

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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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: 2010-11 Budget

Subject: **FIRST 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 2010-11 Budget, this Office is transmitting the First Financial Status Report (FSR) for this fiscal year. This report provides a summary of the close-out of the fiscal year 2009-10 budget and an update on the current-year budget—including the projected departmental deficits, early trends in revenues, the Reserve Fund, four-year outlook, and current issues of concern and their potential impact to the City. Recommendations totaling \$38.0 million for appropriations, transfers and other budgetary adjustments are included in this report.

The First FSR also updates the status of the three-year plan for financial sustainability. This plan was developed and adopted at mid-year in fiscal year 2009-10 to address the root causes of the structural deficit facing the City in the areas of employee salaries and benefits, pensions, employment levels, and revenue shortfalls. The goal of the plan was to identify and pursue four strategic initiatives that would collectively place the City on a path toward financial sustainability, thereby mitigating the deficits the City is expected to face over the next three to four years in a manner beyond one-time solutions. These four pillars called for responsible fiscal management through such actions as minimizing the use of debt and building the Reserve Fund; a focus on core mission through the elimination of departments and the consolidation of functions and services; the development of public-private partnerships to aid in building City revenue; and workforce modernization to address the City's major cost drivers from employee salary and benefit costs.

As detailed in this report, the financial challenges facing the City today and over the next several years continue to be significant. Despite the austerity measures implemented by the City in 2009-10 and the roadmap the City has adopted to achieve financial sustainability, over-expenditures are resulting in a preliminary deficit projection of \$63.7 million for this fiscal year. This deficit is attributed

to the projected expenditures for civilian salary accounts, sworn overtime accounts, and department expense accounts based on current trends.

The City has funds identified within the budget to mitigate a portion of this deficit. To address the remaining deficit, this Office is recommending that departments absorb the early retirement and deferred sick time payouts for retired and current employees. Furthermore, for those select departments reporting large deficits, including the City Attorney, Fire Department, General Services Department, Information Technology Agency, Police Department, and Department of Transportation, this Office is recommending that operational plans be developed that identify internal budgetary solutions to address those deficits. These plans should be submitted to the City Council and Mayor for action within the next 30 days.

At this time, the projected deficit does not reflect any reductions in revenue, which is currently tracking close to budget. Also, the projection does not assume a reduction from the \$53 million in revenue tied to the City's Parking Asset Restructuring which is currently undergoing a solicitation process. Any changes to the revenue forecast for this year resulting from economic conditions or problems with the Parking Asset Restructuring will require immediate action, including further department reductions.

Consistent with the three-year plan, this Office is continuing to pursue structural solutions under the direction of the Mayor and City Council in the area of employee salaries, benefits, and pensions. Since the adoption of the 2010-11 Budget, an agreement with the Engineers and Architects Association (EAA) was reached whereby employees agreed to increased healthcare cost-sharing, including a five percent contribution for premiums and increased co-pays for office visits. The agreement will also generate ongoing savings through changes to the bonus compensation structures that will result in the flattening of bonuses, eliminating the compounding effect of bonuses, and removing bonuses from the pension base.

Concurrent with this report, this Office will be submitting similar recommendations to control healthcare cost for all other current employees. Furthermore, this Office will submit proposals on pension reform for new civilian and sworn personnel and a plan to manage retirement health costs.

Austerity Measures

The 2009-10 Budget began a period of continuous budget adjustments marked by enormous changes to the landscape of the City. Austerity measures included the elimination of the entire departments, coupled with significant reduction in the civilian work force. Since March 2010, several hundred layoffs have been processed. These layoffs come on the heel of the departure of 2,400 employees from City service under the Early Retirement Incentive Program (ERIP). Additionally, hundreds of employees have transferred from full- or partial-general fund positions to special funded ones, including a significant number to proprietary departments. The Environmental Affairs Department and Human Services Department were eliminated while most other departments were left with unfilled positions through the retirements and the subsequent limits on hiring.

These austerity measures initiated in 2009-10, in conjunction with employee furloughs, service reductions, concessions reached with bargaining units, and transfers from the Reserve Fund, helped the City close a budget deficit that at one point reached \$515 million. The progress made in addressing the structural imbalance between City revenues and expenditures in 2009-10 and the lessons learned helped facilitate the development of the 2010-11 Budget. In fact, close to 40 percent of the solutions identified to address the budget deficit for 2010-11 were continuations of those solutions implemented in 2009-10.

2010-11 Balanced Budget and Projected Departmental Deficits

With the adoption of the 2010-11 Budget, the City began the fiscal year with a balanced budget. However, not all departments have been successful in adopting the reductions in their respective budgets. Early projections based on expenditures through August demonstrate that department general salary accounts have been adversely affected with delays in layoffs, delays in implementing budget actions, ERIP-retiree and other benefit payouts, and the elimination or reduction of furlough requirements post budget adoption. General salary account deficits for the Office of the City Attorney, the General Services Department (GSD), Information Technology Agency (ITA), and Department of Transportation (DOT) also reflect the impact of employment levels that exceed budget. Additionally, both the Fire and Police sworn overtime accounts are projected to have sizable deficits. Expense accounts in the City Attorney's Office and the Fire Department, GSD, and Police Department are also affected to a lesser degree (Table 1). In sum, departments are projected to exceed budget by an estimate of \$63.7 million (Table 2).

Table 1
Significant Department Deficits
(\$ millions)

Department	Total Deficit	Benefit Payouts	Reduced Furloughs	Other Civilian Salary Costs	Sworn OT Salary	Expense
City Attorney	\$11.0	\$2.1	\$0.7	\$7.0	-	\$1.2
Fire	13.4	-	-	-	11.3	2.1
GSD	12.0	\$3.9	0.7	3.4	-	4.0
ITA	5.4	1.2	1.5	2.7	-	-
Police*	15.1	4.2	4.1	-	3.8	3.0
Transportation	4.0	2.0	1.0	1.0	-	-

*Assumes \$3 million reimbursement of sworn overtime.

Table 2
Total Projected Department Deficits

Sworn Overtime Salaries	\$15.1 million
ERIP Payouts	14.2 million
Other Salary Costs	13.8 million
Expense Accounts	10.3 million
EAA Reduced Furloughs	9.1 million
Coalition Deferred Sick Time Payouts	1.2 million
Total	\$63.7 million

As noted, the above deficit is an early projection based on department expenditures through August and therefore needs to be put into context. For one, the departmental salary projections are based on current employment levels which cannot accurately account for attrition this early in the year. Over the next several months, employment levels and associated payroll costs for departments should decrease from managed hiring practices, currently planned layoffs, and attrition. Additionally, while departments may be projecting deficits as a result of labor agreements, savings generated in non-departmental accounts including the Human Resource Benefits (HRB) Fund and budgeted funds in the Unappropriated Balance (UB) will be used to mitigate departmental deficits.

To address department General Fund salary shortfalls, operational plans should be developed to mitigate these shortfalls. As a last resort, approximately \$21.2 million has been programmed in the UB to be used in those instances where departments cannot absorb these costs. Additionally, \$8 million is available in UB Budget Balancing Bridge account, and an estimated \$2.2 million in human resources benefit savings is anticipated to be realized later in the year to offset the reduced furlough savings for EAA-represented employees. Salary expenditures should also be reduced by approximately \$1.5 million in reduced costs from restructuring bonus compensation for EAA-represented employees, which will be reflected in reduced department deficits (or increased surpluses) and will be included in future financial status reports. Any department surpluses, currently projected at \$1.7 million, may be used to address deficits elsewhere. Furthermore, managed hiring and aggressive management of departmental expense accounts, including further reductions, may provide additional savings as the year progresses to offset salary deficits internally. Based on current projections, approximately \$31.4 million remains to be identified in additional department reductions. As a preliminary measure, it is recommended that the City Attorney, Fire Department, GSD, ITA, Police Department and DOT be directed to develop operational plans to address their respective department deficits—excluding that portion of the deficit attributed to reduced EAA furlough savings—and provide a report on the plan in 30 days.

Table 3
Potential Budget Solutions

UB ERIP Payout Account	\$21.2 million
UB Budget Balancing Bridge	8.0 million
Human Resources Benefits Savings	2.2 million
Department surpluses	1.7 million
Additional Department Reductions	<u>31.4 million</u>
Total	<u>\$63.7 million</u>

Despite the available and potential measures to address departmental deficits, it should be noted that the UB appropriation for ERIP payouts was previously identified to offset a potential revenue shortfall should the P3 parking concession agreement revenue not be realized this fiscal year (C.F. No. 10-0139-S1). Anticipated revenue from the agreement is \$53 million, which, if not received, would increase the projected deficit by a corresponding amount to \$117 million, prior to employing any of the identified mitigation measures. Projected revenue is discussed below.

2010-11 Projected Revenue

Receipts through September are close to budget plan. There are areas of concern, but no adjustments to the budget revenue projections are recommended at this time. General Fund receipts through September, excluding interest income, are \$554.5 million; the budget plan is \$548.8 million – a difference of \$5.7 million or 1 percent (Attachment 1-A and Table 4 below).

Table 4
Fiscal Year 2010-11 General Fund Receipts as of September 2010
(\$ millions)

	Budget	Plan to Date	Actual Receipts to Date	Variance (Receipts Less Plan)	Percent Change
Property Tax	\$1,408.5	\$72.1	\$82.7	\$10.7	14.8%
Utility Users' Tax	654.6	156.9	146.6	(10.2)	-6.5%
Licenses, Permits, Fees and Fines	778.2	99.9	110.8	10.9	10.9%
Sales Tax	289.4	73.5	71.9	(1.6)	-2.2%
Documentary Transfer Tax	111.0	29.7	25.4	(4.2)	-14.3%
Transient Occupancy Tax	122.7	33.1	35.0	1.9	5.7%
Parking Fines	142.4	34.3	31.4	(3.0)	-8.7%
Parking Users' Tax	86.0	22.1	20.6	(1.5)	-6.9%
Other Revenue	766.4	27.2	30.1	2.9	10.5%
General Fund Revenue	\$4,359.2	\$548.8	\$554.5	\$5.7	1.0%

Economic forecasts and indicators are close to the projections available at the time of budget preparation; however, forecasts for the U.S. economy are more pessimistic than six months ago. With the slowdown in the economic recovery—exhibited by the double-digit unemployment rate, flat retail sales, and declines in home sales and median prices—anticipated revenue from some economy sensitive revenues may not be fully realized. The documentary transfer tax is \$1 million per month below plan, with revenue expected to be depressed through the next several months. A lower cash advance from the State, based on its evaluation of the economy, has resulted in sales tax receipts \$1.8 million below plan. Electric users' tax receipts are \$4.6 million below plan, affected by the mild summer and the slow economic recovery. Likewise, parking users' receipts, which typically follow the economy, are also below plan.

Offsetting these declines are increased revenues from property taxes, gas users' tax, and the transit occupancy tax. The property tax is nearly \$11 million above plan due to carryover of prior-year secured receipts, and receipts from the triple-flip will be \$3 million higher than projected at budget time. The gas users' tax is \$2 million above plan, and the transient occupancy tax is projected to grow by 3.5 percent or higher. Additionally, although receipts from license, permits, fees and fines are \$11 million above plan at September, there are revenue-related risks from the City's Parking Asset Restructuring (\$53 million) and foreclosure code violations (\$5 million). Finally, there is risk to parking

fine revenue due to reported delays in implementing the increases in parking citation rates. Please refer to Section 3 and Attachments 1-A through Z for additional information.

2011-12 Budget Deficit and Four Year Outlook

As reported in the Year-End Financial Status Report for fiscal year 2009-10, the projected budget deficit for 2011-12 is \$318 million (Attachment 2 and Table 5 below). Table 6 highlights the primary expenditures driving the projected deficit for fiscal year 2011-12. As shown in the table, over \$270 million of the \$318 million projected deficit is due to increases related to previously negotiated employee compensation adjustments and increases to employee healthcare and pension costs.

Table 5
Four-Year Outlook
(\$ millions)

	2010-11 Adopted	2011-12	2012-13	2013-14	2014-15
General Fund Revenue	\$ 4,375.2	\$ 4,373.4	\$ 4,490.5	\$ 4,618.0	\$ 4,760.4
General Fund Expenditures	4,375.2	4,691.9	4,920.6	5,132.6	5,311.2
Total Budget (Deficit)/Surplus	-	\$ (318.5)	\$ (430.1)	\$ (514.7)	\$ (550.9)

Table 6
Projected Changes for FY 2011-12
(\$ millions)

Employee Compensation Adjustments	\$ 106.9
Sworn Pensions	63.2
Civilian Pensions	83.4
Health and Dental Benefits	18.4
Workers' Compensations	10.6
Capital Improvement Expenditure Program	51.3
Net of Other Additions and Deletions	-15.4
	<u>\$ 318.5</u>

The Four-Year Outlook for projected revenue and expenditures remains unchanged until department deficit and surplus projections can be more accurately determined and additional department reductions can be identified. Additionally, other assumptions related to the City's pension systems will change the current outlook for 2011-12. Specifically, recent assumption changes made by the Los Angeles City Employees Retirement System (LACERS) relative to the smoothing period of gains and losses may lower the City's contribution rate. Alternatively, the Fire and Police Pension System's lowering of their assumed rate of return will result in a higher contribution from the City. The City expects to receive the retirement contribution rates from both systems for 2011-12 in mid to late November at which point the Four-Year Outlook will be reexamined and updated for subsequent financial status reports.

Reserve Fund

As of the close of September, the Reserve Fund Balance is currently \$173.7 million after providing for transfers included in the 2009-10 Year End FSR and other transactions, consisting of \$120.3 million in Emergency Reserve and \$53.4 million in Contingency Reserve (Attachment 3). While this represents 3.96 percent of the General Fund budget, it is well below the five percent required by the City's financial policies. Meeting the five percent requirement would require a balance of approximately \$218 million, or an increase of \$45 million.

As explained within the Reserve Fund policy, the five percent requirement ensures that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The objective is for the City to be in a strong fiscal position that will be better able to weather periods of economic decline or slowdown, like the conditions the City is currently experiencing. A sufficient reserve is important since the City is bound by the requirements of Proposition 218, which prevents the City from raising taxes without voter approval. The Reserve Fund also provides sufficient cash flow in instances where revenue receipts are delayed, such as in the case of deferred transfers from the State. Additionally, sufficient reserves are necessary criteria to maintain positive bond ratings, thereby securing favorable interest rates for the issuance of general obligation bonds and all of our general fund debt. For these reasons and deficits in light of the continuing weak economy and the forecasted 2011-12 budget gap, this Office recommends that we continue to build the Reserve and minimize its use for offsetting.

Previous efforts to build the Reserve Fund resulted in a higher July 1, 2010 balance, as compared to the prior three fiscal years. The Office of the Controller reports that at June 30, 2010, the Reserve Fund cash balance was approximately \$193.5 million. After \$28 million in reappropriations, the repayment of \$9.5 million in year-end short-term loans, and the proposed \$3.6 million transfer to the 2010-11 Budget, the July 1, 2010 available balance was approximately \$171.3 million. The total represents 3.92 percent of the General Fund budget, and is \$44.2 million greater than the adopted budget (Table 7). In comparison, the July 1, 2009, available balance was \$152.9 million, or 3.45 percent of the 2009-10 General Fund budget.

Table 7
2010-11 Reserve Fund Available Balance
(millions)

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Reserve Fund Balance, June 30,2010	\$149.6	\$193.5	\$44.0
Total Adjustments	(22.4)	(22.2)	0.2
Reserve Fund Balance, July 1, 2010	\$127.2	\$171.3	\$44.2
Emergency Account	\$120.3	\$120.3	-
Contingency Account	6.8	51.0	\$44.2
	2.91	3.92	1.01
Percent of General Fund	percent	percent	percent

The additional \$41.5 million increase in the Reserve Fund above the adopted budget is a result of higher-than-projected revenue (Attachment 4) and reversions (Attachment 5), offset by reappropriations and other transactions, as summarized in Table 8 below. Year end reversions were \$42.4 million greater than budgeted, partially due to the 2009-10 Year-End FSR transfer of \$132.4 million to General Fund receipts in anticipation of lower than budgeted revenue, which allowed salaries and expense reductions implemented by the Mayor and Council to revert to the Reserve Fund.

Table 8
Basis for Increase in Reserve Fund
(\$ millions)

	<u>Difference</u>
Revenue (Attachment 4)	\$14.8
Reversions (Attachment 5)	42.4
Other*	(13.0)
Total	\$44.2

*Includes reappropriations and other transactions

Budgetary Adjustments

Budgetary adjustments totaling approximately \$38.0 million are recommended in Sections 1 and 2 of this report which include:

- \$2.4 million in new appropriations;
- \$6.0 million for transfers between accounts within various departments and funds, including \$858,000 in identified contractual services savings;
- \$16.0 million for transfers between departments and funds;
- \$50,000 transferred from the General Fund Unappropriated Balance to the City Attorney's Office;
- \$12.2 million authorization to spend Municipal Improvement Corporation of Los Angeles funds;
- \$355,000 transfer of identified contractual services savings to the Unappropriated Balance, Service Reduction Mitigation Account;
- \$1.0 million in reappropriations; and,
- \$61,000 in other miscellaneous requests.

Attachments

- 1-A Fiscal Year 2010-11 General Fund Receipts
- 1-B Economic Forecasts
- 1-C U.S. Retail Sales
- 1-D Gross Domestic Product
- 1-E City 1 Percent Sales Tax and Local Unemployment Rate
- 1-F Revenue Monthly Status Report: Property Tax – All Sources
- 1-G Revenue Monthly Status Report: Secured Property Receipts by Fiscal Year
- 1-H 12 Month Moving Sum: Secured Property Tax

- 1-I Revenue Monthly Status Report: Sales Tax Replacement
- 1-J Revenue Monthly Status Report: Unsecured Property Tax Receipts
- 1-K Revenue Monthly Status Report: Documentary Transfer Tax
- 1-L 12 Month Moving Sum: Documentary Transfer Tax
- 1-M 12 Month Moving Sum: Deeds Recorded by City
- 1-N Revenue Monthly Status Report: Sales Tax
- 1-O Change in City Sales Tax Allocation by Quarter
- 1-P Change in City, County and State Sales Tax Allocations
- 1-Q State and City Sales Tax
- 1-R Revenue Monthly Status Report: Utility Users' Tax
- 1-S Revenue Monthly Status Report: Electric Users' Tax
- 1-T Revenue Monthly Status Report: Gas Users' Tax
- 1-U Cost of Natural Gas
- 1-V Revenue Monthly Status Report: Telephone Users' Tax
- 1-W Revenue Monthly Status Report: Parking Users' Tax
- 1-X 12 Month Moving Sum: Parking User's Tax
- 1-Y Revenue Monthly Status Report: Transient Occupancy Tax
- 1-Z 12 Month Moving Sum: City Hotel Tax Receipts
- 2 Four-Year Budget Outlook
- 3 Current Status of the Reserve Fund
- 4 Fiscal Year 2009-10 General Fund Receipts
- 5 Schedule of Reversions to Reserve and Other Funds
- 6 New Appropriations
- 7 Transfers between Accounts within Departments and Funds
- 8 Transfers between Departments and Funds
- 9 Transfers from the Unappropriated Balance
- 10 Proposed MICLA-funded (FY10) Fleet Replacement
- 11 Transfers to the Service Reduction Mitigation Account
- 12 Status of the Unappropriated Balance – non-General Accounts
- 13 Employment Level Report
- 14 Status of Voluntary Furlough Program
- 15 2010-11 General Fund (GF) Additional Contractual Services Reductions
- 16 GRYD Program Contracts and Organizational Chart
- 17 Status of Fee Increases in the 2010-11 Budget

FINANCIAL STATUS REPORT RECOMMENDATIONS

(Refer to Discussion Sections 1 and 2)

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

1. Appropriate \$2,418,254.36 to Department accounts as specified in Attachment 6;
2. Transfer \$5,908,442.00 between accounts within various departments and funds as specified in Attachment 7;

3. Transfer \$9,363,845.71 between various departments and funds as specified in Attachment 8;
4. Appropriate \$50,000.00 to Department accounts from the Unappropriated Balance as specified in Attachment 9;

Community Development

5. Authorize the Controller to appropriate and transfer funds within the Community Development Trust (CDTF), Fund No. 424 to Department of Transportation (DOT) for work on the First Mile, Last Mile Transportation Study, as follows:
 - a) Establish a new account and appropriate \$20,000 from Account No. G519, DOT to Account No. G194, Transportation within Fund No. 424/22;
 - b) Appropriate \$20,000 within DOT, Fund No. 100/94, Account 1090, Salaries, Overtime;
6. Authorize the Controller to appropriate and transfer funds within the CDTF Fund and to DOT on behalf of Department of Public Works, Bureau of Street Services for design and construction work for the Pico Washington Streetscape Project, as follows:
 - a) Transfer \$5,000 in appropriations within the CDTF, Fund No. 424/22, from Account No. F186, PWSS to Account No. G194, DOT;
 - b) Appropriate \$5,000 within DOT, Fund No. 100/94, Account No.1090, Salaries, Overtime;
7. Authorize the Controller to decrease appropriations in Department of General Services for unspent Community Development Block Grant (CDBG) funds for the Rancho Cienega Project (CF 09-0184), as follows:
 - a) Decrease \$395,894.42 in appropriations from Account G140, General Services within CDTF, Fund No. 424/22;
 - b) Decrease appropriations within GSD, Fund No. 100/40 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$80,741.87
1097	Construction Overtime	10,000.00
1101	Hiring Hall Construction	81,901.42
1121	Hiring Hall Fringe Benefits	32,977.93
1191	Hiring Hall Overtime	33,098.58
3180	Construction Materials Supplies	<u>157,174.62</u>
	Total	\$395,894.42

8. Authorize the Controller to re-appropriate funds within the Broadband Technology Opportunities Program Public Computer Center Project - American Recovery and Reinvestment Act (ARRA-BTOP) Fund and transfer to the CDD for computer purchases, as follows:

- c) Transfer appropriations from Account No. F122, CDD to Account No. G122, CDD within the ARRA-BTOP Public Center Fund No. 52B/32;
 - d) Appropriate \$4,576 within Fund No. 100/22, Account No. 6010, Office and Administrative;
9. Authorize the Controller to decrease appropriations within CDBG-R, Fund No. 51N to correct the appropriation amount for the Los Angeles Housing Department (LAHD) for re-programmed funds from the Los Angeles Preservation, Recovery and Opportunity Program approved in July 2010 (C. F. No. 09-0648-S21), as follows:
- a) Decrease appropriations within CDBG-R, Fund No. 51N/22, Account No. G143, LAHD by \$23,611;
 - b) Decrease appropriations within LAHD, Fund No. 100/43, Account No. 1070, Salaries-As Needed by \$23,611;
10. Authorize the Controller to appropriate funds and transfer within the CDTF fund and to Street Services for the Pico Washington Streetscape Project, as follows:
- a) Establish a new account and appropriate \$164,376 from Account No. F186, Public Works Street Services to Account No. G186, Public Works Street Services within CDTF, Fund No. 424/22;
 - b) Appropriate \$164,376 within Fund No. 100/86 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$80,000.00
1090	Salaries-Overtime	24,000.00
3030	Construction Expense	24,000.00
3040	Contractual Services	14,000.00
6010	Office and Administrative	4,000.00
6020	Operating Supplies	<u>18,376.00</u>
	Total	<u>\$164,376.00</u>

11. Authorize the Controller to appropriate and transfer \$54,796 within the Community Services Block Grant (CSBG) Fund No. 428, Account No. F401, FSC to Account G301, FSC for FamilySource Centers (FSC) contracts for Program Year 2011 (April through December 31, 2010);

Council

12. Instruct the City Clerk to unencumber a total of \$12,000 within General City Purposes Fund No. 100/56 Account No. 0715, Community Services District 15 and thereafter request the Controller to revert a like amount from the account to the Reserve Fund and appropriate therefrom to the General City Purposes Fund No. 100/56 Account No. 0715, Community Services District 15 for the payment of invoices related to community events;

13. Authorize the Controller to transfer a total of \$88,959 from various funds and accounts, as detailed below, to the General Services Fund No. 100/40, Account No. 7350, Other Operating Equipment for the purchase of parking related equipment:

<u>Fund No./Name</u>	<u>Account No./Name</u>	<u>Amount</u>
696/14, CD 14 Real Property Trust Fund	Available Balance	\$ 5,276
696/14, CD 14 Real Property Trust Fund	F200, Pipeline Franchise Fee	30,000
47S/14, Central LA Recycling&Transfer Stn Fund	F128, Council	44,683
43D/50, Street Furniture Revenue Fund	E128, Council	<u>9,000</u>
	Total	\$88,959

Cultural Affairs

14. Reappropriate \$93,553.23 from Arts & Cultural Facilities & Services funds (F480/30/F130) to Cultural Affairs Fund No. 100/30, Account No. 9832 Matching Grant Program, for the Cultural Exchange International Program;

Fire

15. Reappropriate funds from the Reserve Fund in the amount of \$200,000 into Fire Fund No. 100/38, Account No. 3040, Contractual Services Account for the E-Commerce contract;

General Services

16. Approve the use of \$12,230,000 in Municipal Investment Corporation of Los Angeles (MICLA) financing included in the 2009-10 Budget for the purchase of 48 vehicles for the Departments of General Services, Recreation and Parks and Transportation and the Bureau of Street Services in the amounts identified below and detailed in Attachment 10:

<u>Equipment Classification</u>	<u>Unit Cost</u>	<u>Number</u>	<u>Total Cost</u>
Street Sweeper	\$330,000	20	\$6,600,000
Truck, Aerial, Various	\$170,000	4	680,000
Truck, Crane	\$180,000	1	180,000
Truck, Dump, Various	\$177,500	4	710,000
Truck, Fuel	\$280,000	1	280,000
Truck, Tractor	\$210,000	<u>18</u>	<u>3,780,000</u>
	Total	48	\$12,230,000

Information Technology

17. a) Authorize the Controller to establish new accounts and appropriate \$3,934,138 within MICLA Fund No. 298/32 for the Financial Management System Project, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G132	Information Technology Agency	\$1,634,259
G126	Office of the Controller	2,197,274

G110 Office of the City Administrative Officer 102,605
Total \$3,934,138

- b) Increase the appropriation within the Information Technology Agency, Fund No. 100/32, Salaries, General Account No. 1010, by \$1,634,259;
- c) Increase the appropriation within the Office of the Controller, Fund No. 100/26, Salaries, General Account No. 1010, by \$2,197,274;
- d) Increase the appropriation within the Office of the City Administrative Officer, Fund No. 100/10, Salaries, General Account No. 1010, by \$102,605;
- e) In accordance with recommendations for salary appropriations to Departments, authorize the Controller to transfer cash from MICLA on an as-needed basis to reimburse the General Fund upon proper documentation submitted by Departments and approval of ITA and the Office of the CAO;

Mayor

18. Authorize the Mayor's Office to accept a donation in the amount of \$167,428.70 from Community Partners and appropriate the same amount to Mayor Fund No. 100/46, Account No. 1070, Salaries, As Needed account for salary costs associated with the Million Trees LA Initiative;

19. For the 2007 Justice Assistance Grant (FY07JAG), authorize the Controller to:

- a) Transfer appropriations and create new appropriations accounts within the 2007 Justice Assistance Grant Fund No. 50P/46, as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
E200	Salary Reserve- Mayor	\$ 55,956.00
E299	Related Costs – Fringe Benefits	24,151.00
F299	Related Costs – Fringe Benefits	41,878.26
F112	Salaries - City Attorney	<u>32,157.79</u>
	Total	\$154,143.05

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G146	Mayor's Office Salaries	\$ 86,764.01
G299	Related Costs – Fringe Benefits	35,221.25
G112	Salaries - City Attorney	<u>32,157.79</u>
	Total	\$154,143.05

- b) Transfer appropriations from Fund No. 50P/46, 2007 Justice Assistance Grant on an as needed basis to the Mayor and City Attorney Funds to reimburse for FY07 JAG expenditures as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G146	Mayor's Office Salaries	\$ 86,764.01
G299	Related Costs – Fringe Benefits	35,221.25
G112	Salaries - City Attorney	<u>32,157.79</u>
	Total	\$154,143.05

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
100/46/1020	Salaries – Grant Reimbursed	\$ 86,764.01
100/46/4681	Related Costs – Fringe Benefits	35,221.25
100/12/1010	Salaries – General	<u>32,157.79</u>
	Total	\$154,143.05

- c) Authorize the Controller to increase appropriations in the amount of \$2,519.42 within the Justice Assistance Grant Fund No. 50P, Account No. G146 Mayor's Office Salaries from the cash balance; and to transfer on an as needed basis to the General Fund;

20. For the 2008 Justice Assistance Grant (FY08JAG), authorize the Controller to:

- a) Transfer appropriations and create new appropriations accounts within the 2008 Justice Assistance Grant Fund No. 50P/46, as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
E246	Mayor Salaries Reserved	\$ 23,729.00
E299	Related Costs – Fringe Benefits	13,163.00
F299	Related Costs – Fringe Benefits	15,283.93
F112	Salaries - City Attorney	<u>52,270.48</u>
	Total	\$104,446.41

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G146	Mayor's Office Salaries	\$ 23,729.00
G299	Related Costs – Fringe Benefits	28,446.93
G112	Salaries – City Attorney	<u>52,270.48</u>
	Total	\$104,446.41

- b) Transfer appropriations from Fund No. 50P/46, 2008 Justice Assistance Grant on an as needed basis to the Mayor and City Attorney Funds to reimburse for FY08 JAG expenditures as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G146	Mayor's Office Salaries	\$ 23,729.00
G299	Related Costs – Fringe Benefits	28,446.93
G112	Salaries – City Attorney	<u>52,270.48</u>
	Total	\$104,446.41

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
100/46/1020	Salaries – Grant Reimbursed	\$ 36,073.47
100/46/4681	Related Costs – Fringe Benefits	16,102.46
100/12/1010	Salaries – General	<u>52,270.48</u>
	Total	\$104,446.41

- c) Authorize the Controller to increase appropriations in the amount of \$2,773.81 within the Justice Assistance Grant Fund 50P, Account G146 Mayor's Office Salaries from the cash balance; and to transfer on an as needed basis to the General Fund;

21. Transfer \$402,991.30 from the Recovery Act Justice Assistance Grant (JAG ARRA) Fund 51V to the 2010-11 General Fund to reimburse JAG ARRA related expenditures for July 1, 2010 through June 30, 2011 as follows:

- a) Transfer appropriations and create new appropriations accounts within the 2009 Recovery Act Justice Assistance Grant (JAG ARRA) Fund No. 51V/46 as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
F112	Salaries – City Attorney	\$189,014.28
F246	Mayor Salaries	147,347.02
F299	Mayor-Fringe Benefits	<u>66,630.00</u>
	Total	\$402,991.30

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G112	Salaries -City Attorney	\$189,014.28
G146	Mayor Salaries	147,347.02
G299	Mayor-Fringe Benefits	<u>66,630.00</u>
	Total	\$402,991.30

- b) Transfer appropriations from 2009 Recovery Act Justice Assistance Grant (JAG ARRA) Fund No. 51V/50, on an as needed basis to the General Fund to reimburse for FY09 JAG ARRA expenditures as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G112	Salaries - City Attorney	\$189,014.28
G146	Mayor Salaries	147,347.02
G299	Mayor-Fringe Benefits	<u>66,630.00</u>
	Total	\$402,991.30

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
10/12/1010	Salaries -City Attorney	\$189,014.28
10/46/1020	Mayor's Office Salaries	147,347.02
10/46/4681	Mayor-Fringe Benefits	<u>66,630.00</u>
	Total	\$402,991.30

Police

22. Reappropriate \$24,999 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to Police Fund No. 100/70 in the following accounts for the Community Redevelopment Agency-funded purchase of cameras and WiFi equipment per C.F. No. 07-0008-S1:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
3040	Contractual Services	\$20,749.00
6010	Office and Administrative	<u>4,250.00</u>
	Total	\$24,999.00

23. Reappropriate \$679,830.67 from the Street Revenue Furniture Fund No. 43D/50, Account No. F170, Police to Police Department Fund No. 100/70, Account No. 3040 (Contractual Services), for the purchase and installation of security cameras in Council District 3 per C.F. No. 10-0011-S11;

Public Works, Sanitation

24. Approve the ordinance amending Section 66.41 of the Municipal Code to reduce the amount of the lifeline subsidy of the solid waste collection, transfer, recycling, recovery of waste resources and disposal fee (C.F. No. 10-0600-S32);

Public Works, Street Services

25. Authorize the Controller to transfer and reappropriate uncommitted funds in the amount of \$61,304.00 from the Terra Bella/Fenton Avenue Drainage District Fund No. 623/50, Account E186 to the following accounts within Bureau of Street Services Fund No. 100/86 for the Terra Bella/Fenton Avenue project:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Salaries, Overtime	\$34,943.28
3030	Construction Expense	15,326.00
6010	Office and Administrative	1,226.08
6020	Operating Supplies	<u>9,808.64</u>
	Total	\$61,304.00

Transportation

26. Authorize the Controller to write-off Reserve Fund loans reported by the Department of Transportation for 2006-07 and 2007-08 totaling \$5,815.54 for the Santa Monica Transit Parkway

Project and transfer the available balance in Subvention and Grants to the General Fund, Non-Departmental General, No. 100/62, Revenue Source Code No. 4640, as related costs reimbursements;

Water and Power

27. Authorize the City Administrative Officer to reimburse \$12,170.59 to the Los Angeles Department of Water and Power Fund No. 705, Water System Fund from FEMA reimbursement proceeds deposited in the Disaster Assistance Trust Fund No. 872 for fuel supplied to the Los Angeles Fire Department and firefighting mutual aid resources during the Sayre Wildfire disaster from November 15, 2008 through November 19, 2008;

Unappropriated Balance

28. Transfer \$305,483 in Personal Services Contract savings to the Service Reduction Mitigation Account in the Unappropriated Balance, as specified in Attachment 11, in accordance with the City 2010-11 Budget Resolution (C.F. No. 10-0600);

Multiple Department Recommendations

29. Direct the Office of the City Attorney, Department of General Services, Fire Department, Information Technology Agency, Police Department and Department of Transportation to develop an operational plan to address their department deficits—excluding the portion of the deficit attributed to reduced EAA furlough savings—and provide a report on the plan in 30 days;

30. Direct Departments to absorb General Fund payouts for the Coalition deferred sick time payout and the ERIP-retiree benefit payout within the existing department budget; and,

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

Based on preliminary estimates, departments are projecting a combined General Fund deficit of \$63.7 million, attributable to civilian and sworn salary accounts and expense accounts in the respective amounts of \$38.3 million, \$15.1 million and \$10.3 million. No adjustment to budgeted revenue, including revenue from the P3 concession agreement, is recommended at this time. Transfers, appropriations and other adjustments totaling approximately \$38.0 million are recommended in Sections 1 and 2 of this report.

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, 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 \$38.0 million for appropriations, transfers and other budgetary adjustments, and status reports on the City's spending and savings efforts.

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

Section 1. Status of Departmental Budgets	Page 18
Section 2. Status of Non-Departmental Funds and Special Accounts	Page 39
Section 3. Status of General Fund Receipts	Page 40
Section 4. Status of the Three-Year Plan.....	Page 40
Section 5. Status of Employment and Labor Cost Savings Efforts	Page 40
Section 6. Status of Expenditure Savings Efforts.....	Page 46
Section 7. Status of Fee Waivers and Subsidies	Page 47
Section 8. Status of Gang Reduction and Youth Development Program.....	Page 47
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Section 10. Status of the City's MICLA Commercial Paper Program.....	Page 48
Section 11. State Budget Update.....	Page 49

1. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, provides preliminary projections for year-end deficits and surpluses, and highlights issues of concern. Recommendations include new appropriations, reappropriations and transfers from special funds, transfers from the Unappropriated Balance to departments for operational needs, and the authorization of fiscal year 2009-10 MICLA-funded purchases.

Based on department expenditure data through August, a preliminary deficit of \$63.7 million is projected consisting of a \$38.3 million civilian salary deficit, a \$15.1 million sworn salary deficit and a \$10.3 million expense account deficit. The civilian salary deficit is attributed to delays in layoffs, ERIP-retiree and other benefit payouts, employment levels that exceed budget, and reduced furlough savings. As these estimates are based on only two months expenditure data, the estimated deficit is likely to change. As such, no budgetary adjustments to address departmental account deficits are recommended at this time; though transfers to address the reduced EAA furlough savings will be recommended in a subsequent report. At this time it is recommended that departments be directed to

absorb payouts for the Coalition deferred sick time payout and the ERIP-retiree benefit payout within the existing department budget. Additionally, operational plans to address deficits from a select number of departments are being recommended (Recommendation Nos. 29 and 30).

The following are significant issues of potential impact to department budgets that this Office is closely tracking:

Department Salary Deficits: The projected civilian salary account deficit for departments is approximately \$35 million, as a result of payouts for deferred sick time, payouts to ERIP retirees, reduced EAA furlough savings, and other factors. General salary account deficits for the General Services Department (GSD), Department of Transportation (DOT), the Office of the City Attorney and the Information Technology Agency (ITA) also reflect the impact of employment levels that exceed budget. In addition, the sworn salary account deficit is \$18 million and may increase due to staffing adjustments in the Fire Department.

Department Salary Settlements: As mentioned in previous FSRs, a pending lawsuit settlement may require that the Fire Department pay up to several million in back pay to sworn personnel. The timing of the payout for the settlement is not known at this time. Last year, funds totaling \$1.3 million were set aside to be recommended for reappropriation for the payout of this and other smaller settlements in a future financial status report.

A. Aging No Recommendation

It is projected that the Department will have a \$370,000 special fund surplus, largely attributable to savings in its salaries general account from vacancies. Aging is seeking to fill positions through the managed hiring process. Any unexpended grant funds will be returned to the grantor after the end of the fiscal year.

As a result of delays in the approval of a State budget, the State is not releasing Federal funds from the Older Americans Act (OAA) to the Department. This funding comprises approximately 61 percent of the total budget. In order to provide sufficient cash flow for the Department's programs, Council approved a \$3.6 million loan from Subordinate Loans Special Funds and the Public Works Trust Fund (C.F. No 10-2378-S1). These loans will be reimbursed upon receipt of the OAA funds.

B. Animal Services Attachment 7 – Transfers between Accounts within Departments and Funds Recommendation No. 2

At this time, it is projected the Department will have a deficit of \$178,000 attributed to its salaries general account. This deficit reflects payouts for deferred sick time payouts for Coalition employees and benefit and bonus payouts for ERIP retirees (\$25,000 and \$169,000, respectively), as well as

unfunded bonuses and reduced furlough savings for EAA employees. Expenditure accounts will be monitored for potential cost savings to offset the projected salary shortfall.

It is recommended that \$21,000 in identified contractual service savings be transferred to the Department's Salaries General account to partially address the projected deficit.

C. Building and Safety

Attachment 7 – Transfers between Accounts within Departments and Funds

Attachment 8 – Transfers between Departments and Funds

Recommendation Nos. 2 and 3

It is projected that the Department will be able to complete the year within budget with the approval of the recommended transfers and as a result of furlough savings, attrition, and anticipated additional salary appropriations for services provided to the Los Angeles World Airports (LAWA) and for grant-funded functions.

The Building and Safety Building Permit Enterprise Fund is currently attaining budgeted revenue. The Department also expects to meet most of its budgeted General Fund revenue with the exception of an additional \$5 million in Non-Compliance Fee revenue included in the Unappropriated Balance for administrative fee receipts associated with the abatement of vacant buildings. These fees were increased within the Foreclosure ordinance that became effective July 8, 2010 (C.F. No. 09-0365). The Department indicates that there are a number of ways property owners can demonstrate that they are in the process of adhering to maintenance provisions associated with vacant buildings allowing them to avoid payment of the administrative fees and that most property owners are taking advantage of these means to avoid fee penalty. Additionally, the Department notes that they have insufficient staff to monitor the program even if the fees could be assessed.

The following transactions are recommended:

- Transfer \$600,000 from the Repair and Demolition Fund to the Department to reimburse salary expenditures incurred in the course of providing Code Enforcement services.
- Transfer that \$2,102,200 from the Building and Safety Building Permit Enterprise Fund to the Department's Salaries account. These funds were appropriated to the Unappropriated Balance in the Adopted Budget to be utilized for incentive, sick, and vacation payouts associated with the Early Retirement Incentive Program (ERIP). As the Department is incurring these expenditures from their Salaries General account, it is recommended that these funds be transferred to the Salaries General account for continued expenditure reimbursement.
- Transfer a total of \$1,426,609 to reimburse the Department for salary (\$750,600), overtime (\$250,000), and transportation expense (\$15,656) expenditures, and to reimburse the General Fund for related costs (\$410,353), in accordance with a recently executed agreement with LAWA. The Department will be providing enhanced engineering and inspection services to LAWA in order to facilitate and expedite the improvement projects currently underway at the Los Angeles International Airport (LAX). The Department will be front funding these expenditures from the Enterprise Fund and reimbursements from LAWA will be deposited to the Enterprise Fund.

D. City Administrative Officer No Recommendation

It is projected that this Office will complete the year within budget with the reimbursement of grant oversight activities from the Neighborhood Stabilization Program II. The Office has the equivalent of three positions assigned to track, coordinate, and report on federal American Recovery and Reinvestment Act of 2009 (ARRA) funding.

E. City Attorney

Attachment 7 – Transfers between Accounts within Departments and Funds Attachment 9 – Appropriations from the Unappropriated Balance Recommendation Nos. 2, 4 and 30

The Department's current projected shortfall is estimated at \$11 million, largely attributed to an \$8.3 million shortfall in salaries general, \$1.6 million in salaries proprietary, \$213,000 in bar dues and \$958,000 in litigation expenses to be minimally offset by surpluses in grant-reimbursed and other expense accounts. The salary shortfall includes \$2.8 million in deferred sick payouts, ERIP retiree payouts and reduced furlough savings (\$340,000, \$1.7 million and \$700,000, respectively). After accounting for these payouts and reduced furlough savings, the overall salary shortfall is reduced to approximately \$7.1 million. Potentially, a portion of the salary shortfall may be mitigated by \$2 million due to anticipated attrition.

As a result of labor concessions in balancing the budget last year, the Coalition unions negotiated to defer bar dues paid by the City for a cost savings in the 2009-10 fiscal year. Coalition-represented employees instead paid these dues and were subsequently reimbursed in August 2010 with funding set aside this fiscal year. However, no additional funding was provided to cover bar dues for the current fiscal year. The Department intends to partially offset the \$213,000 shortfall with an internal transfer. Additional funding may be required to cover any remaining shortfall.

The litigation expense account may have a shortfall of \$958,000 at year-end due to the volume and complexity of cases being filed against the City. The anticipated shortfall includes funds set aside in the Unappropriated Balance. The Department reports that litigation expenses have increased over the years while budgeted funding has remained constant. To date the Department has expended 61 percent or \$2.4 million of the budgeted appropriation, which includes expenditures incurred from the prior year.

The following transactions are recommended:

- Transfer \$50,000 from the Unappropriated Balance, Outside Counsel account to the Department's Outside Counsel Workers' Compensation account to cover outstanding invoices and additional billings for workers' compensation cases anticipated during the first half of the fiscal year. The Adopted Budget set aside \$3.25 million in the UB for outside counsel, including workers' compensation. The Department reports that no new cases are being referred to outside counsel at this time and billings represent the final installment as cases are concluded. Furthermore, the Department reports that expenditures for fiscal year 2009-10 were \$13.5 million

citywide, which represents a significant reduction from 2008-09 expenditures of \$24.4 million. A status report is pending release and will provide further information.

- Transfer \$122,917 in identified contractual service to the Department's Salaries General account to partially address the projected deficit.

F. City Clerk No Recommendation

It is projected that the Department will have \$143,000 deficit by year-end, attributed to the salaries general account from payouts for deferred sick time and ERIP retirees and reduced EAA furlough savings. Expenditure accounts will be monitored for potential savings to offset the deficit.

G. Community Development Department Recommendation Nos. 5 through 11

The Department is projected to operate within budgeted funding from grant resources. Grant sources include Community Development Block Grant (CDBG), Community Services Block Grant (CSBG), Workforce Investment Act (WIA), CSBG-American Reinvestment and Recovery Act (ARRA), CDBG-ARRA and WIA-ARRA.

The budgeted revenue for the Department is \$12.4 million. The Department reports that there are sufficient resources to provide full cost recovery for all filled positions in 2010-11, which will be transferred to the General Fund as salary expenditures are incurred. The Department has 295 positions (198 regular and 97 resolution authorities) authorized through the Departmental Personnel Ordinance and the Personnel Resolution Authority. This Office is working with the Department to determine available funding to fill additional positions in the current year. The Office will also obtain information from the Department on the available replacement funding for direct and indirect salary costs that are currently funded by the ARRA grants that expire in 2010 through 2012. As of September 22, 2010, 274 positions are filled and 21 positions are vacant. No related costs reimbursements have yet been transferred to the General Fund.

The following transactions are recommended to allow the Departments of Transportation and Public Works, Bureau of Street Services to perform work on CDBG-funded projects:

- Transfer \$20,000 from the Community Development Trust Fund (CDTF) to Department of Transportation's (DOT) overtime account for work on the First Mile, Last Mile Transportation Study. Funding was approved in the 36th Year Consolidated Plan (C.F. No. 09-2665) from CDBG funds.
- Transfer \$5,000 from CDTF Fund to DOT on behalf of Department of Public Works, Bureau of Street Services for design and construction work for the Pico Washington Streetscape Project (Project). Funding for the Project is available from the partial repayment (\$200,000) of the Recreation and Parks Rancho Cienega Float Loan (C.F. 09-0184).
- Decrease appropriations to Department of General Services \$395,894.42 for unspent CDBG funds for the Rancho Cienega Project (CF 09-0184) which is completed and closed.

- Transfer \$4,576 in Broadband Technology Opportunities Program Public Computer Center Project - American Recovery and Reinvestment Act (ARRA-BTOP) funds within the ARRA-BTOP Fund to the CDD for computer purchases. A total amount of \$1,204,576 was approved for the LA Computer Access Network Project in February 2010, of which \$1,200,000 was appropriated in June 2010 (C.F. No. 09-0648-S17).
- Decrease appropriations by \$23,611 within CDBG-R Fund to correct the appropriation amount to the Los Angeles Housing Department (LAHD) for re-programmed funds from the Los Angeles Preservation, Recovery and Opportunity Program approved in July 2010 (C. F. 09-0648-S21).
- Transfer \$164,376 from the CDTF Fund to Street Services for the Pico Washington Streetscape Project. The funding for the project was recently released from Recreation and Parks Rancho Cienega Float Loan.
- Transfer \$54,796 within the Community Services Block Grant (CSBG) Fund for FamilySource Centers (FSC) contracts for Program Year 2011 (April -December 31, 2010). Funding is available from Program Year 2010 savings for the January 1, 2010 through March 31, 2010:

H. Controller No Recommendation

It is projected that the Department will complete the year within budget with the approval to appropriate \$2.2 million in Municipal Improvement Corporation of Los Angeles funding to the Department's salaries general account for the Financial Management System Project, as recommended in Section 1.U. If the current employment level is maintained, the Department should be able to absorb deferred sick time payouts, and ERIP retiree payouts.

According to the Department, furloughs, layoffs, ERIP retirements and the transfer of General Fund personnel to special funded and proprietary departments have depleted Department resources, adversely impacting the completion of financial statements and audit work. At the Audits and Governmental Efficiency Committee meeting on September 14, 2010, the Committee instructed the Controller to report back in 30 days regarding its resources to perform required audits and potential ramifications. This Office will monitor this issue closely.

I. Convention Center Attachment 8 – Transfers between Departments and Funds Recommendation No. 3

It is projected that the Department will complete the year within budget. The Convention Center Revenue Trust Fund is budgeted to appropriate \$2.2 million in special fund revenues to offset a portion of the Department's related cost for the 2010-11 Fiscal Year. The Department has already transferred \$550,000 from the Convention Center Revenue Trust Fund.

The Department ended the 2009-10 Fiscal Year above projected estimated revenue levels by approximately \$541,000. As a result, the Department is requesting to make several appropriation adjustments for the 2010-11 Fiscal Year to pay for items that would have otherwise been deferred

due to budget reductions. Of these requests, the following transactions are recommended at this time to address the Department's most critical items:

- Increase the Maintenance, Materials and Supplies account by \$139,000 for the purchase of parts and supplies to repair various plant equipment.
- Increase the Building Modifications and Repair account by \$199,500 to pay for costs related to air quality mandates and replacement costs of a light dimming system, light poles and hot water boiler gas devices.

It is recommended that the remaining appropriation adjustments for other expense accounts be reconsidered as part of the Mid-Year Financial Status Report when revenue cash flow for 2010-11 can be better assessed.

J. Council Recommendation Nos. 12 and 13

The following transactions are requested:

- Reappropriate \$12,000 of encumbered prior-year funds in Council District 15, Community Services account to the current fiscal year in order to pay AAA Rents and Events invoices associated with community events in Council District 15.
- Transfer a total of \$88,959 from various Council discretionary funds to the General Services Department for the purchase of parking related equipment.

K. Cultural Affairs Recommendation No. 14

At this time, a \$227,000 deficit is projected for the Department in its salaries general account. The deficit is primarily attributed to deferred sick payouts for Coalition employees, payouts to ERIP retirees and reduced furloughs for EAA employees (totaling \$166,000) and salary expenditures for five substitute authorities (\$300,000), offset by anticipated transfers to the Department. In prior years, the Department has used funds from reimbursements from the Public Art program to address shortfalls in the salaries and operational accounts. However, these funds could potentially be transferred to the General Fund for the Department's related costs.

It is recommended that funds totaling \$93,553 in prior year unencumbered Matching Grant Program funds in the Cultural Affairs Fund be reappropriated into the same account for the Cultural Exchange International Program. In 2009-10, the Department received \$75,000 in grant fund from the Durfee Foundation for the Cultural Exchange International Program and provided a similar amount in match dollars, as required by the Grant and previously authorized by Council (C.F. No. 08-1978). The Department issued awards and the funds were earmarked, the monies were not encumbered prior to the close of the fiscal year 2009-10.

L. Disability

**Attachment 7 – Transfers between Accounts within Departments and Funds
Recommendation No. 2**

It is projected that the Department will have a \$43,000 deficit in its salaries general account attributed to the payout for ERIP retirees and reduced furlough savings for EAA employees.

It is recommended that \$20,220 in identified contractual services savings be transferred to the Department's Salaries General account to partially address the projected deficit.

M. El Pueblo

No Recommendation

It is projected that the Department will have a \$50,000 deficit in its salaries general account due to deferred sick payouts, delayed layoffs and benefit payouts to employees leaving the Department. Projected surpluses in other accounts may be utilized to offset the deficit and complete the year within budget.

The Department is currently in mediation with the Olvera Street Merchants regarding rent increases. The Department's rent revenue is on target. If the Department is able to collect additional revenue from the rent increases, Council action will be required to appropriate the funds.

N. Emergency Management

**Attachment 7 – Transfers between Accounts within Departments and Funds
Recommendation No. 2**

The Emergency Management Department is currently projecting a salary deficit of \$775,000, which would be reduced to \$17,000 with the receipt of approximately \$758,000 in Homeland Security Grant reimbursements.

It is recommended that \$499 in identified contractual services savings be transferred to the Department's Salaries General account to partially address the projected deficit.

O. Employee Relations Board

No Recommendation

The Employee Relations Board is currently anticipating a salary deficit of about \$20,000 due to ERIP payouts and reduced furlough savings for EAA represented employees. This Office will closely monitor the contractual services account. A transfer is not recommended at this time.

**P. Ethics Commission
No Recommendation**

At this time, a deficit of \$196,000 is projected for the salaries general account, attributed to several factors including ERIP retiree and other benefit payouts and reduced furlough savings from EAA represented employees. The shortfall may be eliminated with a transfer from the Department's contractual services account, special prosecutor allocation of \$250,000, with a recommendation to be made in a future financial status report.

Q. Finance

**Attachment 7 – Transfers between Accounts within Departments and Funds
Recommendation No. 2**

A year-end deficit of \$1.2 million is currently projected for the Department due to an anticipated salaries shortfall due to ERIP payouts and reduced furlough savings for EAA-represented employees. This estimate also assumes that the Department will not fill any additional vacancies beyond those already approved to date by the Managed Hiring Committee.

The Department has expressed concerns that holding positions vacant negatively impacts its ability to collect revenue. The Department advises that it is currently operating at a high efficiency level and given its ambitious revenue goals it cannot afford to hold positions vacant. As a result, the Department has requested to be exempted from the Managed Hiring Process to provide the flexibility to fill vacant revenue generating positions in an expeditious manner. This Office is in the process of working with the Department to identify potential alternatives to addressing some of these vacancies.

It is recommended that \$3,427 in identified contractual services savings be transferred to the Department's Salaries General account to partially address the projected deficit.

R. Fire

**Attachment 7 – Transfers between Accounts within Departments and Funds
Attachment 8 – Transfers between Departments and Funds
Recommendation Nos. 2, 3, 15 and 29**

At this time, a \$13.4 million deficit is projected for the Department, largely attributable to deficits in the Sworn Overtime, Constant Staffing and Field Equipment Expense accounts, offset by surplus in the Sworn Salaries and Overtime Variable Staffing accounts. It should be noted that ongoing labor negotiations and staffing adjustments will likely affect these projections, potentially increasing the shortfall by an additional \$17 million. The revenue budget for this fiscal year is \$141.6 million and the Department is on target to meet this goal.

As previously reported, a pending lawsuit is estimated to cost several million in back wages. As a settlement nears, recommendations will be made in a future financial status report.

The following transactions are recommended:

- Reappropriate \$200,000 received in fiscal year 2009-10 Adopted Budget for E-Commerce for the Certified Unified Program Agency (CUPA) on-line fee payment and permitting process. This will bring the Department in compliance with the Citywide Billing and Collection Guidelines. Due to a delay in the contract process and year-end deadlines, the Department was not able to finalize the contract in FY 09-10. At this time the Department is ready to move forward to complete this project.
- Transfer \$258,028 of Municipal Improvement Corporation of Los Angeles funding to reimburse the Information Technology Agency for communications installation work done in FY 2010-11.
- Transfer \$341,523 in identified contractual services savings to the Department's salaries overtime constant staffing account to partially address the projected deficit.

S. General Services

Attachment 7 – Transfers between Accounts within Departments and Funds

Attachment 8 – Transfers between Departments and Funds

Attachment 10 – Proposed MICLA Funded (FY10) Fleet Equipment Replacement

Recommendation No. 2, 3, 16, and 29

It is projected that the Department will have a shortfall of approximately \$12 million primarily resulting from the salaries general account (\$8 million) and the parts account (\$4 million). For the Department to absorb the entire shortfall for this fiscal year without additional resources, additional layoff of 406 employees would need to occur by December 2010 to realize salary savings for half the fiscal year. Any delays to the timeline would require corresponding additional layoffs for the balance of this fiscal year. The Department should be directed to report back with an operational plan to address the projected deficit that includes a list of 406 positions for potential deletion from the Department by December 2010, with a service impact analysis.

The projected \$8 million salary shortfall reflects expenditures for ERIP retiree payouts (\$3.96 million), reduced furlough savings for exemptions approved after the budget adoption (\$920,000), and reduced furlough savings for EAA-represented employees (\$700,000), as well as the current employment level.

The projected \$4 million shortfall in the Field Equipment Expense account is based on last year's expenditures. The adopted budget for this account was reduced by \$2.9 million, per the budget reduction package to eliminate 2,000 vehicles and equipment from City fleet inventory by July 2010. The Department awarded a Fleet Utilization Study contract in late September 2010, and the study is expected to be completed by the end of January 2011. Based on the results of the study, the Department estimates that the 2,000 equipment will be eliminated from the City's fleet during the last quarter of the fiscal year. Our Office will monitor the Department's equipment reduction process and report back with the necessary funding adjustments in a future financial status report.

As with the Field Equipment Expense Account, the adopted budget for the Petroleum account was reduced by \$2.39 million based on service reduction package to eliminate 2,000 vehicles and equipment by July 2010. The projected savings from the elimination of the equipment is not expected

until the last quarter of this fiscal year. The Adopted Budget allocated \$2 million in Unappropriated Balance (UB) to address uncertainties associated with rising fuel costs. Assuming that funding set aside in the UB remains available, the Department is not projecting a deficit by year-end based on the price levels of fuel for the first two months of the fiscal year. Our Office will continue to monitor the fuel price levels and usage and recommend any necessary adjustments to the petroleum account in a future financial status report.

The Department projected the collection of \$2.9 million for parking fees at Civic Center parking lots, including \$420,000 at the Lot 3 parking lot near the Parker Center complex located on San Pedro Street. The Department has not been able to generate parking revenue from the facility since the Police Department has not yet vacated the Lot 3 parking lot. The Municipal Facilities Committee (MFC) is expected schedule the Lot 3 parking assignment item at the next scheduled meeting. The Department will provide the parking revenue impact based on the MFC deliberations in the next financial status report.

Street Services ARRA Support: In 2009, the Department was appropriated \$820,480 for fleet maintenance services to support Bureau of Street Services' American Recovery and Reinvestment Act program (CF 09-0648-S12). However, only staff charges directly attributed to project delivery are eligible for ARRA reimbursement at this time. Support positions – like Fleet Services – may be eligible for reimbursement in the future. As a result, \$820,480 was removed from the Department's account in the 2009-10 Mid-Year Financial Status Report.

After ARRA ends, the state and federal government will review and determine whether the City's Cost Allocation Plan, or CAP, is reasonable. (The CAP details departmental overhead charges, like fringe benefits, central services, and other overhead rates that can be charged to a grant). This process may take several years.

The City must deliver its approved ARRA projects within the authorized funding and all expenditures (direct and indirect) are counted against the authorized funding. Upon the final future accounting of how much overhead is owed, there may not be sufficient funding to pay for all overhead costs.

Given that the Department's fleet services-related costs to support the ARRA projects cannot be paid for this year, and may not be reimbursed in the future, the Department is incurring General Fund deficit to support the ARRA-related fleet services. The Department is working with the Bureau of Street Services to calculate its fleet services-related costs based on this fiscal year's projected ARRA projects, and our Office will report the fiscal impact in a subsequent financial status report.

The following transactions are recommended:

- Transfer \$160,000 from the Department's Hiring Hall account to its Salaries General account to allow the Department to retain two Building Operating Engineers. The 2010-11 Budget eliminated the Building Operating Engineer Program, and the Department anticipated the use of Hiring Hall staff to complete the work. However, union resistance on the use of Hiring Hall staff created an obstacle in implementing the reduction. The Department is retaining two BOEs as substitute

authorities and requires the transfer of funds from the Hiring Hall Account to the General Salaries Account.

- Transfer \$84,000 from the Municipal Improvement Corporation of Los Angeles (MICLA) to the Department to install equipment for Police helicopters. In 2009-10, the Department was appropriated \$204,000 for this work (C.F. No. 09-0600-S151). However, the Department was unable to complete the work in 2009-10 and the appropriation was returned to MICLA (C.F. No. 09-0600-S211). The new completion date is December 2010.
- Transfer \$742,800 from the Energy Conservation Loan Program Fund to the Department as part of the Memorandum of Understanding (MOU) and Loan Agreement with the Department of Water and Power (DWP), in which the City will receive a series of loans from DWP to purchase and install energy efficiency measures for City buildings and facilities. The transfer to operating accounts will pay for labor, materials, equipment and contractual services costs as part of the Lighting Retrofit program. Out of the amount to be transferred, \$300,000 is savings from completed energy efficiency projects and DWP rebates and \$442,800 is from a new loan from DWP. These funds will pay for retrofit measures performed on 50 City facilities and are estimated to be completed by July 2011.
- Transfer \$86,213 from the Energy Conservation Loan Program Fund to the Building Maintenance Division (BMD) in accordance with the "Water Conservation Retrofit" Memorandum of Understanding with the Los Angeles Department of Water and Power (DWP). Per the MOU, BMD should be reimbursed for labor costs to replace current fixtures with water-conserving fixtures comprised of 543 low-flow urinals and 202 ultra low-flow toilets at 124 City facilities.
- Authorize the Department of General Services to purchase 48 vehicles through the MICLA Fleet Replacement Program for \$12.23 million, as detailed on Attachment 10. In adopting the 2009-10 budget, the Mayor and Council instructed departments to obtain prior approval before expending MICLA funds. Subsequently, Council directed all departments to cease all MICLA expenditures for fleet equipment (C.F. No. 09-0600-S159). As part of the 2009-10 Year-End FSR, the Department of General Services submitted a request for \$12.23 million for the purchase of heavy duty fleet equipment for Recreation and Parks, Street Services and Transportation to comply with various vehicle emission mandates. The Department was asked to determine whether alternative sources of funding were available to offset a portion of these costs. GSD indicates that they have applied for grant funding through the Mobile Source Air Pollution Reduction Committee work program to reimburse the City for the purchase of natural gas street sweepers. The proposed list of 48 vehicles contains 20 street sweepers for a potential of \$500,000 in grant funding (Attachment 10).

T. Housing

Attachment 7 – Transfers between Accounts within Departments and Funds

Attachment 8 – Transfers between Departments and Funds

Recommendation No. 3

The Department expects to remain within budget through the year end. As the Department is special funded, it has been exempted from furloughs. Special Fund reserves are available to cover the ERIP retiree payouts in the event that budgeted special funds are insufficient.

It is recommended that \$30,000 in available Community Development Block Grant (CDBG) funds be transferred to cover the ERIP retiree payouts for payments due from July through September 2010. The recommended CDBG funds were approved through the 36th Program Year Consolidated Plan to cover Housing's administrative costs. The Department's CDBG budget allocation is only sufficient to cover the salaries of filled positions, leaving no surplus funds available to completely meet the payout obligation. Additional transfers may be necessary later in the year as needs are identified.

U. Information Technology Agency

Attachment 6 – New Appropriations

Attachment 7 – Transfers between Departments and Funds

Attachment 8 – Transfers to the Reserve for Economic Uncertainties

Recommendation Nos. 1, 2, 3, 17 and 29

It is projected that the Department will have a deficit of approximately \$5.4 million, comprised entirely of a deficit in its salaries general account. Factors contributing to this deficit include the cost of absorbing ERIP retiree payouts (\$1.5 million) and other payouts (\$600,000), the cost of delays in layoffs of eliminated positions (\$600,000), and the cost of eliminating 16 furlough days for EAA employees (\$1.2 million), as well as the current employment level. There are no projected surpluses in other accounts within the Department's budget that can be used to offset this deficit. Additional layoffs would have a severe impact on the ability to provide services.

The following transactions are recommended:

- Transfer \$128,045 from the Department's Contractual Services account to Salaries, General to fund position authority for one Senior Communications Engineer included in the Personnel Resolution Authority (C.F. No. 10-1700). The 2010-11 Budget eliminated one Senior Communications Engineer position that had been primarily dedicated to the now completed Police Administration Building. In lieu of elimination, the Department proposed reassigning the position to assist with the engineering work required to complete the new Fire Department dispatch center located in the Emergency Operations Center. Dedicating this position to the project will allow the Department to reduce its use of a contractor hired for this purpose by a like amount. Thus, there is no additional cost associated with reassigning this position.
- Transfer \$67,641 from LA CityView Channel 35's expense account to pay the full-year cost of Councilphone / Voicemail Technician position. Subsequent to the adoption of the budget, the Council restored the position, which had been eliminated from the 2010-11 Budget (C.F. No. 10-1040). At the time, the City Council instructed this Office to work with ITA to identify savings within the Telecommunications Development Account that could be used to pay for this position.
- Transfer \$500,000 in MICLA authority from the Department to the Police Department to allow it to take the lead in extending its voice radio system into the new Emergency Operations Center.
- Transfer a total of \$3,934,138 in MICLA funding for salaries in ITA (\$1,634,259), the Office of the Controller (\$2,197,274), and the CAO (\$102,605) to support the development of the new Financial Management System, as authorized in the Adopted Budget.

- Appropriate a total of \$51,369 from the Department's revenue accounts to its Communications Services and Contractual Services accounts to fund the cost of responding to communications service requests, primarily from the Department of Recreation and Parks.

V. Library

Attachment 7 – Transfers between Accounts within Departments and Funds Recommendation No. 2

With the approval of the proposed transfer, it is projected that the Department will have a deficit of \$3.5 million by year-end. Of this amount, \$3.4 million is attributed to the salaries general account and is the result of the Department's employment level, ERIP retiree payouts, current and deferred sick time payouts, and other benefit payouts. The Department is reporting a deficit of \$90,000 in fines and fees revenue for the period ending August 31, 2010. This Office will monitor department attrition and expenditures and will transfer funds from various departmental accounts to ensure the Department remains within their budgeted funds.

It is recommended that \$1,943,209 be transferred from the Department's Various Special account to the Salaries General account to partially fund the cost of ERIP retiree payouts, deferred sick time payouts and other benefit payouts.

W. Mayor

Recommendation Nos. 2, 18 through 21

The following transactions are requested by the Office of the Mayor:

- Transfer \$1,000,000 from the Department's Salaries, General account to the Salaries, As-Needed account to cover the anticipated account deficit.
- Accept \$167,429 donated by Community Partners to support salary costs associated with the Million Trees LA Initiative funds and appropriate these funds to the Salaries As Needed account.
- Reimburse the General Fund a total \$154,143 for expenditures associated with the FY07 Justice Assistance Grant (JAG) (C.F. No. 07-2730-S2). Additionally, reimburse the General Fund \$104,446 for expenditures associated with the FY08 Justice Assistance Grant (JAG) (C.F. No. 08-2452).
- Transfer \$402,991 from the American Recovery and Reinvestment Act Justice Assistance Grant (JAG ARRA) Fund to the Offices of the Mayor and City Attorney to support 2010-11 salary and fringe benefits costs. In November 2009, the Council authorized the acceptance of the JAG ARRA and approved the grant budget (C.F. No. 09-0648-S5). These transfers will support expenditures in accordance with the approved grant budget, and include \$189,014 that will be utilized by the City Attorney for Community Law Enforcement and Recovery (CLEAR) Program staff salaries and \$213,977.02 that will be utilized by the Mayor's Office for staff salaries and fringe benefits in support of the administration of the grant program.

X. Neighborhood Empowerment

Attachment 7 – Transfers between Accounts within Departments and Funds Recommendation No. 2

It is projected that the Department will have a \$235,000 deficit if the Department fills positions authorized by Council to operate the Department as a stand-alone Department (C.F. No. 10-077). Of this deficit, \$58,000 is attributed to ERIP retiree payouts and \$100,000 from reduced EAA furlough savings. This Office will continue to monitor the hiring process and make adjustments on the projected start dates.

This Office is projecting a \$1.2 million cash shortfall in the Neighborhood Empowerment Trust Fund due to an inadvertent omission in the special fund schedule. The \$1,275,676 that was transferred to the Unappropriated Balance in 2009-10 was not recorded as an expenditure against the fund. The Neighborhood Councils have up to three fiscal years to expend the funds. We will continue to monitor the Neighborhood Council expenditures and report back to Council if further action is warranted.

A transfer of \$80,625 is recommended from the 2006-07 Neighborhood Council Funding Program to fund two new neighborhood councils certified in 2010. The Department received \$159,254 from Bank of America resulting from residuals funds available from the Neighborhood Council debit card program.

Y. Personnel

Attachment 7 – Transfers between Accounts within Departments and Funds Recommendation No. 2

At this time year-end deficit of \$516,000 is projected for the Personnel Department, consisting of \$346,000 in the salaries general account and \$170,000 in the salaries as-needed account. This estimate assumes that anticipated reimbursements are received and that \$335,000 of savings will be realized with the delayed opening of the Metro Detention Center.

The salaries general account deficit is attributed to the Department having to absorb \$844,000 in ERIP retiree payouts and approximately \$750,000 in reduced EAA furlough savings. Additionally, the salaries as-needed account is projected to be \$170,000 short by year-end, primarily due to the elimination of furloughs for correctional care nurses who must provide State-mandated detainee care at the City's three detention facilities.

It is recommended that \$346,000 in identified contractual services savings be transferred to the Department's Salaries General account to partially address the projected deficit.

Z. Planning

No Recommendation

The Planning Department projects a surplus of \$582,000 in the salaries general account by year end. This amount includes the savings from the current furlough program for all employees, and deferred

sick time and ERIP retiree payouts. The Department's staffing capacity has been significantly reduced as a result of ERIP retirements, position eliminations and managed hiring. While resources were reorganized and allocated to providing core services in case processing and community planning, the backlog of cases has been growing since 2009-10. To date, nearly 800 entitlement cases have passed the legal processing deadline. Additionally, the Department has decreased the number of updated New Community Plans from 13 to 7 and accounting functions including billing, collections and refund claims, have a high backlog and long turnaround times.

AA. Police
Recommendation Nos. 22, 23 and 30

At this time, the Department's deficit is estimated at \$18.1 million, which will be reduced by as much as \$3 million as additional funding is authorized, based on authorized amounts for prior years. The deficit is largely attributable to deficits in the civilian salaries, sworn overtime, contractual services, and field equipment accounts, offset by smaller surpluses in other accounts.

The \$8.3 million civilian salary deficit is a result of the ERIP retiree payout, the deferred excess sick time payout, and reduced EAA furlough savings (\$4 million, \$200,000, and \$4.1 million, respectively). The \$6.8 million sworn overtime deficit represents unfunded reimbursable overtime which will be partially addressed as funds are authorized from grants, donations, and other transfers. In previous fiscal years, reimbursement has averaged \$3 million. The contractual services account deficit is due to measures to limit contract costs while anticipated expenditures are approximately \$20 million, or \$2.5 million above budget. The Field Equipment account has a projected deficit of \$500,000; additional funds were provided in the budget to fund increased spending on vehicle maintenance, but DNA consumables continue to be high priority.

At the end of 2009-10, total sworn payroll was 9,937. A class of 30 was hired in Pay Period One to bring the Department close to 9,963 to start the year as contemplated by the Budget. Through August 28, 2010, 70 Police Officers have been hired. After the August class, there are no more scheduled classes until November. Attrition through August 28 is 66, four higher than projected at this point. This net addition brings total sworn payroll to 9,941.

The following transactions are recommended:

- Reappropriate \$24,999 in funding provided by the Community Redevelopment Agency for the purchase of cameras and WiFi equipment, as previously authorized (C.F. No. 07-0008-S1) Due to the length of the contracting process, the equipment was not purchased.
- Reappropriate \$679,830 in funding provided by the Street Revenue Furniture fund for the purchase and installation of security cameras in Council District 3 (C.F. No. 10-0011-S11). The funds were not used but are still needed to complete the project.

**BB. Public Works/Board
No Recommendation**

The Board of Public Works is projecting a \$100,000 General Fund deficit and a \$103,000 surplus in special funds. Our office will work with the Department to identify savings in other areas, such as ceasing expenditures in the Salaries, Overtime and Printing and Binding accounts, and reassigning employees into Special Funded vacancies, to offset the projected General Fund deficit.

**CC. Public Works/Bureau of Contract Administration
No Recommendation**

At this time, no year-end deficit is projected for the Department; however, workload estimates are currently being revised so projected revenue and expenditures for the year are preliminary. This Office will monitor accounts and report back in subsequent FSRs with necessary actions to address any potential shortfalls.

**DD. Public Works/Bureau of Engineering
No Recommendation**

It is projected that the Department will complete the year within budget, assuming that expected salary appropriations are received in the current year from off-budget special fund programs. At this time, there is a projected surplus of approximately \$5 million in the Sewer Capital Fund due to vacancies in the Wastewater Program.

General Fund receipts through the end of August total nearly \$3.03 million, which is 10.3 percent of projected total revenue of \$29.4 million. Receipts are three percent less than for the same period in 2009-10 but it is too early to tell if there will be a deficit at year-end.

**EE. Public Works/Bureau of Sanitation
Attachment 6 – New Appropriations
Attachment 7 – Transfers between Accounts within Departments and Funds
Attachment 8 – Transfers between Departments and Funds
Recommendation Nos. 1, 2, 3 and 24**

It is projected that the Department will have a surplus of \$10.3 million across its special funds as a result of vacancies and expense savings. This assumes salaries funding of approximately \$1.5 million for the Proposition O Clean Water Bond program will be appropriated during the fiscal year.

The Solid Waste Lifeline Rate Program was funded at the 2009-10 level of \$16.7 million in the General City Purposes fund. The annual cost of the program is approximately \$23 million. However, the change in subsidy, requiring participants to pay 35 percent of the Solid Waste Fee effective this year over a full exemption, maintains the General Fund obligation at the budgeted amount. The ordinance is pending Council consideration although the Department reports no financial impacts at this time. Lifeline participants will pay 70 percent of the fee beginning in 2011-12.

Recommendations for this period include special fund transactions totaling \$3 million to maintain operations, as follows:

- Transfer \$150,000 from the 2009-10 Stormwater Pollution Abatement (SPA) fund savings to reimburse the Office of the City Attorney for the payment of a liability claim associated with the Watershed Protection Program (Reference: C.F. No. 10-0599, Claim C0901922).
- Reimburse \$366,264 in prior year salary expenses from the Integrated Solid Waste Management (ISWM) fund reimbursements to the Citywide Recycling Trust Fund (CRTF) and Household Hazardous Waste funds. ISWM was projected to be short due to Bottle Bill reductions and was covered by CRTF. However, sufficient funds were eventually received from the Bottle Bill program which are being restored to the CRTF and HHW funds.
- Appropriate \$1.6 million from ISWM funds to support current year Phase IV planning and development costs for the Alternative Technology Program. Phase IV includes four key elements: 1) continuation of the environmental documentation and review process (CEQA preparation), 2) permitting preparation, 3) design development, and 4) additional public outreach. Funding was phased over two years for a total of \$2.6 million, including \$1 million in 2009-10 and \$1.6 million in 2010-11;
- Transfer \$750,000 from the CRTF, as budgeted, to reimburse the Solid Waste Resources Revenue Fund (SWRRF) for current year tip fees related to the weekend drop-off program for non-residential green waste.
- Transfer \$27,943 from the SWRRF to the Department of General Services for mailing costs of notifications for changes to the Solid Waste Fee Lifeline Program.
- Transfer \$50,000 from the Environmental Affairs Trust Fund (EATF), now administered by the Bureau of Sanitation, to the Bureau of Street Services Subventions and Grant Fund for overtime expenses incurred by the Department of Transportation at the CicLAvia bikeway event on October 10, 2010.
- Appropriate \$6,334 from the EATF to the Department of Building and Safety to fund moving costs of Local Enforcement Agency staff as a result of elimination of the Environmental Affairs Department.
- Transfer \$15,000 in uniform account savings to cover deferred expenses in Solid Resources operations.
- Approve the ordinance amending Section 66.41 of the Municipal Code to reduce the amount of the lifeline subsidy of the solid waste collection, transfer, recycling, recovery of waste resources and disposal fee (C.F. No. 10-0600-S32).

FF. Public Works/Bureau of Street Lighting
Attachment 7 – Transfers between Accounts within Departments and Funds
Attachment 8 – Transfers between Departments and Funds
Recommendation Nos. 2 and 3

With the approval of proposed transfers, it is projected that the Department will have a special funds surplus of \$550,000, attributed to its salaries general account.

The following transactions are recommended:

- Transfer \$605,000 from the Salaries, General account to Hiring Hall Salaries and Hiring Hall Benefits accounts to continue fully staffing street light field crews. Due to the City's hiring freeze and frequent turnover, the Department is unable to fully staff its field crews with City workers and depends on a hiring hall pool of employees to install and perform routine and emergency maintenance on street lights.
- Reappropriate \$62,000 in Proposition A funding that reverted at the end of fiscal year 2009-10. The Department is performing work on the Interstate 405 widening as part of a multi-agency construction project, and the reappropriation of overtime funding is required to remain on schedule. Funding for the widening project is provided by the 2009 Metro Rail Annual Work Program (C.F. No. 09-0171). Re-appropriation of remaining funds and any new appropriations will be addressed in the upcoming 2010 Metro Rail Annual Work Program report.

GG. Public Works/Bureau of Street Services
Attachment 6 – New Appropriations
Attachment 8 – Transfers between Departments and Funds
Recommendation No. 1, 3 and 25

After accounting for interim appropriations and reimbursements anticipated later in the fiscal year, and transfers requested in the First FSR, a net year-end deficit is not projected for the Department. The timely receipt of anticipated reimbursements will be monitored to ensure a balanced budget at fiscal year-end.

Transfers and appropriations totaling \$1,972,551.17 are recommended below. These include four transfers to Department's budget for bridge and tunnel maintenance, guardrail, drainage and alley projects, as well as three transfers to the Bureau of Engineering and Department of Transportation for street light design and installation on the Olympic Boulevard Streetscape Improvement Project, and for transportation services in support of the One-Stop Special Events Permit ordinance.

The following transactions are recommended:

- Transfer \$150,000 from the Gas Tax (Fund 206/50) to the Bureau of Street Services for bridge and tunnel maintenance (C.F. No. 10-0600).
- Transfer \$150,000 from the Gas Tax to the Bureau of Street Services for guardrail construction (C.F. No. 10-0600).

- Transfer \$300,000 from the Gas Tax to the Bureau of Street Services for various drainage projects (C.F. No. 10-0600).
- Transfer \$600,000 from the Subventions and Grant – DWP fund to Bureau of Street Services for the North Hollywood alley retrofit infiltration demonstration project.
- Transfer \$12,000 from the Subventions and Grant fund to the Department of Transportation for overtime related to the Olympic Boulevard Streetscape Improvement project.
- Transfer \$760,551.17 from the Subventions and Grant fund to provide front-funding to the Department of Transportation's overtime account to support the One-Stop Special Events Ordinance.

HH. Recreation and Parks

No Recommendation

The Department is projected to complete the year within budget. The anticipated surplus of approximately \$420,000 in the salaries general account will be needed to offset potential revenue shortfalls.

The Department projects a \$2.1 million shortfall in Departmental revenues. The Department projects a shortfall in indirect costs reimbursements from golf operations due to lower employment level caused by attrition and ERIP. The Department also anticipates revenue shortfalls in other revenue categories such as Griffith Observatory, pools, recreation centers and reimbursements from special funds. This Office will closely monitor the Department's revenue stream closely and report back in future financial status reports.

II. Transportation

Attachment 7 – Transfers between Accounts within Departments and Funds

Attachment 8 - Transfers between Departments and Funds

Recommendation Nos. 2, 3, 26 and 29

At this time, it is projected that the Department will have an approximate \$4 million General Fund deficit in the salaries, general account which includes about \$1 million in general salaries, \$1 million in reduced EAA furlough savings, \$2 million in projected Employee Retirement Incentive Program pay outs, \$153,000 in deferred sick time pay outs. The \$1 million shortfall in salaries is only anticipated if special funded positions continue to charge only 50 percent labor hours to their special funds. If these positions work 100 percent on the special funded projects, the impact to the General Fund will be less significant. Currently, no Special Fund salaries deficit is anticipated. Additionally, no other significant shortfalls are anticipated in the Department's operating budget at this time.

The Department reports a shortfall to this fiscal year's parking citation revenue. The Adopted Budget assumes collection of approximately \$142 million in parking citation revenue. Due to delays in implementing the increases in parking citation rates, the Department anticipates that revenue will be \$2 million less than budgeted.

The following transactions are recommended:

- Transfer \$108,624 from the Contractual Services account to the Department of General Services' (GSD) Contractual Services account. The Department was informed in June 2010 that security services at DOT's three parking citation adjudication centers would be eliminated due to a shortfall in GSD's 2010-11 Adopted Budget. DOT and GSD were able to negotiate a final agreement with the result that DOT would assume the costs of the security services contract as of September 1, 2010. Therefore, the transfer of \$108,624 from DOT to GSD will cover the security costs for the remainder of the fiscal year. Because this expenditure was not budgeted, this transfer could potentially result in a shortfall of a similar amount to this account. The Department views security at these locations to be a priority and this Office will continue to monitor and report on the status of this account throughout the fiscal year.
- Transfer \$600,000 from the Special Parking Revenue Fund, Capital Equipment account to the Special Parking Revenue Fund, Contractual Services account. This transfer will cover expenditures related to a Parking Access and Revenue Control System at the Hollywood and Highland Parking Garage.
- Transfer \$635,000 from the Transportation Regulation and Enforcement Fund to the Los Angeles Police Department to provide for overtime costs associated with the Bandit Taxicab Enforcement Program.
- Transfer \$235,000 from the Transportation Regulation and Enforcement Fund to the Department's overtime account for anticipated expenditures related to the Bandit Taxicab Enforcement Program.
- Transfer \$50,000 from the Proposition C Anti-Gridlock Fund to the Department for anticipated overtime costs associated with traffic control at congested sites affected by median barrier replacement on Interstate 110 from York Boulevard to Avenue 26.
- Transfer \$5,815 in the Subvention and Grants fund to the General Fund for related cost reimbursement for the Santa Monica Transit Parkway Project financial closeout. Over \$4.1 million were transferred to the General Fund in 2009-10 as related costs reimbursements from the Santa Monica Transit Parkway project. With the write-off of Reserve Fund loans from 2006-07 and 2007-08 that were reported by the Department of Transportation, the remaining available cash of \$5,815.54 can also be transferred as related costs reimbursements.

JJ. Treasurer

Attachment 7 – Transfers between Accounts within Departments and Funds Recommendation No. 2

A year-end deficit of \$7,000 is projected in the Department's Salaries Account due to ERIP payouts (\$36,000), a reduction in EAA furlough hours (\$73,000), and other retirement payouts. Most of the deficit has been offset by department vacancies. However, the remaining deficit can be eliminated by year-end if the Department staggers its hiring throughout the year.

The Treasurer's Office has requested an appropriation of \$161,243 Bank Service Fees Account to pay remaining prior year invoices which were posted as 2009-10 departmental General Receipts. As this would require an appropriation from the Reserve Fund, it is recommended that prior invoices be paid from current year funding at this time. A total of \$6 million has been budgeted for bank fees in the current year consisting of \$4.9 million in the department's Bank Service Fees Account and \$1.1 million in the Unappropriated Balance.

It is recommended that \$2,000 in identified contractual services savings be transferred to the Department's Salaries General account to partially address the projected deficit.

**KK. Water and Power
Recommendation No. 27**

It is recommended that the City Administrative Officer reimburse \$12,170 to the Department of Water and Power Water from Federal Emergency Management Agency reimbursement proceeds deposited in the Disaster Assistance Trust Fund for fuel supplied to the Fire Department and firefighting mutual aid resources during the Sayre Wildfire disaster from November 15, 2008 through November 19, 2008.

**LL. Zoo
No Recommendation**

The Department is projected to complete the year within budget. The current salary projection shows a surplus of approximately \$980,000 in the salaries general account. This surplus may be required to offset potential revenue shortfalls.

The Department reports that year-to-date attendance and revenue currently exceed budgeted amounts. According to the Department, the exceptionally mild summer weather for July and August translated to good attendance for the first two months of the fiscal year. This Office will continue to work with the Zoo to closely monitor revenues and report back in future financial status reports.

2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental funds, special accounts and programs. Recommendations include the reappropriation of funds to the following fiscal year, the transfer of Contractual Services account funds to the Service Reduction Mitigation Account and an appropriation from the Reserve Fund to the Unappropriated Balance.

**A. Human Resources Benefits Fund
No Recommendation**

An \$11.2 million deficit is projected for the Civilian FLEX Account. The projected deficit assumes rate increases for Kaiser Permanente HMO, Anthem Blue Cross HMO, and Anthem Blue Cross PPO of

6.8 percent, 8.9 percent, and 9.1 percent, respectively. The projection for Civilian FLEX is highly dependent on the number of additional layoffs during this fiscal, which will decrease benefit costs (and increase Unemployment Insurance costs). There is \$13.4 million set aside in the Unappropriated Balance (UB) for the Civilian Flex Benefits to address deficits in this budget; however, no transfers are recommended at this time. All other accounts are within budget. This Office will continue to monitor all accounts and report status in future financial status reports.

B. Liability Claims Account
No Recommendation

The Adopted Budget provides \$48.9 million to settle claims and pay judgments against the City. To date, the City has approved (or has pending for approval) \$19.3 million payouts in total liability claims. Based on the City Attorney's recent payout estimates for this fiscal year, shortfalls are not anticipated at this time. The City Attorney and the CAO will continue to monitor claims and keep Council apprised should any significant liability claim issues arise.

C. Reserve Fund
No Recommendation

At the close of September, the Reserve Fund Balance is currently \$173.7 million after providing for transfers included in the 2009-10 Year End FSR and other transactions, consisting of \$120.3 million in Emergency Reserve and \$53.4 million in Contingency Reserve. While the July 1, 2010, Reserve Fund balance is greater in comparison to the past three fiscal years, this Office recommends that we continue to build the Reserve Fund and minimize using the Reserve Fund to offset deficits in light of the continuing weak economy and the forecasted 2011-12 budget gap.

D. Unappropriated Balance
Attachment 11 – Transfers to the Service Reduction Mitigation Account
Attachment 12 - Status of the Unappropriated Balance – non-General Accounts
Recommendation No. 28

In accordance with the City 2010-11 Budget Resolution (C.F. No. 10-0600), it is recommended that \$305,483 in Personal Services Contract savings be transferred to the Service Reduction Mitigation Account in the Unappropriated Balance. See Section 6 for further discussion.

3. STATUS OF GENERAL FUND RECEIPTS

Receipts through September are close to budget plan. There are areas of concern, but no adjustments to the budget revenue projections are recommended at this time. General Fund receipts through September, excluding interest income, are \$554.5 million; the budget plan is \$548.8 million – a difference of \$5.7 million or 1 percent (Attachment 1-A).

Economy – Economic forecasts and indicators are close to the projections available at the time of budget preparation. Growth in taxable sales is generally in the 4 percent range, although the UCLA Anderson forecast is more pessimistic for 2010. The local unemployment rate remains at the double-digit level (Attachment 1-B). U.S. retail sales are showing growth from very low levels in the prior year, but have been flat in recent months (Attachment 1-C). Forecasts for the U.S. economy are generally more pessimistic than six months ago (Attachment 1-D). As we have been reporting, significant growth in City taxable sales is unlikely until unemployment starts to decrease (Attachment 1-E).

Property Tax –The property tax is nearly \$11 million above plan due to carryover of secured receipts anticipated to be received in the prior fiscal year. Also, the state reports property tax receipts from the triple-flip (the 2004 State budget measure replacing the local Vehicle License Fee revenue used to repay State economic recovery bonds with the County's Ad Valorem property tax revenue) will be \$3 million higher than projected at budget time. No adjustment to this account is warranted until we receive the results of first installment payments between December and February (Attachments 1-F through J).

Documentary Transfer Tax – Receipts are 14 percent above the prior year through September, but are still running \$1 million per month below the budget plan. Both the number of home sales and median prices in Los Angeles County declined in August. This is likely to depress revenue at least through the next several months (Attachments 1-K through M). None of the projected \$6 million from non-recorded transfers of controlling interest in real property has yet been received.

Sales and Business Tax – The sales tax is the city's most economy-sensitive revenue. After double-digit declines in each quarter since the one ending in December 08, City budget anticipated a decline of only 2 percent for the quarter ending March 31. Actual taxable sales were up 0.3 percent. City budget anticipated growth of 4 percent for taxable sales in quarter ending June 2010 and actual City growth was 4.6 percent. Notwithstanding this, the state reduced its cash advance to the City and actual receipts through September are \$1.8 million below plan, but still \$1 million above receipts at this time last year (Attachments 1-N and O). Growth in City taxable sales was slower than countywide or statewide growth (Attachments 1-P and Q). Business tax receipts through September are \$2 million below plan, but early receipts have little significance. The budget estimate is below last year's actual receipts. Since most business taxes are recorded in February and March, however, it is too early to speculate on possible changes to the Business tax estimate.

Utility Users' Tax – Receipts are \$3 million below plan through September. The budget projects electric users' tax receipts to increase by \$22 million from the prior year, but receipts at September are at about the same level as the prior year (Attachment 1-R). Electric users' tax receipts are \$4.6 million below plan and more than \$1 million below the prior-year level. The revenue estimate was based on increased power sales and higher energy cost adjustments. Power sales are affected by the mild summer and slow economic recovery (Attachment 1-S). Partially offsetting slower electric sales, the gas users' tax is \$2 million above plan even though gas commodity prices have been rising at a slower rate than projected. Most receipts from this source occur in the winter months and are affected by the slow economy (Attachments 1-T and U). The telephone users' tax is close to plan at September. The recession combined with falling usage charges due to increased competition among

providers is exerting a downward trend on revenue and this account was budgeted to receive \$5 million less than was received in the prior year (Attachment 1-V).

Parking Users' and Transient Occupancy Taxes – The parking tax typically follows the economy and has declined in recent years. Growth of 2 percent is projected for FY 2010-11, but early receipts are disappointing (Attachments 1-W and X). The transient occupancy tax is projected to grow by 3.5 percent and early signs suggest revenue may exceed that expectation – receipts through September are 5.5 percent above budget (Attachments 1-Y and Z).

License, Permits, Fees and Fines – This account nearly \$11 million above plan at September, but early receipts are seldom indicative of fiscal year results. Potential Risks:

- **Asset Restructuring** – This \$53 million revenue is from proposed long-term leasing of City-owned parking assets. There are a number of open issues such as the timing of concession proposals and decisions. There is potential risk associated with receipt of a substantial portion of budgeted revenue in fiscal year 2010-11.
- **Building and Safety** – This new fee is for code violations on foreclosed property. The department reports that collection of a substantial portion of the \$5 million budgeted is unlikely as banks are likely to take steps to avoid fines.
- **Animal Services** – Budget is \$4.9 million; annual receipts are typically in the \$3 - \$3.5 million range. Plan through August is \$865,000; actual receipts are \$624,000. The dog license fee increase is scheduled to start in October and other fee increases are scheduled for December. There is potential risk associated with receipt of a substantial portion of budgeted revenue in fiscal year 2010-11.

4. STATUS OF THE THREE-YEAR PLAN

A. Responsible Financial Management

Consistent with the Three-Year Plan, the City has made responsible financial management a priority and has taken action that makes this priority abundantly clear. These actions have included but have not been limited to: 1) reverting funds to the Reserve Fund above the budgeted amount; 2) placing a hold on non-essential debt-financing through MICLA; 3) continuing the Managed Hiring Process; and 4) funding the Budget Stabilization Fund (BSF) with an initial balance of \$500,000. This Office will soon be reporting to the Budget and Finance Committee with recommendations on the financial policies to govern the BSF including the ongoing sources of funds that should be identified to support the fund and the potential uses for the fund.

B. Focus on Core Mission

The City continues to make an effort to focus its limited resources on the most essential and required functions rather than diverting resources to other nonessential programs that are likely compromised in service delivery due to the restriction of resources. For example, the City recently entered into

agreements with Scan Health, Inc. for a Field Data Capture System (FDCS) and Advance Data Processing, Inc. for a computerized Emergency Medical Services Billing and Collection System (EMSS) with the goal of making the billing and collection process more efficient, less staff-intensive, and more cost-effective. The combined efforts of through these contracts will:

- Eliminate outdated paper-based and hand-written forms
- Eliminate the loss and misplacement of forms
- Improve overall patient care during an emergency medical response
- Improve data collections and billing accuracy
- Allow for the capture of additional patient symptom data
- Ensure the privacy and security of patients' confidential health information
- Reduction of the billing cycle
- Improved efficiency in the accounts receivable process
- Increased operational efficiency
- Increased revenue
- Improved audit trail

On a larger scale, through the adoption of the 2010-11 Budget the following department re-organizations were approved that eliminated departments and consolidated functions and services.

Environmental Affairs: Positions and functions of the Environmental Affairs Department (EAD) were transferred to the Department of Building and Safety (DBS), the Bureau of Sanitation (BOS), and the Department of Transportation (DOT). The Community Development Department also received new positions for the administration of Energy Efficiency and Conservation Block Grants (EECBG).

The staff of the Local Enforcement Agency (LEA) has completely transitioned to the DBS's Code Enforcement Bureau with no impact to services. The LEA is a State-mandated program responsible for the permitting and inspection of both City-owned and private solid waste facilities. LADBS is currently in the process of reviewing the fees billed by the LEA to ensure full cost recovery for the service.

Ten full-time and four part-time employees were transferred to the BOS, and the Bureau has both maintained important programs previously managed by EAD and integrated the technical expertise of the transferred staff into BOS' existing programs and divisions. (See the table below for the transferred EAD functions.)

Bureau of Sanitation Division				
Watershed Protection Division	Regulatory Affairs Division	Solid Resources Citywide Recycling	Solid Resources Support Services	Financial Management
GIS Support for Water Quality Programs	Environmental Programs Coordination	Brownfields	GIS Support for Collections Services Routing Efficiencies	Environmental Trust Fund Administration
Clean Streets	Tree Planting	Sustainability Program	Clean Fuel Program	Grant Applications
Green Roofs	Green House Gas Inventory	Green Business		Grant Reporting and Billing
	AQMD Support	Green Lodging Certification		
		Clean Cities Program		

DOT absorbed a position for the administration of mobile source grants. Additionally, EAD employees transferred to vacant positions in other City departments including, the Mayor's Office, Department of Transportation, Harbor Department, and the Department of Water and Power. Within the Mayor's Office, the Director of Sustainability for the Office of Energy and Environment serves as a liaison and subject matter expert on environmental issues.

Human Services: Employees from the Human Services Department (HSD) transferred to the Community Development Department, the Housing Department, the Los Angeles City Employees Retirement System, the Harbor Department, the Bureau of Street Services, and Council. One person left under ERIP. No HSD employees were laid off, although several staff left voluntarily before the layoff process began.

The three volunteer Commissions—the Commission for Children, Youth and Their Families (CCYF); the Commission on the Status of Women (CSW); and the Human Relations Commission (HRC)—were transferred to the Community Development Department (CDD). The Young Women from Adversity to Resiliency (YWAR) program was transferred to the Mayor. The responsibility to oversee the Joy Picus Child Care Center was moved to Recreation and Parks. The Los Angeles

Administrative Code was updated to include the deletion of CCYF, CSW, HRC and HSD as separate departments.

The funds, accounts and grants assigned to HSD are in the process of being closed out or transferred to an appropriate department. The financial review should be completed in October 2010. At this time, it is anticipated that approximately \$42,110 will need to be identified to cover the sick, vacation and incentive payouts for one person who left HSD under ERIP in February 2010.

C. Public-Private Partnerships

The Public Private Partnership (P3) strategy is a critical element of the City's financial solvency and sustainability. The P3 opportunities that are currently being pursued and which are in various stages of development are:

- Parking Assets
- Los Angeles Convention Center Operation
- Los Angeles Zoo

The Public Private Partnership (P3) for Parking Assets is moving forward according to schedule, as a result of the Los Angeles City Council's (the Council) active participation in the P3 for Parking Assets process. The Request for Proposals (RFP) and draft Concession Agreement were released in August. Since the release of the RFP, the City has conducted due diligence and received feedback from proposers. The City's working group is evaluating the feedback for consideration of the Council. After obtaining the Council's directions, the City anticipates releasing the final version of Concession Agreement to solicit proposals. This Office expects to bring final offers to Council by February 2011.

With respect to the Los Angeles Convention Center and Los Angeles Zoo, working groups establish to examine these P3 opportunities continue to conduct their research and gather data. At this time there is no timeline as to when any additional recommendations on these potential opportunities will be made.

D. Workforce Modernization

The City's major cost drivers are salary, retirement contributions, and human resources benefits, including healthcare costs. These costs are driven by base employment and salary levels. The only way to reduce costs is to reduce salaries and benefits to workers and/or reduce the number of workers. To ensure the City of Los Angeles continues to be an employer of choice and maintains the ability to recruit and retain a highly qualified workforce, the City has been pursuing substantive changes to the current compensation and human resource structure. Generally, the City's efforts have been focused on labor negotiations to reduce the cost of benefits and pension reform.

Labor negotiations are proceeding at various stages with those bargaining units that have open contracts. The agreement with EAA was the most recent product of these negotiations which resulted greater healthcare cost-sharing among employees to include: 5 percent contribution for premiums

and increased co-pays from \$10 to \$20 for office visits. The agreement will also generate ongoing savings through changes to the bonus compensation structures that will result in the flattening of bonuses, eliminating the compounding effect of bonuses, and removing bonuses from the pension base.

Similar savings targets and concessions on healthcare and compensation structures are being pursued with all other bargaining units. Additionally, cost-sharing proposals on retiree health for existing employees have been discussed and are being evaluated.

In the area of pension reform, the City Council will soon be receiving for consideration proposals on changes to the civilian and sworn pensions systems for new employees. These proposals will address the main factors that contribute to the cost of the pension systems including the eligible age for retirement, the maximum retirement percent, retiree health, and the retirement factor. While an ordinance is all that is needed to implement changes to the civilian employee pension system, changes to the pension system for sworn employees will require a Charter amendment. As such, this Office will present the sworn pensions proposal within the required deadlines to place this amendment on the March 2011 municipal election.

5. STATUS OF EMPLOYMENT AND LABOR COST SAVINGS EFFORTS

A. Employment Level Report

Attachment 13 – Employment Level Report

Citywide employment authority from all funding sources totaled 35,160 at the end of August for both civilian and sworn classes. There are 32,203 filled positions at the end of August, compared to the 33,194 reported in the 2009-10 Year End Financial Status report (end of April 2010). Departments reported a total of 2,957 vacant positions: 1,942 General Fund and 1,015 special funded.

B. Voluntary Furloughs

Attachment 14 – Status of Voluntary Furlough Program

As of October 4, 2010 (Pay Period 7), approximately \$587,000 in savings has been achieved across City departments through voluntary furloughs. However, it is estimated that only 53 percent of this amount, approximately \$311,000, represents General Fund savings.

6. STATUS OF EXPENDITURE SAVINGS EFFORTS

Attachment 15 - 2010-11 General Fund (GF) Additional Contractual Services Reductions

On April 29, 2010, this Office released a status report on targeted contractual services reductions for Fiscal Year 2010-11. Attachment 15 identifies the remaining General Fund reduction to contractual services account to achieve a ten percent across-the-board contractual service expense reduction, as requested by the City Council. The attachment identifies those departments that did not receive a

minimum ten percent base contractual services reduction in the Adopted Budget and details the amounts and description of remaining targeted reductions to be considered along with requests for exemptions in a few instances.

In addition to the \$8.9 million General Fund contractual services savings already achieved in the Adopted Budget, an additional \$1.16 million of the \$2 million in targeted reductions identified in the Attachment 15 may be realized. This additional \$1.16 million results in total savings of approximately \$10 million, exceeding the 2010-11 ten percent contractual services reduction target of \$9.8 million. Of this amount, \$305,483 is recommended for transfer to the Unappropriated Balance, Service Reduction Mitigation account (detailed on Attachment 11) while \$857,586.00 is recommended for transfer within department funds to address projected salary deficits.

7. 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.

The Office of the City Clerk, which is responsible for the administration of fee waivers, reports that 38 fee waivers have been allocated from available funds, which includes 7 waivers from the previous fiscal year, totaling \$58,000 for Citywide special events and \$27,000 for Council Districts. Approximately \$3.6 million in Citywide special events and Council District fee subsidies remains to be allocated, \$1.4 million and \$2.2 million, respectively.

To date, no Convention Center fee waivers have been approved this fiscal year. In fiscal year 2009-10, one waiver was approved in the amount of \$3,863.

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. There is forthcoming joint report from this Office with the Chief Legislative Analyst for the Devonshire Police Activity League Supporters project (C.F. No. 08-0443), and a separate report for the Ride On project has been released (C.F. No. 09-2144).

8. STATUS OF GANG REDUCTION AND YOUTH DEVELOPMENT PROGRAM Attachment 16 – GRYD Program Contracts and Organizational Chart

At the request of the Budget and Finance Committee (C.F. No. 09-0600-S203), the Mayor's Office was requested to provide an update on the status of current year Gang Reduction Program spending

in the Financial Status Report. This Office was instructed to work with the Mayor's Office to review allocations from all funding sources.

Committed funding for the Fiscal Year 2010-11 Gang Reduction Program in the Mayor's Gang Reduction and Youth Development (GRYD) Office is approximately \$22 million, of which \$18.0 million is from the General Fund and \$4 million from federal and state grants.

GRYD has encumbered \$23.6 million for contracted agencies as of August 31, 2010. Attachment I outlines the distribution of funds to each of the GRYD contracted agencies. The GRYD Office is comprised of 36 staff: twenty-seven that provide contract and fiscal management, program development and implementation, and evaluation oversight; five that oversee the Mayor's Summer Night Lights Program; and four that oversee the Young Women from Adversity to Resiliency (YWAR) program. Due to the early departure of former YWAR facilitators, this program is currently being restructured; new staff and school site implementation is anticipated to be in place by late September. Funds allocated for the GRYD office, administration and program staff consists of \$1.3 million in General Funds and \$413,786 in grant funds. Estimated salary expenditures through August 2010 are \$332,195.

9. STATUS OF FEE INCREASES

Attachment 17 - Status of Fee Increases in the 2010-11 Budget

Attachment 17 provides a status of fee increases included in the Adopted Budget, which includes revenue collected by the Bureau of Engineering and the Departments of Animal Services, Building and Safety, Fire and Police. To date, fee increases have been fully implemented for fines on foreclosed properties and brush clearance inspection and re-inspection fees. It should be noted, however, that the Department of Building and Safety reports that it will not be able to collect the budgeted \$5 million in revenue (see Section 1.C). Implementation of new and increased fees for the Bureau of Engineering and the Fire Department has been delayed, but should be fully implemented by January and November, respectively.

10. 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 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 past few months, MICLA CP was used towards the construction and improvements of the Alternative Fuel Infrastructure Facilities, Financial Management System, Neighborhood City Halls, Pachyderm Forest Exhibit and Transportation-ARRA projects. 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 September 22, 2010:

Reporting Period	Amount Outstanding	Range of Interest Rates
05/14/10-09/22/10 exempt)	\$180,630,000	0.24 percent to 0.33 percent (tax-

The City plans to refinance approximately \$70 million of commercial paper notes into long-term bonds. A portion of these bonds will be Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009. The estimated bond sale date is November 2010.

Currently, the City is in the process of extending/substituting a \$200 million Letter of Credit (LOC) agreement for the MICLA CP program. The current LOC agreement with Bank of America, N.A. expires in December 2010.

11. STATE BUDGET UPDATE

On October 8, 2010 the Governor signed the 2010-11 State Budget. However, the Governor also vetoed \$963 million of the budget package recently approved by the Legislature by reducing expenditures for child care funds, child welfare services, and mental health services for special education. As of this writing, the Governor has not yet acted on all the budget trailer bills.

The budget plan consists of projected savings or revenue increases to eliminate the State's \$19 billion deficit. However, concerns have been expressed that the spending plan relies mostly on one-time solutions rather than permanent fixes, makes assumptions about federal budget decisions, and pushes payments into the following fiscal year. The State Legislative Analyst's Office continues to caution that the State is still facing a multibillion-dollar shortfall in 2011-12 which is a cause for concern.

According to the League of California Cities, there is still an opportunity for the Legislature to return following the November election to make revisions to the budget, as the regular 2010-11 Legislative Session does not officially adjourn until November 30, and the Governor continues to have the option of calling a Ninth Extraordinary Session.

This Office has reviewed the preliminary State Budget information for 2010-11, and at this time, it appears that there are no significant additional impacts to the City. However, it is important to note that this cannot be confirmed until this Office has had the opportunity to review the actual budget language along with the various trailer bills. We will continue to report on this matter as more information is released.

Although no new local impacts are anticipated from the current budget proposal, the extent of the State Budget impasse caused hardship to some City Departments. The following identifies impacted programs and the actions taken by the City to mitigate the cash flow issues.

- **Older Americans Act Funds:** The State withheld \$18.49 million in federal Older Americans Act funds for senior programs to the City. On September 29, 2010 the Council authorized a \$3.6 million bridge loan to the Department of Aging to prevent the closure of Senior Centers due to the budget impasse. The loan, along with existing Department funds and contractor reserves/lines of credit, are expected to enable senior services to continue to December 2010. However, the Senior Community Services Employment Program/Title V suspended operations after September 11 impacting 326 seniors. The program will resume on October 12th and continue through December 2010 with this loan. In addition, the Department advises that it has sufficient funds to cover its payroll expenses until mid December.
- **Gas Tax:** The State adopted a Gas Tax payment plan which provides for a portion of the normal gas tax transfer to cities to be paid each month and the remainder to be deferred for payment to April 28, 2011. The City's July 2010 Gas Tax allocation is \$5.69 million. The City received a partial payment of \$2.76 million. Approximately \$2.93 million is deferred until April 2011. The State reported that further payments will not occur until the State adopts a budget. Each month, the City transfers approximately \$5.92 million from the Gas Tax fund to the City General Fund for payment of budgeted costs. The balance of cash in the Gas Tax Fund at the end of September 2010 is projected to be \$17.31 million. At this point, no adjustment is necessary. However, this Office will continue to monitor the Gas Tax revenue and fund and provide an update in the next FSR.
- **State Proposition 12 and 40 Grants:** State Park grant funds that expired in June 2010 have not been officially extended and the State cannot provide reimbursements for approximately \$4 million of these grants. However, pending the adoption of the State Budget, these funds are being cash flowed through a revolving loan from the Public Works Trust Fund.
- **Community Development Department (CDD):** CDD is expecting to receive various grant funds through the State to fund various program costs. At this time CDD has not experienced cash flow problems due to the State Budget impasse. CDD advises that it should be able to manage cash flow until about March 2011.

To follow are the key components of the State budget plan based on information reported to date:

Budget Cuts (\$7.5 billion)

- **Education (\$3.3 billion):** Reduces spending by \$3.1 billion for K-12 schools and community colleges, but defers much of the reduction to the future.
- **Higher education (\$212 million):** The University of California and California State University will receive the same amount of funds they received last year, but the State saves \$212 million by using new federal funds.
- **Prisons (\$1.1 billion):** Reduces \$820 million from inmate medical costs, \$200 million by assuming a lower inmate and parole population and \$50 million by delaying payments to local authorities. Does not provide for early release of prisoners or shifting prisoners to county jails.
- **Health and Human Services (\$937 million):** Reduces \$300 million in In-Home Supportive Services funding, including \$190 million from leveraging federal funds, \$75 million from assuming

a lower caseload and \$35 million from a 3.6 percent across-the board reduction in hours for in-home care workers.

Saves \$280 million by relying on fund shifts and reserves and \$60 million in program cuts for subsidized child care. Leaders say no child care slots will be lost.

Saves \$187 million by enrolling seniors and disabled residents in managed care, \$84 million by freezing hospital Medi-Cal rates and \$25 million by cutting payments to regional centers by 4.25 percent.

Rejects the Governor's proposals to eliminate welfare and community mental health, to cut SSI-SSP grants for the elderly, blind and disabled, and to cut programs for legal immigrants.

- **State workers (\$1.5 billion):** Saves \$896 million through furloughs and savings from new collective bargaining agreements with employees.

Saves \$547 million from attrition, operational cost savings (results in a 5 percent cut to state departments) and not prepaying certain pension benefits.

Creates a second-tier pension plan for state employees hired after November 10.

- **Other cuts (\$541 million):** Saves \$229 million by suspending some local government mandates the State would otherwise reimburse and deferring the payment of previous claims. This is not anticipated to impact the City as we did not program any revenues from State Mandate Reimbursements.

Saves \$170 million in unspecified state operating expenses and equipment.

Saves \$55 million in trial court expenses by using trial court reserves.

Federal Funds (\$5.3 billion)

- \$1.3 billion in higher payments for Medi-Cal already approved.
- Counts potential additional funds from Medi-Cal and welfare-to-work reimbursements.

Revenues (\$2.5 billion)

- Estimates \$1.4 billion more in state revenue by using projections from the nonpartisan Legislative Analyst's Office instead of the Department of Finance.
- Saves \$1.2 billion in suspending the corporate net operating loss tax deduction.
- The revenue gains are partially offset by three specific corporate tax cuts that will cost the state \$118 million.

Fund Shifts and Other Revenues (\$2.9 Billion)

- Counts \$1.9 billion from loans and transfers from special funds and bond debt savings.
- Presumes \$1 billion from selling eleven State properties, with the state leasing them back in future years.

Budget Reform

- Places on the November 2012 ballot a measure to create a "rainy day fund" as sought by the Governor. The plan seeks to save money in good years for use in economic downturns. The plan is more modest than one voters rejected last year.



Melissa Krance, Senior Administrative Analyst

APPROVED:


Raymond P. Ciranna, Assistant City Administrative Officer

MAS:RPC:BC/MCK:01110022

Attachments

Attachment 1-A

Fiscal Year 2010-11 General Fund Receipts

At September 2010

\$ Thousands

	Budget	Plan to Date	Actual Receipts to Date	Variance (Receipts Less Plan)	
Property Tax	\$1,408,529	\$72,060	\$82,718	\$10,658	Secured receipts included carry-over from prior year.
Utility Users' Tax	654,600	156,884	146,642	(10,242)	Electric tax receipts are behind plan.
Licenses, Permits, Fees and Fines	778,177	99,899	110,832	10,933	Early receipts are not a good basis for analysis.
Business Tax	411,960	13,324	11,145	(2,179)	Need to keep watching.
Sales Tax	289,412	73,534	71,938	(1,596)	Jul-Sep receipts exceeded expectation, but state cash advance is lower. If sales hold up, shortfall would be made up in December.
Documentary Transfer Tax	111,000	29,668	25,434	(4,234)	Slipping each month.
Power Revenue Transfer	257,000				
Transient Occupancy Tax	122,700	33,076	34,951	1,875	Still early
Parking Fines	142,446	34,348	31,362	(2,986)	Still early
Parking Users' Tax	85,983	22,126	20,606	(1,520)	Still early
Franchise Income	45,541	9,657	10,175	518	Still early
State Motor Vehicle License Fees	12,000	3,000	5,065	2,065	Still early
Grant Receipts	9,200	800	3,262	2,462	Still early
Tobacco Settlement	11,300				
Transfer from Telecommunications Fund	7,650				
Residential Development Tax	1,700	423	413	(10)	
Special Parking Revenue Transfer	10,000				
Subtotal General Fund -- less Interest Income and Transfer from Reserve Fund	\$4,359,198	\$548,799	\$554,543	\$5,744	Receipts through September for licenses, permits, fees make up much of this variance and are not a good basis for projection. The property tax variance is real, but could be offset by other developments. It is too early to recommend changes.
Interest Income	12,400	3,000	11,253	8,253	Not meaningful
Transfer from Reserve Fund	3,617				
Total General Fund	\$4,375,215	\$551,799	\$565,796	\$13,997	

Attachment 1-B

Economic Forecasts

Change in Taxable Sales

	UCLA*	LAEDC**	Beacon*
2010	1.4%	4.6%	4.5%
2011	4.5%	5.6%	3.9%
2012	7.2%		4.5%

* For California

** Retail Sales for Los Angeles County

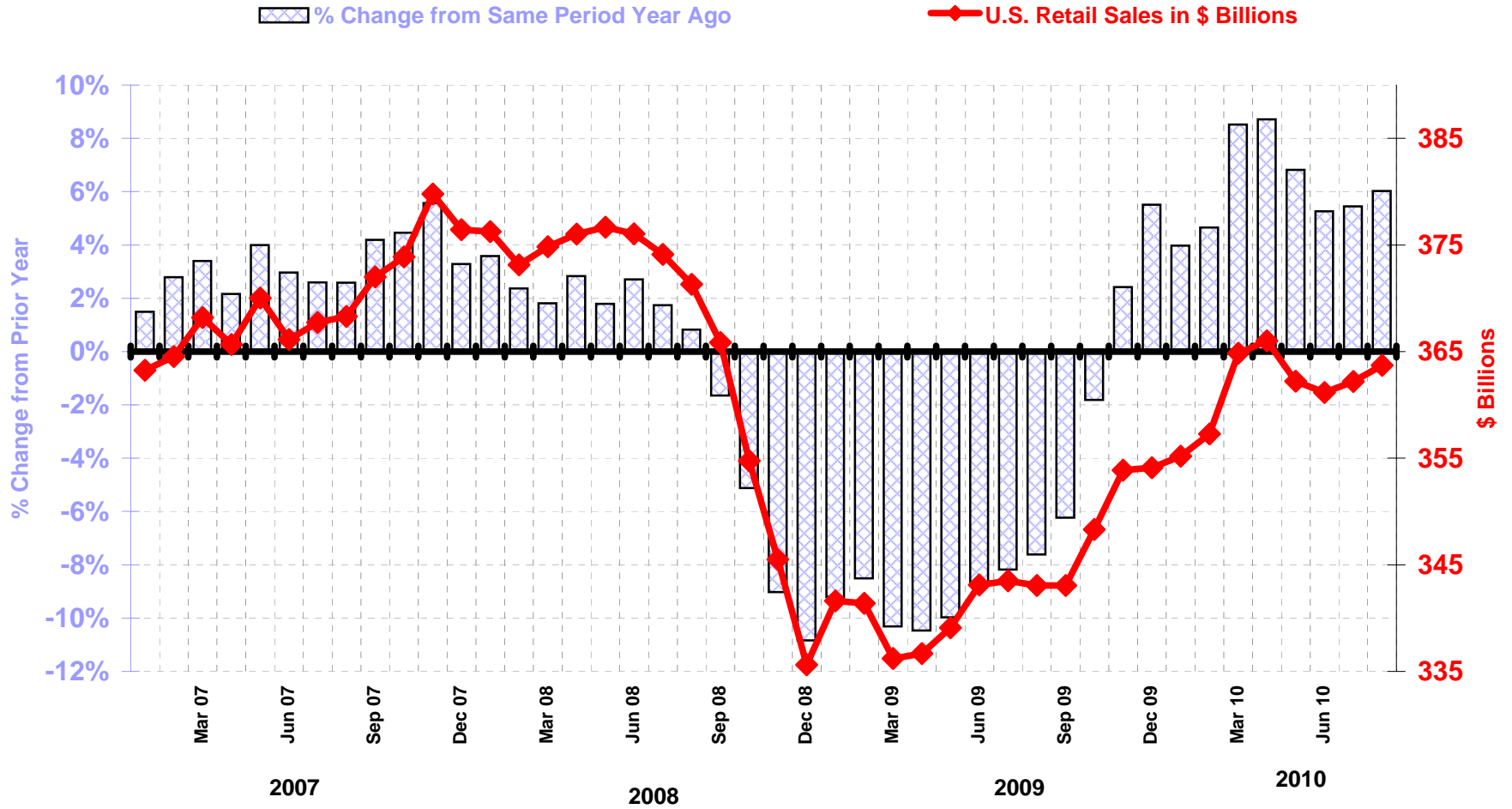
Unemployment Rate

	UCLA*	LAEDC**	Beacon*
2010	12.2%	12.3%	12.0%
2011	11.0%	11.7%	10.9%
2012	10.1%		9.9%

* For California

** For Los Angeles County

U.S. Retail Sales

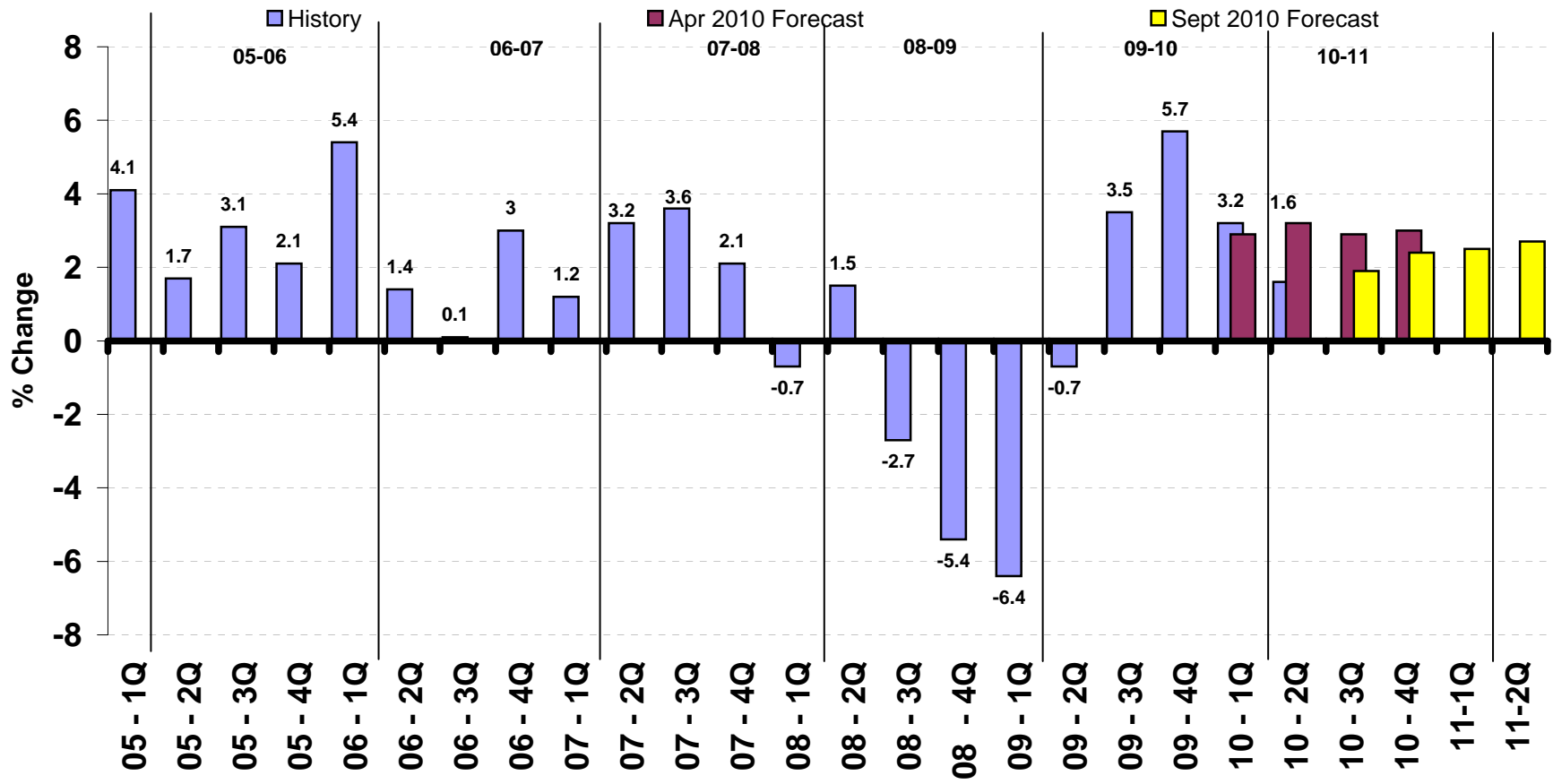


Nationwide August sales are below the April level, but have been rising since June 2010.

Attachment 1-D

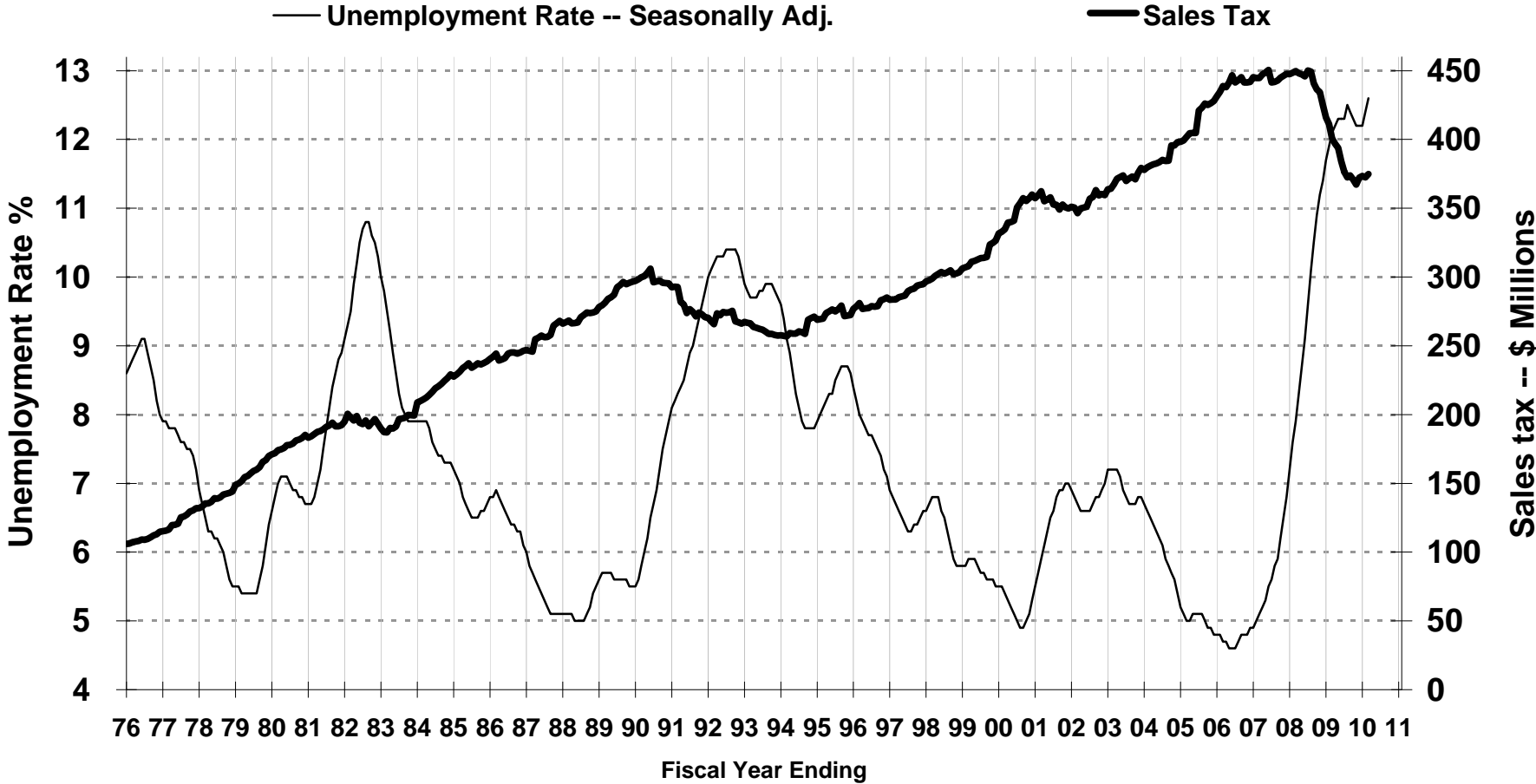
Gross Domestic Product

Survey Conducted by Wall Street Journal,



WEAKER FORECAST THAN AT BUDGET: Growth in gross domestic product resumed in the third quarter of 2009. Preliminary data is now available through the first two quarters of 2010. The first quarter had slightly stronger growth than expected; the second quarter was considerably weaker than expected. The forecast for the last two quarters of 2010 averages 1% below the April forecast.

City 1% Sales Tax and Local Unemployment Rate



Over time, as the local unemployment rate declines (thin line), the rate of growth of City sales tax (thick line) increases. As the unemployment rate increases, growth in City sales tax slows or decreases. The unemployment rate is at its highest level in this 35-year time series. This high unemployment rate makes recovery in taxable sales and other economy-sensitive revenues more difficult. The major forecasts (Beacon, UCLA and LAEDC) project double-digit unemployment through 2011.

Attachment 1-F

REVENUE MONTHLY STATUS REPORT PROPERTY TAX -- ALL SOURCES (THOUSAND DOLLARS)

MONTHLY	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>			
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE**</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$63,802	\$26,935	\$37,373	\$27,483	\$32,560		\$25,545	38,764	\$13,219
AUGUST	39,328	42,536	65,238	44,476	51,648		46,515	43,954	(\$2,561)
SEPTEMBER		(74)							
OCTOBER									
NOVEMBER	19,211	25,069	36,763	35,104	33,856		32,858		
DECEMBER	319,795	345,291	370,438	366,106	307,072		357,929		
JANUARY	288,591	310,265	321,518	312,214	363,881		301,430		
FEBRUARY	49,707	58,948	61,545	53,419	62,491		59,128		
MARCH	8,954	9,860	2,903	2,838	2,432		2,905		
APRIL	253,827	278,833	306,253	297,437	234,953	(10,321)	298,071		
MAY	287,497	287,279	305,057	284,061	350,895	6,456	281,868		
JUNE	3,462	4,313	1,986	2,372	2,734	341	2,280		
TOTAL	<u>\$1,334,174</u>	<u>\$1,389,255</u>	<u>\$1,509,073</u>	<u>\$1,425,509</u>	<u>\$1,442,522</u>		<u>\$1,408,529</u>		
% CHANGE	18.9%	4.1%	8.6%	-5.5%	-4.4%		-2.4%		

* Revised per 2010-11 Budget

** Variance from Revised

CUMULATIVE	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>			
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE**</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$63,802	\$26,935	\$37,373	\$27,483	\$32,560		\$25,545	\$38,764	\$13,219
AUGUST	103,130	69,471	102,611	71,959	84,208		72,060	82,718	10,658
SEPTEMBER	103,130	69,397	102,611	71,959	84,208		72,060		
OCTOBER	103,130	69,397	102,611	71,959	84,208		72,060		
NOVEMBER	122,341	94,465	139,374	107,064	118,064		104,918		
DECEMBER	442,136	439,757	509,812	473,169	425,136		462,846		
JANUARY	730,727	750,022	831,329	785,383	789,017		764,276		
FEBRUARY	780,435	808,970	892,874	838,802	851,508		823,404		
MARCH	789,388	818,830	895,777	841,640	853,940		826,310		
APRIL	1,043,215	1,097,663	1,202,030	1,139,077	1,088,893	(10,321)	1,124,381		
MAY	1,330,712	1,384,942	1,507,087	1,423,138	1,439,788	(3,866)	1,406,249		
JUNE	1,334,174	1,389,255	1,509,073	1,425,509	1,442,522	(3,524)	1,408,529		

Attachment 1-G

REVENUE MONTHLY STATUS REPORT SECURED PROPERTY TAX RECEIPTS RECORDED BY CITY FISCAL YEAR (THOUSAND DOLLARS)

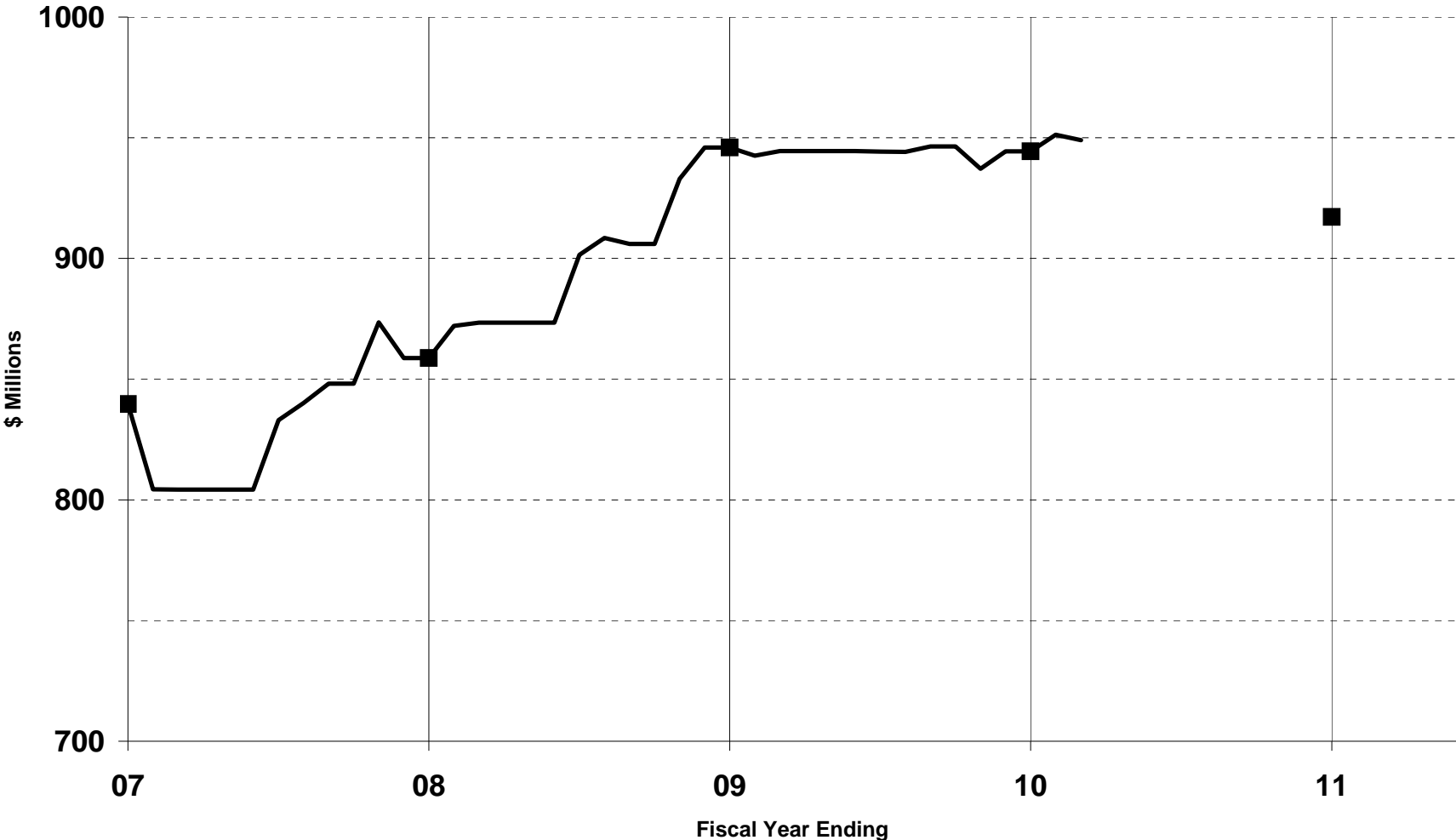
MONTHLY	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>		
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>REVISED</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$56,924	\$21,621	\$34,976	\$31,626	\$31,626	\$25,000	\$38,486	\$13,486
AUGUST	3,434	3,312	4,640	6,573	6,573	\$4,000	4,279	279
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER	330,535	359,245	387,358	387,100	387,100	378,584		
JANUARY	82,634	89,811	96,839	96,775	96,775	94,646		
FEBRUARY	39,891	47,868	45,277	47,423	47,423	46,380		
MARCH								
APRIL	251,532	276,942	304,016	304,016	294,859	297,328		
MAY	74,739	59,931	72,839	72,839	80,049	71,236		
JUNE								
TOTAL	<u><u>\$839,689</u></u>	<u><u>\$858,730</u></u>	<u><u>\$945,946</u></u>	<u><u>\$946,353</u></u>	<u><u>\$944,405</u></u>	<u><u>\$917,174</u></u>		
% CHANGE	21.2%	2.3%	10.2%	0.0%	-0.2%	-2.9%		

CUMULATIVE	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>		
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>REVISED</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$56,924	\$21,621	\$34,976	\$31,626	\$31,626	\$25,000	\$38,486	\$13,486
AUGUST	60,358	24,933	39,616	38,199	38,199	29,000	42,765	13,765
SEPTEMBER	60,358	24,933	39,616	38,199	38,199	29,000		
OCTOBER	60,358	24,933	39,616	38,199	38,199	29,000		
NOVEMBER	60,358	24,933	39,616	38,199	38,199	29,000		
DECEMBER	390,893	384,178	426,974	425,299	425,299	407,584		
JANUARY	473,527	473,989	523,813	522,074	522,074	502,230		
FEBRUARY	513,418	521,857	569,091	569,497	569,497	548,610		
MARCH	513,418	521,857	569,091	569,497	569,497	548,610		
APRIL	764,950	798,799	873,107	873,514	864,357	845,938		
MAY	839,689	858,730	945,946	946,353	944,405	917,174		
JUNE	839,689	858,730	945,946	946,353	944,405	917,174		

Receipts fell \$2 million short of the rived estimate in 2009-10; early 2010-11 receipts included some carry-over from the prior year.

Attachment 1-H

Secured Property Tax -- 12-Month Moving Sum



Early receipts in 10-11 make up for dip in receipts in latter part of 09-10. The County Assessor reports assessed values declined for 10-11 which will result in a revenue decline.

Attachment 1-I

REVENUE MONTHLY STATUS REPORT SALES TAX REPLACEMENT (THOUSAND DOLLARS)

MONTHLY	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>		<u>VARIANCE</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
JANUARY	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
FEBRUARY								
MARCH								
APRIL								
MAY	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
JUNE								
TOTAL	<u>\$112,094</u>	<u>\$119,337</u>	<u>\$111,683</u>	<u>\$108,472</u>	<u>\$84,976</u>	<u>\$93,690</u>	<u>\$96,772</u>	<u>\$3,082</u>
% CHANGE	26.0%	6.5%	-6.4%	-2.9%	-23.9%	120.5%	127.8%	

CUMULATIVE	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>		<u>2010-11</u>		<u>VARIANCE</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
JANUARY	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
FEBRUARY	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
MARCH	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
APRIL	56,047	59,668	55,842	54,236	42,488	46,845	48,386	1,541
MAY	112,094	119,337	111,683	108,472	84,976	93,690	96,772	3,082
JUNE	112,094	119,337	111,683	108,472	84,976	93,690	96,772	3,082

2009-10 was a bad sales tax year, but it appears state payments may have overcompensated. The actual amount of the 2010-11 remittance has been released by the state and appears to adjust for the prior year payment.

Beginning in FY 2004-05, one-quarter of City sales tax receipts was redirected to the state to pay for state economic recovery bonds. To offset the local revenue loss, state law was amended to increase City property tax receipts by an amount equal to the sales tax loss. This account includes property tax remittances directed to the City in-lieu of the lost sales taxes. Over time, any annual change in this account should be in proportion to the change in sales tax receipts. But, because the property tax collections and remittances to the City are on a different schedule than sales tax collections and remittances, matching of these revenues straddles fiscal years.

Attachment 1-J

REVENUE MONTHLY STATUS REPORT
UNSECURED PROPERTY TAX RECEIPTS
 (THOUSAND DOLLARS)

MONTHLY	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>			<u>2010-11</u>		
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>REVISED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$913								
AUGUST	31,657	32,912	34,364	34,364	36,554	2,189	35,822	33,734	(2,088)
SEPTEMBER									
OCTOBER									
NOVEMBER	1,849	4,997	7,354	7,354	6,744	(610)	6,609		
DECEMBER		570							
JANUARY					1	1			
FEBRUARY									
MARCH	6,587	4,993	2,464	2,464	2,378	(86)	2,330		
APRIL		(37)	1,664						
MAY	(1)				(11)	(11)			
JUNE		(0)	1						
TOTAL	<u>\$41,005</u>	<u>\$43,434</u>	<u>\$45,847</u>	<u>\$44,182</u>	<u>\$45,665</u>		<u>\$44,762</u>		
% CHANGE	1.3%	5.9%	5.6%	-3.6%	-0.4%		-2.0%		

CUMULATIVE	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>			<u>2010-11</u>		
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
JULY	\$913								
AUGUST	32,570	32,912	34,364	34,364	36,554	2,189	35,822	33,734	(2,088)
SEPTEMBER	32,570	32,912	34,364	34,364	36,554	2,189	35,822		
OCTOBER	32,570	32,912	34,364	34,364	36,554	2,189	35,822		
NOVEMBER	34,419	37,909	41,718	41,718	43,297	1,579	42,431		
DECEMBER	34,419	38,478	41,718	41,718	43,297	1,579	42,431		
JANUARY	34,419	38,478	41,718	41,718	43,298	1,580	42,431		
FEBRUARY	34,419	38,478	41,718	41,718	43,298	1,580	42,431		
MARCH	41,006	43,471	44,182	44,182	45,676	1,494	44,762		
APRIL	41,006	43,434	45,846	44,182	45,676	1,494	44,762		
MAY	41,005	43,434	45,846	44,182	45,665	1,483	44,762		
JUNE	41,005	43,434	45,847	44,182	45,665	1,483	44,762		

With 80% of unsecured receipts normally collected at this time, it will be difficult to recover from the \$2 million shortfall.

Attachment 1-K

REVENUE MONTHLY STATUS REPORT DOCUMENTARY TRANSFER TAX (Thousand Dollars)

MONTHLY	2006-07	2007-08	2008-09	2009-10				2010-11		
	ACTUAL	ACTUAL	ACTUAL	BUDGET	REVISED	ACTUAL	VARIANCE*	PLAN **	ACTUAL	VARIANCE
JULY	\$16,264	\$16,823	\$10,711	\$9,053	\$7,730	\$7,730		\$9,506	\$10,077	\$571
AUGUST	18,163	16,243	9,408	9,015	8,302	8,302		9,465	8,093	(1,372)
SEPTEMBER	17,300	18,289	8,437	9,616	6,606	6,606		10,097	7,684	(2,414)
OCTOBER	12,822	9,851	9,334	8,476	8,223	8,223		8,899		
NOVEMBER	15,811	10,190	7,867	8,023	7,437	7,437		8,424		
DECEMBER	12,698	9,710	5,327	7,261	6,382	6,382		7,624		
JANUARY	14,326	11,635	6,874	8,858	9,030	9,030		9,301		
FEBRUARY	13,047	8,692	4,392	6,787	6,155	6,155		7,127		
MARCH	13,344	6,606	4,387	6,242	5,181	5,181		6,554		
APRIL	17,276	8,237	5,487	8,784	8,000	8,035	35	9,223		
MAY	17,828	8,840	5,966	8,763	8,000	8,200	200	9,201		
JUNE	19,393	7,805	5,766	9,122	8,954	8,364	(590)	9,578		
TOTAL	\$188,272	\$132,921	\$83,956	\$100,000	\$90,000	\$89,645	(\$355) *	\$105,000 **		
% CHANGE	-13.4%	-29.4%	-36.8%	19.1%	7.2%	6.8%		17.1%		

* From revised 2009-10 estimate

** Plan is based on historic documentary transfer tax base. Budget includes an additional \$6 million for County collection of the tax when a controlling interest in legal entities holding real property is transferred; no such receipts have yet been collected.

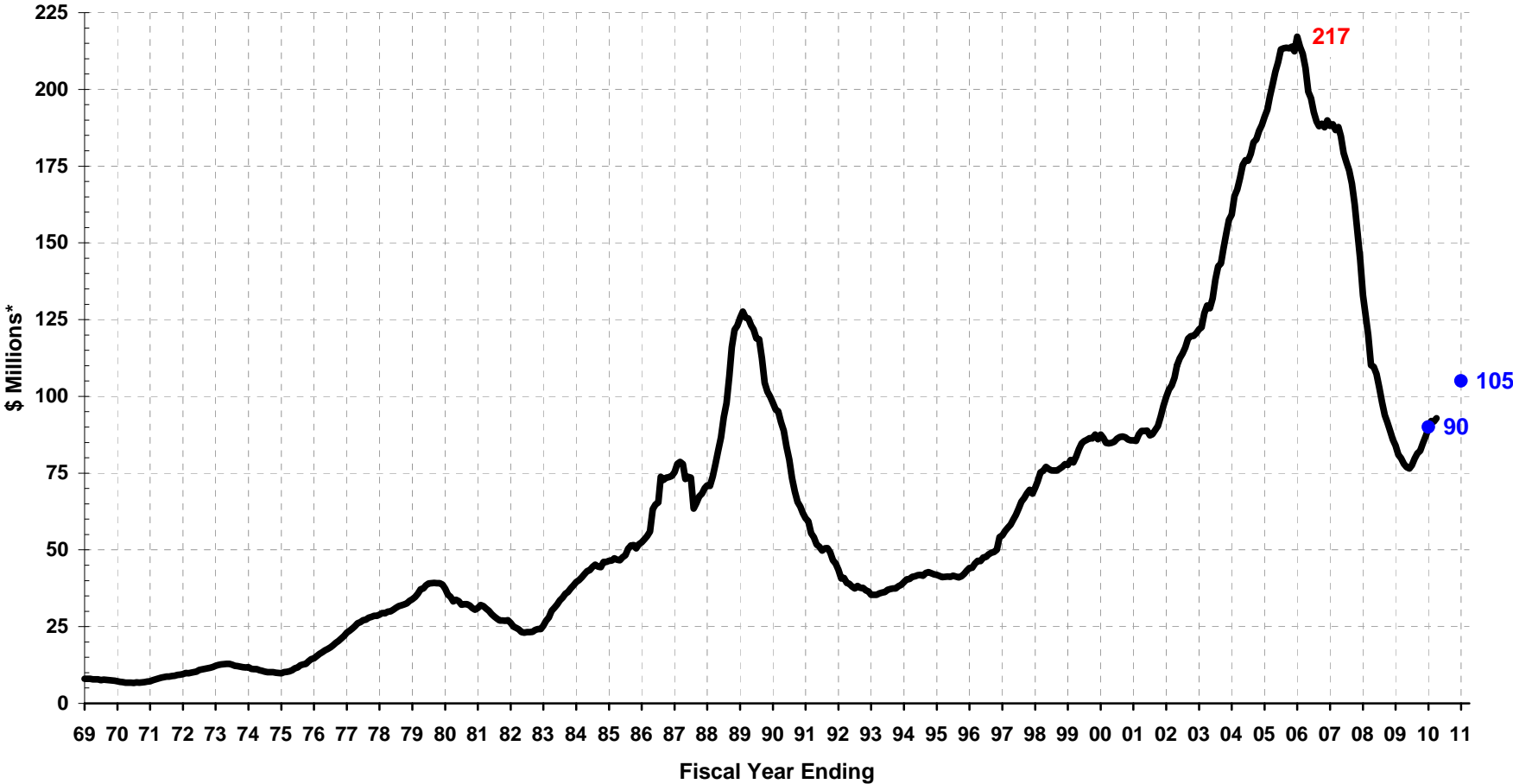
MONTHLY	2006-07	2007-08	2008-09	2009-10				2010-11		
	ACTUAL	ACTUAL	ACTUAL	BUDGET	REVISED	ACTUAL	VARIANCE	PLAN	ACTUAL	VARIANCE
JULY	\$16,264	\$16,823	\$10,711	\$9,053	\$7,730	\$7,730		\$9,506	\$10,077	\$571
AUGUST	34,427	33,066	20,119	18,068	16,032	16,032		18,971	18,171	(800)
SEPTEMBER	51,727	51,355	28,556	27,684	22,638	22,638		29,068	25,854	(3,214)
OCTOBER	64,549	61,206	37,890	36,160	30,861	30,861		37,968		
NOVEMBER	80,360	71,396	45,757	44,183	38,298	38,298		46,392		
DECEMBER	93,058	81,106	51,084	51,444	44,680	44,680		54,016		
JANUARY	107,384	92,741	57,958	60,302	53,710	53,710		63,317		
FEBRUARY	120,431	101,433	62,350	67,089	59,865	59,865		70,443		
MARCH	133,775	108,039	66,737	73,331	65,046	65,046		76,997		
APRIL	151,051	116,276	72,224	82,115	73,046	73,081	35	86,220		
MAY	168,879	125,116	78,190	90,878	81,046	81,281	235	95,422		
JUNE	188,272	132,921	83,956	100,000	90,000	89,645	(355)	105,000		

Final 2009-10 receipts were within \$355K of revised budget, a 6.8% increase from the prior year. The 2010-11 budget estimate for the traditional documentary transfer tax is based on a 17% increase from the 2009-10 level. Receipts for the first three months of 2010-11 are up 14%. But, both the number of home sales and median prices in Los Angeles County declined in August. This is likely to depress revenue at least through the next several months.

Attachment 1-L

Documentary Transfer Tax

12-Month Moving Sum

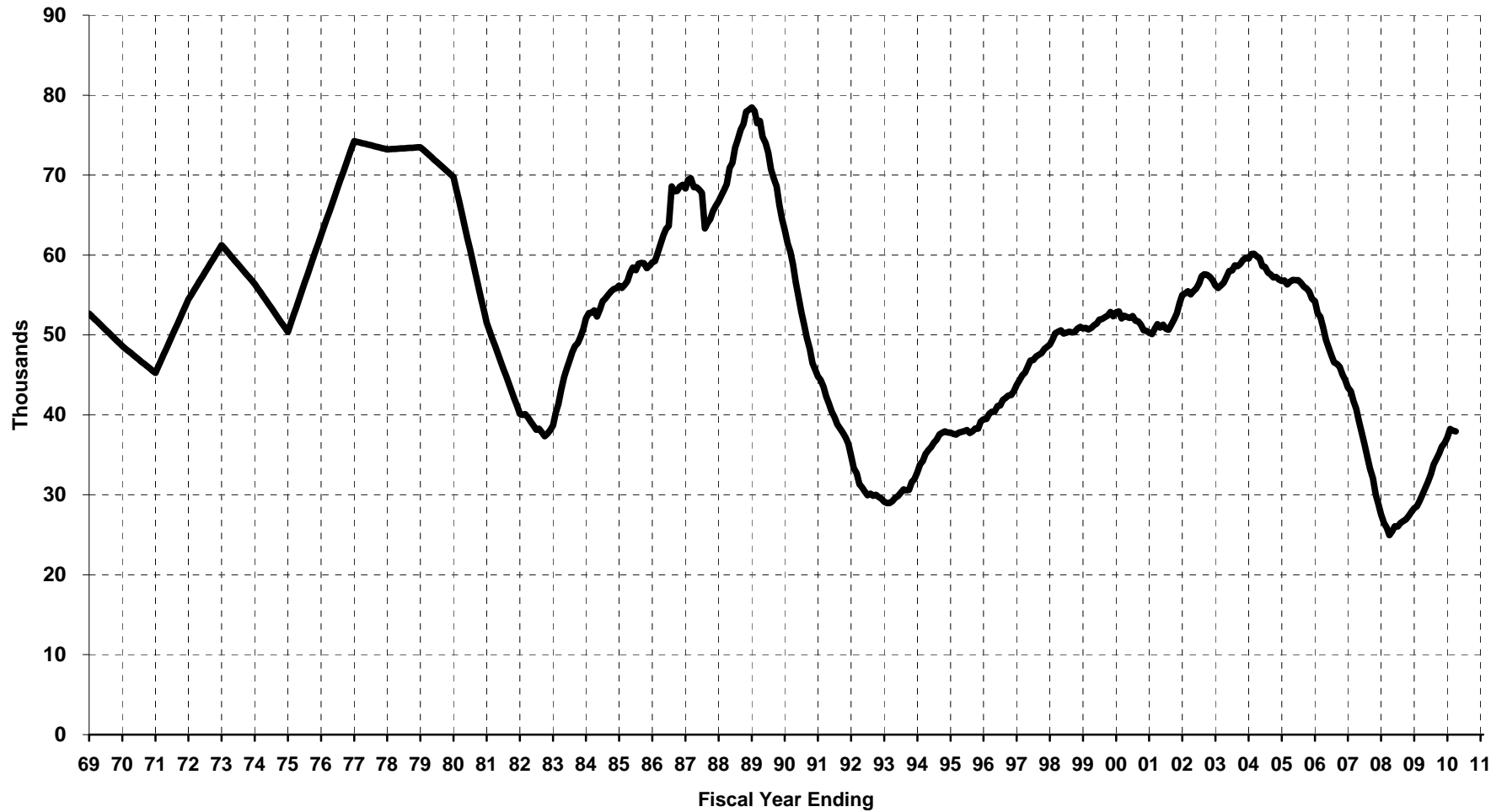


FY 2009-10 was within \$357,000 of revised budget. Receipts through September are 14% above the prior year, but below the level need to realize the 17% budgeted revenue increase. The \$105 million budget estimate does not include a \$6 million projection from the transfer of controlling interest in legal entities holding real property.

* Data prior to August 1991 adjusted for tax rate change.

Attachment 1-M

Deeds Recorded in City 12-month Moving Sum



Volume, as measured by recorded deeds, was at the historic low point in October 2008; it increased consistently for the next 21 months, but declined slightly in August 2010.

Attachment 1-N

REVENUE MONTHLY STATUS REPORT

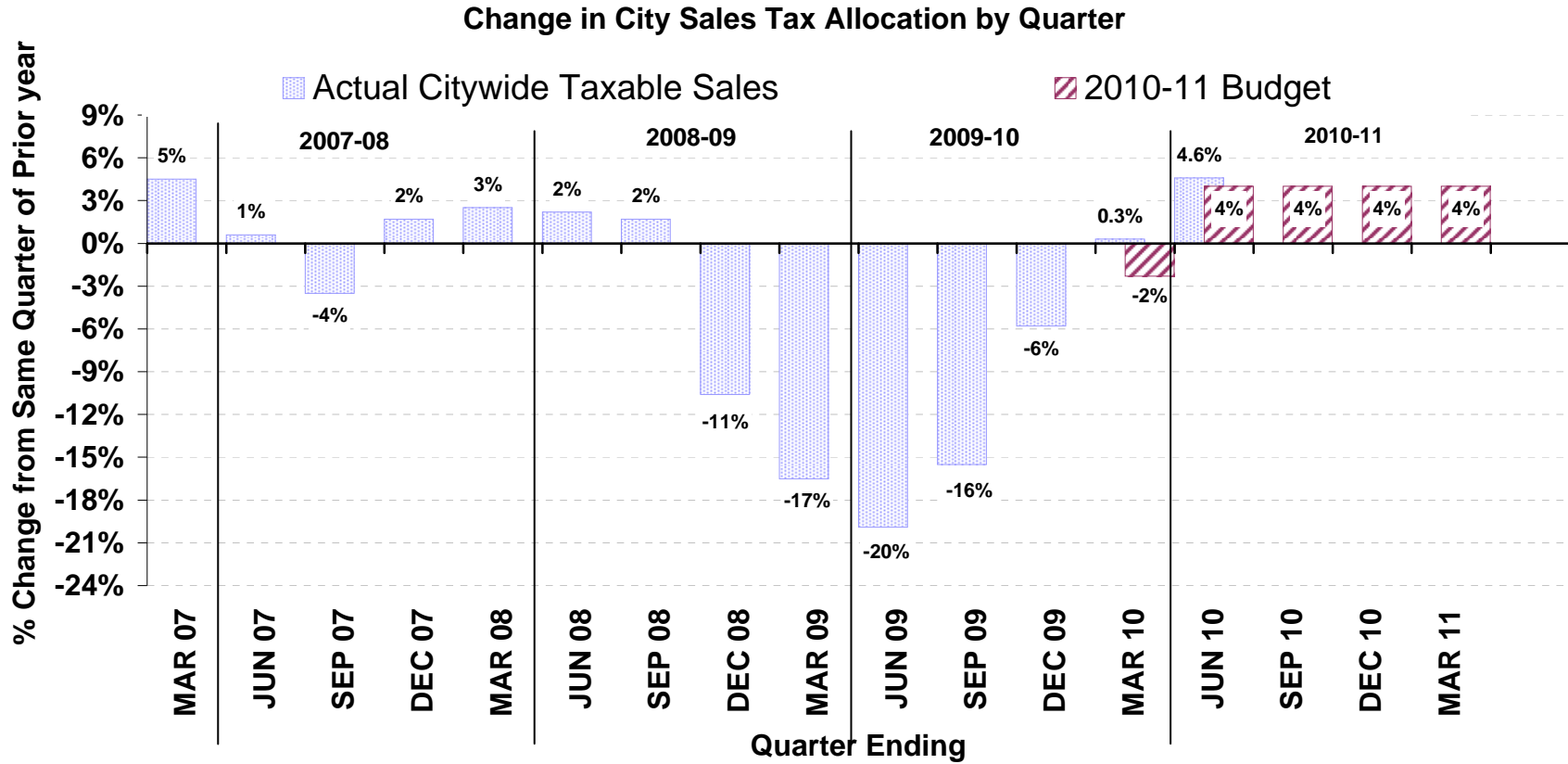
SALES TAX

(Thousand Dollars)

	2006-07	2007-08	2008-09	2009-10			2010-11		VARIANCE from Budget
	ACTUAL	ACTUAL	ACTUAL	BUDGET	REVISED	ACTUAL	BUDGET	ACTUAL	
ACTUAL									
JULY	23,111	22,761	23,582	21,964	19,976	19,976	20,775	19,175	(1,600)
AUGUST	30,601	30,492	31,421	28,687	23,675	23,675	24,622	25,567	945
SEPTEMBER	29,051	31,158	29,968	27,059	27,042	27,042	28,124	26,954	(1,170)
OCTOBER	22,476	23,497	22,829	21,665	20,495	20,495	21,315		
NOVEMBER	30,147	31,504	30,440	28,888	23,228	23,228	24,157		
DECEMBER	35,463	28,566	31,743	29,924	26,004	26,004	27,045		
JANUARY	23,504	23,900	23,330	22,700	20,354	20,354	21,169		
FEBRUARY	31,154	31,924	25,586	24,878	26,546	26,546	27,609		
MARCH	27,316	28,773	25,481	23,682	23,323	23,230	24,257		
APRIL	20,820	21,854	20,314	20,334	17,603	17,597	18,308		
MAY	27,944	29,021	21,817	27,112	23,472	25,679	24,412		
JUNE	32,298	32,113	25,428	27,350	26,556	26,269	27,619		
TOTAL	\$333,885	\$335,563	\$311,940	\$304,243	\$278,274	\$280,095	\$289,412	\$71,696	(\$1,825)
% CHANGE	3.2%	0.5%	-7.0%	-2.5%	-10.8%	-10.2%	4.0%	From 09-10 Revised 3.3% From 09-10 Actual	
TRADITIONAL 1% SALES TAX	\$445,179	\$447,417	\$415,920	\$405,657	\$371,032	\$373,460	\$385,882		
	ACTUAL	ACTUAL	ACTUAL	BUDGET	REVISED	ACTUAL	BUDGET	ACTUAL	VARIANCE from Budget
CUMULATIVE									
JULY	\$23,111	\$22,761	\$23,582	\$21,964	\$19,976	\$19,976	\$20,775	\$19,175	(\$1,600)
AUGUST	53,712	53,253	55,003	50,651	43,651	43,651	45,397	44,742	(655)
SEPTEMBER	82,763	84,411	84,971	77,710	70,693	70,693	73,521	71,696	(1,825)
OCTOBER	105,239	107,908	107,800	99,375	91,188	91,188	94,836		
NOVEMBER	135,386	139,412	138,240	128,263	114,416	114,416	118,993		
DECEMBER	170,849	167,978	169,984	158,187	140,420	140,420	146,038		
JANUARY	194,353	191,878	193,314	180,887	160,774	160,774	167,207		
FEBRUARY	225,507	223,802	218,900	205,765	187,320	187,320	194,816		
MARCH	252,823	252,575	244,381	229,447	210,643	210,550	219,073		
APRIL	273,643	274,429	264,695	249,781	228,246	228,147	237,381		
MAY	301,587	303,450	286,512	276,893	251,718	253,826	261,792		
JUNE	333,885	335,563	311,940	304,243	278,274	280,095	289,412		

Tax receipts for July-Sep 2010 are \$1.8 million less than budget, but still \$1 million more than the same period one year ago.

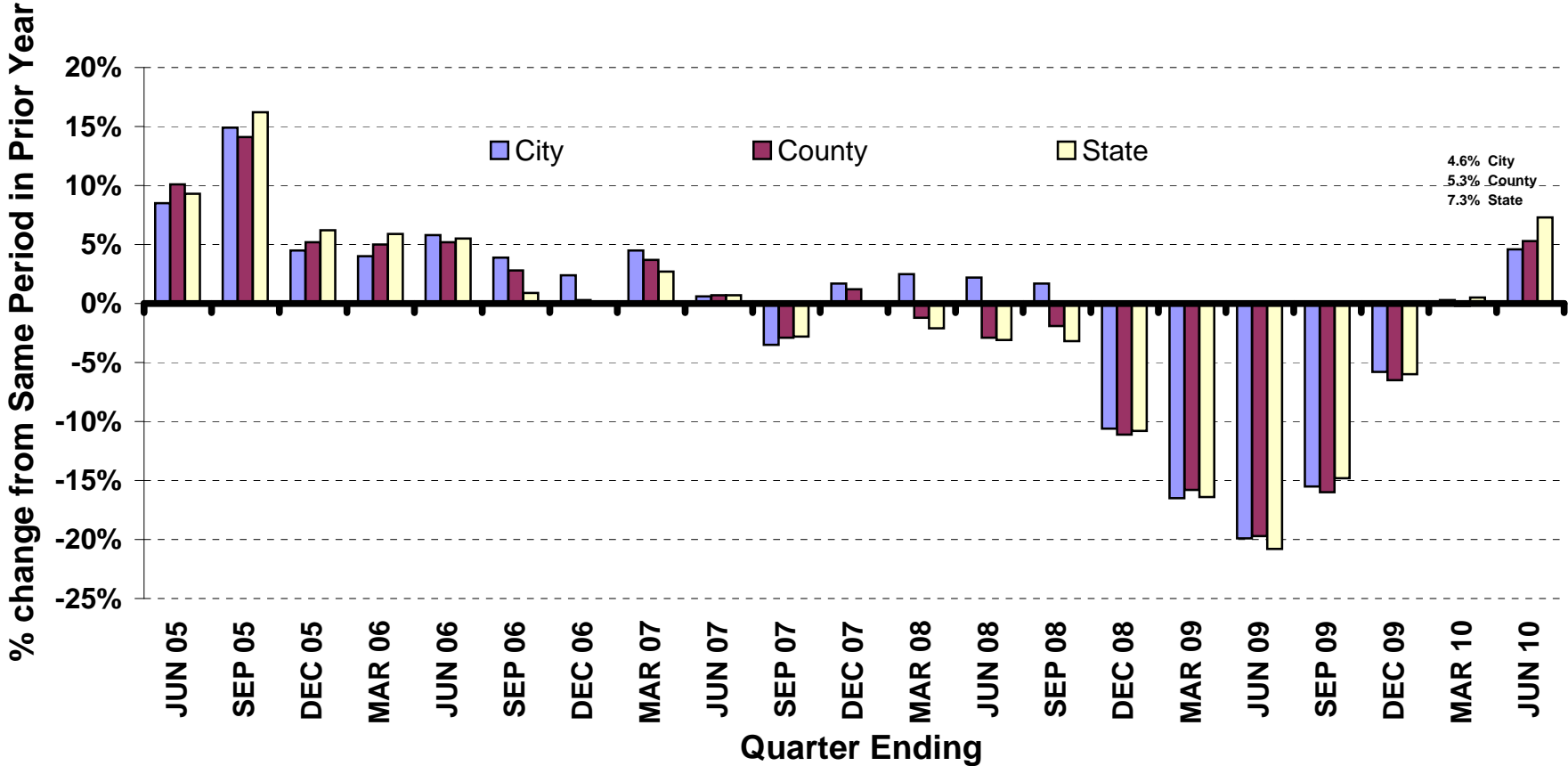
Attachment 1-O



The City's fiscal year sales tax revenue (July-June) is based on taxable sales between April and March. After double digit declines since quarter ending December 08, City budget anticipated a decline of only 2% for the quarter ending March 31. Actual taxable sales were up 0.3%. City budget anticipated growth of 4% for taxable sales in quarter ending June 2010; actual City growth is 4.6%.

Attachment 1-P

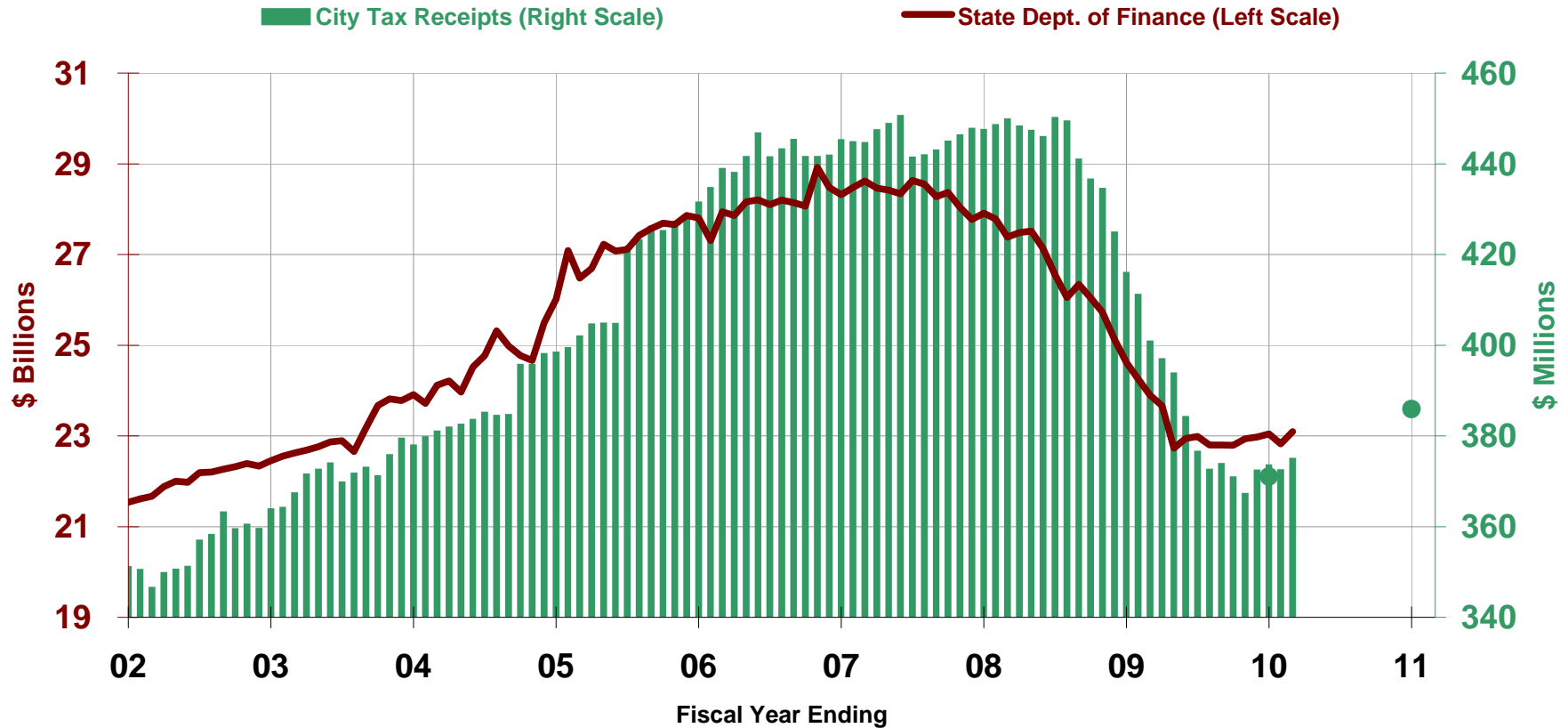
Comparison: Change in City, County and State Sales Tax Allocations



For the last available quarter, City receipts were up 4.6%; the county was up 5.3% and the statewide growth was 7.3%. Nevertheless, City had its best quarter since June 2006. The quarters shown here correspond to the period of taxable sales transactions ("JUN 10" indicates taxable sales in April, May and June 2010). City cash receipts follow taxable sales by about one calendar quarter.

Comparison State and City Sales Tax

12-Month Moving Sum



City receipts (bars) for the 12-month period ending June 2010 exceeded the revised plan by \$2 million (dot). State cash receipts (line) are a leading indicator of City receipts and appear to have turned upward. Both series are adjusted to neutralize effects of tax law changes.

Attachment 1-R

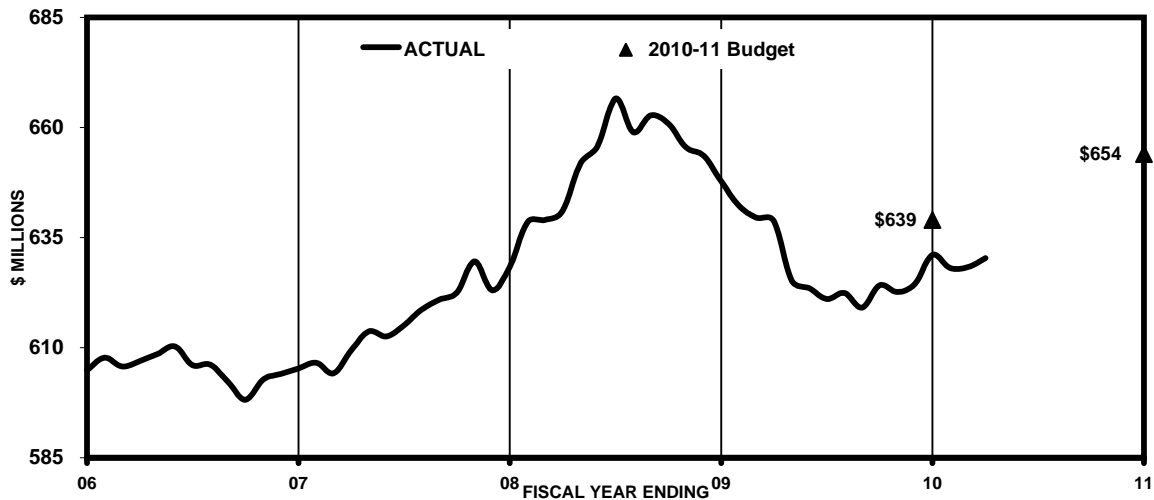
**REVENUE MONTHLY STATUS REPORT
UTILITY USERS' TAX
(Thousand Dollars)**

MONTHLY	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$49,242	\$59,303	\$53,724	\$50,356	\$50,785	\$428
AUGUST	49,308	49,913	47,181	50,276	47,407	(2,869)
SEPTEMBER	52,469	54,500	53,686	56,252	55,680	(572)
OCTOBER	54,865	65,521	52,082	50,162		
NOVEMBER	55,458	59,629	57,871	56,252		
DECEMBER	44,923	55,711	53,270	51,510		
JANUARY	57,227	49,504	50,872	54,454		
FEBRUARY	51,222	55,059	51,744	57,113		
MARCH	54,602	52,745	57,839	62,738		
APRIL	59,689	54,302	52,742	53,843		
MAY	49,174	47,304	49,092	53,076		
JUNE	50,140	44,330	50,945	58,568		
TOTAL	\$628,319	\$647,822	\$631,048	\$654,600		
% CHANGE	0.6%	3.1%	-2.6%	1.0%		

* From revised

CUMULATIVE	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$49,242	\$59,303	\$53,724	\$50,356	\$50,785	\$428
AUGUST	98,550	109,216	100,905	100,632	98,192	(2,440)
SEPTEMBER	151,019	163,716	154,591	156,884	153,872	(3,012)
OCTOBER	205,884	229,238	206,673	207,047		
NOVEMBER	261,343	288,867	264,543	263,298		
DECEMBER	306,266	344,578	317,813	314,808		
JANUARY	363,492	394,082	368,685	369,262		
FEBRUARY	414,714	449,141	420,430	426,374		
MARCH	469,317	501,886	478,269	489,113		
APRIL	529,005	556,188	531,011	542,956		
MAY	578,179	603,492	580,103	596,032		
JUNE	628,319	647,822	631,048	654,600		

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



The increase in the base budget for 2010-11 is 0.8%. Due to increased competition and a poor economy, telephone revenue is expected to continue to decline (by two percent), electricity to increase by two percent based on higher power sales and energy cost adjustments and gas to increase close to six percent based on somewhat higher gas prices in 2010-11.

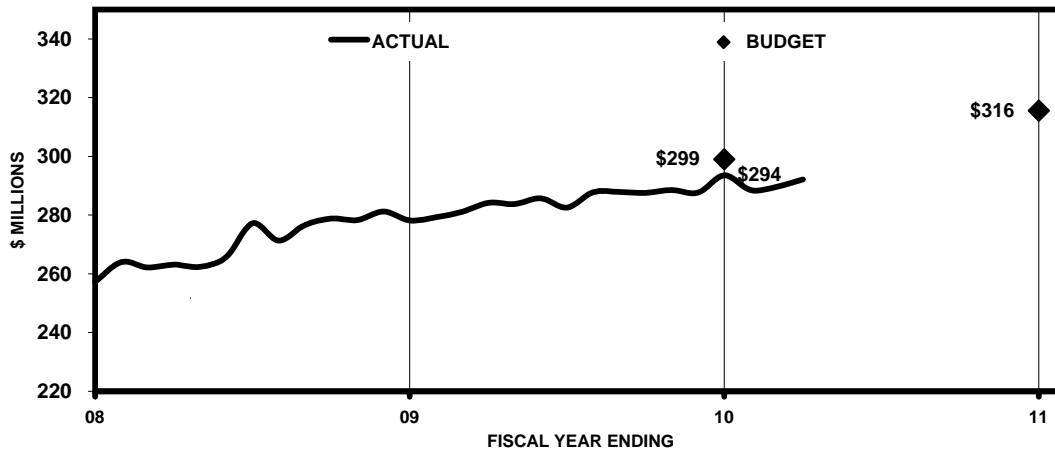
Attachment 1-S

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

MONTHLY	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$19,648	\$26,491	\$27,546	\$24,277	\$22,516	(\$1,761)
AUGUST	20,614	18,694	20,578	24,277	21,652	(2,625)
SEPTEMBER	23,575	24,608	27,592	30,346	30,110	(236)
OCTOBER	27,457	26,712	26,290	24,277		
NOVEMBER	27,170	30,497	32,491	30,346		
DECEMBER	16,248	27,739	24,628	24,277		
JANUARY	24,592	18,633	23,838	24,277		
FEBRUARY	16,244	21,490	21,554	24,277		
MARCH	19,949	22,237	21,933	30,346		
APRIL	25,303	24,814	25,804	24,277		
MAY	16,878	19,769	18,892	24,277		
JUNE	19,552	16,523	22,407	30,346		
TOTAL	\$257,228	\$278,208	\$293,554	\$315,600		
% CHANGE	3.3%	8.2%	5.5%	7.5%		

CUMULATIVE	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$19,648	\$26,491	\$27,546	\$24,277	\$22,516	(\$1,761)
AUGUST	40,262	45,186	48,124	48,554	44,168	(4,386)
SEPTEMBER	63,836	69,793	75,716	78,900	74,279	(4,621)
OCTOBER	91,293	96,506	102,006	103,177		
NOVEMBER	118,463	127,002	134,497	133,523		
DECEMBER	134,711	154,741	159,125	157,800		
JANUARY	159,303	173,374	182,963	182,077		
FEBRUARY	175,547	194,865	204,517	206,354		
MARCH	195,496	217,101	226,450	236,700		
APRIL	220,798	241,916	252,255	260,977		
MAY	237,676	261,685	271,147	285,254		
JUNE	257,228	278,208	293,554	315,600		

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



Increased power sales and energy cost adjustments are expected to increase revenue by \$6 million (two percent).

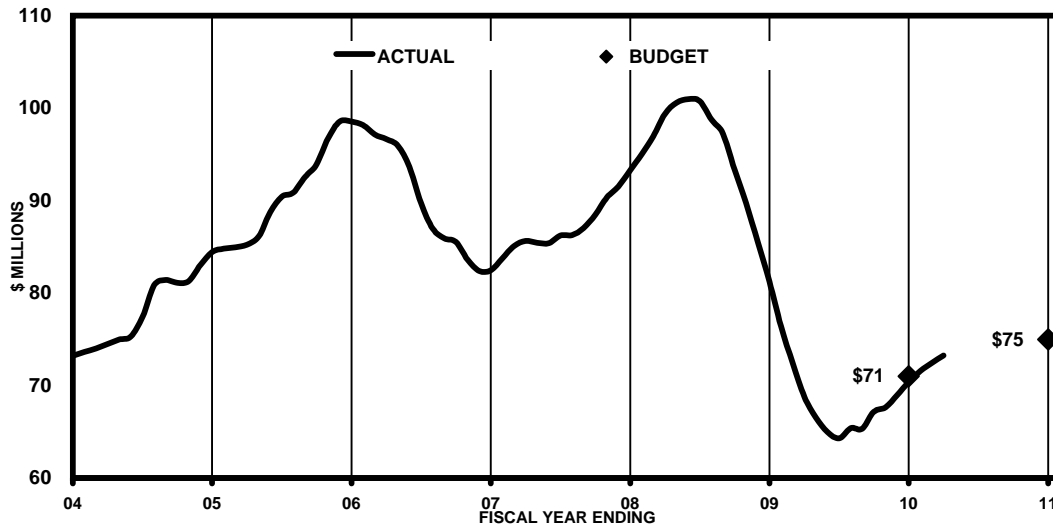
Attachment 1-T

REVENUE MONTHLY STATUS REPORT GAS USERS' TAX (Thousand Dollars)

2007-08	2008-09	2009-10	2010-11	2010-11	2010-11
ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
\$6,860	\$8,621	\$3,783	\$3,996	\$4,961	\$965
5,803	7,728	3,707	3,916	4,591	675
4,851	7,225	3,619	3,823	4,425	602
4,624	5,885	3,647	3,852		
4,849	5,222	3,666	3,872		
5,848	5,642	4,922	5,200		
8,659	6,651	7,756	8,193		
11,949	10,383	10,319	10,852		
12,196	8,381	10,223	10,459		
10,155	6,495	6,977	7,633		
8,982	4,732	6,042	6,866		
8,496	4,292	5,737	6,338		
\$93,271	\$81,258	\$70,397	\$75,000		
13.1%	-12.9%	-13.4%	5.6%		

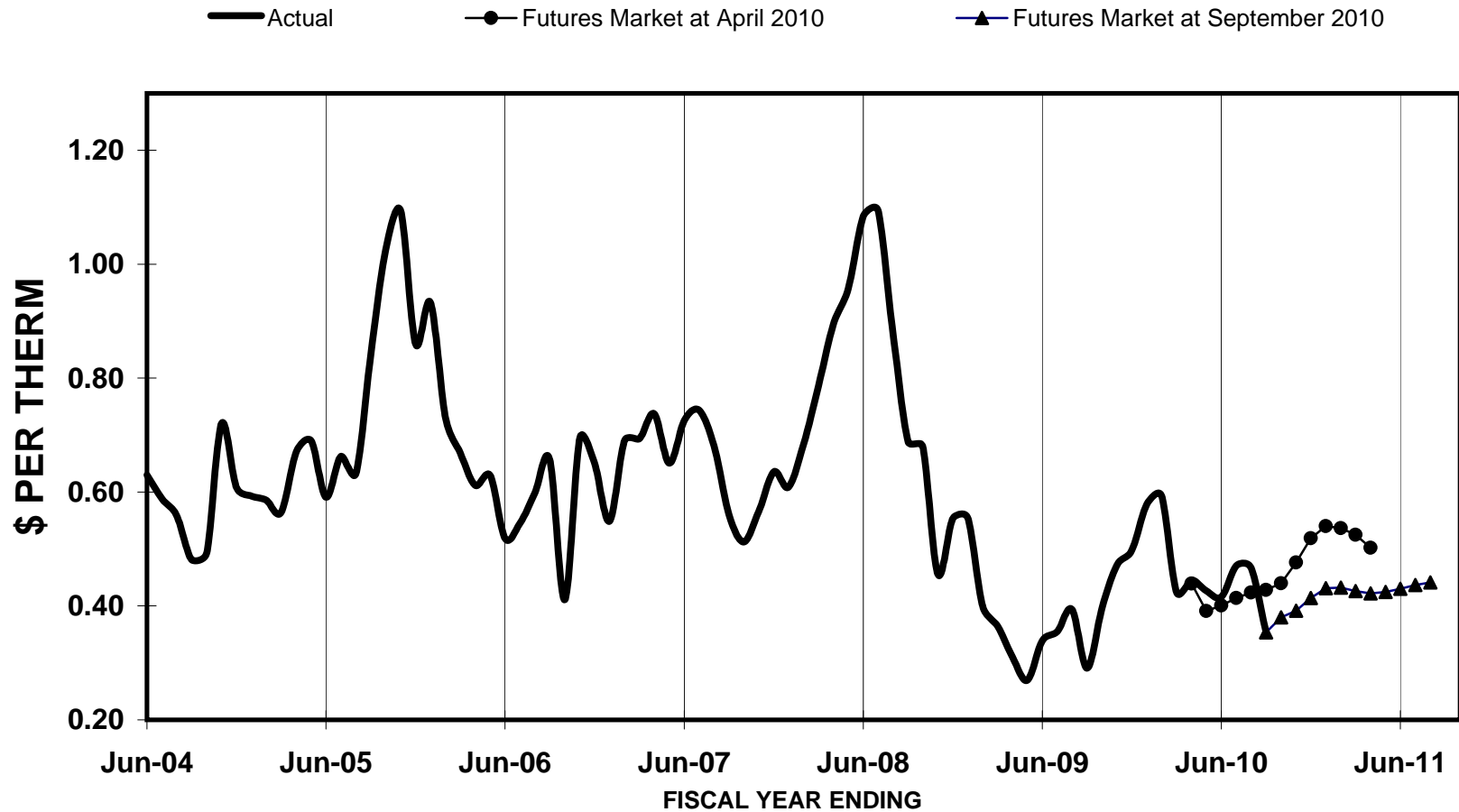
2007-08	2008-09	2009-10	2010-11	2010-11	2010-11
ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
\$6,860	\$8,621	\$3,783	\$3,996	\$4,961	\$965
12,663	16,350	7,490	7,912	9,552	1,641
17,513	23,575	11,108	11,734	13,977	2,243
22,137	29,460	14,755	15,586		
26,986	34,682	18,421	19,458		
32,834	40,324	23,343	24,658		
41,493	46,975	31,099	32,851		
53,443	57,358	41,418	43,704		
65,639	65,739	51,641	54,163		
75,793	72,233	58,618	61,796		
84,775	76,966	64,659	68,662		
93,271	81,258	70,397	75,000		

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



The commodity price of natural gas is rising and higher prices combined with winter usage should result in 2009-10 revised amount of \$71 million. Gas prices are expected to increase in 2010-11 pushing revenue up. Please see next page for perspective on natural gas prices.

COST OF NATURAL GAS



Prices were expected to rise slightly in 2010-11, but recent data shows a drop in price. The futures market still expects a seasonal rally.

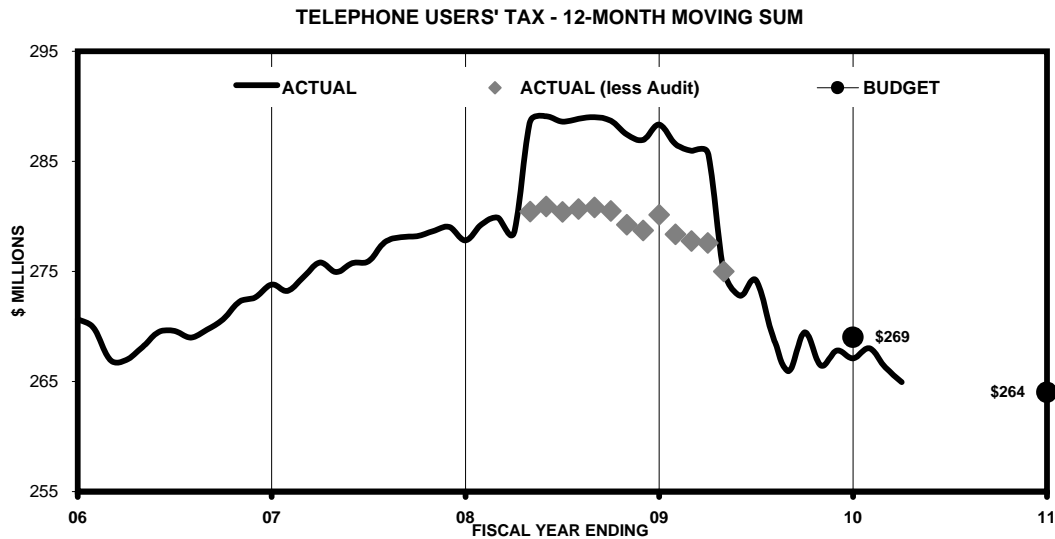
Attachment 1-V

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

MONTHLY	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$22,734	\$24,190	\$22,395	\$22,083	\$23,307	\$1,224
AUGUST	22,892	23,491	22,896	22,083	21,164	(919)
SEPTEMBER	24,044	22,667	22,475	22,083	21,145	(938)
OCTOBER	22,785	32,924	22,145	22,033		
NOVEMBER	23,440	23,910	21,715	22,033		
DECEMBER	22,827	22,330	23,719	22,033		
JANUARY	23,976	24,220	19,278	21,983		
FEBRUARY	23,028	23,186	19,871	21,983		
MARCH	22,457	22,128	25,683	21,933		
APRIL	24,231	22,993	19,961	21,933		
MAY	23,314	22,803	24,158	21,933		
JUNE	22,092	23,514	22,801	21,883		
TOTAL	\$277,819	\$288,356	\$267,097	\$264,000		
% CHANGE	1.5%	3.8%	-7.4%	-8.4%		

* From revised

CUMULATIVE	2007-08	2008-09	2009-10	2010-11		
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE*
JULY	\$22,734	\$24,190	\$22,395	\$22,083	\$23,307	\$1,224
AUGUST	45,625	47,681	45,291	44,167	44,471	305
SEPTEMBER	69,669	70,348	67,767	66,250	65,616	(634)
OCTOBER	92,454	103,272	89,911	88,283		
NOVEMBER	115,894	127,182	111,626	110,317		
DECEMBER	138,721	149,512	135,345	132,350		
JANUARY	162,696	173,732	154,623	154,333		
FEBRUARY	185,725	196,918	174,494	176,317		
MARCH	208,182	219,046	200,178	198,250		
APRIL	232,414	242,039	220,138	220,183		
MAY	255,728	264,842	244,296	242,117		
JUNE	277,819	288,356	267,097	264,000		



The recession combined with falling usage charges due to increased competition among providers is exerting a downward trend on revenue. The peak in 2008-09 was due to an \$8.3 million audit settlement. March 2010 collections included a \$4 million audit.

Attachment 1-W

REVENUE MONTHLY STATUS REPORT

Parking Users' Tax

(Thousand Dollars)

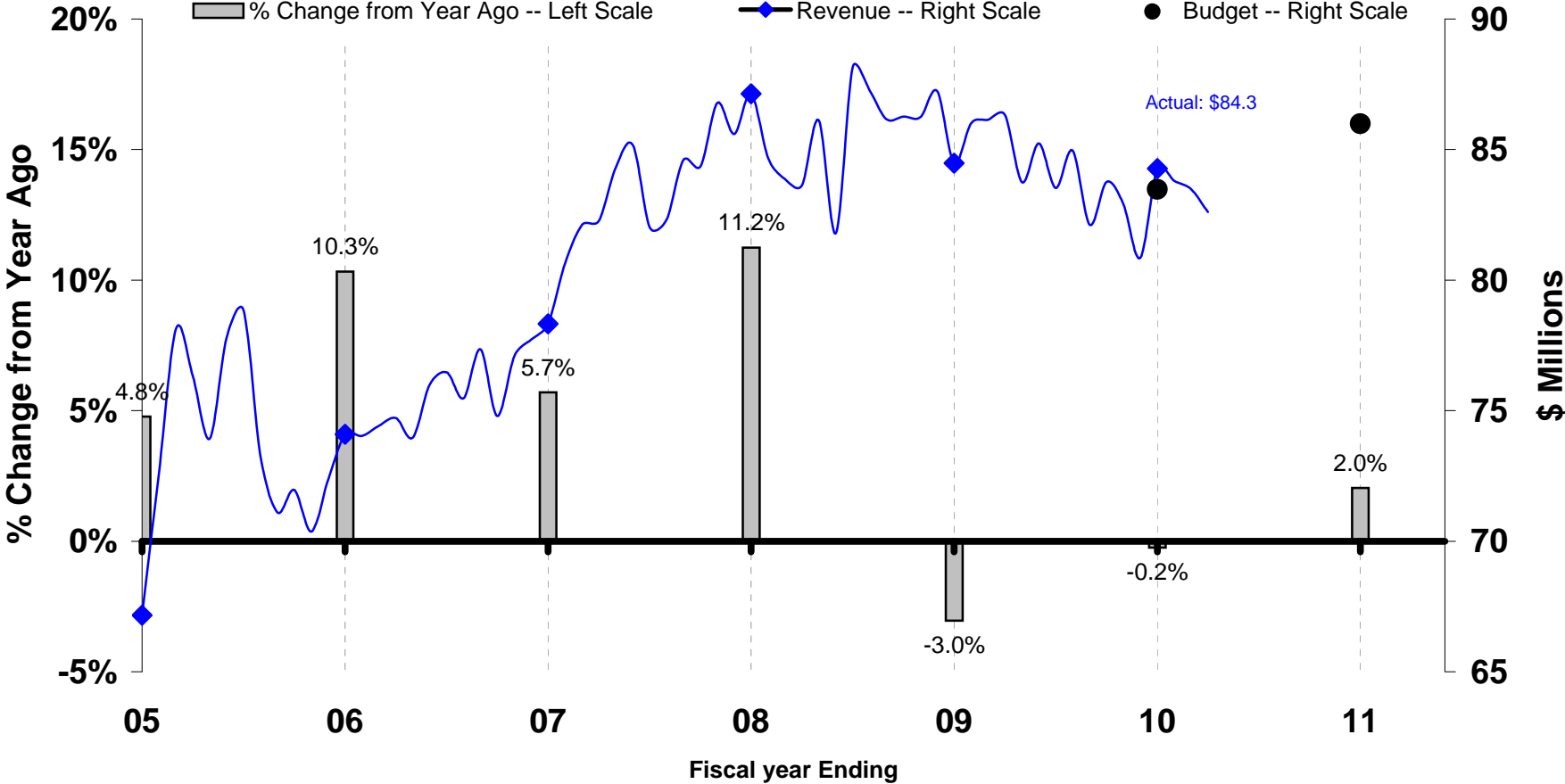
MONTHLY	2006-07	2007-08	2008-09	2009-10			2010-11	
	ACTUAL	ACTUAL	ACTUAL	REVISED	ACTUAL	VARIANCE+	BUDGET	ACTUAL
JULY	\$6,573	\$8,869	\$6,401	\$7,937	\$7,937		\$7,515	\$7,475
AUGUST	6,580	8,076	7,277	7,404	7,404		7,546	7,078
SEPTEMBER	6,822	6,974	6,740	6,925	6,925		7,065	6,053
OCTOBER	5,078	7,116	9,600	7,019	7,019		7,498	
NOVEMBER	5,957	6,818	2,501	3,997	3,997		5,255	
DECEMBER	7,183	4,036	10,391	8,686	8,686		7,435	
JANUARY	6,735	7,032	6,144	7,571	7,571		6,850	
FEBRUARY	5,015	7,301	6,200	3,354	3,354		6,370	
MARCH	6,988	6,743	6,841	8,486	8,486		7,077	
APRIL	5,805	8,229	8,204	7,200	7,353	153	7,651	
MAY	7,898	6,711	7,710	7,400	5,647	(1,753)	7,678	
JUNE	7,689	9,226	6,466	7,500	9,889	2,389	8,044	
TOTAL	\$78,323	\$87,131	\$84,475	\$83,479	\$84,268		\$85,983	
% CHANGE	5.7%	11.2%	-3.0%	-1.2%	-0.2%		2.0%	

CUMULATIVE	2006-07	2007-08	2008-09	2009-10			2010-11	
	ACTUAL	ACTUAL	ACTUAL	PLAN	ACTUAL	VARIANCE+	BUDGET	
JULY	\$6,573	\$8,869	\$6,401	\$7,937	\$7,937		\$7,515	\$7,475
AUGUST	13,153	16,945	13,678	15,341	15,341		15,060	14,553
SEPTEMBER	19,975	23,919	20,418	22,266	22,266		22,125	20,606
OCTOBER	25,053	31,035	30,018	29,285	29,285		29,623	
NOVEMBER	31,010	37,853	32,519	33,282	33,282		34,879	
DECEMBER	38,193	41,889	42,910	41,968	41,968		42,313	
JANUARY	44,928	48,921	49,054	49,539	49,539		49,163	
FEBRUARY	49,943	56,222	55,254	52,893	52,893		55,533	
MARCH	56,931	62,965	62,095	61,379	61,379		62,611	
APRIL	62,736	71,194	70,299	68,579	68,732	153	70,261	
MAY	70,634	77,905	78,009	75,979	74,379	(1,600)	77,940	
JUNE	78,323	87,131	84,475	83,479	84,268	789	85,983	

The 2009-10 receipts were 1% above the revised estimate. The 2010-11 estimate is still 1% below the 2007-08 peak. See graph on next page.

Parking Users' Tax

12-Month Moving Sum



Monthly pattern of receipts is erratic, but when viewed annually, parking tax follows economy. Early receipts are disappointing.

Attachment 1-Y

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

MONTHLY	2006-07	2007-08	2008-09	2009-10		2010-11		
	ACTUAL	ACTUAL	ACTUAL	REVISED	ACTUAL	VARIANCE	BUDGET	ACTUAL
JULY	\$10,454	\$12,304	\$9,501	\$10,216	\$10,216		\$9,391	\$12,095
AUGUST	11,748	13,406	17,789	10,358	10,358		12,779	10,183
SEPTEMBER	10,918	13,048	12,924	10,569	10,569		10,906	12,673
OCTOBER	9,656	11,227	13,038	9,220	9,220		10,417	
NOVEMBER	11,294	13,911	4,263	7,382	7,382		7,880	
DECEMBER	12,801	6,591	18,332	12,639	12,639		11,710	
JANUARY	9,710	12,730	10,503	7,637	7,637		9,547	
FEBRUARY	3,674	7,845	9,689	5,139	5,139		7,528	
MARCH	16,188	12,442	9,614	12,674	12,674		10,437	
APRIL	13,145	15,792	9,947	11,055	12,040	985	10,861	
MAY	13,666	13,958	9,348	11,055	6,458	(4,597)	10,534	
JUNE	11,303	15,271	11,375	11,056	14,168	3,112	10,708	
TOTAL	\$134,557	\$148,525	\$136,323	\$119,000	\$118,500		\$122,700	
% CHANGE	6.0%	10.4%	-8.2%	-12.7%	-13.1%		3.5%	

Taxable Hotel Sales	\$1,035,054	\$1,142,500	\$1,048,638	\$915,385	\$911,538	\$943,846
Each 1% tax rate	\$10,351	\$11,425	\$10,486	\$9,154	\$9,115	\$9,438

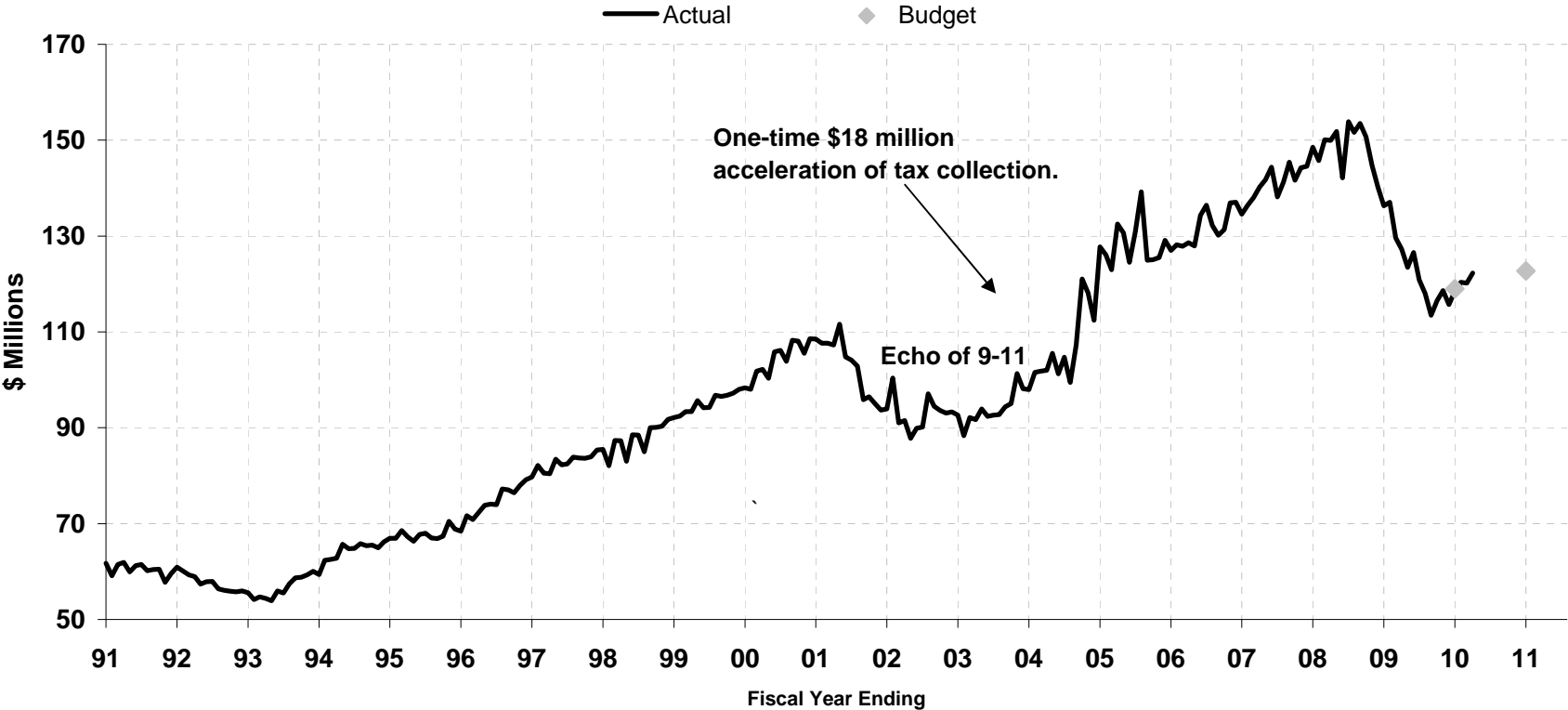
CUMULATIVE	2006-07	2008-09		2009-10		2010-11		
	ACTUAL		ACTUAL	REVISED	ACTUAL	VARIANCE	BUDGET	ACTUAL
JULY	\$10,454		\$9,501	\$10,216	\$10,216		\$9,391	\$12,095
AUGUST	22,202	25,710	27,290	20,574	20,574		22,171	22,278
SEPTEMBER	33,120	38,758	40,214	31,143	31,143		33,077	34,951
OCTOBER	42,776	49,985	53,252	40,363	40,363		43,494	
NOVEMBER	54,070	63,896	57,515	47,745	47,745		51,374	
DECEMBER	66,871	70,487	75,847	60,384	60,384		63,084	
JANUARY	76,581	83,217	86,350	68,021	68,021		72,631	
FEBRUARY	80,255	91,062	96,039	73,160	73,160		80,159	
MARCH	96,443	103,504	105,653	85,834	85,834		90,596	
APRIL	109,588	119,296	115,600	96,889	97,874	985	101,458	
MAY	123,254	133,254	124,948	107,944	104,332	(3,612)	111,992	
JUNE	134,557	148,525	136,323	119,000	118,500	(500)	122,700	

See next page.

Attachment 1-Z

City Hotel Tax Receipts

12-Month Moving Sum



After hitting a low point of \$113.5 million in February 2010, annual hotel tax receipts increased to \$118.5 million in 2009-10. This was still 20% lower than the peak 2007-08 level of \$149 million. Receipts began rising in March 2010, and in August were at an annual level of \$120 million. The budget projects 3.5% growth in 2010-11, but based on reports of increased business travel and domestic leisure travel, growth in the 7-8% range is possible.

**Attachment 2
Four-Year Budget Outlook Budget and Finance Report**

	(\$ millions)				
	2010-11				
	Adopted	2011-12	2012-13	2013-14	2014-15
ESTIMATED GENERAL FUND REVENUE					
General Fund Base (1)	\$ 4,399.8	\$ 4,375.2	\$ 4,373.4	\$ 4,490.5	\$ 4,618.0
Revenue Growth (2)					
Property Related Taxes	0.7	20.1	46.6	57.6	69.8
Sales and Business Taxes	(29.0)	21.9	24.7	22.4	23.1
Utility Users' Tax	(13.3)	12.6	16.5	10.3	10.4
License, Permits and Fees	55.1	(62.4)	7.2	14.5	14.7
Other Fees, Taxes and Transfers	9.8	19.6	22.1	22.7	23.3
SPRF Transfer	(51.4)	(10.0)	-	-	1.0
Transfer from Reserve Fund	3.6	(3.6)			
Total Revenue	\$ 4,375.2	\$ 4,373.4	\$ 4,490.5	\$ 4,618.0	\$ 4,760.4
<i>General Fund Revenue Increase %</i>	<i>-0.6%</i>	<i>0.0%</i>	<i>2.7%</i>	<i>2.8%</i>	<i>3.1%</i>
<i>General Fund Revenue Increase \$</i>	<i>(24.6)</i>	<i>(1.8)</i>	<i>117.1</i>	<i>127.5</i>	<i>142.4</i>
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base (3)	\$ 4,399.8	\$ 4,375.2	\$ 4,691.9	\$ 4,920.6	\$ 5,132.6
Incremental Changes to Base: (4)					
Employee Compensation Adjustments (5)	190.9	106.9	35.5	24.8	9.0
City Employees Retirement System (6)	40.9	83.4	76.7	66.3	37.3
Fire and Police Pensions (6)	31.7	63.2	64.3	81.1	49.9
Workers Compensation Benefits (7)	(3.2)	10.6	11.5	12.4	13.4
Health and Dental Benefits (8)	19.9	18.4	37.8	38.8	42.1
Debt Service (9)	17.0	(8.5)	(4.9)	(5.4)	-
Expense CPI Increases (10)	-	5.3	5.4	5.5	5.6
Delete Reso. Authorities/One-Time Costs (11)	(77.4)	-	-	-	-
Unappropriated Balance (12)	58.2	(13.2)	(21.3)	-	-
New Facilities (13)	3.2	3.5	4.8	2.5	2.5
City Elections (14)	15.6	(15.6)	16.1	(16.1)	16.1
CIEP (15)	(1.5)	47.8	2.9	2.1	1.8
Appropriation to the Reserve Fund	(46.7)	-	-	-	-
Net - Other Additions and Deletions	(273.2)	15.0	-	-	-
Subtotal Expenditures	\$ 4,375.2	\$ 4,691.9	\$ 4,920.6	\$ 5,132.6	\$ 5,311.2
<i>Expenditure Growth %</i>	<i>-0.6%</i>	<i>7.2%</i>	<i>4.9%</i>	<i>4.3%</i>	<i>3.5%</i>
<i>Expenditure Growth \$</i>	<i>(24.6)</i>	<i>316.7</i>	<i>228.7</i>	<i>212.0</i>	<i>178.6</i>
TOTAL BUDGET GAP					
	\$ -	\$ (318.5)	\$ (430.1)	\$ (514.7)	\$ (550.9)
<i>Incremental Increase %</i>			<i>35.0%</i>	<i>19.7%</i>	<i>7.0%</i>
<i>Incremental Increase \$</i>			<i>(111.6)</i>	<i>(84.6)</i>	<i>(36.2)</i>

**Attachment 2
FOUR-YEAR GENERAL FUND BUDGET OUTLOOK FOOTNOTES**

REVENUE:

(1) General Fund (GF) Base: The General Fund revenue growth is separated from the revenue base. This base excludes the Reserve Fund transfer to the budget.

(2) Revenue Growth: Revenue projections have been revised to reflect the consensus of economists that economic recovery will be slow and that economy-sensitive revenues will take several years to return to pre-recession levels. Amounts represent projected incremental change to the base.

ESTIMATED GENERAL FUND EXPENDITURES:

(3) Estimated Expenditure General Fund Base: Using the 2009-10 General Fund budget as the baseline year, the General Fund base is the "Total Obligatory and Potential Expenditures" carried over to the following fiscal year.

(4) The 2010-11 incremental changes reflect funding adjustments to the 2009-10 General Fund budget. The 4-Year Outlook expenditures included for subsequent years are limited to those obligatory and major expenses known at this time and are subject to change. Amounts represent projected incremental change to the base.

(5) Employee Compensation Adjustments: This includes cost of living adjustment ("COLA"), change in number of working days, salary step and turnover effect, and full funding for partially financed positions.

The 2010-11 Adopted Budget includes the following specific employee compensation adjustments:

- 2009-10 deferred employee salary adjustment for the Coalition of the Los Angeles City Union and Management Attorneys Unit ("Coalition");
- Restoration of undesignated salaries reductions included in the 2009-10 Budget;
- Reduction of 16 or 26 working days for civilian employees (this reduction is restored in 2010-11 Outlook); and,
- Salary savings from the Early Retirement Incentive Program ("ERIP");

Coalition: On Dec. 19, 2007, the Mayor and Council approved the 2007-2012 Memorandum of Understanding ("MOU") for the Coalition of the Los Angeles City Union and Management Attorneys Unit (Coalition). The COLAs approved at that time are reflected in the chart below. Step increases that apply to all workers who have been on Step 5 for one year and to most flat-rated workers at the time of the increase will be effective January 1st of 2010, 2011, and 2012.

Original Coalition MOUs	2007-08	2008-09	2009-10	2010-11	2011-12
COLA	2% + 2%	3%	3%	2.25%	2.25%
Step/Increase			2.75%	2.75%	2.75%

On September 30, 2009, the Mayor and Council initially approved the Early Retirement Incentive Program ("ERIP") ordinance that allows for voluntary civilian employee separations. As part of ERIP, the Coalition ratified a revised five-year agreement with the City on October 23, 2009, and extended the term to 2013-14.

Oct. 2009 Revised Coalition MOUs	2009-10	2010-11	2011-12	2012-13	2013-14
COLA - July 1 st	0%	0%	3%	2.25%	2.25%
Step/Increase - Jan. 1 st	0%	0%	2.75%	2.75%	2.75%
Deferral Recovery – July 1st	0%	0%	0%	0%	1.75%
Cash Payment - Nov. 1 st	n/a	n/a	1.75%	1.75%	0%

The City's agreement with the Coalition requires that all wage movement outlined in the MOU extension will be advanced by one year if the City elects to implement layoffs. The 2010-11 Adopted Budget assumes such layoffs, triggering the following revised schedule of increases.

Coalition MOUs (Advanced)	2009-10	2010-11	2011-12	2012-13	2013-14
COLA - July 1 st	0%	3%	2.25%	2.25%	n/a
Step/Increase - Jan. 1 st	0%	2.75%	2.75%	2.75%	n/a
Deferral Recovery – July 1 st	0%	0%	0%	1.75%	n/a
Cash Payment - Nov. 1 st	n/a	0%	1.75%	0%	n/a

Sworn Fire and Police Officers: On October 21, 2009, members of the Los Angeles Police Protective League (“LAPPL”) ratified a two-year contract for 2009-10 to 2010-11. On March 25, 2010, members of the United Firefighters of Los Angeles (“UFLAC”) ratified a one-year contract for 2009-10. Negotiations are in process with UFLAC for a successor MOU commencing July 1, 2010. The new MOU COLA’s are also reflected in the chart below.

Sworn MOUs	2009-10	2010-11	2011-12	2012-13	2013-14
LAPPL	0%	0%	n/a	n/a	n/a
UFLAC	0%	n/a	n/a	n/a	n/a

Engineers and Architects Association (“EAA”): EAA ratified a one-year contract for 2010-11 and no EAA COLA’s are assumed in 2010-11 and future years.

(6) City Employment Retirement System (“LACERS”) and Fire & Police Pensions (“Pensions”): The LACERS and Pensions contribution are estimated based on information from the departments’ actuaries and include COLA assumptions. The amounts reflected in the outlook represent incremental changes. The estimates are mostly driven by changes in assumptions and investment returns. Additionally, the increased rates reflect gains and losses over two years and changes in demographics.

Assumptions	Market Corridor	Smoothing	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Investment Returns			(20)%	16%	8%	8%	8%	8%	8%
LACERS Rate w/ERIP	50:150	5 year	20.17%	19.46%	24.49%	29.54%	33.16%	37.34%	39.8%
Pensions Rate	60:140	7 year	26.23%	28.24%	30.12%	35.19%	40.22%	46.56%	50.46%

(7) Workers Compensation Benefits (WC): The WC budget increase of 8% is applied through 2011-12.

(8) Health and Dental Benefits: Mercer Consulting provides the civilian plan forecast. Its projected civilian employee FLEX benefits for medical premium increases are 3.3% for 2010; 9.4% for 2011; 8.4% for 2012, and 7.5% for 2013. Employment assumptions reflect fewer enrollees due to ERIP and position eliminations. Police and Fire health medical subsidy rates are historically higher due to the type of coverage and lower deductible health plans. Police and Fire enrollment projections are consistent with the current year hiring plan. For purposes of this Outlook, \$13.4 million budgeted for potential Health Benefits costs in the Unappropriated Balance is included in this section.

(9) Debt Service: The debt service amounts include Capital Finance and Judgement Obligation Bond budgets.

(10) Expense CPI Increases: The CPI increases in future years are anticipated at 2% per annum.

(11) Delete One-time Resolution Authorities and Other Costs: Reflects City practice of deleting programs and costs that are limited-term and temporary in nature at the start of the budget process. Funding for these positions, programs, and expenses is reviewed on a case-by-case basis and dependent upon continuing need for the fiscal year. Continued or new items added are embedded in the “Net – Additions and Deletions” line item of the forecast. None are deleted in subsequent years to provide a placeholder for continuation of resolution authority positions for various programs, as well as equipment, and other one-time expenses incurred annually. As such, these costs are therefore incorporated into the beginning General Fund base of subsequent years.

(12) Unappropriated Balance (UB): The total 2010-11 UB budget of \$71.6 million includes \$21.2 million for the first of two ERIP payout installments and \$13.2 million for Budget Balancing Bridge as a contingency for delayed implementation of budgeted savings. The ERIP payout and the Budget Balancing Bridge items would not be budgeted in 2012-13 and 2011-12, respectively. Other UB items are not eliminated the following year to provide a placeholder for various ongoing and/or contingency requirements in the future. For purposes of the Outlook, \$13.4 million budgeted for Health Benefits costs are included in the Health and Dental Benefits section (see note 8).

(13) New Facilities: Funding projections are based on preliminary departmental estimates for ongoing staffing and expenses that have not been prioritized.

(14) Elections: Citywide elections occur bi-annually.

(15) Capital Improvement Expenditure Program (CIEP): The 2010-11 budget includes nearly \$6 million for various capital projects, a decrease of \$1.5 million from 2009-10. For future years, the CIEP amounts assume compliance with the policy of budgeting 1% of the General Fund for capital improvement projects.

Attachment 3
STATUS OF RESERVE FUND AS OF 10/07/2010

Council File No. Item Description	Amount
Balance Available, 7/1/2010	\$ 171,395,957
Less: Emergency Reserve Account	120,318,000
Contingency Reserve Account 7/1/2010	\$ 51,077,957
Loan Repayment and Other Receipts	13,588,570
Contingency Reserve Account	\$ 64,666,527
Loans and Transfers Approved to Date	
CAO memo LACVB	(846,178)
CAO memo LA Inc.	(553,951)
09-0600 YE Risk Management System (Linx) (reappropriation)	(3,600,400)
09-0600 YE Alternative Dispute Resolution (reappropriation)	(1,346,000)
09-0600 YE Financial Management System	(1,296,448)
09-0600 YE Public Safety Systems Project	(523,136)
09-0600 YE Financial Management System	(500,000)
09-0600 YE Fleet utilization study	(120,000)
09-0600 YE Communications Users' Tax Independent Audit	(100,000)
Loans and Transfers Approved to Date Subtotal	\$ (8,886,113)
Proposed Loans and Transfers	
EOS/motion Aging Older American Act Grant	(2,200,000)
10-2482 Solar Leadership Roundtable	(290)
09-2181-S1 Metropolitan Los Angeles Branch Engineering	(580)
First FSR Fire E-Commerce Reappropriation	(200,000)
First FSR Police Camera and Wi-Fi equipment purchase (07-0008-S1)	(24,999)
Proposed Loans and Transfers Subtotal	\$ (2,425,869)
Contingency Reserve Available Balance as of 10/7/2010	\$ 53,354,545
Total Emergency and Contingency Reserve Fund	\$ 173,672,545

Attachment 4

Fiscal Year 2009-10 General Fund Receipts

\$ Thousands

	Budget	Revised Budget	Receipts	Variance from Budget	Variance from Revised Budget
Property Tax	\$1,418,870	\$1,445,403	\$1,442,270	\$23,400	(\$3,133)
Utility Users' Tax	667,875	639,000	631,048	(36,827)	(7,952)
Licenses, Permits, Fees and Fines	723,126	708,636	695,808	(27,318)	(12,828)
Business Tax	426,157	411,286	424,830	(1,327)	13,544
Sales Tax	304,243	278,274	280,096	(24,147)	1,822
Documentary Transfer Tax	100,000	90,000	89,643	(10,357)	(357)
Power Revenue Transfer	232,000	220,500	220,475	(11,525)	(25)
Transient Occupancy Tax	130,200	119,000	118,500	(11,700)	(500)
Parking Fines	134,000	132,000	131,854	(2,146)	(146)
Parking Users' Tax	82,300	83,479	84,268	1,968	789
Franchise Income	49,479	42,755	44,313	(5,166)	1,558
Interest Income	22,080	15,980	14,537	(7,543)	(1,443)
State Motor Vehicle License Fees	12,000	10,000	12,008	8	2,008
Grant Receipts	16,000	16,200	13,671	(2,329)	(2,529)
Tobacco Settlement	12,166	11,300	9,530	(2,636)	(1,770)
Transfer from Telecommunications Fund	6,223	6,223	6,223		
Residential Development Tax	1,700	1,324	1,049	(651)	(275)
Special Parking Revenue Transfer	61,371	23,400	23,460	(37,911)	60
Subtotal General Fund	\$4,399,790	\$4,254,760	\$4,243,583	(\$156,207)	(\$11,177)
Proceeds from JOB sale			39,498	39,498	39,498
Transfer from Reserve Fund		145,938	132,410	132,410	(13,528)
Total General Fund	\$4,399,790	\$4,400,698	\$4,415,491	\$15,701	\$14,793

Attachment 5

CITY OF LOS ANGELES
SCHEDULE OF REVERSIONS TO RESERVE AND OTHER FUNDS
Fiscal Year End JUNE 30, 2010

Dept No.	Department Name	Adjusted	Reversion to Other	Adjusted
		Uncommitted	Funds and Other	Reversion to
		Balance	Adjustments	Reserve Fund
			Total	Total
02	Aging	323,915	16,434	307,481
06	Animal Services	164,133	0	164,133
08	Building and Safety	886,748	782,182	104,566
10	CAO	319,777	100,000	219,777
12	City Attorney	81,236	76,042	5,193
14	City Clerk	1,755,934	0	1,755,934
17	City Ethics	161,097	161,097	0
20	Status of Women	0	0	0
22	CDD	2,804	0	2,804
26	Controller	480,067	0	480,067
27	Children, Youth & Family	606	0	606
28	Council	8,627,603	7,500	8,620,103
30	Cultural Affairs	393,781	393,732	49
32	ITA	1,109,356	38,403	1,070,953
33	El Pueblo	79,321	79,321	0
35	Emergency Preparedness	5,327	0	5,327
36	Employee Relations	17,338	0	17,338
37	Environmental Affairs	322,218	141,787	180,430
38	Fire	4,200,985	3,389	4,197,596
39	Finance	460,893	0	460,893
40	GSD	8,321,728	1,524,704	6,797,024
43	Housing	47,219	43,348	3,870
46	Mayor	1,852,097	0	1,852,097
47	Neighborhood Empowerment	106,292	106,292	0
48	Convention Center	460,215	460,215	0
49	Human Relations	124,440	20,279	104,161
53	Capital Finance	6,559,242	0	6,559,242
54	CIP	12,600,356	664,506	11,935,850
56	General City Purposes	8,129,072	0	8,129,072
58	Unappropriated Balance	33,480,467	23,331,741	10,148,726
59	Liability Claims	9,389	0	9,389
60	Water and Electricity	249,275	0	249,275
61	Human Resources	4,090,001	0	4,090,001
62	General	8,249,623	8,249,623	0
65	Disability	768	0	768
66	Personnel	2,412,446	0	2,412,446
68	Planning	867,856	501,129	366,726
70	Police	8,377,569	679,881	7,697,688
74	PW Board Office	813,739	632,698	181,041
76	PW Bu of Contract Adm	2,514,121	453,113	2,061,007
78	PW Bu of Engineering	6,581,329	2,962,368	3,618,961
82	PW Bu of Sanitation	22,478,357	22,475,402	2,956
84	PW Bu of St Lighting	3,302,890	3,302,890	0
86	PW Bu of St Services	13,120,119	5,076,094	8,044,024
87	Zoo	683,466	683,466	0
94	Transportation	3,801,123	763,348	3,037,774
96	Treasurer	115,740	0	115,740
Year-end Reversion		\$ 168,742,077	\$ 73,730,985	\$ 95,011,092

Total 2009-10 Uncommitted Balance	\$ 95,011,092
2009-10 Reversion Estimated in the 2010-11 Budget	52,620,000
Difference between Actual and Estimated Reversion	<u>\$ 42,391,092</u>

Attachment 7
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Animal Services <i>Contractual Services Savings</i>	<u>Fund 100/06, Animal Services</u> 3040, Contractual Services	\$ 21,000.00	<u>Fund 100/06, Animal Services</u> 1010, Salaries, General	\$ 21,000.00
Building and Safety <i>LAWA Agreement</i>	<u>Fund 48R/08, Building and Safety Building Permit Enterprise Fund</u> G200, Reserve for Unanticipated Costs	\$ 410,353.00	<u>Fund 48R/08, Building and Safety Building Permit Enterprise Fund</u> G299, Reimbursement of General Fund Costs	\$ 410,353.00
City Attorney <i>Contractual Services Savings</i>	<u>Fund 100/12, City Attorney</u> 3040, Contractual Services	\$ 122,917.00	<u>Fund 100/12, City Attorney</u> 1010, Salaries, General	\$ 122,917.00
Disability <i>Contractual Services Savings</i>	<u>Fund 100/65, Disability</u> 3040, Contractual Services	\$ 20,220.00	<u>Fund 100/65, Disability</u> 1010, Salaries, General	\$ 20,220.00
Emergency Management <i>Contractual Services Savings</i>	<u>Fund 100/35, Emergency Management</u> 3040, Contractual Services	\$ 499.00	<u>Fund 100/35, Emergency Management</u> 1010, Salaries, General	\$ 499.00
Finance <i>Contractual Services Savings</i>	<u>Fund 100/39, Finance</u> 3040, Contractual Services	\$ 3,427.00	<u>Fund 100/39, Finance</u> 1010, Salaries, General	\$ 3,427.00
Fire <i>Contractual Services Savings</i>	<u>Fund 100/38, Fire</u> 3040, Contractual Services	\$ 341,523.00	<u>Fund 100/38, Fire</u> 1093, Salaries Overtime Constant Staffing	\$ 341,523.00
General Services <i>Building Operating Engineer</i>	<u>Fund 100/40, General Services</u> 1100, Hiring Hall Salaries	\$ 160,000.00	<u>Fund 100/40, General Services</u> 1010, Salaries General	\$ 160,000.00
Information Technology <i>Emergency Operations Center Staffing</i>	<u>Fund 100/32, Information Technology</u> 3040, Contractual Services	\$ 128,045.00	<u>Fund 100/32, Information Technology</u> 1010, Salaries General	\$ 128,045.00
Library <i>Salary Deficit</i>	<u>Fund 300/44 Library</u> 9510, Various Special	\$ 1,943,209.00	<u>Fund 300/44 Library</u> 1010, Salaries, General	\$ 1,943,209.00
Mayor <i>Temporary Staffing</i>	<u>Fund 100/46 Mayor</u> 1010, Salaries, General	\$ 1,000,000.00	<u>Fund 100/46 Mayor</u> 1070, Salaries, As Needed	\$ 1,000,000.00

Attachment 7
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

		TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	
Neighborhood Empowerment <i>New Neighborhood Councils</i>	<u>Fund 44B/47, Neighborhood Empowerment</u> A218, NC Funding Program 2006-07	\$ 80,625.00	<u>Fund 44B/47, Neighborhood Empowerment</u> 1111, Northridge South NC 1112, North Hills East NC	\$ 45,000.00 \$ 35,625.00	Subtotal \$ 80,625.00
Personnel <i>Contractual Services Savings</i>	<u>Fund 100/66, Personnel</u> 3040, Contractual Services	\$ 346,000.00	<u>Fund 100/66, Personnel</u> 1010, Salaries, General	\$ 346,000.00	
Public Works-Sanitation <i>Solid Resources Deferred Expenses</i>	<u>Fund 100/82, Sanitation</u> 4430, Uniforms	\$ 15,000.00	<u>Fund 100/82, Sanitation</u> 6010, Office and Administrative	\$ 15,000.00	
Public Works-Street Lighting <i>Field Operations</i>	<u>Fund 100/84, Street Lighting</u> 1010, Salaries General	\$ 605,000.00	<u>Fund 100/84, Street Lighting</u> 1100, Hiring Hall Salaries 1120, Hiring Hall Benefits	\$ 315,000.00 \$ 290,000.00	Subtotal \$ 605,000.00
Transportation <i>System-Hollywood Highland Garage</i>	<u>Fund 363/94 Special Parking Revenue Fund</u> FY 2008, 0040-Capital Equipment Purchase	\$ 600,000.00	<u>Fund 363/94 Special Parking Revenue Fund</u> FY 2008, 0050-Contractual Services	\$ 600,000.00	
<i>Security Services at Adjudication Centers</i>	<u>Fund 100/94, Transportation</u> 3040, Contractual Services	\$ 108,624.00	<u>Fund 100/40, Department of General Services</u> 3040, Contractual Services	\$ 108,624.00	
Treasurer <i>Contractual Services Savings</i>	<u>Fund 100/96, Treasurer</u> 3040, Contractual Services	\$ 2,000.00	<u>Fund 100/96, Treasurer</u> 1010, Salaries, General	\$ 2,000.00	
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 5,908,442.00		\$ 5,908,442.00	

Attachment 8
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Building and Safety <i>Code Enforcement Services</i>	<u>Fund 346/08, Repair and Demolition Fund</u>		<u>Fund 100/08, Building and Safety</u>	
	000A, Expenditure	\$ 600,000.00	1010, Salaries General	\$ 600,000.00
<i>ERIP Payouts</i>	<u>Fund 48R/08, Building Permit Enterprise Fund</u>		<u>Fund 100/08, Building and Safety</u>	
	G158, Unappropriated Balance	\$ 2,102,200.00	1010, Salaries General	\$ 2,102,200.00
<i>LAWA Agreement</i>	<u>Fund 48R/08, Building and Safety Building Permit Enterprise Fund</u>		<u>Fund 100/08, Building and Safety</u>	
	G200, Reserve for Unanticipated Costs	\$ 1,016,256.00	1010, Salaries General	\$ 750,600.00
			1090, Overtime General	\$ 250,000.00
			3310, Transportation Expense	\$ 15,656.00
			Subtotal	<u>\$ 1,016,256.00</u>
Convention Center <i>Plant Equipment Repairs</i> <i>Air Quality Mandates</i>	<u>Fund 725/48, LA Convention Center Revenue</u>		<u>Fund 100/48, Convention Center</u>	
	148G, L.A. Convention Center	\$ 338,500.00	3160, Maintenance, Materials and Supplies	\$ 139,000.00
			9150, Building Modifications and Repair	\$ 199,500.00
			Subtotal	<u>\$ 338,500.00</u>
Fire <i>Communication Equipment Installation*</i>	<u>Fund 298/38, Municipal Improvement Corporation of Los Angeles</u>		<u>Fund 100/32, Information Technology</u>	
	E206, Communication Equipment	\$ 258,028.00	1100, Hiring Hall	\$ 258,028.00
General Services <i>Lighting Retrofit Program</i>	<u>Fund 45E/40, Energy Conservation Loan Fund</u>		<u>Fund 100/40, General Services</u>	
	3040, Contractual Services	\$ 300,000.00	1014, Salaries Construction Projects	\$ 50,000.00
			1097, Overtime Construction	\$ 10,000.00
			1101, Hiring Hall Construction	\$ 100,000.00
			1121, Benefits Hiring Hall Construction	\$ 40,000.00
			3180, Construction Materials	\$ 100,000.00
			Subtotal	<u>\$ 300,000.00</u>
<i>Lighting Retrofit Program</i>	<u>Fund 45E/40, Energy Conservation Loan Fund</u>		<u>Fund 100/40, General Services</u>	
	RSC 4551, Miscellaneous Revenues	\$ 442,800.71	1014, Salaries Construction Projects	\$ 50,000.00
			1097, Overtime Construction	\$ 10,000.00
			1101, Hiring Hall Construction	\$ 150,000.00
			1121, Benefits Hiring Hall Construction	\$ 60,000.00
			3180, Construction Materials	\$ 172,800.71
			Subtotal	<u>\$ 442,800.71</u>
<i>Water Conservation Retrofit Program</i>	<u>Fund 45E/40, Energy Conservation Loan Fund</u>		<u>Fund 100/40, General Services</u>	
	3040, Contractual Services	\$ 86,213.00	1100, Hiring Hall Salaries	\$ 86,213.00
<i>Police Helicopters*</i>	<u>Fund 298/70 Municipal Improvement Corporation of America</u>		<u>Fund 100/40, General Services</u>	
	C735, Police Helicopters - MICLA CP08	\$ 84,000.00	1010, Salaries General	\$ 84,000.00

Attachment 8
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Housing <i>ERIP Payout Installment</i>	<u>Fund 424/22, Community Development Block Grant</u> G143, Housing	\$ 30,000.00	<u>Fund 100/43, Housing</u> 1010, Salaries-General	\$ 30,000.00
Information Technology <i>Channel 35 Staffing</i>	<u>Fund 342/32, Telecommunications Development Account</u> 015G, LA Cityview Channel 35 Operations	\$ 67,641.00	<u>Fund 100/32, Information Technology</u> 1010, Salaries General	\$ 67,641.00
<i>Emergency Operations Center / LAPD</i>	<u>Fund 298/32, MICLA / Information Technology</u> 9350, Communications - EOC/DOC	\$ 500,000.00	<u>Fund 298/70, MICLA / Police</u> 9350, Communications - EOC/DOC	\$ 500,000.00
Public Works-Sanitation <i>Bottle Bill Program</i>	<u>Fund 556/50, Integrated Solid Waste Management</u> 1010/Cash Balance	\$ 366,264.00	<u>Fund 46D/50, Citywide Recycling Trust Fund</u> RSC 4610, Reimb from Other Funds/Depts	\$ 355,641.00
			<u>Fund 567/50, Household Hazardous Waste Fund</u> RSC 4610, Reimb from Other Funds/Depts	\$ 10,623.00
			Subtotal	\$ 366,264.00
<i>CicLAvia Bikeway Event</i>	<u>Fund 537/50 Environmental Affairs Trust Fund</u> Cash Balance	\$ 50,000.00	<u>Fund 305/50 Subventions and Grants</u> RSC 4228-03, One Stop Special Events Revenue-DOT	\$ 50,000.00
<i>Weekend Drop Off and Green Waste Reimbursement</i>	<u>Fund 46D/50, Citywide Recycling Trust Fund</u> G508, Solid Waste Resources	\$ 750,000.00	<u>Fund 508/50, Solid Waste Resources Revenue Fund</u> RSC 4552, Reimbursement of Expenditures	\$ 750,000.00
<i>Solid Waste Fee Lifeline Mailing</i>	<u>Fund 508/50, Solid Waste Resources Revenue Fund</u> G282, Sanitation Exp & Equip	\$ 27,943.00	<u>Fund 100/40, General Services</u> 9130, Mailing Services	\$ 27,943.00
<i>Watershed Protection Claim Reimbursement</i>	<u>Fund 511, Stormwater Pollution Abatement Fund</u> F182, Sanitation	\$ 150,000.00	<u>Fund 511, Stormwater Pollution Abatement Fund</u> G259, Liability Claims	\$ 150,000.00
Public Works-Street Lighting <i>I-405 Widening</i>	<u>Fund 385/94, Proposition A</u> F184, Street Lighting	\$ 62,000.00	<u>Fund 100/84, Street Lighting</u> 1090, Overtime	\$ 62,000.00

Attachment 8
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

		TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT		FUND/ACCOUNT	AMOUNT
Public Works-Street Services <i>Gas Tax - Bridge & Tunnel Maintenance</i>	<u>Fund 206/50 Special Gas Tax Street Improvement</u>			<u>Fund 100/86, Street Services</u>	
	G365, Bridge and Tunnel Maintenance	\$ 150,000.00		1010, Salaries, General	\$ 90,000.00
				1090, Salaries Overtime	\$ 10,000.00
				1100, Hiring Hall Salaries	\$ 7,000.00
				1120, Benefits Hiring Hall	\$ 8,000.00
				1190, Hiring Hall Overtime	\$ 3,000.00
				3030, Construction Expense	\$ 22,000.00
				6020, Operating Supplies	\$ 10,000.00
				Subtotal	\$ 150,000.00
<i>Gas Tax - Guardrail Construction</i>	<u>Fund 206/50 Special Gas Tax Street Improvement</u>			<u>Fund 100/86, Street Services</u>	
	G601, Guardrail Construction	\$ 150,000.00		1010, Salaries, General	\$ 90,000.00
				1090, Salaries Overtime	\$ 10,000.00
				1100, Hiring Hall Salaries	\$ 7,000.00
				1120, Benefits Hiring Hall	\$ 8,000.00
				1190, Hiring Hall Overtime	\$ 3,000.00
				3030, Construction Expense	\$ 22,000.00
				6020, Operating Supplies	\$ 10,000.00
				Subtotal	\$ 150,000.00
<i>Gas Tax - Drainage Projects - various locations</i>	<u>Fund 206/50 Special Gas Tax Street Improvement</u>			<u>Fund 100/86, Street Services</u>	
	G702, Drainage Projects - Various Locations	\$ 300,000.00		1010, Salaries, General	\$ 180,000.00
				1090, Salaries Overtime	\$ 20,000.00
				1100, Hiring Hall Salaries	\$ 14,000.00
				1120, Benefits Hiring Hall	\$ 10,000.00
				1190, Hiring Hall Overtime	\$ 3,000.00
				3030, Construction Expense	\$ 32,000.00
				6020, Operating Supplies	\$ 41,000.00
				Subtotal	\$ 300,000.00
<i>North Hollywood Alley Retrofit Infiltration Demonstration Project</i>	<u>Fund 305/50 Subventions and Grants</u>			<u>Fund 100/86, Street Services</u>	
	4195, Services to Proprietary Departments DWP	\$ 600,000.00		1010, Salaries, General	\$ 400,000.00
				3030, Construction Expense	\$ 124,000.00
				3040, Contractual Services	\$ 46,000.00
				6010, Office and Administrative	\$ 2,000.00
				6020, Operating Supplies	\$ 28,000.00
			Subtotal	\$ 600,000.00	
<i>Transportation-CRA Olympic Blvd Streetscape Improvement Project</i>	<u>Fund 305/50 Subventions and Grants</u>			<u>Fund 100/94, Transportation</u>	
	3734, Reimbursements from Other Agencies	\$ 12,000.00		1090, Salaries, Overtime	\$ 12,000.00

Attachment 8
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Transportation	<u>Fund 596/94, Transportation Regulation & Enforcement</u>		<u>Fund 100/70, Police</u>	
<i>Bandit Taxicab Enforcement</i>	G170 Police Department	\$ 635,000.00	1092, Sworn, Overtime	\$ 635,000.00
<i>Taxicab Reg/Enforcement</i>	<u>Fund 596/94 Transportation Regulation & Enforcement</u>		<u>Fund 100/94, Transportation</u>	
	G194, Los Angeles Department of Transportation	\$ 235,000.00	1090, Salaries Overtime	\$ 235,000.00
<i>FWY 110-Median Barriers Replacement</i>	<u>Fund 540/94, Proposition C Anti-Gridlock Fund</u>		<u>Fund 100/94, Transportation</u>	
<i>York to Avenue 26</i>	G655, Transportation Grant Fund Work Program	\$ 50,000.00	1090, Salaries Overtime	\$ 50,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 9,363,845.71		\$ 9,363,845.71

* In accordance with recommendations for salary appropriations to ITA from MICLA, authorize the Controller to transfer cash from MICLA on an as-needed basis to reimburse the General Fund upon proper documentation submitted by ITA and approval of the Fire Department and the Office of the CAO.

** In accordance with recommendations for salary appropriations to GSD from MICLA, authorize the Controller to transfer cash from MICLA on an as-needed basis to reimburse the General Fund upon proper documentation submitted by GSD and approval of the Police Department and the Office of the CAO.

Attachment 9

APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

<u>DEPARTMENT</u>	<u>APPROPRIATE FROM:</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
City Attorney	<u>Fund 100/58, Unappropriated Balance</u> 0197, City Attorney Outside Counsel	<u>Fund 100/12, City Attorney</u> 9302, Outside Counsel Workers' Compensation	\$ 50,000.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			\$ 50,000.00

Attachment 10
Proposed MICLA Funded (FY10) Fleet Equipment Replacement

Equipment Classification	Unit Cost	Number	Total Cost	DEPT's	MSRC ELIGIBLE
<p>Street Sweepers: These street sweepers are the oldest and worst condition street sweepers in the fleet. They must be replaced to continue to provide vital health and safety requirements of clean and efficient streets maintained by the Bureau of Street Services. These street sweepers will replace older more polluting diesel engines with clean burning compressed natural gas (CNG) engines which will help meet the Mayors goal of becoming the largest green city in the United States and meet the SCAQMD Fleet Rule 1186.1</p>					
Street Sweeper	\$330,000	20	\$6,600,000	Bureau of Street Svcs	Yes
<p>Various Aerial Trucks: These aerial trucks are the oldest and worst condition aerial trucks in the fleet. Replacement is absolutely necessary to continue to provide vital safety required services to the community, and to mitigate costly continued maintenance of these highly specialized fleet trucks.</p>					
Truck, Aerial, Various	\$170,000	4	\$680,000	Rec/Parks, St. Svcs, DOT	Yes
Truck, Crane	\$180,000	1	\$180,000	GSD	Yes
<p>Truck Dumps, Truck Tractors: These trucks are the oldest and worst condition dump trucks and truck tractors in the fleet. Replacement is absolutely necessary to continue to provide vital services to the community and to mitigate costly continued maintenance of these types of heavy duty trucks. These trucks are subject to the California Air Resources Resources Board (CARB) on road heavy-duty vehicle emissions regulation (CCR Sections 2020 and 2022) and their engines are too old to be retrofitted with a diesel particulate trap filter and must therefore be replaced in Fiscal Year 10-11. These trucks will replace older more polluting diesel engines with clean burning CNG engines which will help meet the Mayors goal of becoming the largest green city in the United States and meet the SCAQMD Fleet Rule 1196.</p>					
Truck, Dump, Various	\$177,500	4	\$710,000	Rec/Parks, St. Svcs	Yes
Truck, Fuel	\$280,000	1	\$280,000	St. Svcs	No
Truck, Tractor	\$210,000	18	\$3,780,000	St. Svcs	Yes
Total		48	\$12,230,000		

Attachment 11

TRANSFERS FROM THE CONTRACTUAL SERVICES ACCOUNT

DEPARTMENT	APPROPRIATE FROM:	AMOUNT	APPROPRIATE TO:	AMOUNT
Aging	<u>Fund 100/02, Aging</u> 3040, Contractual Services	\$ 714.00	<u>Fund 100/58, Unappropriated Balance</u> 0261, Service Reduction Mitigation Account D. General Fund Personal Services Contracts	\$ 305,483.00
Building and Safety	<u>Fund 100/08, Building and Safety</u> 3040, Contractual Services	\$ 15,156.00		
Personnel	<u>Fund 100/66, Personnel</u> 3040, Contractual Services	\$ 154,000.00		
Planning	<u>Fund 100/68, Planning</u> 3040, Contractual Services	\$ 101,830.00		
Public Works - Con Ad	<u>Fund 100/76, Public Works - Contract Administration</u> 3040, Contractual Services	\$ 6,040.00		
Public Works - Street Services	<u>Fund 100/86, Public Works - Street Services</u> 3040, Contractual Services	\$ 27,743.00		
TOTAL TRANSFERS TO THE UNAPPROPRIATED BALANCE		\$ 305,483.00		\$ 305,483.00

Attachment 12
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/07/2010

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reappropriation	Amount Appropriated during year	Available Balance
	General Fund					
	Animal Shelters	Animal Services	300,000			300,000
	Bank Fees	Treasurer	1,100,000			1,100,000
SMS	Budget Balancing Bridge	Various	13,167,000		(1,700,000)	11,467,000
	Early Retirement Incentive Program	Various	21,250,000			21,250,000
	East Valley Multi-Purpose Senior Center		35,000			35,000
	Expanded Library and RAP Volunteer Program	LIB and RAP	500,000			500,000
08-0178-S18	Gang Violence Reduction Effort	Mayor	1,046,013		(1,046,013)	0
	GSD Petroleum Products	GSD	2,000,000			2,000,000
	FLEX Benefits	HRB	13,400,000			13,400,000
	Litigation Expense Account	City Atty	750,000			750,000
09-1982-S1, 1st FSR	Outside Counsel inc. Workers Comp	City Atty	3,250,000		(254,000)	2,996,000
	Professional Standards Division	Fire	1,413,996			1,413,996
	Water and Electricity	WE	2,400,000			2,400,000
	Service Reduction Mitigation		11,000,000			11,000,000
	A. Civil Fines on Foreclosed Properties					0
	B. Documentary Transfer Tax					0
	C. General Fund Commodities					0
1st FSR	D. General Fund Personal Services Contracts			305,483		305,483
	E. Parking Assets					0
	F. Ambulance Treatment, No Transport					0
	G. EMS Voluntary Fee					0
	H. Increase Dog License Fee					0
	Risk Management System (Linx) (reappropriation)	Personnel		3,600,400		3,600,400
	Financial Management System (reappropriation)	ITA		500,000		500,000
						0
			\$ 71,612,009	\$ 4,405,883	\$ (3,000,013)	\$ 73,017,879

Attachment 12
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 10/07/2010

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Available Balance
	Special Funds					
	Early Retirement Incentive Program					
	Solid Waste (Sch 2 Fund 508)		1,342,300			1,342,300
	Traffic Safety Fund (Sch 4 Fund 306)		248,400			248,400
	Special Gas Tax (Sch 5 Fund 206)		762,700			762,700
	Stormwater (Sch 7 Fund 511)		371,900			371,900
	Community Dev Block (Sch 8 Fund 424)		398,800			398,800
	HOME Invest. (Sch 9 Fund 561)		103,900			103,900
	Mobile Source (Sch 10 Fund 528)		63,200			63,200
	Special Parking Rev (Sch 11 Fund 363)		485,400			485,400
	Community Svcs (Sch 13 Fund 428)		28,300			28,300
	Sewer Operation & Maint (Sch 14 Fund 760)		2,001,700			2,001,700
	Sewer Capital (Sch 14 Fund 761)		1,705,200			1,705,200
	Convention Center Rev (Sch 16 Fund 725)		382,200			382,200
	St. Lighting Maint (Sch 19 Fund 347)		451,900			451,900
	Telecomm Dev Acct (Sch 20 Fund 342)		21,700			21,700
	Workforce Invest (Sch 22 Fund 44A)		186,900			186,900
	Rent Stabilization (Sch 23 Fund 440)		78,800			78,800
	Arts and Cultural TF (Sch 24 Fund 480)		178,800			178,800
	Prop. A (Sch 26 Fund 385)		316,700			316,700
	Prop. C (Sch 27 Fund 540)		884,400			884,400
	ARRA Workforce (Sch 29 Fund 51G)		33,600			33,600
	ARRA Community Dev (Sch 29 Fund 51N)		8,600			8,600
	Integrated Solid Waste (Sch 29 Fund 556)		17,000			17,000
	Citywide Recycling (Sch 32 Fund 46D)		27,900			27,900
	Landfill Maintenance (Sch 38 Fund 558)		71,200			71,200
	BAS Enterprise (Sch 40 Fund 48R)		2,102,200			2,102,200
	Code Enforcement (Sch 42 Fund 41M)		175,200			175,200
10-0082-S2	Reserve for Future Transit Capital	Prop A	15,018,497		(750,000)	14,268,497
			\$ 27,467,397	\$ -	\$ (750,000)	\$ 26,717,397
	Grand Total		\$ 99,079,406	\$ 4,405,883	\$ (3,750,013)	\$ 99,735,276

**Attachment 13
EMPLOYMENT LEVEL REPORT
FY 2010-11**

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of August	Changes	End of August	Start of August	Changes	End of August		
Aging	38	52	-	52	41	1	42	10	
Animal Services	327	368	-	368	338	1	339	29	3
Building and Safety	696	813	-	813	770	(9)	761	52	38
City Administrative Officer	116	118	-	118	108	(1)	107	11	-
City Attorney	779	940	-	940	914	(1)	913	27	6
City Clerk	105	107	-	107	92	-	92	15	2
Community Development	198	299	-	299	273	1	274	25	4
Controller	163	195	-	195	155	3	158	37	1
Cultural Affairs	40	45	-	45	42	-	42	3	5
Disability	10	16	-	16	15	-	15	1	-
El Pueblo	14	15	-	15	12	(1)	11	4	1
Emergency Management	14	24	-	24	22	-	22	2	-
Employee Relations Board	3	3	-	3	3	-	3	-	1
Ethics Commission	21	21	-	21	21	-	21	-	-
Finance	337	363	2	365	327	6	333	32	7
Fire - Civilian	303	361	-	361	305	(1)	304	57	17
Fire - Sworn	3,588	3618	-	3618	3568	(10)	3558	60	5
General Services	1,566	1620	-	1620	1600	(8)	1592	28	23
Housing	535	626	-	626	535	8	543	83	11
Information Technology Agency	476	545	-	545	565	(8)	557	(12)	4
L.A. Convention Center	133	150	-	150	114	2	116	34	8
Neighborhood Empowerment	18	18	-	18	19	(1)	18	-	-
Personnel	408	459	-	459	397	(1)	396	63	11
Planning	257	274	-	274	243	(1)	242	32	-
Police - Civilian	3,273	3315	-	3315	2927	(11)	2916	399	19
Police - Sworn	10,467	10551	-	10551	9961	(36)	9925	626	-
PW/Board of Public Works	102	112	-	112	95	(1)	94	18	-
PW/Bureau of Contract Admin	237	343	-	343	301	(1)	300	43	-
PW/Bureau of Engineering	752	887	-	887	763	(3)	760	127	6
PW/Bureau of Sanitation	2,809	2888	-	2888	2476	10	2486	402	10
PW/Bureau of Street Lighting	214	244	-	244	202	-	202	42	2
PW/Bureau of Street Services	806	1253	-	1253	1100	(18)	1082	171	-
Transportation	1,316	1546	-	1546	1424	-	1424	122	9
Treasurer	35	35	-	35	32	1	33	2	-
Zoo	229	230	-	230	189	2	191	39	-
Subtotal	30,385	32,454	2	32,456	29,949	(77)	29,872	2,584	193
Library	828	888	-	888	814	(4)	810	78	-
Recreation and Parks	1,550	1,816	-	1,816	1,528	(7)	1,521	295	238
Subtotal	2,378	2,704	-	2,704	2,342	(11)	2,331	373	238
Total	32,763	35,158	2	35,160	32,291	(88)	32,203	2,957	431

"Position Authorities-Start of August" 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	32,763	35,031	127	35,158	32,452	(161)	32,291	2,879	431
August	32,763	35,158	2	35,160	32,291	(88)	32,203	2,957	431
September			-			-		-	
October			-			-		-	
November			-			-		-	
December			-			-		-	
January			-			-		-	
February			-			-		-	
March			-			-		-	
April			-			-		-	
May			-			-		-	
June			-			-		-	

Attachment 14
VOLUNTARY FURLOUGH FY 2010/11 - RECAP BY DEPARTMENT - 10/4/2010

Department	PP 1-3 (6/20-7/31)		PP 4 (8/1-8/14)		PP 5 (8/15-8/28)		PP 6 (8/29-9/11)		PP 7 (9/12-9/25)		Total	
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Aging	3.0	\$ 102.00	8.0	\$ 320.88	8.0	\$ 320.88			4.0	\$ 150.12	23.0	\$893.88
Animal Services	116.5	\$ 2,524.10	-33.0	\$ (679.80)	8.0	\$ 174.00	5.0	\$ 154.75			96.5	\$2,173.05
Building & Safety	292.8	\$ 11,145.76	164.0	\$ 5,392.37	25.0	\$ 894.76	68.0	\$ 2,304.62	31.0	\$ 1,087.61	580.8	\$20,825.12
CAO	44.5	\$ 1,329.39	37.0	\$ 1,147.32	32.0	\$ 859.52	5.0	\$ 287.80			118.5	\$3,624.03
CDD	34.0	\$ 1,253.28							9.0	\$ 185.40	43.0	\$1,438.68
City Attorney	396.3	\$ 24,543.27	99.7	\$ 7,155.17	93.8	\$ 6,552.87	100.3	\$ 5,731.39	89.3	\$ 5,373.32	779.4	\$49,356.02
City Clerk	460.5	\$ 16,961.96	290.0	\$ 12,541.44	284.0	\$ 12,268.80	72.0	\$ 3,824.80	24.0	\$ 1,441.28	1,130.5	\$47,038.28
Controller	13.5	\$ 378.69	8.0	\$ 477.52							21.5	\$856.21
Council	1,128.0	\$ 35,448.18	376.0	\$ 11,691.56	391.5	\$ 12,275.17	468.0	\$ 14,322.16	350.0	\$ 10,976.24	2,713.5	\$84,713.31
Cultural Affairs	125.5	\$ 4,058.40	50.0	\$ 1,644.40	20.0	\$ 684.00	27.0	\$ 890.60	45.0	\$ 1,493.48	267.5	\$8,770.88
DONE	0.0	\$ -	2.0	\$ 79.24							2.0	\$79.24
Emergency Mgmt	32.0	\$ 1,396.80	3.0	\$ 134.49			-11.0	\$ (493.13)			24.0	\$1,038.16
ERB	56.0	\$ 2,303.04	24.0	\$ 923.68	24.0	\$ 923.68	11.0	\$ 385.76	16.0	\$ 670.56	131.0	\$5,206.72
Ethics	68.0	\$ 2,678.60	20.0	\$ 802.20			22.0	\$ 882.42	16.0	\$ 641.76	126.0	\$5,004.98
Finance	76.0	\$ 2,172.70	8.0	\$ 271.76	8.0	\$ 271.76	-24.0	\$ (815.28)			68.0	\$1,900.94
Fire	49.0	\$ 1,290.31							42.0	\$ 913.50	91.0	\$2,203.81
General Services	349.5	\$ 10,255.02	71.0	\$ 2,464.38	138.5	\$ 4,851.60	78.0	\$ 2,883.82	78.0	\$ 2,481.80	715.0	\$22,936.62
Harbor	0.0	\$ -	8.0	\$ 414.48							8.0	\$414.48
Housing	358.8	\$ 11,893.52	187.0	\$ 6,658.76	122.0	\$ 4,550.19	164.5	\$ 6,129.24	123.5	\$ 4,573.78	955.8	\$33,805.49
ITA	33.0	\$ 1,254.35	24.0	\$ 992.48	32.0	\$ 1,466.88	-12.0	\$ (713.40)	8.0	\$ 379.36	85.0	\$3,379.67
LACERS	9.0	\$ 528.21	8.0	\$ 384.48	17.0	\$ 912.69	9.0	\$ 528.21	5.0	\$ 251.15	48.0	\$2,604.74
Library	695.9	\$ 21,208.41	228.5	\$ 6,793.63	324.0	\$ 10,653.08	286.5	\$ 8,975.71	261.3	\$ 8,118.50	1,796.2	\$55,749.33
Personnel	412.0	\$ 11,822.91	-18.5	\$ 96.12	29.0	\$ 1,087.25	33.5	\$ 1,395.18	33.5	\$ 1,471.58	489.5	\$15,873.04
Planning	16.0	\$ 592.16	32.0	\$ 1,264.00			16.0	\$ 798.08			64.0	\$2,654.24
Police	1,094.3	\$ 34,704.56	195.5	\$ 5,860.36	178.0	\$ 5,697.00	176.0	\$ 5,176.06	153.0	\$ 5,775.26	1,796.8	\$57,213.24
PW Board	37.0	\$ 1,254.03	0.5	\$ 15.74	16.0	\$ 466.64	14.0	\$ 440.58	50.0	\$ 1,555.06	117.5	\$3,732.05
PW Con Admin	84.5	\$ 3,561.32							40.0	\$ 1,291.28	124.5	\$4,852.60
PW Engineering	593.5	\$ 25,748.00	172.0	\$ 7,365.56	116.0	\$ 4,714.97	66.0	\$ 2,218.19	148.0	\$ 5,447.34	1,095.5	\$45,494.06
PW Sanitation	470.0	\$ 15,972.51	148.5	\$ 5,461.92	214.5	\$ 7,368.55	129.5	\$ 4,673.50	138.0	\$ 4,789.87	1,100.5	\$38,266.35
PW Street Lighting	16.0	\$ 641.76	8.0	\$ 320.88	27.5	\$ 1,000.07	8.0	\$ 320.88	8.0	\$ 320.88	67.5	\$2,604.47
PW Street Services	61.0	\$ 1,620.63	27.0	\$ 813.32	26.0	\$ 818.60	25.0	\$ 708.44	17.5	\$ 446.87	156.5	\$4,407.86
Rec & Parks	506.5	\$ 15,325.83	195.5	\$ 5,631.91	137.0	\$ 4,883.32	158.0	\$ 4,511.45	165.5	\$ 5,074.54	1,162.5	\$35,427.05
Transportation	112.5	\$ 4,824.44	16.5	\$ 745.35	26.0	\$ 1,136.38	71.0	\$ 2,403.26	55.0	\$ 1,967.58	281.0	\$11,077.01
Treasurer	203.0	\$ 5,413.72	72.0	\$ 1,933.92	72.0	\$ 1,933.92					347.0	\$9,281.56
Zoo	43.0	\$ 867.54	20.5	\$ 580.84	16.0	\$ 329.60	9.5	\$ 199.09	7.0	\$ 266.40	96.0	\$2,243.47
TOTAL	7,991.1	\$275,075.40	2,452.7	\$89,700.36	2,385.8	\$87,096.18	1,975.8	\$68,124.18	1,917.6	\$67,144.52	16,723.0	\$587,140.64

**Attachment 15
2010-11 General Fund (GF) Additional
Contractual Services Reductions**

A	B	C	D
Department	Remaining 2010-11 GF Contract Reduction Target	Departmental 2010-11 GF Contract Reduction Exercise Submission	Department Notes
Aging	714	(714)	The only contracts in this account are for the department's photocopier and office depot for paper, toner, etc. These are citywide contracts administered by GSD, who informed us that the vendors have not agreed to a voluntary 10% reduction. To meet the 10% reduction of \$714, the department will monitor photocopier usage and minimizing the amount of copies it provides. In FY10-11, the department will be releasing a series of RFPs for the majority of its senior services and plans to only provide electronic copies for potential bidders to download and print on their own as a means to stay within budget.
Animal Services	21,000	(21,000)	Reduction anticipated to be offset by charitable donations.
Building and Safety	15,156	(15,156)	Reduction of property records research users could delay processing parcel/ownership records.
City Attorney	122,917	(122,917)	The Department states that the reductions in Law Firm Bill Auditing, Temporary Paralegal Services and Lexis Nexus will limit the flexibility of the Department to respond to unanticipated and changing demands in service. For example, third party timely auditing of legal bills is sometimes needed, especially where a high volume of non-automated invoices are involved. The availability of these services will be lost for 2010-11. In addition, Temporary paralegal services is another area where the ability to get up to speed on unanticipated high demands for legal research and discovery work in cases of importance in defending the City will be unavailable for 2010-11. The restoration of these tools in the following year's budget is anticipated.
Department on Disability	20,220	(20,220)	The reduction of \$20,200 in contractual services funds could result in fewer resources for sign language interpretation services and reduced funding for 504 American's With Disabilities Act (ADA) accommodations services for City employees. However, the specific service level impact resulting from the reduced funding is unknown at this time and difficult to project because while there are pending ADA accommodation requests for employee assistance, requests for sign language interpretation services requests are based on public meetings and spontaneous need that have not yet occurred for the 2010-11 Fiscal Year.
Emergency Management	499	(499)	Reduced copier usage.
Employee Relations Board	7,500	-	Further reductions are not recommended at this time. Contractual services funding is allocated for hearing officers and hearing reporters and transcription services.
Finance	52,303	(3,427)	The department states the remainder of Contractual Services funding should be exempted as each of these contracts support revenue programs and targets. Additional reductions achieved (outside of the contractual services account and not reflected herein) are from contingency contractors which creates a savings to the General Fund through reduced payments to those contractors. Therefore, we are requesting an exemption from meeting the full reduction of \$52,303
Fire	341,523	(341,523)	Reductions in contracted training services, general administrative services, LA County fire road maintenance, and ambulance billing services.
Information Technology Agency	N/A	N/A	Targeted savings achieved in adopted budget previously unaccounted for.
Personnel	231,734	(500,000)	Polygraph and Background Testing reduction should have no impact to current service levels. Should police hiring increase, then additional funds may be required. Also eliminates all advertising funding for police.
Planning	101,830	(101,830)	Reduction of NCP EIR Study scopes.
Police	891,277	-	Department indicates further reductions not achievable.
Bureau of Contract Administration	5,652	(6,040)	Copier savings and software maintenance agreement reductions.
Bureau of Street Services	27,743	(27,743)	This amount will be mitigated by reducing the use of leased equipment.
Transportation	92,974	-	Of the \$12.1 million General Fund contractual services base, \$11 million is for parking citation processing which is up for bid in 2011-12 and savings are unable to be achieved this fiscal year. Therefore, the contractual services base is adjusted downward to \$1.1 million. The Department states that no further reductions can be offered for FY 2010-11.
Treasurer	22,000	(2,000)	Remaining budgeted contractual services for Treasury are all critical to treasury operations in general and the investment portfolio in particular. These services (i.e. Bloomberg, Bank of New York, Chandler Investment Advisor and BondEdge) are already obtained either at very competitive rates or well below market value.
	Targeted Sum	Achieved Sum	
Totals	1,955,042	(1,163,069)	

**Attachment 16
GRYD CONTRACTS
2010-2011**

Contract year 2010-2011

GRYD ZONE	PREVENTION AGENCY	Council Districts	CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
77th II	Asian American Drug Abuse Program	8,9	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Baldwin Village	Community Build	8,10	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Boyle Heights	Alma Family Services	14	7.1.10-6.30.11	\$1,000,000	\$657,921	\$342,079
Cypress Park	Children's Hospital	1,13, 14	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Florence-Graham	Los Angeles Metropolitan Churches/TBD	8,9	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Newton	People Coordinating Services	9	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Pacoima	El Nido Family Services	7	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Panorama City	New Directions for Youth	6,7	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Ramona Gardens	Violence Intervention Program	1, 14	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Rampart	El Centro Del Pueblo	1,4,10,13	7.1.10-6.30.11	\$1,000,000	\$500,000	\$500,000
Southwest II	Brotherhood Crusade	8,9	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Watts	Watts Labor Community Action Committee	8,15	7.1.10-6.30.11	\$1,000,000	\$1,000,000	
Non GRYD (Watts)	Watts Labor Community Action Committee	8,15	7.1.10-6.30.11	\$375,000	\$375,000	
Non GRYD (Highland Pk)	Hathaway-Sycamore Family Centers	14	7.1.10-6.30.11	\$375,000	\$375,000	
Non GRYD (Wilshire)	Asian American Drug Abuse Program	10	7.1.10-6.30.11	\$375,000	\$375,000	
Non GRYD (Valley)	Child & Family Guidance Center	3	7.1.10-6.30.11	\$375,000	\$375,000	
TOTAL				\$13,500,000	\$12,657,921	\$842,079

GRYD ZONE	INTERVENTION AGENCY		CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
77th II	Venice 2000/HELPER Foundation	8,9	7.1.10-6.30.11	\$500,000	\$500,000	
Baldwin Village	Community Build	8,10	7.1.10-6.30.11	\$500,000	\$500,000	
Boyle Heights	Soledad Enrichment Agency	14	7.1.10-6.30.11	\$500,000	\$105,000	\$395,000
Cypress Park	Aztecs Rising	1,13,14	7.1.10-6.30.11	\$540,000	\$540,000	
Florence-Graham	Soledad Enrichment Agency	8,9	7.1.10-6.30.11	\$500,000	\$437,912	\$62,088
Newton	Soledad Enrichment Agency	9	7.1.10-6.30.11	\$520,000	\$270,000	\$250,000
Pacoima	Communities in School	7	7.1.10-6.30.11	\$520,000	\$332,559	\$187,441
Panorama City	Communities in School	6,7	7.1.10-6.30.11	\$520,000	\$332,560	\$187,440
Ramona Gardens	Soledad Enrichment Agency	1,14	7.1.10-6.30.11	\$500,000	\$500,000	
Rampart	Aztecs Rising	1,4,10,13	7.1.10-6.30.11	\$500,000	\$213,232	\$286,768
Southwest II	Venice 2000/HELPER Foundation	8,9	7.1.10-6.30.11	\$500,000	\$500,000	
Watts	KUSH Reaching Out, Inc.	8,15	7.1.10-6.30.11	\$540,000	\$540,000	
Non GRYD (Harbor)	Toberman Neighborhood Center	15	7.1.10-6.30.11	\$450,000	\$200,000	\$250,000
Non GRYD (Venice)	Venice 2000/HELPER Foundation	11	7.1.10-6.30.11	\$225,000	\$225,000	
Non GRYD (Belmont)	Aztecs Rising	13	7.1.10-6.30.11	\$225,000	\$225,000	
TOTAL				\$7,040,000	\$5,421,263	\$1,618,737

GRYD ZONE	EVALUATION		CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
All	Urban Institute	All	7.1.10-6.30.11	\$900,000	\$825,000	\$75,000
TOTAL				\$900,000	\$825,000	\$75,000

GRYD ZONE	SUMMER NIGHT LIGHT		CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
All	LA CONSERVATION CORP	All	7.1.10-9.30.10	\$1,316,881	\$192,000	\$1,124,881
All	HOMEBOY INDUSTRIES	All	7.1.10-9.30.10	\$123,000		\$123,000
All	RECREATION & PARK	All	7.1.10-9.30.10	\$720,000	\$720,000	
All	MOTION	All	7.1.10-9.30.10	\$50,000	\$13,000	\$37,000
TOTAL				\$2,209,881	\$925,000	\$1,284,881

Subtotal **\$23,649,881** **\$19,829,184** **\$3,820,697**

GRYD ZONE	OTHER/PENDING		CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
All	USC (YSET)	All	7.1.10-6.30.11	\$145,804		\$145,804
All	HOMEBOY INDUSTRIES (re-entry)	14	7.1.10-6.30.11	\$260,000		\$260,000
All	ADVANCE PROJECTS/LAVITA	All	7.1.10-6.30.11	\$200,000		\$200,000
Baldwin Village, Florence-Graham, 77II, Southwest II, Watts, Harbor	Re-entry	8,9,10,15	TBD	\$500,000	\$500,000	
Pacoima	Re-entry	7	TBD	\$100,000	\$100,000	
TOTAL				\$1,205,804	\$600,000	\$605,804

Total **\$24,855,685** **\$20,429,184** **\$4,426,501**

Attachment 17
Status of General Fund Fee Increases Funding the 2010-11 Budget

<u>Department</u>	<u>Type of Fee</u>	<u>Proposed Change</u>	<u>Proposed Implementation Date</u>	<u>Effective Date</u>	<u>Notes</u>
Animal Services	Dog license fee	various changes, including 3-yr license and selling licenses on the internet.	December 1, 2010		\$725,000 was added to the 2010-11 budget. The various changes are still under development and review within Animal Services and are expected to be adopted later this year.
Animal Services	Administrative citation program	The net revenue change is \$125,000.	December 1, 2010		The administrative citation program has been reviewed by the City Attorney's Office. The CAO's Office will provide a report on the program.
Animal Services	Dog license fee	increase the fee from \$15 to \$20, net revenue change is \$700,000.	October 10, 2010		The dog license increase is expected to be in effect on 10/10/10.
Building and Safety	Building Code Enforcement Fee	Net revenue change is \$1 million.	January 2011		\$1 million was added to the 2010-11 budget. The department believes the ordinance will be effective in January of 2011 and that \$900,000 in revenue will be collected by June 30, 2011.
Building and Safety	Civil fines on foreclosed properties	Net revenue change is \$5 million.	July 1, 2010	July 8, 2010	\$5 million was added to the 2010-11 budget. Building and Safety reports that the revenue target is unattainable and cannot estimate if any revenue will be collected.
Fire	Brush Clearance Initial Inspection	Increase fee, net revenue change is \$1,400,000.	July 1, 2010	July 1, 2010	
Fire	Brush Clearance Re-inspection	Increase fee, net revenue change is \$650,000.	July 1, 2010	July 1, 2010	
Fire	Industrial Building Inspection	Increase fee, net revenue change is \$1 million.	January 1, 2011		
Fire	Asbestos Inspection Fee	New fee, net revenue change \$150,000	July 1, 2010	July 1, 2010	
Fire	Above Ground Inspection fee	New fee, net revenue change \$150,000	January 1, 2011		
Engineering	New fees	New fees, net revenue change \$225,000	October 2010 was the original expected implementation date, now Jan 2011.		New fees for: a) the issuance of a new and/or updated official addresses; b) review of street use permits; c) change of street names; d) closure of streets and alleys; e) review and approval of erosion control plans; f) review of waiver of highway dedication requirements; and, g) review of peak hour construction and holiday moratorium exemption requests. Ordinance drafts should be ready for City Attorney by mid-October
Police	False Alarm fee	Increase fee, net revenue change is \$700,000	July 2010, but will likely be effective in November 2010		Police Commission approved the increase on 9/15; Council is scheduled to vote on the ordinance on 9/28. These fees should be implemented and become effective sometime in November.