

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

0220-02221-8691

Date: August 17, 2010

To: Antonio R. Villaraigosa, Mayor  
Eric Garcetti, Council PresidentFrom: Miguel A. Santana, City Administrative Officer Subject: **BUDGET GAP WITHOUT CONCESSION AGREEMENT FOR A P3 WITH RESPECT TO THE CITY'S PARKING STRUCTURES (C.F. NO. 10-0139-S1)**

On August 11, 2010 the City Council considered recommendations regarding the issuance of a Request for Proposals and Concession Agreement for a proposed public-private partnership involving the City's parking structures (P3), continuing the matter to August 18, 2010 (C.F. No. 10-0139-S1). Anticipated revenue of \$53.2 million from this concession agreement is programmed in the 2010-11 Budget, which absent this revenue creates a \$53.2 million year-end shortfall. The magnitude of this loss will require further expenditure reductions beyond those included in the Adopted Budget. Additionally, by not proceeding with the P3 Concession and Lease Agreement, the City will lose the option of securitizing parking meter revenue at a future date should the Council seek to explore this option.

Although final Council action on the P3 Parking Structure initiative is pending, this Office, in compliance with the Adopted Budget, has identified possible budget balancing solutions for immediate implementation in the event the concession agreement is not approved. Since this Office does not foresee any upward revision of other revenue estimates at this time, the loss of the concession agreement revenue would be offset through equivalent expenditure reductions, which would significantly impact City services, as well as trigger layoffs of up to 1,000 employees as provided for in the Adopted Budget.

This correspondence identifies approximately \$54.4 million in proposed budget balancing solutions required to offset the non-realization of programmed concession agreement revenue. Our Office will report back with additional information on the proposed cuts, layoffs, and the resultant impact to City services, and make appropriate recommendations for implementation. The proposed budget balancing solutions are as follows:

- Early Retirement Program Payouts (\$21.2 million): Require City Departments to absorb the General Fund related portion of the 2010-11 Early Retirement Program Payouts without assistance from the Unappropriated Balance (UB) line item created for this purpose.
- Various Program Reductions (\$4.5 million): Reduce funding from Non-Departmental appropriations by a total of \$4.5 million for General City Purposes and Unappropriated Balance (UB) payroll-related accounts (\$4,000,000) and the UB-Expanded Library and Recreation and Parks Volunteer Program (\$500,000). Additional reductions of

\$4 million, which require further analysis, may be realized by eliminating funding for Recreation and Parks Salaries As-Needed positions (\$2,000,000) and reducing funding for graffiti contracts administered by the Board of Public Works (\$2,000,000).

- Ambulance Billing Revenue Reprogramming (\$2.7 million): Reprogram \$2.7 million in additional revenue anticipated from the outsourcing of an Ambulance Billing and Collection System and the purchase of a Field Data Capture System. The Council previously directed that the revenue generated from the reduction in the backlog in ambulance billing collections be used for Fire Department staffing purposes (C.F. No. 10-1078).
- Increase Employee Furlough Days or Identify Equivalent Layoff Savings (approximately \$26 million): Increase the number of mandatory furlough days on average by 10 days for all employees furloughed per the Adopted Budget. This would increase the average number of furlough days for employees from 24.5 days to 34.5 days. Please note that these savings assume that furlough exemptions granted after the Adopted Budget are rescinded, except for the Engineers and Architects Association Technical Rank and File Unit (MOU 21) upon approval of its pending contract. Also, nine months savings from approximately 640 employee layoffs would generate an equivalent amount of savings.

## Recommendations

That the Council and the Mayor:

1. Direct City Departments to absorb the General Fund-related portion of the 2010-11 Early Retirement Incentive Program payouts without the assistance from the Unappropriated Balance line item created for this purpose, and report back on the impact to City services and required budget-balancing actions, including employee layoffs; and,
2. Instruct all City Departments to work with the Office of the City Administrative Officer to address other proposed budget balancing reductions, including required employee layoffs and the impact to City services.

MAS:MF/mck: 01110007

Attachment

Early Retirement (ERIP) Payout  
Funded by the Unappropriated Balance

Department	UB General Fund Total
Aging	\$ 65,229
Animal Services	214,300
Building and Safety	338,255
CAO	156,851
City Attorney	1,699,065
City Clerk	442,983
Community Development	-
Controller	601,322
Council	139,419
Cultural Affairs	-
Department on Disability	28,855
Emergency Management	12,324
Employee Relations Board	52,929
Ethics Commission	10,050
Finance	420,290
Fire	830,677
General Services	3,277,513
Housing	-
Department of Human Services	21,054
Information Technology Agency	1,547,973
Mayor	13,263
Neighborhood Empowerment	57,997
LA Convention Center	-
Personnel	766,915
Planning	819,644
Police	3,971,584
Board of Public Works	333,551
Bureau of Contract Administration	670,547
Bureau of Engineering	1,340,643
Bureau of Sanitation	-
Bureau of Street Lighting	-
Bureau of Street Services	1,278,291
Transportation	1,832,738
Treasurer	35,593
Zoo	269,410
	<b>\$ 21,249,264</b>