$601,197 and transfer funding to the Solid Waste Resources Revenue Fund (SWRRF) as reimbursement for the cost of maintaining the reassigned refuse vehicles and to the MFBI cash balance as follows:

a) Decrease appropriations in the amount of \$472,447 within General Services Fund No. 100/40 in the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 151,774
1090	Overtime	32,667
3090	Equipment Expense	134,750
3230	Petroleum Products	152,031
4430	Uniforms	<u>1,225</u>
	Total	\$ 472,447

b) Decrease appropriations in the amount of \$472,447 in the MFBI Revenue Fund No. 50D/50, Account No. F140, General Services;

c) Establish and appropriate \$330,713 within the MFBI Revenue Fund No. 50D/50, in a NEW Account, entitled "SWRRF Reimbursement"; and thereafter transfer to SWRRF Fund No. 508/50, RSC No. 4552, Reimbursement of Expenditures;

d) Decrease appropriations in the amount of \$128,750 in MFBI Revenue Fund No. 50D/50, Account No. F299, Related Cost;

e) Increase appropriations in the amount of \$90,125 within MFBI Revenue Fund No. 50D/50, in the Account entitled "SWRRF Reimbursement"; and thereafter transfer to SWRRF Fund No. 508/50, RSC No. 4552, Reimbursement of Expenditures;

Treasurer

24. Direct the Office of the Treasurer to prepare a report on actual and projected 2009-10 bank service fee expenditures, detailed by Department;

General City Purposes

25. Reduce appropriations within General City Purposes Fund No. 100/56, Account No. 0577, Pensions by \$129,466; and thereafter transfer to the Los Angeles Fire and Police Pension System Excess Benefit Fund No. 918/64, Revenue Source Code 4711, Pension Retirement Contribution – Employer for reimbursement of the City's retirement contribution subsidy;

Human Resources Benefits

26. Authorize the Personnel Department to negotiate and execute a contract with Los Angeles County's Third Party Administrator to administer the City's Civilian WC Program, effective July 1, 2010;

27. In accordance with the above recommendation, transfer \$3,000,000 within the Human Resources Benefits Fund No. 100/61, from Account No. 9910, Workers' Compensation, to a new account entitled "Contractual Services";

Liability Claims

28. Write off \$1,000,000 in a Liability Claims Reserve Fund loan (C.F.09-2627) inasmuch as it will not be reimbursed by the issuance of Judgment Obligation Bonds as previously anticipated;

Reserve

29. Transfer \$80,000,000 from the Reserve Fund to the Unappropriated Balance and therefrom to Nondepartmental General Fund No. 100/62 Revenue Source No. 4825, Interfund Operating Transfer-Reserve, to reduce the anticipated current-year revenue shortfall and provide sufficient cash flow in May; and,

Unappropriated Balance

30. Authorize the Controller to transfer \$50,000 from the Unappropriated Balance Fund No. 100/58, Account No. 0037, Reserve for Economic Uncertainties to the Century Corridor Business Improvement District Fund No. 40R/14 to fund a market analysis of the Airport Hospitality Enhancement Zone;

Technical

31. 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 STATEMENT

The 2009-10 Budget deficit is now estimated at \$222.4 million, which reflects \$36.8 million in savings identified since the approval of the Mid-Year Financial Status Report, increased property tax revenue of \$26 million, and the loss of the \$73.5 million power revenue transfer from the Department of Water and Power.

With the approval of the recommended transfer of \$80 million from the Reserve Fund to the General Fund, the Reserve Fund balance is estimated at \$126.7 million (consisting of \$120.9 million in the Emergency Reserve Account and \$5.7 million in the Contingency Reserve Account). The Reserve Fund balance at the year-end is estimated to be \$39.3 million, assuming the receipt of anticipated receipts and judgment obligation bond proceeds and the subsequent transfer of funds from the Reserve to the General Fund to cover the remaining \$142.4 million deficit.

Transfers, appropriations and other adjustments totaling approximately \$168.2 million are recommended in Sections 2 and 3 of this report, which includes a \$22 million proposed transfer from the Unappropriated Balance, Reserve for Economic Uncertainties to the Police Department sworn salary account.

DISCUSSION

The Office of the City Administrative Officer (CAO) monitors the budget and transmits reports to the Mayor and Council detailing the City's current financial condition. This report provides an update on the current-year budget deficit, revenue shortfall and reserve fund status as reported in the Mid-Year (Third) FSR, and it highlights current issues of concern and the potential impact to the City. In addition, it provides an update on department revenues and expenditures, which includes recommendations totaling \$168.2 million for appropriations, transfers and other budgetary adjustments, and status reports on the City's spending and savings efforts. At this time, the projected 2009-10 Budget deficit is estimated to be \$222.4 million without the DWP Power Revenue Transfer.

The following is a discussion regarding the recommendations included in the report and other budget related items. The discussion is presented in ten sections as follows:

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Section 2. Status of Departmental Budgets.....	Page 15
Section 3. Status of Non-Departmental Funds and Special Accounts	Page 30
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1. STATUS OF THE BUDGET DEFICIT

This section provides additional detail on the status of the current-year budget deficit, as presented in the report summary. In the 2009-10 Mid-Year FSR, the reported budgetary shortfall for 2009-10 was revised from \$98.1 million to \$208.5 million, which subsequently increased to \$211.7 million in conjunction with Council actions with the approval of the report (C.F. No. 09-0600-S159).

Based on current estimates, the current-year deficit is now \$222.4 million. The new figures reflects savings from other Mid-Year FSR recommendations, which have been approved, but not fully implemented, including savings from the elimination of 1,000 positions, the modification to the Solid Waste Resources Lifeline Program, the elimination of the Environmental Affairs and the Human Services Departments, and the reduction of contract costs. It should be noted that some of these figures provided in the table below differ from those previously reported, as follows:

- The current-year savings for the elimination of General Fund positions (through layoffs or transfers) reflect direct costs savings with the elimination 380 identified positions. For positions that were partly funded by special funds, savings have been correspondingly reduced. Additional savings from related costs are expected to be realized, partially offset by payments for unemployment insurance and payouts for accrued overtime and vacation pay. This Office is working with Departments to identify additional positions that may be eliminated.
- The figure for the Neighborhood Council has been reduced to reflect the amount of the rollover funds that is available to address the deficit.

Other savings figures have not been previously reported by our Office. Analysis continues on other proposals to increase revenue, consolidate functions, identify operational efficiencies and develop public-private partnerships that may result in additional savings; however, these savings may not be realized until fiscal year 2010-11 or later.

Fiscal Year 2009-10 Budget Deficit and Savings Measures and Revenue (millions)

Budget Deficit	(211.7)
<i>Mid-Year FSR-Related Savings Measures</i>	
Elimination of General Fund Positions	\$ 6.2
Transfer of Neighborhood Council Rollover Grant Funds (C.F. No. 09-0600-S196)	0.8
Modification to the Solid Resources Lifeline Rate Program	0
Elimination of Human Services Department (C.F. No. 09-0600-S162)	0.6
Elimination of Environmental Affairs Division (C.F. No. 09-0600-S159)	0.1
Ten Percent Reduction in Personal Services Contracts (C.F. No. 09-0600-S159)	1.0
Ten Percent Reduction in Purchasing Agent Contracts (C.F. No. 09-0600-S156)	0
Revenue from Parking Assets (C.F. No. 10-0139-S1)	0
Council Funds (C.F. No. 09-0853)	12.0
Centralized Collections by Office of Finance (C.F. No. 09-0600-S159)	0
Include Uncollected Debt as Reserve Fund Accounts Receivable (C.F. No. 09-0600-S159)	0
Increase Revenue from Tax Liens (C.F. No. 09-0600-S159)	0
Increase Revenue from New Fees and Contract Efficiencies for Ambulance Billing	0
Increase Revenue from New Alarm Permits	0

<i>Additional Savings and Revenue Reported in Fourth FSR</i>	
Reduction in Department Deficits	16.1
Additional Property Tax Revenue	26.0
Revised Budget Deficit Reflecting Savings from Actions Subsequent to FSR	(148.9)
Loss of Remaining DWP Power Revenue Transfer	(73.5)
Revised Budget Deficit Reflecting Loss of DWP Transfer	(\$222.4)

2. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, provides projections for year-end deficits and surplus, and highlights issues of concern. Recommendations include budgetary adjustments to address departmental account deficits, new appropriations and reimbursements to the General Fund from special funds, transfers from the Unappropriated Balance to departments for operational needs, transfers of departmental surplus funds to the Reserve for Economic Uncertainties and appropriation reductions.

A. Aging

No Recommendation

It is projected that the Department will have a surplus of \$633,305 in the Salaries General account from Older Americans Act – Title III E grant fund monies.

B. Animal Services

Attachment 4 – Transfers between Accounts within Departments and Funds

Recommendation No. 2

It is projected that the Department will have a \$1.2 million General Fund deficit by year-end, attributed to a \$1.4 million deficit in its Salaries, General account. Year-to-date General Fund receipts are \$2.2 million, which is 30 percent higher than the Department's projected estimate of \$1.7 million for the seven-month reporting period. The previously reported grievance process concerning euthanasia bonuses for Veterinary Technicians is still pending, with the potential salary settlement estimated at \$40,000. Resolution of this issue and clarification of the MOU should be completed this fiscal year.

It is recommended that the Department transfer \$40,000 from the Operating Supplies Account to the Animal Medical Supplies Account to reduce the projected account deficit.

C. Building and Safety

No Recommendation

In the Mid-Year FSR, it was previously reported that the Department expected to meet its budgeted General Fund revenue. At this time, a \$600,000 shortfall in revenue is projected due to decreased revenue collection for the non-compliance fee. This shortfall may be due to increased numbers of foreclosed properties, for which homeowners do not have the funding to remit payment for non-compliance fees. The Department is currently projecting to meet its budgeted revenue for the

Enterprise Fund. On a 12-month rolling basis, Enterprise Fund revenue is now 10 percent below budget (\$8.4 million); in the Mid-Year FSR, revenue was reported at 14 percent below budget. Fee increases implemented in October 2009 and increased work from proprietary departments have improved revenue since October. The Department continues to closely monitor construction activities, and will make budgetary adjustments, as necessary.

D. City Administrative Officer

**Attachment 5 – Transfers between Departments and Funds
Recommendation No. 3**

The Office previously reported a deficit of \$683,000 in its Salaries General account, which will be eliminated through previously implemented salary savings measures, the transfer of employees to special fund positions and funding transfers recommended in this report.

It is recommended that a total of \$285,000 identified from the Disaster Assistance Trust Fund and the Capital Finance Administration Fund be transferred to the Salaries and Travel accounts to cover a portion of eligible salaries and the cost of travel directly related to preventing the degradation of the City's financial position.

E. City Attorney

No Recommendation

In the Mid-Year FSR, the projected Department deficit was reported at \$8.6 million, largely attributed to its Salaries, General and Litigation Expense accounts. The projected deficit at this time is \$4.5 million, which reflects recently approved transfers from the Unappropriated Balance (C.F. No. 09-0600-S159) and revised savings figures from the Early Retirement Incentive Program, furloughs and reduced work schedules. The Department has projected that the salary deficit will be eliminated by year-end with future actions to include the transfer of bar dues that were deferred under the Coalition Agreement, the transfer of surplus funds from the Salaries, Grant account, and other year-end adjustments.

F. City Clerk

Recommendation Nos. 6 and 7

It is projected that the Department will have a \$27,000 deficit in their Salaries, General account.

The following actions are recommended:

- Reappropriate \$650,000 of \$1 million in funds encumbered in 2002-03 for the purchase of election-related equipment to purchase or lease a vote-by-mail system, as directed by Council on October 21, 2009 (C.F. No. 09-2240). The Department projects that, after accounting for equipment and maintenance agreements over ten years, a minimum net savings of \$740,000 will be realized. The \$350,000 balance of the appropriation will be reverted to the Reserve Fund (C.F. No. 09-0600-S183).

- Authorize the City Clerk to utilize up to \$800,000 of \$1.8 million in funding authorized for the Council District 2 Special Election (C.F. No. 09-0753) for other election-related activities, including referendum petitions, such as Medical Marijuana petitions, or other signature verification processes for recall efforts, in order to mitigate the need for additional appropriations.

G. Community Development Department

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 8 – Status of Full Cost Recovery for Fiscal Year 2009-10

Recommendation Nos. 2, 8 and 9

In the Mid-Year FSR, it was reported that the Department would have \$2.2 million special fund surplus at year-end resulting from the implementations of various salary savings measures. At this time, a surplus is no longer projected with the addition of new staffing and increased reimbursement of indirect costs to the General Fund.

The Department reports that there are sufficient resources to provide full cost recovery for all filled positions in 2009-10. (See Attachment 8.) The Department reports that approximately \$31.7 million is required in 2009-10 to fund 288 filled positions (\$20.3 million for direct costs and \$11.4 million for related costs). The total cost of \$31.7 million includes funding for 25 positions that were previously funded by the General Fund. The Department used existing vacant regular and resolution authorities to fill these positions. Nineteen of the positions were filled in-lieu of the existing job classification after approval from the Personnel and our office. Twelve of these positions were transferred from the Human Services Department. The Department will have 22 vacant positions by the end of the fiscal year (6 current vacant positions and 16 positions that will become vacant due to ERIP participation). Related costs will be transferred to the General Fund as the expenditures are incurred. As of March 31, 2009, \$6.07 million (53 percent of \$11.4 million) has been transferred to the General Fund.

The following transactions are recommended:

- Transfer \$320,000 from the Furniture and Equipment Account to the Office and Admin Expense Account to complete computer purchases for the FamilySource Centers. This funding was approved by Council and Mayor in July 2009 (C.F. No. 09-0648-S9).
- Transfer \$25,000 from the Community Development Trust Fund (CDBG) to the Information Technology Agency (ITA) to pay for labor and materials costs associated with communications and technology for the Departments regional offices.
- Reduce appropriations within the Workforce Investment Act (WIA) by a \$158,827, and increase appropriations \$752,964 within the Community Services Block Grant (CSBG) and Community Development Block Grant (CDBG) funds for the reimbursement of direct and indirect costs related to grant activities.

H. Controller
Attachment 7 – Transfers to the Reserve for Economic Uncertainties
Recommendation No. 5

It is projected that the Department will have a year-end surplus for \$775,000, attributed to various salary savings measures. It is recommended that the \$775,400 salary surplus be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties.

I. Convention Center
No Recommendation

As reported in the Mid-Year FSR, the Department estimates revenue to be approximately \$20 million, less than the \$24.5 million included in the 2009-10 Budget. To address the shortfall, the Department has reduced expenditures so as to not exceed available receipts.

J. Council
No Recommendation

On February 25, 2010, Council approved the identification and transfer of \$12 million in Council Funds to the Unappropriated Balance, Reserve for Economic Uncertainties (C.F. No. 09-0853).

K. Cultural Affairs
Recommendation No. 10

In the Mid-Year FSR, it was reported that General Fund would have a surplus of \$694,000 which was recommended to be used to reimburse the General Fund. The surplus is now projected to be \$909,000, attributed to previously implemented salary savings measures, canceled grants and reduced contract ceilings. It is recommended that the addition \$214,000 reimburse the General Fund for related costs.

L. Disability
No Recommendation

It was reported in the Mid-Year FSR that the General Fund would have a surplus of \$72,000. The surplus is now projected at \$161,000, attributed to growing savings from implemented salary savings measures, offset by a shortfall in the in the contractual services account for sign language services.

M. El Pueblo
No Recommendation

It is projected that the Department will have a surplus of \$23,000 at year-end attributed to growing savings from implemented salary savings measures. The Department reports that revenue is on target.

N. Emergency Management
Attachment 3 – New Appropriations
Recommendation Nos. 1 and 11

It is projected that the Department will complete the year within budget with savings from implemented salary savings measures and the transfer of \$414,000 in funding from Homeland Security grants. In fall 2009, the Department worked with the County of Los Angeles, as well as other City Departments, to assist in the implementation of thirty-nine H1N1 Influenza Virus Vaccination Clinics that were held within the City at Recreation and Parks facilities. The County agreed to reimburse the City for actual expenditures associated with the City's participation in these events, and provided funding totaling \$238,798 for anticipated expenditures. Actual expenditures totaling \$125,250 were submitted, and it is recommended that the amount be appropriated to General Services, Police, Emergency Management, and Recreation and Parks Departments in the amounts of \$32,331, \$48,977, \$9,986 and \$33,956, respectively. As the actual expenditures were less than the funding provided by the County, Council approval is recommended to refund a total of \$113,548 to the County.

O. Employee Relations Board
No Recommendation

It is projected that the Department will complete the year within budget.

P. Environmental Affairs
No Recommendation

On February 3, 2010, Council approved the elimination of the Department (C.F. No. 09-0600-S159). No deficit is projected for the Department thanks to previously implemented salary savings measures. If the Department is eliminated by May, approximately \$52,000 in General Fund savings would be realized, along with \$300,000 in special fund savings. With the elimination of the Department, any special fund surpluses may be reprogrammed for use by the receiving department.

Q. Ethics Commission
No Recommendation

With the transfer of \$161,000 in funds from the Contractual Services Account, Special Prosecutor allocation, as approved in the Mid-Year FSR, it is projected that the Department will complete the year within budget.

R. Finance
No Recommendation

It is projected that the Department will complete the year within budget due to previously implemented salary savings measures. With the implementation of the credit card convenience fee, approximately \$1.7 million in bank fees savings will be realized.

S. Fire

Attachment 4 - Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation Nos. 2 and 3

In the Mid-Year FSR, it was projected that the Department would have a General Fund deficit of \$8 million. It is now projected that the Department will complete the year within budget as a result of the previously implemented salary savings measures, including the sworn Modified Deployment Plan and the cancellation of the three budgeted Recruit Training classes, as well as the recent agreement with the United Firefighters of Los Angeles City.

As reported in the Mid-Year FSR, total revenue for fiscal year 2009-10 is anticipated to be \$136.7 million, an increase of \$1.7 million from the adopted budget.

The following transactions are recommended:

- Transfer \$1,000,000 from the Uniform Account to the Field Equipment Expense Account to address the projected deficit arising from ongoing maintenance of the Department's fleet and from unexpected expenditures over \$330,000 to replace expensive parts for aerial ladder trucks.
- Transfer \$200,000 from the Uniform Account to the Rescue Supplies and Equipment Account to address the projected deficit.
- Transfer \$55,000 from Targeted Destination Ambulance Services to the Personnel Department's Office and Administrative Account to pay for the fingerprinting of Firefighters and Emergency Medical Technicians as mandated by the U.S. Department of Justice.

T. General Services

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation Nos. 2 and 3

The Mid-Year FSR reported a deficit of \$7 million, upon the approval of recommended interfund transfers. The deficit is now projected at \$6.5 million, reflecting savings that will be realized with the transfer of employees to special funded positions in other departments. The Department currently has \$6.3 million in the Unappropriated Balance that was set aside to supplement for the costs of new facilities (\$5.3 million) and the citywide petroleum account (\$1 million). The \$6.3 million will remain in the UB to transfer to the Department in a later FSR.

The following transactions are recommended:

- A transfer of \$346,873 from the Sanitation Equipment Fund is recommended to pay for the purchase and installation of particulate traps on equipment for the Bureau of Sanitation to comply with the Air Quality Management District's Fleet Clean Air Program.

- A transfer of \$120,000 from the Salaries, As Needed Account to the Contractual Services Account is recommended to pay for the costs of a fleet utilization study. The study will analyze usage among user departments and seek to reduce the number of light duty fleet vehicles—sedans, station wagons, light duty vans, pick-up trucks, and SUVs—from its current level of 4,000.

U. Housing
No Recommendation

It is projected that the Department will have a special fund surplus of \$6.1 million primarily, which includes a \$5.9 million surplus in the Salaries, General account derived from previously implemented salary savings measures. Surplus funds consist of restricted federal grant and fee sources, which cannot be used to offset deficits in other City Departments. Funds may be used within the Department to fill vacancies with employees displaced from other departments. Depending on the source of funds, any surpluses will either revert back to the grantor, be carried over for use the next fiscal year, or be made available for future programming.

V. Human Services Department
No Recommendation

On March 2, 2010, Council approved the elimination of the Department, with the transfer of most functions to the Community Development Department (C.F. No. 09-0600-S162). Any year-end surpluses, currently projected at \$575,000, would be transferred to the Reserve for Economic Uncertainties. The Department will receive approximately \$618,000 in various grants for 2009-10. With the elimination of the Department, programs provided through these funding sources will need to be identified for transfer or termination.

W. Information Technology Agency
Attachment 3 - New Appropriations
Attachment 4 - Transfer Between Accounts within Departments and Funds
Recommendation Nos. 1 and 2

It is projected that the Department will have a General Fund deficit of \$80,000, comprised of deficits in its Salaries General, Hiring Hall, and Contractual Services accounts, offset primarily by surpluses in its Operating Supplies, and Communication Services accounts achieved through the cessation of equipment purchases and the elimination of unused telephone lines.

The following transactions are recommended:

- Appropriate a total of \$15,136 from the Department's revenue accounts to reimburse work performed for the Department of Recreation and Parks, the Los Angeles City Employee Retirement System and the Harbor Department.
- Appropriate \$275,750 provided by the Los Angeles World Airports for telecommunications design and installation work related to Fire Station 80 at the Los Angeles International Airport.

- Transfers totaling \$630,000 within the Department's fund are recommended to address deficits in the Salaries General and Hiring Hall accounts to ensure that payroll can be met through the end of the fiscal year.

X. Library

No Recommendation

It is projected that the Department will have a year-end surplus of \$2.5 million in its salary accounts attributed to previously implemented salary savings measures. However, it is also anticipated that the Department's salary surplus will be offset by a projected shortfall of \$630,000 in departmental receipts and revenues, resulting in a net department surplus of \$1.95 million. It should be noted that the Council approved recommendations to set aside this surplus for payout of the Early Retirement Incentive Program participants during 2010-11.

Y. Mayor

Attachment 5 – Transfers between Departments and Funds Recommendation Nos. 3, 12 through 14

The Mayor's Office of Homeland Security and Public Safety requests various transactions totaling \$125,234 to close out the 2008 Congressionally Mandated Award for the Foothill Community Law Enforcement and Recovery (CLEAR) Program (C.F. No. 09-0275), which provides salary and fringe benefit funding to the City Attorney's Office. The reappropriation of grant funds for City Attorney salary expenditures is requested in accordance with the approved grant budget. Additionally, the annual Reserve Fund Loan Review report will include a request from the City Attorney to write-off \$4,700 in expenditures that are not grant-reimbursable, for which Mayor's Office requests to increase appropriations within the grant fund in an amount equivalent to the disallowed expenditures to allow the City Attorney's Office to fully expend grant funds.

Additionally, the Mayor's Office requests various transactions totaling \$44,495 to appropriate interest and close out the 2006 Justice Assistance Grant (JAG) (C.F. No. 06-0284, 09-0169) that funds several of the City's Community Law Enforcement and Recovery (CLEAR) sites. Grant guidelines allow the use of interest income for expenditures in support the grant program. To date, the 2006 JAG award has earned \$34,000 in interest income. It is requested that the interest be used to reimburse Police Department salary expenditures in support of the CLEAR program in the 2008-09 Fiscal Year. In addition, the Mayor's Office identified a total of \$10,472 in savings from contractual services and is requesting to reappropriate this amount for this reimbursement, as well.

Lastly, the Mayor's Office requests to transfer appropriations totaling \$1,073,000 from its Contractual Services Account to the Police Department's Sworn Salaries in order to mitigate decreased funding of the Supplemental Law Enforcement Services Fund (SLESF). This Fund is administered by the Mayor's Office and is funded by State legislative action. In past years, the City has received as much as \$8 million from this program. However it now appears that the City will receive the legal minimum (\$100,000) from this program in 2009-10, far below the \$4.1 million that was budgeted for Police Department costs in support of the CLEAR program. The Police Department has ceased authorizing

overtime for this program, but previous overtime expenditures and the continuing salaries for the 18 officers funded by SLESF now represent a \$2,425,000 liability to the General Fund (\$1,925,000 for Sworn Salaries and \$500,000 for Sworn Overtime) to replace the remaining balance of lost funding to the Police Department.

Z. Neighborhood Empowerment

Attachment 7 – Transfers to the Reserve for Economic Uncertainty Recommendation No. 5

It is projected that the Department will have a \$155,000 year-end surplus attributed to previously implemented salary savings measures and the attrition of employees to special funded departments. It is recommended that this surplus be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties.

AA. Personnel

Attachment 6 – Appropriations from the Unappropriated Balance Recommendation Nos. 2, 4, and 15

It is projected that the Department will complete the year within budget. The realization of furlough savings has been hindered by the processing of layoffs and transfers of employees from General Funded positions to special funded positions; Department employees that perform these functions have been working 80 hours per pay period.

The following actions are recommended:

- Transfer \$150,000 remaining in the Unappropriated Balance (UB) to the Contractual Services account to pay for previously rendered services upon contract execution. The UB provided \$300,000 for workplace violence prevention training and response services. The First FSR transferred half of this amount to the Department's Contractual Services account in anticipation of layoffs.
- Approve resolution employment authority for up to five Licensed Vocational Nurses (LVN) to provide as-needed emergency and basic health care services to the inmate population in the City's jail facilities. While, the Department uses a combination of Correctional Nurses, Physicians, and Physician Assistants to provide these services, as-needed staffing is used to backfill vacancies and to fill in for regular full-time employees who are sick or on vacation. The use of LVNs will result in significant cost savings to the department's As-Needed Salaries account as the LVN earns less per hour compared to the Relief Correctional Nurses.
- The recommendation to transfer of \$55,000 from the Fire Department to reimburse the Department for fingerprinting services is addressed in Section 2.S. The United States Department of Justice (DOJ) requires all Firefighters and Emergency Medical Technicians (EMT) to be fingerprinted by June 30, 2010.

BB. Planning
Attachment 7 – Transfers to the Reserve for Economic Uncertainties
Recommendation No. 5

It is projected that the Department will have a year-end surplus of \$144,000 in its Salaries General account, attributable to previously implemented salary savings measures. The Mid-Year FSR recommended a transfer of \$1,700,000 from the Planning Department Salaries, General Account 1010 to the Reserve Fund for Economic Uncertainties. As reported in the Mid-Year FSR, the Department has revised projected revenue from Planning and Land Use Fees down from \$14 million to \$10.6 million.

It is recommended that the \$143,859 Salaries General surplus be transferred to the Unappropriated Balance, Reserve for Economic Uncertainties.

CC. Police
Recommendation Nos. 16 through 19

In the Mid-Year FSR, it was reported that the Department would have a General Fund deficit of \$78.2 million, largely attributed to the deficit in its Sworn Salaries account. The deficit is now estimated at \$69.1 million, which reflects deficits in the Sworn Salary, Contractual Services and Field Equipment Expense accounts, offset by an increase in projected savings in the Sworn Overtime Account. This overtime increase is based on savings from the Los Angeles Police Protective League agreement and reduced overtime details at the Los Angeles Airport (LAX).

Net hiring through March 27, 2010 is -58, or 20 under plan. Council action permits the adjustment to future classes to ensure that the Department ends the year close to the 9,963 sworn positions contemplated in the Adopted Budget. However, any classes that are hired (even those hired within the revised hiring instructions) will increase the deficit in sworn salary account.

2009-10 Year-to-Date Police Hires										
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD*
Actual Hires	39	80	40	40	0	0	20	0	25	244
09-10 Budget	40	80	40	40	40	0	40	40	40	400
Actual Attrition	25	62	30	27	31	27	44	20	36	302
09-10 Budget	44	94	41	41	48	23	28	33	28	380
Actual Net	+14	+18	+10	+13	-31	-27	-24	-20	-11	-58
09-10 Budget Net	-4	-14	-1	-1	-8	-23	+12	+7	+12	-20

*Year-to-Date, through pay period ending March 27.

An increase of \$3 million in General Fund revenue above the adopted revenue is projected from such sources as Impound Fees, Witness Fees, and Bond reimbursements. This increase is more than offset by decreased revenue from other sources. With the elimination of regularly scheduled overtime detail at LAX, this reimbursement revenue will be reduced correspondingly by \$7 million. Anticipated revenue from the half-cent sales tax to the Local Public Safety Fund is projected to be \$4 million below adopted revenue due to the current economy. The Supplemental Law Enforcement

Services Fund (SLESF), funded by State legislative action, will provide only the legal minimum (\$100,000) for 2009-10, far below the \$4.1 million in the adopted budget and the \$8 million the City has received as in past years. The budget allocated these funds for Department costs relating to the Community Law Enforcement and Recovery (CLEAR) program. While a transfer from the Mayor's Office is recommended to replace some of this lost funding, \$2,425,000 in additional funds will need to be identified to fund previously incurred overtime expenditures and ongoing salary costs.

The following transactions are recommended:

- Transfer \$14,810 in revenue for the replacement of a Smart Trailer that was damaged by a motorist to the Office and Technical Equipment Account.
- Reappropriate \$75,982 in General Fund monies to complete purchase of bomb suits, for which funds were encumbered, but no payment was issued.
- Reappropriate \$25,000 for purchase of a Sexual Assault Kit Tracking System for which Council District 5 provided General City Purpose funds in May 2009.
- Transfer \$22 million from the Unappropriated Balance, Reserve for Economic Uncertainties to the Department to meet sworn salary payroll expenses through pay period 25. The Sworn portion of the Department's shared sacrifice was \$129 million. The current projected deficit for the account is \$80 million, which takes into account net hiring above plan, savings from converting excess sick payment to time, the transfer of \$45 million from the Sworn Overtime Account, anticipated grant and special fund reimbursements totaling \$1.9 million, and reduced Police Hiring consistent with Council direction.
- The transfer \$1,037,000 from the Mayor's Contractual Services Account to the Department's sworn salary account to replace lost funding from the Supplemental Law Enforcement Services Fund for the Community Law Enforcement and Recovery (CLEAR) program is addressed in Section 2.Y.

DD. Public Works/Board

Attachment 3 – New Appropriations

Attachment 7 – Transfers to the Reserve for Economic Uncertainties

Recommendation Nos. 1 and 5

It is projected that the Department will complete the year with a total surplus of \$682,000 in both the General Fund and special funds, which assumes reimbursements from various bond funds and Project Restore within the fiscal year. The majority of this surplus is attributed to previously implemented salary savings measures as well as the transfer of seven employees to special fund positions from General Fund positions.

The Department has revised its revenue estimate downward by \$1.06 million, with the majority of the decrease attributable to reduced related cost reimbursement from the Sewer Construction and Maintenance Fund and decreased reimbursement for accounting, personnel, and board services related to permit invoices. Related cost reimbursement through January is \$2.4 million, which is approximately 39 percent of budgeted revenue.

The following transactions are recommended:

- Appropriate \$50,300 from the Public Works Trust Fund to the Salaries General Account for the reimbursement of salary costs for the Project Restore Director. Funding from Project Restore in this amount has been received and deposited into the Public Works Trust Fund.
- Transfer \$132,000 of projected surpluses within the Salaries General and Salaries Overtime accounts to the Unappropriated Balance, Reserve for Economic Uncertainties.

EE. Public Works/Bureau of Contract Administration
No Recommendation

It is projected that the Department will complete the year within budget, which assumes reimbursements from various bond funds within the fiscal year. The surplus accounts for the estimated \$454,000 in retroactive salaries owed to employees belonging to the Municipal Construction Inspectors Association (MCIA), offset by previously implemented salary savings measures. The Transportation Expense account is currently projected to have a deficit, which will be monitored and addressed in the year-end FSR.

As reported in the Mid-Year FSR, the Bureau anticipates a net revenue increase of \$71,000 from the original budgeted amount of \$11.5 million primarily due to increased permit activity.

FF. Public Works/Bureau of Engineering
Attachment 5 – Transfers between Departments and Funds
Attachment 7 – Transfers to the Reserve for Economic Uncertainties
Recommendation Nos. 3, 5, 20 and 21

It is projected that the Department will have a total surplus of \$8.8 million, of which \$1 million is General Fund. The surplus amount is contingent upon the appropriation of \$3.1 million from off-budget funds.

Receipts through the end of January are about \$11.6 million or 43.3 percent of the budgeted amount. As revenues are projected to remain flat for the remainder of the year, the revenue estimate has been revised to \$25.28 million, which is \$1.48 million less than the budgeted amount of \$26.76.

The following transactions are recommended:

- Transfer \$500,000 in General Fund monies from salary account to the Unappropriated Balance, Reserve for Economic Uncertainties.
- Reduce \$500,000 in Sewer Capital Fund funded appropriations reflecting salary savings.
- Reduce \$100,000 in Special Gas Tax Street Improvement Fund funded appropriations reflecting salary and overtime savings.

- Transfer a total of \$402,375 in Municipal Improvement Corporation of Los Angeles (MICLA) funding to various accounts within the Bureau of Street Services. The Bureau of Engineering serves as the Program Manager for the Storm Damage Repair Program (SDRP) which repairs damage to streets caused by the winter storms of 2005. The appropriation is needed to complete reconstruction of the Big Tujunga Canyon Road, to include installation of concrete lagging in between the installed steel soldier piles, construction of concrete grade beams at the top of steel soldier piles, and installation of guard rails and construction of the roadway. The project is estimated to be completed in May 2010. The MICLA front-funding will be reimbursed by the Federal Highway Administration (FHWA), and the Special Gas Tax Improvement Fund will provide the City's matching contribution.

GG. Public Works/Bureau of Sanitation Recommendation Nos. 22 and 23

In the Mid-Year FSR, it was projected that the Department would have a special fund surplus of \$10.2 million. The surplus is now projected to be \$12.2 million across its special funds attributable to previously implemented salary savings measures and expense savings. Additional funding received annually for the Storm Water Cleanup (Proposition O) General Obligation Bond program, funded at \$1.4 million last year, has not been factored into these savings. Those appropriations will be included for Council consideration in an upcoming Construction Projects Report.

In the previous FSR, it was reported that the Sewer Construction and Maintenance (SCM) Fund had continued to experience a decline in Sewer Service Charge receipts due to a decrease in the number of accounts, delinquencies in payments, reduced usage from water conservation and increased low income subscribers. Although this sliding trend has leveled off over the last quarter, it is difficult to predict how these factors, particularly water conservation, will affect receipts over the balance of the year. Budget obligations will be met through deferred capital expenditures and operational savings, and receipts will continue to be monitored.

The following transactions totaling \$2.6 million are recommended:

- Reduce salary appropriations from SCM by \$2 million in light of a projected \$5.8 million salary surplus resulting from salary savings measures. Notwithstanding this reduction, the Bureau will still be able to meet current year salary obligations, including planned hires from General Fund transfers. Related cost adjustments to SCM are handled in the subsequent fiscal year following completion of an audit for current year expenditures.
- Reduce salary and expense appropriations to the Department of General Services (GSD) from the Multifamily Bulky Item (MFBI) Program by \$601,197. GSD received an appropriation of \$736,159 to maintain 20 refuse vehicles for the MFBI Program. Over the past few months, 18 vehicles have been salvaged, reducing the number of vehicles GSD services to two, at a reduced cost of \$134,962. The Bureau has reassigned vehicles from its residential collection divisions to maintain service levels for bulky item pick ups; the remaining \$601,197 balance will be transferred to Solid Waste Resources Revenue Fund (SWRRF) as reimbursement for the cost of maintaining the reassigned refuse vehicles and to the MFBI cash balance, \$420,838 and \$180,359 respectively.

HH. Public Works/Bureau of Street Lighting
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds
Recommendation Nos. 2 and 3

It is projected that the Department will complete the year with a \$2 million special fund surplus, assuming completion of recommended transfers and expected year-end reimbursements.

The following transfers are recommended:

- Transfer \$240,000 from Salaries General to Salaries Overtime to keep the Bureau's goal of converting 20,000 streetlights to light emitting diodes (LED) on schedule. Due to the high rate of attrition in the Bureau's field staff and the limitations of the Managed Hiring process, the Bureau has had to depend on Hiring Hall and overtime to complete construction and maintenance projects and design work for other agencies.
- Transfer \$30,000 from the Salaries General account to the Salaries Overtime account to meet the schedule for the Interstate 405 Sepulveda Pass Widening project, as set by Metro. Reimbursement of funds for the Metro work will be provided by Metro to the Bureau through the forthcoming Metro Annual Work Program report.
- Transfer \$200,000 from the Special Gas Tax Fund to the Bureau's Salaries Overtime (\$55,000) and Street Lighting Supplies (\$145,000) accounts to complete new stairway and walkway lighting construction at four locations: Lemon Grove Tunnel, Ballona Creek Bike Path, Landa Stairway and Pierce Tunnel. Funds are reserved in the Gas Tax Capital Improvement Expenditure Program Budget for stairway and walkway lighting.
- Transfer \$374,000 from the Transportation Grant Fund to the Contractual Services account to provide the required 20 percent project match front funding for the installation of streetlights funded by Federal Safe Accountable Flexible Efficient Transportation Equity Act (SAFETEA-LU) grants. The funding is for the Elysian Valley Neighborhood Traffic Safety Enhancement – Riverside and Gail (\$184,000); Northeast San Fernando Valley Roadway Lighting – Devonshire from Langdon to Sepulveda (\$60,000); and Southwest San Fernando Valley Roadway Lighting – Victory Blvd (\$130,000) projects, which will assist in relieving traffic congestion.

II. Public Works/Bureau of Street Services
No Recommendation

In the Mid-Year FSR it was projected that the Department will have a surplus of \$13.2 million, consisting of \$1 million in the General fund and \$12.2 million in various special funds. The Department states that there are no significant issues to report.

A recommendation to transfer a total of \$402,375 in Municipal Improvement Corporation of Los Angeles (MICLA) funding to various accounts within the Bureau of Street Services for the Storm Damage Repair Program is addressed in Section 2.FF.

**JJ. Recreation and Parks
No Recommendation**

In the Mid-Year FSR, it was reported that the Department will have a \$4.3 million General Fund deficit due to a corresponding shortfall in its Salaries General Account. It is now projected that the Department will complete the year within budget, with shortfalls in its Salaries General and Hiring Hall accounts offset by projected savings within the Salaries, As-Needed account from the cancellation of some special events, intermittent closures of some facilities on Sundays and Holidays, and reductions in recreational programming. Additionally, stimulus funds will be used to offset some Salaries, As Needed expenditures.

The Department is projecting a \$2.4 million shortfall in the Department's total budgeted revenue of \$36.9 million. Golf revenue projections have been reduced to \$16.3 million due to drop in revenue and attendance in the summer months attributed to fires and current economic conditions. The Observatory revenue estimate has been reduced to \$2.1 million, based on revenue for the first seven months of Fiscal Year 2009-10; the Observatory has not been able to meet revenue budget for the last two fiscal years due to decreased attendance and visitor spending. Pool revenue projections have been reduced by \$80,000 due to closures of year-round pools for three to four months, in compliance with federally-mandated drain retrofit. Shortfalls are also projected for camps, parks, and tennis revenues due to current economic conditions.

**KK. Transportation
Attachment 5 – Transfers between Accounts within Departments and Funds
Recommendation No. 3**

It is projected that the Department will complete the year within budget. The \$1.8 million salary deficit reported in the Mid-Year FSR was eliminated with the approval of interdepartmental transfers to the Salaries, General account.

A transfer of \$700,000 from the Contractual Services account to a new account within the Special Parking Revenue Fund (SPRF) is recommended to allow the Department to begin the retrofit of 10,000 single-space parking meters in accordance with Council instructions (C.F. No. 09-0600-S173). The Department is pursuing an agreement to lease 10,000 single-space parking meters equipped with a credit card payment option that can be quickly installed into the City's existing meter housings. The lease agreement also includes related services for communication, credit card transactions, and central web-based management associated with the equipment. Additional funding to complete the retrofit will be requested in the 2010-11 Budget.

**LL. Treasurer
Recommendation No. 24**

It is projected that the Department will complete the year within budget. Of the \$7 million of funding provided in the Unappropriated Balance (UB) for bank service fees, \$4.5 million has been transferred

to the Department. Since the Office of Finance is reporting \$1.7 million in bank service fee savings, while the Treasurer reports that it anticipates spending the remaining \$2.5 million UB allocation for fees this fiscal year, it is recommended that the Department be instructed to provide a report on actual and projected 2009-10 bank service fee expenditures, detailed by Department.

MM. Zoo
No Recommendation

It is projected that the Department will have an \$186,000 surplus by year-end, attributed to previously implemented salary savings measures, as well as transfers of employees to special funded positions. However, cumulative revenue, reported as five percent below budget in the Mid-Year FSR, is now tracking at eight percent below budget, due to poor weather and the continuing effects of the economy. Likewise, attendance, which was reported at four percent below projections in the Mid-Year FSR, is six percent below projections. This Office will work with the Zoo to monitor revenues and identify offsets.

3. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental funds, special accounts and programs. Recommendations include budgetary adjustments to address departmental and non-departmental account deficits, new appropriations to the General Fund from special funds, transfers of departmental surplus funds to the Reserve for Economic Uncertainty and a Reserve Fund loan write-off.

A. General City Purposes Fund
Attachment 7 - Transfers to the Reserve for Economic Uncertainty
Recommendation Nos. 5 and 25

A year-end surplus of \$2.9 million is projected in the General City Purposes Fund from surpluses in the Medicare Contributions, Pensions Savings, Retirement Contributions, Social Security, Consent Decree, and other membership accounts. Savings identified in the various City membership accounts resulted from invoices received below the budgeted amount. Savings in the Consent Decree Monitor account is a result of the City meeting Consent Decree mandates.

The following transactions are recommended:

- Transfer a total of \$42,879.72 from surpluses within the General City Purposes Fund to the Unappropriated Balance, Reserve for Economic Uncertainties.
- Transfer \$129,466 from the Pensions Account to the Los Angeles Fire and Police Pension (LAFPP) System to fund increased obligations incurred with funding the Excess Benefit Plan (EBP) for the Deferred Retirement Option Plan (DROP). Internal Revenue Code Section 415(b) limits the amount of annual retirement benefits that may be paid by a qualified retirement plan, such as LAFPP. To mitigate any impact to the retired members, the City Council approved EBP, a supplemental plan in Tier 5 that is an obligation of the City's General Fund, to make up the

difference in retirement pay (Administrative Code Section 4.2021). The 415(b) limit for Tax Year 2010 is \$195,000. LAFPP was recently advised by Tax Counsel that a provision of 415(b) requires that this limit be adjusted for any payouts from DROP. When accounting for this adjustment, the number of retired employees exceeding the limit grew from six members to 16 members. Consequently, this increased the EBP amount for 2009-10 from \$98,542 to \$228,008.

B. Human Resources Benefits Fund Recommendations No. 26 and 27

At this time, a \$3.0 million year-end surplus is projected in the Workers' Compensation (WC) account within the Human Resources Benefits Fund. No year-end deficits are projected for the remaining accounts within the Fund. However, if the City proceeds with proposed layoffs, a significant deficit could result in the Unemployment Insurance account, which may be partially addressed by savings within the Civilian FLEX Program account. The maximum annual unemployment benefit cost would exceed the annual healthcare savings by \$2,600. More significant savings would be achieved the following fiscal year when unemployment benefits are discontinued. Enrollment in the sworn and civilian healthcare programs have continued to decrease as a result of the Early Retirement Incentive Program and managed hiring.

It is recommended that the Personnel Department be authorized to negotiate and execute a contract with the County's Third Party Administrator (TPA) to administer the City's Civilian WC Program effective July 1, 2010. Additionally, it is recommended that the \$3 million WC surplus be transferred to a new Contractual Services account to fund the contract. The estimated cost of this contract is approximately \$6.2 million per year; \$3 million will be provided from current year savings and the balance of \$3.2 million will be provided in the 2010-11 Budget. In order for the TPA to assume this function by July 1, 2010, sufficient time is required for the TPA to set up operations, identify and acquire the necessary resources, and transition files from the City.

C. Liability Claims Fund Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation Nos. 2 and 28

The Mid-Year FSR reported an estimated shortfall of \$73.9 million for year-end liability claims payouts. The new estimated shortfall is \$56.1 million (\$53.7 million for claims over \$1 million which are potentially eligible for bond financing and \$2.4 million for claims between \$100,000 and \$1 million) It is anticipated a Year-End shortfall of \$2.4 million will exist for case payouts over \$100,000 which are not eligible for bond financing. This shortfall has been revised due to lower exposure estimates and the Department's efforts to defer payments until next fiscal year.

To date the Reserve Fund has provided interim funding for approximately \$32.3 million in liability payouts. It is anticipated all interim funding provided will be reimbursed through a Judgment Obligation Bond (JOB) issuance by the end of the fiscal year with the exception of the Robert Stein case. The City Attorney has advised the Robert Stein case payout for \$1 million was deemed not eligible for bond financing by the courts and will not be reimbursed to the Reserve Fund. The City

Attorney's Office and this Office will continue to keep Council informed of any changes before the year-end.

The following actions are recommended:

- Transfer \$1 million from the Liability Claims \$100,000 and Under Account to the Liability Claims Over \$100,000 to mitigate the anticipated year-end shortfall.
- Write off the \$1 million Reserve Fund loan for the Robert Klein settlement. The settlement is not eligible to be included in the bond-financing package because the stipulated settlement was not signed and approved by the judge.

D. Reserve Fund

Attachment 7 – Transfer to the Reserve for Economic Uncertainties Recommendation Nos. 5 and 29

After accounting for approximately \$38.5 million in new receipts and other adjustments and \$2.7 million in new proposed loans and transfers, the current Reserve Fund balance is now estimated at \$206.7 million. Included in the new balance is the receipt of \$28.8 million from the Fire Hydrant and Main Installation Fund escheatment in March 2010 (C.F. No. 10-0235). As reported in the Mid-Year FSR and the Short Term Plan for Fiscal Solvency, the Reserve Fund would be used to address the current-year deficit (C.F. No. 06-0900-S159). On April 5, 2010, the Controller's Office requested \$90 million from the Reserve Fund to meet General Fund cash flow requirements in May.

The following transactions are recommended:

- Transfer the \$46,798,058 Reserve Fund appropriation for General Fund receipts to the Unappropriated Balance, Reserve for Economic Uncertainties. The Adopted Budget included a transfer \$46.8 million in General Fund receipts to the Reserve Fund. Due to the decline in revenue, the receipt of these funds is no longer expected. Approval of this recommendation will have no impact to the reported Reserve Fund balance.
- Transfer \$80 million from the Reserve Fund to the Unappropriated Balance to provide sufficient cash flow beyond April 19, 2010 and to reduce the current-year deficit by a corresponding amount. The Controller has agreed that \$80 million will suffice for the following two reasons: 1) steps have been taken to accelerate reimbursements from Airports and Harbor for City provided services, approximately \$12 million; and, 2) with the \$80 million transfer, the General Fund will maintain a cash balance between \$26 million and \$28 million instead of a balance between \$30 million and \$35 million. The Controller also expects that additional transfers from the Reserve Fund to the General Fund will be required before June 16 and again before the end of the 2009-10 fiscal year on June 30.
- A write-off of a \$1 million Reserve Fund loan is recommended in Section 3.C.

E. Unappropriated Balance Recommendation No. 30

With the transfers of surpluses from Departmental and Non-Departmental funds approved in the Mid-Year FSR and recommended in this report (\$34.8 million and \$48.5 million, respectively), the Unappropriated Balance, Reserve for Economic Uncertainties balance would be approximately \$83.3 million. (See Attachment 2-b.)

It is recommended that \$50,000 be transferred from the Reserve for Economic Uncertainties to the Century Corridor Business Improvement District in accordance with Los Angeles Municipal Code Section 104.103.B.3.b. The funding will pay for a market analysis to use in attracting new business into the Airport Hospitality Enhancement Zone.

4. STATUS OF EMPLOYMENT AND LABOR COST SAVINGS EFFORTS

A. Employment Level Report Attachment 9 – Employment Level Report

Citywide employment authority from all funding sources totaled 38,221 at the end of January for both civilian and sworn classes. Filled positions decreased by 540, from 35,057 at the end of November 2009 to 34,517 at the end of January. Departments reported a total of 3,704 vacant positions, 2,413 General Fund and 1,291 special funded.

B. Voluntary Furloughs Attachment 10 – Status of Voluntary Furlough Program

As of March 22, 2010, (Pay Period 20) approximately \$1,619,000 in savings has been achieved across City departments through voluntary furloughs. However, it is estimated that only 53 percent of this amount, approximately \$858,000, represents General Fund savings. We will report back on the progress of the voluntary furlough program in subsequent FSRs.

C. Early Retirement Incentive Program

To date, 1,137 employees have retired and 408 grandfathered participants have been approved under the Early Retirement Incentive Program (ERIP), bringing the total to 1,545 retirements. In addition, 353 are scheduled to retire on April 10, 2010, and the remaining 502 are scheduled to retire on or before June 5, 2010. To date, 380 employees have rescinded, while 203 remain on the wait list. As of March, the projected \$38 million in payroll savings has been achieved during this fiscal year and additional savings, estimated at \$2.5 million, is anticipated to be realized with the remaining pending retirements.

D. Overtime Expenses

In conjunction with the Coalition agreement, departments were directed to curtail their overtime expenditures, as recommended with the adoption of the Second FSR (C.F. No. 09-0600-S151). At that time \$28.6 million in uncommitted funds remained within department overtime accounts. Only cash payouts mandated by Memoranda of Understanding between the City and labor organizations or the Administrative Code were exempted, while other use of overtime by departments was to be permitted only with concurrence from our Office.

In the Mid-Year FSR, it was reported that \$23.8 million remains in overtime accounts. At this time \$18.6 million remains of General Fund and special fund appropriations, reflecting transfers and appropriations of \$797,000 and expenditures totaling \$6 million.

E. Position Eliminations

On March 15, 2010, this Office and the Personnel Department reported on the status of position eliminations, through the transfer of employees to special funded and proprietary department vacancies and layoffs (C.F. No 10-0247). Since then, the number of reported transfers has increased from 244 employees to 280. These transfers include 196 transfers between departments and 84 transfers within departments from General Fund positions to special fund positions. The number of positions identified for layoff has increased from 459 positions to 510 positions, of which 100 layoffs have been completed by the Personnel Department.

5. STATUS OF EXPENDITURE SAVINGS EFFORTS

In conjunction with the approval of the Mid-Year FSR, Departments were instructed by the Council to negotiate a 10 percent reduction to personal services contracts. Preliminary results from this exercise indicate \$4 million in savings for 2009-10 (\$1 million in General Fund savings) and \$9 million in savings for 2010-11 (\$1.5 million in General Fund savings). The CAO will issue a separate status report on this exercise.

The General Services Department (GSD) was instructed to negotiate 10 percent price reductions on all procurement contracts. GSD issued a status report to the Council on March 23, 2010, which stated that 240 of the 563 contractors had responded so far; 59 contractors have accepted a 10 percent reduction in pricing; and, 89 contractors have made counter-offers at less than 10 percent.

Departments were also instructed by the Council to develop a General Fund, personal service contracts elimination list. The exercise is still in progress, and the CAO will report on the status of this exercise at a later date.

On March 10, 2010, the Offices of the Mayor and the Controller issued a joint memorandum directing Departments to freeze all expenditures from non-salary General Fund allocations. In conjunction with this direction, Departments were directed to move their March, April and May expenditure allocations to the June period with the intent to transfer these funds to the Reserve for Economic Uncertainties

via the next FSR. The reallocation of \$99 million is complete, resulting in approximately \$110 million of General Fund and special fund appropriations in the June allotment. Our Office is working Departments and the Mayor's Office to determine the amount of this funding that may be used to address the deficit.

6. STATUS OF FEE WAIVERS AND SUBSIDIES

A. Special Event and Convention Center 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 periods from July through October 26, 2009, 352 special event fee waivers have been approved for a total of \$793,994.

On October 26, 2009, Council amended the Special Event Subsidy Policy to transfer responsibility for administration of fee waivers to the Office of the City Clerk (C.F. No. 09-0600-S46). Of the \$2.5 million in funding originally set aside for fee waivers, \$410,000 has been transferred to the Department of Transportation to cover previous expenditures and approximately \$16,000 of the \$2.09 million that remains has been allocated. Four waivers for organizations have been approved since the implementation of the new policy.

To date, one Convention Center fee waiver has been approved at a cost of \$3,683. The Motion for this event was adopted on January 12, 2010 (C.F. No. 07-0096-S1).

B. Development Fee and Permit Subsidies

In accordance with the City's Development Fee Subsidy Policy, this Office is required to report on the number and amount of Council-approved development fee subsidies. To date, one development fee subsidy has been approved on March 20, 2010 (C.F. No. 09-0117).

7. STATUS OF GANG REDUCTION PROGRAM FUNDING

An update on the status of gang reduction program spending by the Mayor's Office will be provided in the Year-End FSR.

8. STATUS OF FEE INCREASES

Attachment 11 - Status of Fee Increases in the 2009-10 Budget

Attachment 11 provides a status of both General Fund and special fund-related fee increases assumed in the 2009-10 Budget. There is no change in status from the Mid-Year FSR. Fee increases

for the Building and Safety Department, the Bureau of Engineering, the Planning Department and the Treasurer's Office have been implemented.

The Fire Department has begun to collect brush clearance fees; however, to date, the fees for the Film Spot Check and Industrial Building Inspection have not been implemented. The Fire Department has stated that due to lack of available staffing, the implementation of the industrial building inspection fee increase will not occur until well into the next fiscal year. The increase in the Fire Department's film spot check fee has been waived to support new film production. A report back on film permits recommendations for cost recovery and the impact of filming activity is pending.

9. 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 MICLA CP program to be used as temporary financing for approved capital construction projects and capital equipment purchases.

In early December 2009, \$89.9 million of CP notes were refinanced into long-term MICLA debt. Subsequently, in mid-December 2009, the Mayor and Council approved an increase of \$100 million to expand the MICLA CP program from \$200 million to \$300 million.

During the reporting period, MICLA CP was used towards the construction and improvements of the Alternative Fuel Infrastructure Facilities, Financial Management System, Neighborhood City Halls, and the Police Administration Building project. Capital equipment and replacement vehicles were purchased for the departments of Fire, General Services, Information Technology Agency and Police.

The City does not have any taxable notes outstanding at this time. Below is the status of the MICLA CP Program through March 16, 2010:

Reporting Period	Amount Outstanding	Range of Interest Rates
01/01/10 – 03/16/10	\$109,630,000	0.24% to 0.33% (tax-exempt)

10. STATE BUDGET UPDATE

On January 8, 2010, the Governor released his Proposed 2010-11 Budget for the State of California, which includes solutions to address the State's \$19.9 billion budget shortfall (\$6.6 billion for 2009-10 and \$13.4 billion for 2010-11). On March 22, 2010, the Governor approved the final element of a deficit reduction package, pursuant to a special legislative session. All bills were approved with the exception of ABX8 2 concerning 2010-11 budget reductions. ABX8 6, concerning the Gas Tax Swap and ABX8 14, concerning cash management clean up that may impact the City were approved. Below is a discussion of proposed 2010-11 solutions and an update on previous 2009-10 actions.

Transportation Funding Shift, 2010-11 Budget: The Governor recently signed a gas tax swap into law which repeals the State's share of the sales tax on gasoline and increases the excise tax. The final legislation added an index to the excise tax to keep pace with what the sales tax on gasoline would generate in a given fiscal year. This change was necessary to achieve true revenue neutrality. Cities are expected to receive new gas taxes equivalent to what would have been generated by Prop 42. Funding within the Budget for local streets and roads, state highways and Proposition 42-funded highways remain the same.

The approved legislation also provides that 75 percent of revenue from the diesel sales tax be directed to local transit operators beginning in 2011-12. The amount available for intercity rail and other state purposes will grow, via receipt of 25 percent of the state sales tax on gas and most of the non-Article XIX transportation funds. Transit operators would also receive a one-time appropriation for the remainder of fiscal year 2009-10 and fiscal year 2010-11.

It should be noted that with the elimination of the sales tax, the constitutional protection that restricts the use of sales tax on fuel to transportation funding is also eliminated. While the proposed budget allocates a portion of the tax to local streets and roads, there is no guarantee that this funding will be included in future budgets. The Governor's Proposed Budget sought to eliminate the Public Transit Account, which would eliminate funding for transit operations as funds are depleted. Currently, there is no anticipated change in transportation funding revenue in 2009-10. Further analysis regarding the impact on future year revenue is currently being conducted by Metro.

Redevelopment Funding Shift, 2009-10 and 2010-11 Budgets: The Governor's Proposed Budget has reprogrammed the \$350 million in 2010-11 Supplemental Education Revenue Augmentation Fund (SERAF) funds for trial court costs. The 2009-10 State Budget required all redevelopment agencies to make payments totaling \$2.05 billion over a two-year period to SERAF to offset State General Fund spending on education and other programs, consisting of \$1.7 billion in 2009-10 and \$350 million in 2010-11. The California Redevelopment Association filed a lawsuit in October 2009, holding that the 2009-10 provision is unconstitutional. The court hearing was February 5 and a ruling is expected in April, before the first payment becomes due on May 10, 2010. The impact of the SERAF contribution on the Community Redevelopment Agency (CRA/LA) may result in a payment to the State estimated to total \$85.4 million over a two-year period: \$70.8 million in 2009-10 and \$14.6 million in 2010-11.

Gas Tax and Proposition 42 (transportation), 2009-10 Budget, 2010-11 Budget: Cash flow has been adversely affected by the State Budget's postponement of Highway Users (Gas) Tax monthly transfers and Proposition 42 quarterly transfers, estimated to total \$31.4 million and \$16.6 million, respectively. With the close of the latest legislative session, no change has been made to the deferral schedule for 2009-10. With the approval of ABX 8 5, HUTA payments will be deferred \$50 million per month (statewide) from July 2010 until March 2011, to be fully repaid in April 2011. These funds would be deferred half from cities and half from counties.

The State previously approved the use of Proposition 1B Infrastructure Bonds to backfill deferred payments. However, with the passage of the latest budget reduction package (ABX 8 5 and ABX 8 14), local agencies are now required to pay interest if Proposition 1B funds are temporarily used for

HUTA purposes. This amendment arose from the State Treasurer who was concerned about maintaining the tax exempt status of the Proposition 1B bonds. Currently, the City has no plans to utilize these funds for cash flow purposes.

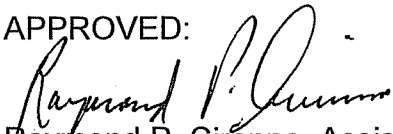
The City has received Gas Tax transfers totaling approximately \$22.0 million for the period of July through October. Under the revised schedule, transfers for November through March will be delayed until April. The suspended January, February and March Gas Tax transfers are \$4.3 million, \$5.5 million and \$4.8 million, respectively. Deferred transfers from November through March total \$25.8 million.

Vehicle License Fee, 2009-10 Budget: The 2009-10 Budget increased the Vehicle License Fee (VLF) from 0.65 percent to 1.15 percent. Of this increase, 0.15 percent is dedicated to local public safety programs, with the remainder (0.35 percent) deposited into the state's General Fund. The change became effective in May 2009. The VLF rate increase ends on June 30, 2011. The City already receives a portion of the 0.65 percent (approximately \$12 million) based on a formula. Our understanding of the legislation is that the 0.65 percent allocation was not impacted by the 2009-10 State Budget. Instead, the City is expected to benefit from the 0.15 percent dedicated to local public safety programs. The Police Department is in the process of identifying City programs that may benefit from these funds. Legislation has been proposed to extend the VLF increase until July 1, 2013 or rescind the increases. However, as currently written, the proposals do not impact the 0.65 percent allocation. We will continue to monitor this legislation for any changes.



Melissa Krance, Senior Administrative Analyst

APPROVED:



Raymond P. Ciranna, Assistant City Administrative Officer

MAS:RPC:MF/MCK:01100033

Attachments

Attachment 1
Status of Reserve Fund as of 3/31/2010

Council File No. Item Description	Amount
Balance Available, 7/1/09	\$ 152,864,585
Less: Emergency Reserve Account	<u>120,994,000</u>
Contingency Reserve Account 7/1/09	\$ 31,870,585
General Fund Appropriation to the Reserve Fund \$46,798,058	-
Loan Repayment and Other Receipts	<u>98,164,171</u>
Contingency Reserve Account	\$ 130,034,756
 Loans and Transfers Approved to Date	
08-0600-S70 New Fire Staion (YE reappropriation)	(12,750,000)
08-0600-S70 Tax Amnesty/Audit Penetration (YE reappropriation)	(7,750,000)
08-0600-S70 Actuarial Studies (YE reappropriation)	(5,000,000)
08-0600-S70 FMIS Replacement (YE reappropriation)	(4,665,000)
08-0600-S70 Public Safety Systems Project (YE reappropriation)	(1,615,016)
08-0600-S70 Fuel Management and Purchasing study (YE reappropriation)	(1,150,000)
09-2181 Metropolitan LA Branch of the American Society of Civil Engineers	(1,148,184)
08-0600-S70 ITA Expense to Salary Account (YE Reappropriation)	(1,092,696)
09-0600-S151 (2nd Cultural Affairs Matching Grant Program (Reappropriation)	(1,060,637)
09-0600-S151 (2nd Annual Audit (reappropriation)	(2,200,000)
CAO memo LACVB	(1,346,448)
CAO memo LACVB	(1,256,649)
08-2793 Liability Claims (May Day Litigation)	(1,000,000)
09-2627 Liability Claims (Stein)	(774,000)
09-2632 Liability Claims (Niles Rose) 2nd payment 7/1/10	(540,000)
09-0600 Budget Stabilization	(500,000)
CAO memo LACVB	(200,000)
10-0038 Liability Claims (Monroy)	(150,069)
10-0040 Liability Claims (Atkinson et al)	(60,000)
CAO memo LA Inc. Quarterly Payment	(59,038)
09-1482 Liability Claims (Bekeredjian)	(497)
 Loans and Transfers Approved to Date Subtotal	 \$ (44,318,234)
 Proposed Loans and Transfers	
09-0600 (4th FSR) Police-Sexual Assault Tracking System (Reappropriation)	(25,000)
 Proposed Loans and Transfers Subtotal	 \$ (25,000)
Contingency Reserve Available Balance as of 3/31/2010	<u><u>\$ 85,691,522</u></u>
 Total Emergency and Contingency Reserve Fund	 <u><u>\$ 206,685,522</u></u>

Proposed Transfer to Reduce Deficit	
09-0600 (4th FSR) Transfer to Unappropriated Balance, Unallocated Funds	(80,000,000)
Emergency Reserve Available Balance	\$ 120,994,000
Revised Contingency Reserve Available Balance	<u><u>\$ 5,691,522</u></u>
 Revised Total Emergency and Contingency Reserve Fund	 <u><u>\$ 126,685,522</u></u>

Attachment 2-a
Status of the Unappropriated Balance - General Account

C.F.	Appropriations	Date	Amount
	Beginning Balance		\$ 25,000
Approved Transfer			
09-1681	Trutanich Transition Team	7/14/2009	(473)
09-2244	Hispanic College Fund Youth Symposium	9/11/2009	(426)
09-2388	Tunson Leadership Foundation	10/2/2009	(531)
09-2432	Harbor Department Port Police Officers Association	10/7/2009	(588)
09-2178-S2	Comite de Festejos Centroamericanos (COFECA)	10/14/2009	(852)
09-2580	Lights On Gala	10/27/2009	(682)
09-2409	Child Health and Safety Fair/California Community Foundation	11/24/2009	(555)
09-2982	Reception of Los Angeles Conservancy	12/8/2009	(268)
10-0061	UCLA Government Day	1/20/2010	(680)
09-2178-S3	Comite de Festejos Centroamericanos (COFECA)	1/20/2010	(720)
10-0062	Asociacion Guatemalteca Americana (AGUA)	1/20/2010	(491)
10-0198	AQMD Hearing Van Nuys City Hall	2/12/2010	(576)
10-0269	Los Angeles Association of Black Personnel	2/26/2010	(374)
10-0296	Temple Aliyah Purim Carnival	2/26/2010	(444)
08-0564-S2	48th Assembly District's Women's History Month Celebration	3/5/2010	(461)
10-0456	Nine Norouz Celebration	3/26/2010	(751)
10-0457	Persian New Year celebration	3/26/2010	(634)
08-0696-S1	Cherry Blossom Reception	3/19/2010	(605)
10-0509	Toastmaster International Reception	3/30/2010	(347)
Balance Available			<u><u>14,542</u></u>

Attachment 2-b

Status of the Unappropriated Balance – non-General Accounts

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Available Balance
	General Fund					
	General (see Attachment 2-a)		\$ 25,000	\$ -	\$ (10,458)	\$ 14,542
	AB 1290		10,000,000			10,000,000
09-0600 (1st FSR, Md Yr)	Bank Fees	Treasurer	7,000,000		(4,500,000)	2,500,000
09-0753	Council District Two Special Election	City Clerk	1,800,000		(1,800,000)	0
09-0600 (Mid Year)	Equipment, Expenses & Alterations & Improvement	n/a	3,582,900		(3,582,900)	0
07-2186-S3	Financial Management System (FMS)	Controller	2,000,000		(500,000)	1,500,000
	GSD - Petroleum Products	GSD	4,000,000			4,000,000
09-0600 (Budget Reso)	LAPD Consent Decree Program	CLA	328,000	113,142	(441,142)	0
09-0600 (Mid Year)	LAPD Settlement Compliance Monitoring	CLA	120,000			120,000
	LINX Replacement (Risk Management System)	Personnel	2,000,000			2,000,000
09-0600 (Mid Year)	Litigation Expense Account	City Attorney	750,000		(750,000)	0
09-0600 (1st FSR)	Neighborhood Council Elections	City Clerk	1,905,000		(1,905,000)	0
09-0600 (Mid Year)	New Positions	Various	13,905,625		(5,005,751)	8,899,874
09-0600 (Mid Year)	New Police Facilities	Police	1,000,000		(1,000,000)	0
09-2766, 09-0600 (Mid Yr)	Outside Counsel inc. Workers' Compensation	City Attorney	3,750,000		(2,113,545)	1,636,455
09-0600 (1st FSR, 4th FSR)	Workplace Violence Prevention Training	Personnel	300,000		(300,000)	0
	Zero-Base Budget Consultant	CAO	300,000			300,000
Reapp per 08-0600-S70 YE; 09-0600 (2nd FSR, Mid Yr)	New Fire Station (reappropriation)	Fire		540,000	(540,000)	0
08-0600-S70 YE 09-0600 (Mid Year)	Tax Amnesty/Audit Penetration (reapprop)	Finance		150,069	(150,069)	0
09-0600 (Budget Reso)	Gang Prevention/Intervention/Reduction (Budget Reso reappropriation)			40,000		40,000
			\$ 52,766,525	\$ 843,211	\$ (22,598,865)	\$ 31,010,871

Attachment 2-b

Status of the Unappropriated Balance – non-General Accounts

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Available Balance
	Special Funds					
	New Positions - HOME (Fund No. 561)	Housing	59,859			59,859
	New Positions - Rent Stabilization (Fund No. 440)	Housing	83,714			83,714
	New Positions - Code Enforcement (Fund No. 41M)	Housing	27,905			27,905
0220-04501-0000(LED) 09-0600 (Mid Year)	New Positions - St. Lighting Maint. (Fund No. 347)	St. Lighting	1,763,731		(1,763,731)	0
09-0600 (Mid Year)	New Positions - Prop. C (Fund No. 540)	St. Lighting	265,304		(265,304)	0
	New Public Access Studio	TDA	2,500,000			2,500,000
09-0600-S120 09-600 (Mid Year)	Public Private Partnership (P3) Study	SPRF	3,000,000		(330,000)	2,670,000
			\$ 7,700,513	\$ -	\$ (2,359,035)	\$ 5,341,478
	Grand Total		\$ 60,467,038	\$ 843,211	\$ (24,957,900)	\$ 36,352,349

	Reserve for Economic Uncertainties					
09-0600 (Mid Yr Secs 1 & 2)	Surpluses from Multiple Departments and Funds			\$ 30,834,506		30,834,506
09-0600 (Mid Yr Sec 3)	PW Board, Community Beautification Grants			525,000		525,000
09-0600 (Mid Yr Sec 3)	PW Engineering, CD 14 and Pools			56,206		56,206
09-0600 (Mid Yr Sec 3)	GCP, LAPD Consent Decreee Program Account			1,650,000		1,650,000
09-0600 (Mid Yr Sec 3)	UB, LAPD Consent Decree Program			441,142		441,142
09-0600 (Mid Yr Sec 3)	UB, New Fire Stations			260,000		260,000
09-0600 (Mid Yr Sec 3)	UB, New Police Facilities			1,000,000		1,000,000
	<i>Subtotal Section 3: \$13,932,348</i>					
09-0600 (4th FSR)	Surpluses from Multiple Departments and Funds - includes appropriation to the Reserve Fund			48,547,197		48,547,197
09-0600 (4th FSR)	PD Sworn Salary Deficit for PP 25				(22,000,000)	(22,000,000)
09-0600 (4th FSR)	Airport Hospitality Enhancement Zone				(50,000)	(50,000)
	Reserve for Economic Uncertainties Balance			\$ 83,314,050	\$ (22,050,000)	\$ 61,264,050

Attachment 3
FY 2009-10 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS

TRANSFER FROM			TRANSFER TO		
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	
Information Technology Agency <i>Service Reimbursements from Rec and Parks</i>	<u>Fund 100/32, Information Technology Agency</u> RSC 4610, Reimbursements from Depts/Funds	\$ 10,222.00	<u>Fund 100/32, Information Technology Agency</u> 1090, Salaries Overtime	\$ 3,777.00	
			9350, Communications Services	\$ 6,445.00	
	<i>Service Reimbursements from LACERS</i>	\$ 2,551.00	1090, Salaries Overtime	\$ 575.00	
			9350, Communications Services	\$ 1,976.00	
<i>Service Reimbursements from Harbor</i>	RSC 4196, Services to Proprietary Depts, Harbor	\$ 2,363.00	1090, Salaries Overtime	\$ 2,363.00	
<i>LAX Fire Station Telecommunication Design and Installation</i>	RSC 4194, Services to Proprietary Depts, Airport	\$ 275,750.00	1010, Salaries - General	\$ 35,689.00	
			1090, Salaries - Overtime	\$ 66,095.00	
			9350, Communication Services	\$ 173,966.00	
	Subtotal	<u>\$ 290,886.00</u>		Subtotal	<u>\$ 290,886.00</u>
Emergency Management Department <i>H1N1 Vaccination Clinics</i>	<u>Fund 100/35, Emergency Management Department</u> RSC 3702, Emergency Management Assistance	\$ 125,250.30	<u>Fund 100/70, Los Angeles Police Department</u> 1092, Salaries Overtime Sworn	\$ 48,977.54	
			<u>Fund 100/40, General Services Department</u> 1090, Salaries Overtime	\$ 14,660.93	
			3040, Contractual Services	\$ 17,670.11	
			<u>Fund 205/88, Recreation and Parks</u> FP01, H1N1 Vaccination Clinics	\$ 33,956.08	
			<u>Fund 100/35, Emergency Management Department</u> 1090, Salaries Overtime	\$ 9,985.64	
				Subtotal	<u>\$ 125,250.30</u>
Public Works - Board <i>Project Restore</i>	<u>Fund 834/50, Board of Public Works</u> Available Balance	\$ 50,300.00	<u>Fund 100/74, Board of Public Works</u> 1010, Salaries, General	\$ 50,300.00	
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 466,436.30		\$ 466,436.30	

Attachment 4
FY 2009-10 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Animal Services <i>Medical Supplies</i>	<u>Fund 100/06, Animal Services</u> 6020, Operating Supplies	\$ 40,000.00	<u>Fund 100/06, Animal Services</u> 3190, Animal Medical Supplies	\$ 40,000.00
Community Development <i>FamilySource Computer Equipment</i>	<u>Fund 100/22, Community Development</u> 7300, Furniture and Equipment	\$ 320,000.00	<u>Fund 100/22, Community Development</u> 6010, Office and Admin Expense	\$ 320,000.00
General Services <i>Fleet Utilization Study</i>	<u>Fund 100/40, General Services</u> 1070, Salaries As-Needed	\$ 120,000.00	<u>Fund 100/40, General Services</u> 3040, Contractual Services	\$ 120,000.00
Fire <i>Field Equipment Expense Deficit</i> <i>Rescue Supplies and Equipment Deficit</i>	<u>Fund 100/38, Fire</u> 4430, Uniform Account	\$ 1,200,000.00	<u>Fund 100/38, Fire</u> 3090, Field Equipment Expense 3260, Rescue Supplies and Equipment	\$ 1,000,000.00 \$ 200,000.00
			Subtotal	\$ 1,200,000.00
Information Technology Agency <i>Salaries, General and</i> <i>Salaries, Hiring Hall Deficits</i>	<u>Fund 100/32, Information Technology Agency</u> 6020, Operating Supplies 9350, Communications Services	\$ 150,000.00 \$ 480,000.00	<u>Fund 100/32, Information Technology Agency</u> 1010, Salaries General 1100, Salaries, Hiring Hall	\$ 480,000 \$ 150,000.00
	Subtotal	\$ 630,000.00	Subtotal	\$ 630,000.00
Public Works-Street Lighting <i>LED Conversion</i> <i>I-405 Sepulveda Pass Widening</i>	<u>Fund 100/84, Street Lighting</u> 1010, Salaries, General 1010, Salaries, General	\$ 240,000.00 \$ 30,000.00	<u>Fund 100/84, Street Lighting</u> 1090, Salaries, Overtime 1090, Salaries, Overtime	\$ 240,000.00 \$ 30,000.00
	Subtotal	\$ 270,000.00	Subtotal	\$ 270,000.00
Transportation <i>Ten Thousand Meter Replacement</i>	<u>Fund 363/94, Special Parking Revenue Fund</u> 0050 (FY08), Contractual Services	\$ 700,000.00	<u>Fund 363/94, Special Parking Revenue Fund</u> (NEW), Ten Thousand Parking Meter Replacement	\$ 700,000.00
Liability Claims <i>Claims over \$100,000 deficit</i>	<u>Fund 100/59, Liability Claims</u> 9760, Liability Claims \$100,000 and Under	\$ 1,000,000.00	<u>Fund 100/59, Liability Claims</u> Account 9770, Liability Claims over \$100,000	\$ 1,000,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 4,280,000.00		\$ 4,280,000.00

Attachment 5
FY 2009-10 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
City Administrative Officer <i>Cap Finance Eligible Costs</i>	<u>Fund 100/53, Capital Finance Administration Fund</u> 0327, MICLA 2009-B	\$ 185,000.00	<u>Fund 100/10, City Administrative Officer</u> 1010, Salaries, General 2130, Travel	\$ 165,000.00 \$ 20,000.00
<i>Disaster Assist Eligible Costs</i>	<u>Fund 872/10, Disaster Assistance Trust Fund</u> F878, 2008 Sayre Wildfires State Disaster Assistance	\$ 100,000.00	<u>Fund 100/10, City Administrative Officer</u> 1010, Salaries, General	\$ 100,000.00
Fire <i>Code Enforcement Services</i>	<u>Fund F44R/38, Targeted Destination Ambulance Services</u> 000A, Targeted Destin Ambulance Services Revenue	\$ 55,000.00	<u>Fund 100/66, Personnel</u> 1010, Salaries, General	\$ 55,000.00
Mayor <i>CLEAR Program - SLESF Replacement</i>	<u>Fund 100/46, Mayor</u> 3040, Contractual Services	\$ 1,073,000.00	<u>Fund 100/70, Los Angeles Police Department</u> 1012, Salaries Sworn	\$ 1,073,000.00
General Services Department <i>Purchase and Installation of Particulate Traps for Sanitation</i>	<u>Fund 48S/50, San Eq Charge</u> W305, Gen Vehicles-New and Replace	\$ 346,873.72	<u>Fund 100/40, General Services</u> 3090, Field Equipment Expense	\$ 346,873.72
Public Works - Engineering <i>Storm Damage Repair Program</i>	<u>Fund 298/50, MICLA Commercial Paper</u> A600, 2005 Storm Damage Repair	\$ 402,375.00	<u>Fund 100/86, Bureau of Street Services</u> 1010, Salaries General 3030, Construction Expense 3040, Contract Services 6020, Operating Supplies	\$ 230,000.00 \$ 140,000.00 \$ 12,375.00 \$ 20,000.00 Subtotal \$ 402,375.00
Public Works - Street Lighting <i>Stairway & Walkway Lighting</i>	<u>Fund 206/50 Gas Tax</u> A924, Stairway & Walkway Lighting Unit 5 E924, Stairway & Walkway Lighting Unit 5	\$ 121,430.00 \$ 78,570.00 Subtotal \$ 200,000.00	<u>Fund 100/84, Street Lighting</u> 1090, Salaries, Overtime 8780, St Lighting Improvements and Supplies	\$ 55,000.00 \$ 145,000.00 Subtotal \$ 200,000.00
	<u>Fund 655/94 Transportation Grants Fund</u> NEW, Elysian Valley Neighborhood Traffic Safety NEW, Northeast San Fernando Valley Roadway Ltg NEW, SW San Fernando Valley Roadway Ltg	\$ 184,000.00 \$ 60,000.00 \$ 130,000.00 Subtotal \$ 374,000.00	<u>Fund 100/84, Street Lighting</u> 3040, Contractual Services	\$ 374,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 2,736,248.72		\$ 2,736,248.72

Attachment 6

**FY 2009-10 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<u>DEPARTMENT</u>	<u>APPROPRIATE FROM:</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
Personnel	<u>Fund 100/58, Unappropriated Balance</u> 0251, Workplace Violence Prevention	<u>Fund 100/66, Personnel Department</u> 3040, Contractual Services	150,000.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			\$ 150,000.00

Attachment 7

**FY 2009-10 BUDGET ADJUSTMENTS
Transfers to the Reserve for Economic Uncertainties**


<u>DEPARTMENT</u>	<u>APPROPRIATE FROM:</u>	<u>AMOUNT</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
Controller	<u>Fund 100/26, Controller</u> 1010, Salaries General	\$ 775,400.00	<u>Fund 100/58, Unappropriated Balance</u> 0037, Reserve for Economic Uncertainties	\$ 48,547,196.72
Neighborhood Empowerment	<u>Fund 100/47, Neighborhood Empowerment</u> 1010, Salaries General	\$ 155,000.00		
Planning	<u>Fund 100/68, Planning</u> 1010, Salaries General	\$ 143,859.00		
Public Works - Board	<u>Fund 100/74, Board of Public Works</u> 1010, Salaries General 1090, Salaries Overtime	112,000.00 20,000.00		
	Subtotal	<u>132,000.00</u>		
Public Works - Engineering	<u>Fund 100/78, Engineering</u> 1010, Salaries General	500,000.00		
General City Purposes	<u>Fund 100/56, General City Purposes</u> 0201, League of California Cities 0202, National League of Cities 0204, Sister Cities of Los Angeles 0208, Southern California Assoc. of Govts. 0212, League of California Cities, County Div. 05AU, Monitor Under Consent Decree	5,024.00 580.00 35.00 35,952.00 560.00 728.72		
	Subtotal	<u>42,879.72</u>		
Reserve Fund	<u>Fund 100/62, Reserve Fund</u> 0101, Reserve Fund	46,798,058.00		
TOTAL APPROPRIATIONS TO THE UNAPPROPRIATED BALANCE		\$ 48,547,196.72		\$ 48,547,196.72

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: March 31, 2010

TO: Honorable Bernard C. Parks
Committee Chair
Budget and Finance Committee

FROM: Richard L. Benbow 
General Manager
Community Development Department

SUBJECT: COMMUNITY DEVELOPMENT DEPARTMENT REPORT BACK – STATUS OF FULL COST RECOVERY FOR FISCAL YEAR 2009-10

The purpose of this memo is to provide the Budget and Finance Committee members with the status of the Community Development Department's (CDD) full cost recovery efforts for Fiscal Year 2009-10.

Full Cost Recovery for FY2009-10

At the City Council meeting on March 2, 2010, CDD was instructed to report back to the Budget and Finance Committee on the hiring of General Fund financed staff from the Human Services Department (HSD). The CDD was additionally requested to report on whether HSD programs met grant program guidelines in terms of eligible activities.

For FY2009-10, the CDD projects that approximately \$31.7 million is needed to finance 288 filled positions. FY2009-10 resources from the Community Development Block Grant (CDBG), Workforce Investment Act (WIA), Community Services Block Grant (CSBG) and various American Recovery and Reinvestment Act (ARRA) grants are sufficient to cover CDD's projected salary costs of about \$20.3 million and full related costs of about \$11.4 million.

These costs include salary and related costs for staff transferred to CDD from HSD primarily as well as other departments.

Status of Related Cost Reimbursement

The CDD is on target to reimburse the General Fund for full related costs of the Department's 288 employees. As of February 28, 2010, CDD has expended \$12.5 million in salary costs and reimbursed the General Fund approximately \$7 million, based on CDD's Cost Allocation Plan (CAP) Rate of 56.41 percent. The CDD projects an additional \$7.8 million in salary costs for the remainder of this fiscal year, and an additional related costs reimbursement of about \$4.4 million.

Human Services Department Staff Hired by CDD

As a result of the implementation of EAA furlough and the reduced hours for Coalition employees, CDD projected salary expenditures will result in FY2009-10 salary savings. These salary savings provide sufficient resources to assist with the Mayor and City Council's efforts to transfer employees from General Funded departments to special funded sources such as those managed by CDD. The CDD has hired a total of 25 employees from several departments such as the City Administrative Officer, Fire, Planning, Office of Finance, Transportation, as well as Neighborhood Empowerment and Human Services. As of April 11, 2010, CDD will have hired 12 staff from HSD:

Human Services Department Staff Hired by CDD

Position	Quantity
Sr. Project Coordinator	1
Management Analyst II	1
Community Program Assistant	3
Human Relations Advocate	7
Total	12

The 12 positions listed on the table above are included in CDD's total number of filled positions and in the FY2009-10 projected total salary and related costs of \$31.7 million. The CDD's ARRA grant resources will support the total salary costs of 11 of the employees transferred to CDD. One position will be supported by a combination of CDBG, WIA and CSBG grant resources.

HSD Specialized Classifications

Most of the HSD staff that transferred to CDD are in specialized classifications unique to the tasks performed by the HSD. The authorized positions in CDD are city-wide classifications such as Management Analyst, Accountant and Clerk Typist. The CDD also has classifications used primarily for program delivery activities such as Project Coordinator and Project Assistant. The authorities for the specialized HSD positions are not available for CDD staff.

Currently, CDD is using in-lieu position authorities for 11 of the HSD staff who transferred instead of their actual classifications. As a result, CDD must hold a position vacant for each of the specialized HSD positions. The impact of not being able to fill CDD's broadly used classifications being held vacant for the transferred HSD staff, reduces CDD's ability to complete critical grants management and grants compliance functions CDD is required to carry out.

The CDD discussed its challenges with the limitations of using in-lieu authorities for the specialized classifications from HSD with the Mayor's Office and the CAO on March 12, 2010. Options to resolve this matter will be included in CDD's request for position authorities to include the specialized HSD classifications in a forthcoming transmittal. The transmittal will also respond to the Hahn-Cardenas Amending Motion (CF 09-0600-S162), which requests the continuation of certain functions performed by Human Relations Facilitators.

Conclusion

In summary, as a result of the additional ARRA grant funds received by CDD and salary savings from furloughs and reduced working hours, the CDD hired 25 employees from General Funded departments and projects FY2009-10 resources are sufficient to provide full cost recovery for all 288 positions. In addition, CDD will continue to work with the CAO on the right combination of position authorities to meet the financial and programmatic requirements of CDD's grantors.

Please feel free to contact, Rhonda Gaston, Assistant General Manager at 213-744-7397 with any questions.

RLB:RG:zd

**Attachment 9
Employment Level Report - January**

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of January	Changes	End of January	Start of January	Changes	End of January		
Aging	41	56	-	56	46	-	46	10	
Animal Services	357	412	-	412	368	(1)	367	45	
Building and Safety	806	1,023	-	1,023	923	(24)	899	124	11
City Administrative Officer	125	129	-	129	123	(1)	122	7	1
City Attorney	835	1,055	-	1,055	997	(22)	975	80	12
City Clerk	134	144	-	144	130	(4)	126	18	2
Community Development	198	301	-	301	272	(2)	270	31	5
Controller	188	230	-	230	179	(3)	176	54	5
Cultural Affairs	68	70	-	70	63	-	63	7	2
Disability	13	19	-	19	18	-	18	1	
El Pueblo	17	21	-	21	16	-	16	5	4
Emergency Management	19	30	-	30	26	(1)	25	5	
Employee Relations Board	3	3	-	3	3	-	3	-	
Environmental Affairs	28	28	-	28	27	-	27	1	
Ethics Commission	24	24	-	24	24	-	24	-	
Finance	362	401	-	401	368	(6)	362	39	20
Fire - Civilian	353	439	-	439	356	-	356	83	35
Fire - Sworn	3,588	3,647	-	3,647	3,650	(12)	3,638	9	5
General Services	2,042	2,089	(5)	2,084	1,950	(33)	1,917	167	10
Housing	535	602	-	602	522	(5)	517	85	11
Human Services	20	36	-	36	26	(2)	24	12	1
Information Technology Agency	637	717	(1)	717	657	(14)	643	74	5
L.A. Convention Center	165	183	-	183	134	1	135	48	12
Neighborhood Empowerment	43	43	-	43	38	-	38	5	
Personnel	441	516	-	516	482	(16)	466	50	10
Planning	270	365	-	365	292	(8)	284	81	
Police - Civilian	3,545	3,587	-	3,587	3,181	(47)	3,134	453	6
Police - Sworn	10,467	10,493	-	10,493	9,939	(3)	9,936	557	
PW/Board of Public Works	130	142	-	142	120	-	120	22	
PW/Bureau of Contract Admin	281	403	-	403	347	(3)	344	59	
PW/Bureau of Engineering	894	1,044	(5)	1,039	885	(21)	864	175	16
PW/Bureau of Sanitation	2,845	2,925	-	2,925	2,588	(23)	2,565	360	11
PW/Bureau of Street Lighting	230	261	-	261	205	-	205	56	2
PW/Bureau of Street Services	1,157	1,592	-	1,592	1,267	(27)	1,240	352	71
Transportation	1,425	1,645	-	1,645	1,545	(19)	1,526	119	13
Treasurer	39	42	-	42	39	-	39	3	2
Zoo	245	247	-	247	213	(1)	212	35	1
Subtotal	32,570	34,964	(11)	34,954	32,019	(297)	31,722	3,232	273
Library	1,132	1,156	-	1,156	1,040	(17)	1,023	133	-
Recreation and Parks	1,961	2,111	-	2,111	1,801	(29)	1,772	339	119
Subtotal	3,093	3,267	-	3,267	2,841	(46)	2,795	472	119
Total	35,663	38,231	(11)	38,221	34,860	(343)	34,517	3,704	392

"Position Authorities-Start of January" 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	35,663	37,985	112	38,097	35,729	(188)	35,541	2,556	410
August	35,663	38,097	137	38,234	35,541	(144)	35,397	2,837	408
September	35,663	38,234	(1)	38,233	35,397	(140)	35,257	2,976	401
October	35,663	38,233	-	38,233	35,257	(109)	35,148	3,085	400
November	35,663	38,233	-	38,233	35,148	(91)	35,057	3,177	400
December	35,663	38,233	(2)	38,231	35,057	(197)	34,860	3,371	398
January	35,663	38,231	(10)	38,221	34,860	(343)	34,517	3,704	392
February			-			-		-	-
March			-			-		-	-
April			-			-		-	-
May			-			-		-	-
June			-			-		-	-

Attachment 10 - Status of Voluntary Furlough Program

Department	PP 1 - 16 (6/21/09-1/30/10)		PP 17 (1/31-2/13)		PP 18 (2/14-2/27)		PP 19 (2/28-3/13)		PP 20 (3/14-3/27)		TOTAL	
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Aging	205	\$ 7,482.53	2	\$ 94.74	1	\$ 47.37	1	\$ 47.37	1	\$ 47.37	210	\$ 7,719.38
Animal Services	912	\$ 22,384.89	-8	\$ (181.68)	2	\$ 39.11	8	\$ 168.96	16	\$ 388.88	930	\$ 22,800.16
Building & Safety	1,755	\$ 61,604.06	37	\$ 1,623.04	40	\$ 1,678.29	48	\$ 1,392.45	1	\$ (131.80)	1,881	\$ 66,166.04
CAO	322	\$ 14,250.44	4	\$ 243.08			8	\$ 320.88	8	\$ 320.88	342	\$ 15,135.28
CDD	208	\$ 5,976.06							9	\$ 180.00	217	\$ 6,156.06
City Attorney	631	\$ 33,207.40	7	\$ 508.13	16	\$ 757.68	-7	\$ (497.89)	11	\$ 629.99	658	\$ 34,605.31
City Clerk	125	\$ 5,376.75									125	\$ 5,376.75
Controller	96	\$ 3,021.12									96	\$ 3,021.12
Convention Center	14	\$ 272.36									14	\$ 272.36
Council	3,140	\$ 118,125.51	601	\$ 21,194.10	613	\$ 22,160.18	452	\$ 17,226.28	805	\$ 28,020.46	5,611	\$ 206,726.53
Cultural Affairs	237	\$ 7,317.37	32	\$ 1,058.66	52	\$ 1,750.79	31	\$ 1,006.52	30	\$ 980.45	382	\$ 12,113.79
Disability	0	\$ -									0	\$ -
DONE	529	\$ 22,463.55	10	\$ 396.20	2	\$ 79.24					541	\$ 22,938.99
El Pueblo	22	\$ 655.75									22	\$ 655.75
Emergency Mgmt	40	\$ 3,277.60									40	\$ 3,277.60
ERB	270	\$ 15,379.20	20	\$ 1,139.20	8	\$ 455.68	8	\$ 455.68	8	\$ 455.68	314	\$ 17,885.44
Environmental Affairs	50	\$ 2,005.50									50	\$ 2,005.50
Ethics	451	\$ 16,689.89	32	\$ 1,215.68	24	\$ 911.76	22	\$ 835.78	22	\$ 835.78	551	\$ 20,488.89
Finance	434	\$ 12,259.62									434	\$ 12,259.62
Fire	710	\$ 19,950.39	22	\$ 674.80	9	\$ 197.51	12	\$ 303.60	17	\$ 420.92	770	\$ 21,547.22
General Services	2,407	\$ 69,185.64	98	\$ 2,650.85	51	\$ 1,107.84	57	\$ 1,194.33	118	\$ 3,116.51	2,731	\$ 77,255.17
Harbor	27	\$ 1,356.29									27	\$ 1,356.29
Housing	1,664	\$ 47,721.32	39	\$ 1,075.44	33	\$ 1,035.01	67	\$ 2,189.36	49	\$ 1,470.39	1,852	\$ 53,491.52
Human Services	72	\$ 3,156.80									72	\$ 3,156.80
ITA	879	\$ 33,927.41	48	\$ 2,420.56	32	\$ 1,788.16	34	\$ 1,857.84			993	\$ 39,993.97
LACERS	1,600	\$ 48,978.93	73	\$ 1,722.44	82	\$ 2,250.65	81	\$ 2,224.58	73	\$ 1,722.44	1,909	\$ 56,899.04
Library	3,349	\$ 100,817.93	207	\$ 6,593.01	145	\$ 4,835.65	184	\$ 5,484.81	149	\$ 4,638.16	4,034	\$ 122,369.56
Mayor	375	\$ 12,869.32							35	\$ 628.95	410	\$ 13,498.27
Pensions	0	\$ -									0	\$ -
Personnel	1,491	\$ 49,583.56	71	\$ 2,729.04	33	\$ 1,412.15	44	\$ 1,835.44	89	\$ 2,843.82	1,728	\$ 58,404.01
Planning	39	\$ 1,420.72									39	\$ 1,420.72
Police	6,416	\$ 200,246.43	125	\$ 3,755.12	149	\$ 4,392.19	281	\$ 8,127.65	393	\$ 11,837.02	7,364	\$ 228,358.41
PW Board	264	\$ 7,816.01	28	\$ 875.76			10	\$ 314.70	10	\$ 309.30	312	\$ 9,315.77
PW Con Admin	560	\$ 19,904.56	1	\$ 26.07	2	\$ 52.14	5	\$ 117.32	3	\$ 65.18	571	\$ 20,165.27
PW Engineering	5,338	\$ 228,964.64	216	\$ 9,049.11	218	\$ 8,620.37	195	\$ 8,063.76	174	\$ 6,645.32	6,141	\$ 261,343.20
PW Sanitation	1,595	\$ 49,868.62	49	\$ 1,914.05	37	\$ 1,538.28	34	\$ 1,416.51	53	\$ 2,077.95	1,768	\$ 56,815.41
PW Street Lighting	42	\$ 1,161.48									42	\$ 1,161.48
PW Street Services	935	\$ 25,727.22	67	\$ 1,843.98	56	\$ 1,562.73	47	\$ 1,290.41			1,105	\$ 30,424.34
Rec & Parks	1,948	\$ 54,076.11	92	\$ 2,658.69	17	\$ 491.65	45	\$ 1,053.75	40	\$ 938.68	2,142	\$ 59,218.88
Transportation	715	\$ 21,106.43	-2	\$ (46.94)	14	\$ 617.57	44	\$ 1,871.40	32	\$ 1,048.28	803	\$ 24,596.74
Treasurer	84	\$ 2,577.69			7	\$ 182.49	5	\$ 117.32	5	\$ 117.32	101	\$ 2,994.82
Zoo	490	\$ 12,855.60	27	\$ 782.29	18	\$ 589.39	16	\$ 538.24	10	\$ 349.29	561	\$ 15,114.81
TOTAL	40,441	\$ 1,365,022.70	1,898	\$ 66,015.42	1,661	\$ 58,553.88	1,732	\$ 58,957.05	2,161	\$ 69,957.22	47,893	\$ 1,618,506.27

Attachment 11
Status of Fee Increases Funding the 2009-10 Budget

General Fund

<u>Department</u>	<u>Type of Fee</u>	<u>Proposed Change</u>	<u>Proposed Implementation Date</u>	<u>Effective Date</u>	<u>Notes</u>
Building and Safety	Non-compliance fee	Increase the fee, net revenue change is \$880,000.	10/01/2009	10/21/2009	Increased non-compliance fee for failure to comply with Orders to Comply. The Ordinance passed and new fees became effective October 21, 2009. The Department expects to meet the increased revenue target.
Fire	Film Spot Check Fee	Increase to \$126 per permit, net revenue change is (\$181,000) due to subsidy.	10/01/2009		Film Spot Check fee to be increased to \$126 per permit. The incremental difference above the current \$85 fee will be waived to support new film production in Los Angeles. Instruct LAFD and CAO to report back in 6 months on: number of permits granted for single site and multiple site inspections; recommended adjustments to the waiver for achieving cost recovery based on location data; and an analysis of the impact on overall filming activity.
Fire	Brush Clearance Initial Inspection	Increase fee, net revenue change is \$1,410,000.	10/01/2009	6/24/1999*	Fee increase on schedule for last quarter of Fiscal Year. Revenue of \$1.4 million projected in 2010-11
Fire	Brush Clearance Re-inspection	Increase fee, net revenue change is \$650,000.	10/01/2009	6/24/1999*	Fee increase on schedule for last quarter of Fiscal Year. Revenue of \$650,000 projected in 2010-11.
Fire	Industrial Building Inspection	Increase fee, net revenue change is \$1 million.	10/01/2009		Fee increase scheduled to begin collection between January and March 2011. Revenue of \$1 million projected in 2010-11.
Planning	Planning fees	Nine months revenue collections are \$6 million	10/1/2009	10/26/2009	Based on comprehensive fee study. Fee ordinance approved August 14, 2009 with an expected implementation date of October 26, 2009.
Engineering	Various fee increases	Net revenue change is \$100,000.	7/1/2009	7/11/2009	Board of PW to take necessary action to increase various Engineering fees.
Treasurer	Purchasing card	Net revenue change is \$121,000.	7/1/2009	7/1/2009	Recognize additional revenues from the Treasurer's Purchasing Card Rebate Program

*Implementation of the Brush Clearance Fees occurred the end of the 3rd Quarter 2010.