

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: **SECOND 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 Second Financial Status Report (FSR) for this fiscal year. This report provides an update on the current-year budget—including deficits reported in the First FSR and the 2010-11 Operational Plan, recommended solutions, trends in revenues, the Reserve Fund, four-year outlook, and current issues of concern and their potential impact to the City. Recommendations totaling \$58.9 million for appropriations, transfers and other budgetary adjustments are included in this report.

As explained in more detail below, the total departmental deficit for 2010-11 has increased from \$63.7 million to \$87.84 million. Departments have submitted operational plans which will reduce this combined deficit to \$23.65 million upon implementation, which may be addressed with current appropriations in non-departmental accounts. However, a recently identified liability of \$9.5 million for police uniform allowance payouts increases this deficit to \$33.14. Additionally, if the P3 parking concession agreement is not approved, the deficit will again increase by \$53.2 million, requiring the City to identify mitigating solutions beyond those identified in the operational plan including layoffs, additional furloughs, curtailed hiring, or other reductions.

With recent actions by the retirement boards for sworn and civilian employee retirement systems, the four-year outlook has been revised. As a result the City is facing increased deficits in the coming years, including a \$349.8 million deficit in 2011-12, largely attributable the assumption of a lower investment returns for the sworn pension system. Our Office will provide possible solutions to address next year's deficit in the Mid-Year Financial Status. Although revenue is currently on plan, the Mid-Year report will provide an update on this year's revenue, after the receipt of property tax remittance and taxable sales data in mid-December.

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2010-11 Projected Departmental Deficits

In the First FSR, it was projected that Departments would exceed budgeted appropriations by an estimate of \$63.7 million. The deficit, based on expenditures through August, reflected the impact to general salary costs from delays in layoffs, delays in implementing budget actions, early retirement and other benefit payouts, the elimination or reduction of furlough requirements post budget adoption, and employment levels that exceed budget. Additionally, both the Fire and Police sworn overtime accounts were projected to have sizable deficits, as well as expense accounts for the City Attorney's Office, Fire Department, General Services Department, and Police Department. In response to this deficit, Mayor and Council directed those departments reporting deficits to develop and submit operational plans that would address and mitigate their identified shortfalls.

As reported in the subsequent 2010-11 Operational Plan Report, total departmental deficits have increased to \$87.84 million (C.F. No. 10-0600-S48). Proposed departmental operational plan solutions identified in the report addressed \$67.20 million of the deficit, including position eliminations in the Police Department, leaving a remaining budget gap of \$20.64 million as summarized below.

Table 1
Proposed Operational Plan Solutions and Revised Deficit
(\$ millions)

Operational Plan Deficit	\$ 87.84
Total Operational Plan Solutions (\$67.20 million)	
UB Transfer for EAA Furlough Days	(9.61)
Attrition	(4.31)
Targeted Curtailments	(12.55)
Revenue	(4.20)
Increased Sources of Funds	(23.03)
Other Changes or Adjustments	<u>(13.49)</u>
Budget Gap reported in Operational Plan	20.64
Revisions to Operational Plan	<u>3.00</u>
Revised Operational Plan Budget Gap	\$ 23.64
New Liability	<u>9.5</u>
Revised Budget Deficit	<u>\$ 33.14</u>

Upon review of the operational plan by the Budget and Finance Committee, the departmental operational plan for the Police Department was amended to delete the elimination of 225 support positions. This reduced Targeted Curtailments by \$3 million, thereby increasing the remaining budget gap by a like amount, to \$23.64 million. Additionally, the Fire Department was directed to identify other solutions than those presented in the operational plan and report back in January 2011 with an enhanced Modified Coverage Plan. Furthermore, the City Attorney's operational plan solution to appropriate funds from the Consumer Protection Trust Fund is pending a report from this Office on the funding of consumer protection litigation.

The remaining budget gap of \$23.64 million from the operational plans may be addressed with current appropriations, thus negating the need for a transfer from the Reserve Fund. However, this deficit has increased from a new liability from a \$9.5 million uniform allowance payout for Police

Department sworn personnel, increasing the deficit to \$33.14 million. This liability was triggered by a provision within the Memorandum of Understanding (MOU) with the Police Protective League with the realization of \$100 million in savings from MOU reduction measures. Our Office will report back with recommendations to address this new shortfall. Additionally, a decrease in revenue, specifically the loss of \$53.2 million in revenue from the planned P3 parking structure concession agreement, will exceed the ability of the City to address the resulting increase to the deficit. Solutions to address this potential loss may include, but not be limited to:

- Sweep all unspent and discretionary funding in non-Departmental accounts,
- Suspend filling of vacant positions approved by the Managed Hiring Committee,
- Curtail hiring of new personnel,
- Immediately increase furlough days for employees,
- Identify positions for layoff by the Mid-Year FSR, and
- Transfer funds from the Reserve Fund.

These solutions will adversely impact the City's ability to provide needed services to the public, as with layoffs and furloughs, and will further undermine the City's financial safety net in face of looming budget deficits, including a \$349.8 million deficit projected for 2011-12. Revenue, the four-year outlook and the Reserve Fund status are addressed in the sections that follow.

Operational Plan Recommendations

With regards to the \$23.64 million deficit reported in the operational plan for departments, funding may be provided from accounts within the Unappropriated Balance (UB) as shown in Table 2 below. The use of the UB for this purpose is consistent with the original intent of the Council and Mayor in adopting the budget as these funds were set-aside specifically to make departments whole for unbudgeted but required payouts and to mitigate unanticipated budget impacts. It should be noted that the \$21.12 million in funding within the UB, Early Retirement Incentive Program (ERIP) account that will be used to address the current departmental deficit was previously identified to replace lost revenue (C.F. No. 10-0139-S1).

This Office will continue to work with departments to address their shortfalls through continued expenditure reductions and efforts to increase revenues. As such, only \$4.6 million of this UB funding is recommended to be transferred at this time, reducing the budget gap to \$28.5 million. Additional recommendations to address the significant deficits that remain within the Office of the City Attorney, the Fire Department and the Police Department will be provided in subsequent FSRs.

Table 2
Potential Budget Solutions for Operational Plan Deficit
\$ (millions)

Remaining UB ERIP Payout Account	18.64
Other UB Accounts	<u>5.00</u>
Subtotal UB Accounts	\$ 23.64
Recommended Transfers	<u>(4.64)</u>
Remaining UB	\$ 19.00

This report also contains \$17.4 million in recommended actions to implement some of the solutions proposed in departmental operational plans. Other recommendations, including those to transfer funds from the Unappropriated Balance (UB) to cover reduced furlough savings for employees represented by the Engineers and Architects Association, will be addressed in the Mid-Year Financial Status Report and subsequent FSRs, as will any recommendation to address the additional \$9.5 million liability.

2010-11 Projected Revenue

Economic forecasts and the leading indicators suggest a slower economic recovery. Growth is limited by continuing very high unemployment, lower household and business confidence, continuing uncertainty about the future tax and regulatory environment, the weak financial condition of some households and small businesses, the depressed housing market, and the end to the fiscal stimulus.

For the City, receipts through November remain close to budget plan. While there are areas of concern, no adjustments to the budget revenue projections are currently recommended. General Fund receipts through November, excluding interest income, are \$927.1 million; the budget plan is \$923.6 million – a difference of \$3.5 million or 0.4 percent (Attachment 1 a and Table 3 below).

It should be noted that the current revenue trend may not be sustainable because there is softness in some of the economy-sensitive accounts. There are also risks associated with collection of budgeted receipts of \$53 million linked to Parking Asset Restructuring; \$6 million linked to collection of the documentary transfer tax in certain business transactions; and \$5 million linked to code violations associated with foreclosure activity. The first property tax remittance from the County and final results of summer quarter taxable sales are expected to be available on December 20. Any recommendations for adjustments to the revenue estimate are pending the results of these receipts, and will be addressed in the Mid-Year FSR.

Table 3
Fiscal Year 2010-11 General Fund Receipts
at November 30, 2010
(\$ thousands)

	Budget	Plan	Receipts	Variance (Receipts Less Plan)
Property Tax	\$1,408,529	\$104,918	\$110,768	\$5,850
Utility Users' Tax	654,600	263,298	267,191	3,893
Licenses, Permits, Fees and Fines	778,177	195,043	191,921	(3,122)
Business Tax	411,960	21,540	20,347	(1,193)
Sales Tax	289,412	119,443	116,298	(3,145)
Documentary Transfer Tax	111,000	48,191	41,135	(7,056)
Transient Occupancy Tax	122,700	51,373	57,832	6,459
Parking Fines	142,446	58,381	54,648	(3,733)
Parking Users' Tax	85,983	34,879	33,038	(1,841)
State Motor Vehicle License Fees	12,000	5,000	6,353	1,353
Grant Receipts	9,200	1,800	7,371	5,571
All Others	336,808	19,755	20,230	475
Subtotal General Fund Less Interest Income	\$4,362,815	\$923,621	\$927,133	\$3,512
Variance from Plan				0.4%
Interest Income	12,400	5,000	15,365	10,365
Total General Fund	\$4,375,215	\$928,621	\$942,497	\$13,876

Although revenue remains near budget plan, slowing revenues from some economy-sensitive categories are signs of a faltering recovery. For example, the documentary transfer tax continues to run more than \$1 million per month below plan as high unemployment continues to depress property sales. The documentary tax estimate also includes \$6 million for county collection of the tax when a controlling interest in a legal entity holding real property is transferred. Revenue from this source has not yet materialized.

A lower cash advance from the State, based on its evaluation of the economy, has resulted in sales tax receipts being \$3.1 million below plan. Early fourth quarter sales reports are mixed and there is uncertainty about the sustainability of consumer spending this Christmas season.

Receipts from license, permits, fees and fines are \$3.1 million below plan at November and there are revenue-related risks from the City's Parking Asset Restructuring (\$53 million) and foreclosure code violations (\$5 million). Currently, the Request for Proposals (RFP) for the concession agreement is proceeding on schedule with proposals due on January 31, 2011; a report from this Office to Council is anticipated for February 2011.

Utility users' taxes are \$3.9 million above plan, but individual components suggest concern. The communication users' tax component is \$1.1 million below plan. This shortfall would be greater except for a \$2.5 million audit settlement received in November; the account's regular collections are falling. The communications users' tax is also the subject of ongoing litigation involving Federal excise tax and internet tax freedom act issues. Cases are in various stages of legal proceedings and adverse outcomes in some of the cases could have significant budget implications in future years. Electric users' tax receipts are \$1.6 million above plan through November, but overall electricity consumption is falling. This makes achievement of the budget estimate difficult. Gas users' tax receipts are above budget based on summer activity; but most revenue comes from winter sales.

Business taxes are \$1.2 million below plan, but this is not meaningful as the bulk of receipts come in February and March. The effects of the faltering economy and various business-friendly tax changes are not known. Parking fines are \$3.7 million below plan due in part to lower citation issuance and reported delays in implementing parking citation rate increases. Economically sensitive parking users' receipts are also below plan.

Revenues above plan at November include property taxes, franchise income, motor vehicle license fees and the transit occupancy tax. The property tax is nearly \$5.9 million above plan due to carryover of prior-year secured receipts, but the declining pattern of receipts from redemptions will offset some of those gains. Car sales are improving and motor vehicle license sales are \$1.4 million above plan. The transient occupancy tax is \$6.5 million above plan and reflects higher business and private travel. This good news may offset slower growth in other economy-sensitive revenues. Grant receipts are above plan, but this variance is likely due to the timing of receipts and does not suggest additional revenue. Please refer to Attachments 1 a through j for additional information.

2011-12 Budget Deficit and Four Year Outlook

This Office publishes a multi-year Budget Outlook in the Financial Status Report, periodically revises the Outlook based upon potential and existing factors that impact the City's future revenue, obligatory and other major expenditures, and provides a preliminary projection of the current and future years' budget status. Attachment 2 presents the Four-Year Outlook (Outlook) from 2011-12 to 2015-16.

The Outlook budget gap continues to pose a significant challenge, growing from \$318.9 million to \$349.8 million for 2011-12, primarily to account for revisions to the following major expenditure categories:

Los Angeles City Employee Retirement System (LACERS): \$(26.9) million

The City's projected LACERS contribution for 2011-12 is anticipated to decline by \$26.9 million, from \$422.5 million to \$395.6 million from the previous Outlook. This reflects the change in the assumed contribution rate, from 29.44 to 27.66 percent, essentially due to a recent change in the system's funding policy and final investment returns as of June 30, 2010. At its meeting on September 28, 2010, the LACERS Board adopted a seven-year smoothing period and a market value corridor of 60-140 percent to reduce contribution volatility.

Fire and Police Pensions (Pensions): \$49.7 million

The City's Pensions contribution rate for 2011-12 has been increased by 3.89 percent, from 35.19 percent in the previous Outlook to 39.08 percent, mainly as a result of the lower investment rate of return as of June 30, 2010, as well as changes in medical trends and other assumptions. The projected 2011-12 Pensions contribution totals nearly \$500 million, assuming no cost of living or other adjustments that would increase the current sworn employee payroll.

Health Benefits: \$7.7 million

The Personnel Department provided the estimated civilian employees health benefit costs based on consultant projections. For next fiscal year, it also estimated a total reduction of \$7.8 million for Police and Fire sworn employee health premiums based on the past three-year average expenditure. In the previous Outlook, it was assumed that the Unemployment Insurance would be decreased by \$15.5 million similar to prior-years. However, due to the magnitude and further deterioration of next fiscal year's projected budget gap, it is deemed prudent to set aside funding in this account for budget balancing options in 2011-12.

This Office will begin to examine options to address the deficits presented in the Outlook and report on viable actions in the Mid-Year FSR that can be implemented this fiscal year.

Reserve Fund

At the close of September, the Reserve Fund Balance was reported at \$173.7 million in the First FSR. The current balance is \$178.9 million consisting of \$120.3 million in Emergency Reserve and \$58.6 million in Contingency Reserve, after accounting for \$6.6 million in new receipts and \$1.4 million in new approved and proposed loans and transfers (Attachment 3). This represents 3.97 percent of the General Fund budget, 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 \$39 million. It is recommended that the City make continued efforts to build the reserve fund to provide an adequate safety net this fiscal year in the event revenues decline or the State opts to defer transfers to the City, as well as for the next fiscal when the City will be facing a \$349.8 million deficit. In connection to this recommendation, this Office will review prior-year encumbrances and loans to identify General Funds for reversion to the Reserve Fund.

State Budget

On November 10, 2010, the Legislative Analyst's Office (LAO) released their forecast of California's General Fund revenues and expenditures which consists of a \$25.4 billion gap that the State must address between now and the time the Legislature enacts a 2011-12 State Budget. The details of the State Budget are addressed in Section 8 of this report.

State Budget Impact to the City: It was previously reported that for 2010-11 the State had adopted a Gas Tax payment plan which provided that a *portion* of the normal gas tax transfer to cities be paid each month and that the remainder be deferred for payment to April 28, 2011. In addition, it was reported that the excise tax transfer replaced Proposition 42. However, the November gas tax transfers to the City, which total \$10.2 million, has already been impacted by Propositions 22 and 26.

The State has stopped deferring payments since Proposition 22 prevents borrowing of certain transportation special funds. Currently, there are approximately deferrals of \$12.3 million pending payment to the City. There is concern that this amount may be further deferred or eliminated as the State attempts to address its current budget deficit.

It also appears that the State assumed that Proposition 26 reverses the "gas tax swap" legislation. The State has stopped the monthly transfer of the excise tax (Section 2103 monies) that replaced Proposition 42. Because Proposition 42 funds are transferred quarterly, it is anticipated that the City will receive the 2010-11 last quarter payment in 2011-12. The revenue estimates in the Adopted Budget were based on receiving transfers on a monthly basis. Since several construction projects are not expected to be in the contract award stage this year, there will be sufficient cash to continue to make the General Fund transfers, unless the State delays the \$12.3 million deferral payment to the City. Additionally, this outlook may change should gas tax revenues decline.

Budgetary Adjustments

Budgetary adjustments totaling approximately \$58.9 million are recommended in Sections 1 and 2 of this report which include:

- \$4.9 million in new appropriations;
- \$23.4 million for transfers between accounts within various departments and funds;
- \$23.3 million for transfers between departments and funds, including transfers from the Unappropriated Balance ERIP account to reduce deficits in the Police Department to pay for overtime for sworn officers (\$4.5 million) and in the City Attorney's Office to pay for bar dues (\$148,000);
- \$771,000 in transfers of funds budgeted in the Unappropriated Balance for litigation and ERIP costs;
- \$461,000 in reappropriations of encumbered funds to fund contract liabilities;
- \$6.1 million authorization to spend Municipal Improvement Corporation of Los Angeles (MICLA) funds and,
- \$50,000 in other miscellaneous requests.

Of these recommendations above, \$17.4 million consist of solutions proposed in the 2010-11 Operational Plan.

Attachments

- 1 a Fiscal Year 2010-11 General Fund Receipts
- 1 b Comparison State and City Sales Tax
- 1 c U.S. Retail Sales
- 1 d City 1 Percent Sales Tax and Local Unemployment Rate
- 1 e City Hotel Tax Receipts
- 1 f Revenue Monthly Status Report: Electric Users' Tax
- 1 g Revenue Monthly Status Report: Gas Users' Tax
- 1 h Revenue Monthly Status Report: Telephone Users' Tax

- 1 i Property Tax Base – Excludes Triple Flip and VLF Swap
- 1 j Property Tax Redemption - 12 Month Moving Sum
- 2 Four-Year Budget Outlook
- 3 Current Status of the Reserve Fund
- 4 New Appropriations
- 5 Transfers between Accounts within Departments and Funds
- 6 Transfers between Departments and Funds
- 7 Transfers from the Unappropriated Balance
- 8 a Status of the Unappropriated Balance – General Accounts
- 8 b Status of the Unappropriated Balance – non-General Accounts
- 9 Employment Level Report
- 10 Status of Voluntary Furlough Program
- 11 GRYD Program Contracts and Organizational Chart
- 12 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 \$4,874,735.00 to Department accounts as specified in Attachment 4;
2. Transfer \$23,389,987.87 between accounts within various departments and funds as specified in Attachment 5;
3. Transfer \$17,479,356.00 between various departments and funds as specified in Attachment 6;
4. Appropriate \$771,487.04 to Department accounts from the Unappropriated Balance as specified in Attachment 7;

City Attorney

5. Transfer \$148,150 in appropriations in the Unappropriated Balance Fund No. 100/58, Account No. 0255, Early Retirement Incentive Program to the City Attorney Fund No. 100/12, Account No. 2060; Bar Dues for bar dues owed this fiscal year;

Community Development

6. Direct the Department to report back to Council within 30 days with an analysis of the proposed additional 2010-11 revenue reduction for 2009-10 payments request and an assessment of its General Fund obligation and corresponding General Fund contribution for indirect salary costs over the past five years;
7. Authorize the Controller to appropriate and transfer funds within the Community Development Block Grant-American Recovery and Reinvestment Act (CDBG-R) Fund No. 51N/22 for

Community Development Department (CDD) salaries and related costs incurred in administering the CDBG-R grant as follows:

- a) Transfer \$203,706 in appropriations within CDBG-R Fund No. 51N/22 from Account No. G322, CDD Admin to:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G122	CDD	\$145,932
G299	Related Cost	<u>57,774</u>
	Total	\$203,706

- b) Increase CDD Fund No. 100/22, Account No. 1010, Salaries General, by 145,932;

8. Authorize the Controller to appropriate and transfer State Enterprise Zone Voucher income within the Enterprise Zone Tax Credit (EZTC) Voucher Fund No. 48L for direct and indirect salaries and expenses. Ordinance No. 176632 authorizes CDD to pay for costs associated with the EZTC Program from fees collected as follows:

- a) Establish new accounts and appropriate within the EZTC Voucher Fund No. 48L as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G122	CDD	\$373,439
G299	Related Cost	<u>88,446</u>
	Total	\$461,885

- b) Appropriate \$373,439 within CDD Fund No. 100/22 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$229,697
1070	Salaries, As Needed	52,200
2120	Printing and Binding	5,000
2130	Travel	2,000
3040	Contractual Services	50,000
6010	Office and Administrative	15,000
6030	Rent and Parking	<u>19,542</u>
	Total	\$373,439

9. Authorize the Controller to appropriate and transfer \$370,100 from the Unappropriated Balance (UB) Fund No. 100/58, Account 0255, Early Retirement Incentive Payout (ERIP) line item for CDD to pay Early Retirement Incentive Program related expenses as follows:

- a) Transfer \$370,100 in appropriations from UB Fund No. 100/58 from Account 0255, ERIP to the following:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
44A/G122	CDD	\$186,900
428/G122	CDD	28,300
51N/G122	CDD	8,600
424/G122	CDD	<u>146,300</u>
	Total	\$370,100

- b) Increase CDD Fund No. 100/22, Account No. 1010, Salaries General, by \$370,100;

10. Approve the follow actions to allow CDD to pay a total amount of \$385,585 within the Community Development Trust Fund (CDTF), Fund 424/22 (\$292,517) and CSBG, Fund 428/22 (\$93,068) for direct and indirect salary costs incurred by Information Technology Agency (ITA) staff assigned to provide grant-eligible computer system services to CDD. CDD will reimburse the General Fund for indirect costs as salary costs are incurred and special funds are billed by ITA:

- a) Establish new account and transfer appropriations within CDTF Fund No. 424/22 as follows:

From:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G122	CDD	\$177,949
G299	Related Costs - CDD	<u>114,568</u>
	Total	\$292,517
To:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G132	ITA	\$177,949
G291	Related Costs - ITA	<u>114,568</u>
	Total	\$292,517

- b) Establish new account and transfer appropriations within CSBG Fund No. 428/22 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G132	ITA	\$60,051
G299	Related Costs - CDD	<u>33,017</u>
	Total	\$93,068

- c) Increase ITA Fund No. 100/32, Account 1010, Salaries General, by \$238,000;

- d) Decrease CDD Fund No. 100/22, Account 1010, Salaries General, by \$177,949;

11. Modify Recommendation No. 2c of C.F. 10-1068 which reads "Expend \$50,000 for CDD Fund No. 100/22, Account No. 1010, Salaries General, to repay the existing mortgage for the property located at 12223 Blakely Avenue, and up to \$15,000 from Fund No. 100/22, Account 3040, Contractual Services, for property management and real estate services." to the following:

- a) Authorize the Controller to transfer \$50,000 in appropriations within CDTF, Fund No. 424, from Account No. G122, Community Development to Account G712, Foreclosure;
- b) Decrease appropriations in the amount of \$50,000 within CDD Fund No. 100/22, Account No. 1010, Salaries General;
- c) Expend funds in an amount not to exceed \$15,000 from CDD Fund No. 100/22, Account No. 3040, Contractual Services for property management and real estate services;

12. Authorize the Controller to appropriate and transfer \$546,579 in Community Services Block Grant-American Recovery and Reinvestment Act (CSBG ARRA) funds within CSBG-ARRA Fund No. 51H/22 for direct and indirect salaries and other expenses incurred to administer the CSBG-ARRA grant for CDD and the Departments of Recreation and Parks (Recreation) and Public Works, Bureau of Sanitation (Sanitation) from savings for 2009-10 and 2010-11.

- a) Transfer \$546,579 In appropriations within CSBG-ARRA Fund No. 51H as follows:

From:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
F122	CDD	\$262,231
F299	Related Costs	21,805
F302	Recreation and Parks	220,943
G302	Recreation and Parks	<u>41,600</u>
	Total	\$546,579

To:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G122	CDD	\$357,380
G299	Related Costs	<u>189,199</u>
	Total	\$546,579

- b) Transfer \$128,000 from Fund No. 51H, Account No. G299 to the General Fund, Revenue Source Code No. 4744, Related Costs - ARRA for indirect costs incurred by Recreation staff for CSBG-ARRA related activities;
- c) Increase \$357,380 in appropriations within CDD Fund No. 100/22 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$153,174
1070	Salaries, As Needed	108,839
2130	Travel	50
3040	Contractual Services	43
3310	Transportation	586
6010	Office and Administrative	48,128
6030	Rent	<u>46,560</u>
	Total	\$357,380

Fire

13. Approve the purchase of 32 replacement ambulances, and set up the necessary accounts for fleet and communications purchases, using \$6,111,838 in Municipal Improvement Corporation of Los Angeles (MICLA) Funds approved in FY 2010-11 to replace ambulances that have exceeded recommended mileage;

Library

14. Direct the Library Department to provide a report on the status and utilization the Library Department Fund No. 300/44, Account No. 2539, Unreserved and Undesignated, for inclusion in the Financial Status Report;

Planning

15. a) Authorize the Controller to disencumber a total of \$460,600 that was encumbered in 2007-08 and 2008-09 to Contract No. C-108889 with Christopher A. Joseph & Associates for EIR studies for the San Pedro, Sylmar, Granada Hills, and West Adams New Community Plans. Of the \$460,600, \$123,370 was encumbered in 2007-08, and \$337,230 was encumbered in 2008-09;
- b) Authorize the Controller to reappropriate \$460,600 to the Planning Department's Fund No. 100/68, Account 3040, Contractual Services;
- c) Authorize the Controller to encumber \$338,182 to Contract No. C-116897 with PBS&J for the San Pedro, Sylmar, and Granada Hills Community Plans and \$122,418 to Contract No. C-116898 with Terry A. Hayes & Associates for West Adams New Community Plan.

Police

16. Transfer \$4,500,000 in appropriations in the Unappropriated Balance Fund No. 100/58, Account No. 0255, Early Retirement Incentive Program to the Police Department Fund No. 100/70, Account No. 1092, Salaries Overtime;

Public Works, Sanitation

17. a) Reduce special purpose fund appropriations within the Sewer Construction Maintenance and Operations Fund No. 760/50, Account No. G282, Sanitation Expense and Equipment Operation by \$1,000,000 and transfer to Account No. 1010, Cash Balance.
- b) Transfer \$1,000,000 in appropriations from the Solid Waste Resources Revenue Fund No. 508/50, Account No. G282, Sanitation Expense and Equipment to the Bureau of Sanitation Fund No. 100/82, Account No.3040, Contractual Services.

Unappropriated Balance

18. Appropriate \$25,000 from the Reserve Fund to Account No. 0001, General to fund appropriations made from the unfunded account;

Technical

19. 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

A total departmental deficit of \$33.14 million exists across all departments. This deficit reflects: 1) the \$23.64 million total departmental deficit—after excluding \$3 million in savings from layoffs—reported in the pending 2010-11 Operational Plan report (C.F No. 10-0600-S48); and, 2) a new liability of \$9.5 million for the Police Department. No adjustment to budgeted revenue, including revenue from the P3 concession agreement, is recommended at this time. Transfers, appropriations and other adjustments totaling approximately \$58.9 million are recommended in Sections 1 and 2 of this report. Of these transactions, \$17.4 million consists of solutions proposed by departmental operational plans. Transactions totaling \$4.6 million are transfers to address the total departmental deficit, which, if approved, reduces the remaining departmental deficit to \$28.5 million.

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, four-year outlook 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 \$58.9 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 eight sections as follows:

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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, transfers between and within funds, a reappropriation of encumbered funds, authorization to spend Municipal Improvement Corporation of Los Angeles funds, and transfers from the Unappropriated Balance to departments for operational needs.

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

Department Deficits: A total departmental deficit of \$33.14 million exists across all departments. This includes the \$23.64 million deficit reported in the 2010-11 Operational Plan Report (C.F No. 10-0600-S48), primarily within the Office of the City Attorney, the Fire Department and the Police Department and a new liability of \$9.5 million for the Police Department. Transfer recommendations in this section for the City Attorney's Office and the Police Department reduce the combined deficit to \$28.5 million.

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

In the First FSR, it was projected that the Department would have a \$370,000 special fund surplus; the projected surplus is now \$385,000, attributable to increased savings in its salaries general account. The reported surplus is due to vacancies currently held within the Department and accounts for ERIP-retiree payouts and reduced furloughs for EAA employees. A general fund surplus of \$175,000 is also projected.

Aging received approval to fill grant-funded vacancies through the managed hiring process. The projected salary expenditure of the potential hires is \$201,000. The Department is working with grantors on an alternative use for the remaining grant-funded salary savings. These grant funds would otherwise be returned to the grantor if not spent on the grant programs.

As a result of delays in the approval of a State budget, the State delayed release Federal funds from the Older Americans Act (OAA) to the Department to December 1, 2010. This funding comprises approximately 61 percent of the total budget. The Department has sufficient funding to cover payroll expenses until mid December and is not projecting a deficit.

**B. Animal Services
No Recommendation**

In the First FSR, it was projected the Department would have a deficit of \$178,000 attributed to its salaries general account. The deficit represented a \$527,000 salary obligation from MOU-related payouts offset by salary funding from the Proposition F Fire and Animal Facilities General Obligation Bond Program (\$119,000) and other sources (\$230,000). With the full implementation of the operational plan, the remaining deficit of \$178,000 will be addressed by reducing expense account expenditures by \$87,000 and by realizing an additional \$91,000 in other general fund salary savings.

Year-to-date General Fund receipts through November is \$500,000 behind plan. The \$5.00 dog license increase went into effect on October 1, 2010, which will provide nine months of additional revenue to keep to plan. In addition, approved fee increases for various permits went into effect on November 15, 2010. The ordinance for the omnibus dog licensing ordinance which will allow on-line licensing is pending in the City Attorney's Office.

**C. Building and Safety
Attachment 6 – Transfers between Departments and Funds
Recommendation No. 3**

In the First FSR, it was projected that the Department would complete the year within budget. A deficit of \$350,000 is now projected for the Salaries, Overtime account, which will be eliminated with the approval of recommendations in this report. The Building and Safety Building Permit Enterprise Fund is currently attaining budgeted revenue. The Department expects to meet its budgeted General Fund revenue with the exception of \$5 million in Non-Compliance Fee revenue associated with the Foreclosure Ordinance as discussed in the First FSR.

It is recommended that \$350,000 from the Building and Safety Building Permit Enterprise Fund be transferred to the Department's Salaries, Overtime account to eliminate the projected deficit. The overtime deficit is a function of reduced staffing, coupled with efforts to reduce plan check backlogs and an increase of customers requesting expedited plan check and off-hour inspection services. The additional cost of these services is funded by additional fees.

**D. City Administrative Officer
Attachment 7 – Appropriations from the Unappropriated Balance
Recommendation No. 5**

As reported in the First FSR, it is projected that the CAO will complete the fiscal year within budget after reimbursement for staff costs associated with the American Recovery and Reinvestment Act (ARRA) program and other special fund activities.

It is recommended that \$21,487.04 be transferred from the Unappropriated Balance, Early Retirement Incentive Program (ERIP) payout account to the Department's Salaries General account to pay for the incentive and benefit payout for one employee of the Human Services Department

(HSD) who retired under ERIP. As this employee retired prior to HSD's consolidation with other departments, this expense will be charged to this Office for processing.

E. City Attorney

Attachment 5 – Transfers between Accounts within Departments and Funds

Attachment 7 – Appropriations from the Unappropriated Balance

Recommendation Nos. 2, 4 and 5

The Department's current projected shortfall is estimated at \$10.8 million, largely attributed to a \$7.6 million shortfall in general salaries, \$1.8 million in proprietary salaries, \$148,000 in bar dues and \$1.2 million in litigation expenses. The general and proprietary salaries shortfalls include \$1.8 million in total ERIP payouts and \$353,000 in total deferred sick leave payouts. With the full implementation of operational plan solutions, this deficit may be reduced to \$4.2 million.

To address the Department's account shortfalls, a transfer of \$83,000 in expenditure accounts savings is recommended to address the bar dues deficit, and an appropriation of \$713,000 will be recommended in a subsequent FSR to fund increased salary expenditures for EAA-represented employees. Additionally, the City Attorney anticipates that up to \$1.1 million in attrition, \$25,000 from the implementation of the Administrative Citation Enforcement program before the end of the fiscal year, and \$500,000 in potential grant surpluses may be realized to offset the Salaries General account shortfall. Finally, the City Attorney's Office has identified potential revenue of \$4.3 million from consumer protection and environmental cases in various stages of litigation which should be completed by year-end. These funds may be considered as an offset to the shortfall. This Office, together with the City Attorney's Office, intends to issue a comprehensive report on the legal use of said funds resulting from such litigation, along with additional information on revenues received from settlement monies and a description of the process of receiving and expending settlement monies paid to the City as requested in the adopted motion (C.F. No. 10-1454).

To address the proprietary salary shortfall of \$1.8 million, which includes an estimated \$420,000 in ERIP-retiree payouts and \$60,000 in deferred sick leave payouts, an appropriation will be needed at year-end for salary expenses. The General Fund will be fully reimbursed for these year end salary costs through quarterly billings completed by the City Attorney's Office. This revenue will be received in the first part of next year.

The following transactions are recommended:

- Transfer \$82,830 from the Printing and Binding and Operating Supplies accounts to the Bar Dues account. The 2010-11 Adopted Budget provided \$229,145 for bar dues, however as a result of labor concessions in balancing the budget last year, the Coalition of LA City Unions negotiated to defer bar dues for a cost savings to the City in 2009-10. As a result, members were still required to pay the dues and were subsequently reimbursed in August 2010 with the set aside for this fiscal year. No additional funding was provided to cover the 2011 bar dues. The payment for State and County dues is February 1, 2011. A shortfall of \$148,150 remains within the account.
- In conjunction with the above recommendation, it is recommended that \$148,150 be transferred from the Unappropriated Balance, Early Retirement Incentive Program account to the Department's

Bar Dues account. This transfer is not part of the departmental operational plan; thus, if approved, the Department's deficit would be reduced by a corresponding amount.

- Transfer \$750,000 from the Unappropriated Balance, Litigation Expense account to cover current expenses. A shortfall of \$1.2 million remains after this transfer request. The shortfall is due to the volume and complexity of cases being filed against the City, and is based on the direct expenditures incurred this year from last fiscal year's invoices. The City Attorney reports that litigation expenses have increased over the years while budgeted funding has remained constant. Many of the cases being handled in-house require extensive litigation support due to complexity. To date the department has expended 68 percent or \$2.7 million of their budgeted appropriation.

F. City Clerk No Recommendation

It is projected that the Department will have \$146,000 deficit in its salaries, general account by year-end due to increased salary expenditures for EAA-represented employees. The salary shortfall may be fully addressed with an appropriation to cover the reduced furlough savings and will be recommended in a subsequent FSR. Additionally, expenditure accounts will be monitored for potential savings to offset the deficit.

The Clerk's Office reports that the Voter Information Pamphlet (VIP) and the Official Sample Ballot (OSB) could have an impact on the 2010-11 election budget due to the size of the ballot. The extraordinary number of ballot measures and amount of legal text is close to triple the normal amount. The budget allocated \$1.5 million for printing of the ballots and pamphlets. An additional \$2 million to \$3 million may be necessary for printing election materials and publishing official notices of measure ordinances.

G. Community Development Department Recommendation Nos. 6 through 12

The Department is projected to operate within budgeted funding from grant resources. The Department is authorized to fill 304 positions (197 regular and 107 resolution authorities). As of November 22, 2010, 278 positions are filled and 26 positions are vacant. Six of the 107 positions are new resolution authorities that are in various stages of review for allocation, civil service exemption, paygrade evaluation and the managed hiring process.

The Department reports that there are sufficient resources to provide full cost recovery for all filled positions in 2010-11. The Department's 2010-11 budgeted revenue is expected to be reduced from \$12.4 million to approximately \$9 million due to adjustments for the currently approved Cost Allocation Plan (CAP) rate. The Department's budgeted revenue was estimated to be \$12.4 million based on CAP 31 rates for Salaries, General. A new CAP rate was approved by Council and Mayor in October 2010 which is 9.87 percent lower than the CAP 31 rate. General Fund reimbursements will be transferred to the General Fund as salary expenditures are incurred. The Department has incurred approximately \$3 million in related costs for salary expenses through October 31, 2010. Of this amount, approximately \$1.2 million has been transferred to the General Fund.

In addition to the \$3.4 million adjustment to current year revenues for 2010-11 related costs discussed above, the Department has proposed an additional revenue reduction of \$2.5 million to offset 2009-10 payments due to the change in CAP rates. When combined, this may further reduce the Department's Adopted Budget Revenue from \$12.4 million to \$6.5 million. While the City must comply with grant regulations, the Department has not provided justification that supports this request. The recommendations include instructions for the Department to report back to Council within 30 days with an analysis that demonstrates its methodology and assumptions that are included in its proposed additional 2010-11 revenue reduction request. The Department should also include an assessment of its General Fund obligation and corresponding General Fund contribution for any unrecovered indirect salary costs over the past five years.

The following actions are recommended:

- Direct the Department to report back to Council within 30 days with an analysis of the proposed additional 2010-11 revenue reduction for 2009-10 payments request and an assessment of its General Fund obligation and corresponding General Fund contribution for indirect salary costs over the past five years.
- Appropriate and transfer \$203,739 within Community Development Block Grant (CDBG) - American Reinvestment and Recovery Act (ARRA) fund to the Department's operating budget for direct and indirect salaries incurred in administering the grant. Funding was approved by Council and Mayor in August 2010 (C.F. No. 09-0648-S1).
- Appropriate and transfer \$461,885 within Enterprise Zone Tax Credit (EZTC) to allow the Department to pay costs associated with the administration of the EZTC Program with fees collected.
- Appropriate and transfer \$370,100 from the Unappropriated Balance, Early Retirement Incentive Payout line item to the Department for expenses funded by CDBG, CDBG-ARRA, Community Services Block Grant (CSBG) and Workforce Investment Act (WIA).
- Appropriate and transfer a total \$385,585 within CDBG (\$292,517) and CSBG (\$93,068) for direct and indirect salary costs for Information Technology Agency staff to provide grant-eligible programming and related computer systems services to the Department.
- Revise Recommendation No. 2c of C.F. No. 10-1068 and transfer \$50,000 in appropriations within the Community Development Trust Fund for property management and real estate services related to the sale of two City-owned properties located on Blakely Avenue and Manhattan Place in Los Angeles.
- Appropriate and transfer \$546,579 within CSBG-ARRA funds to pay for administrative and program staff costs associated with the administration of the grant for the Department and the Department of Recreation and Parks, Board of Public Works and the Bureau of Sanitation from savings for 2009-10 and 2010-11. The CSBG-ARRA grant (C.F. Nos. 09-0648 and 09-0560) ended on September 30, 2010. To close out the grant, the State of California will allow the City to charge administrative and program costs for CSBG-ARRA-related activities that are within the 12 percent administrative cap. Savings incurred by contractors, Recreation, and Sanitation will be used to pay

for previously unrecovered related costs for Recreation and current year expenses for the Department and Sanitation. The appropriation for related costs will be reimbursed to the General Fund for the Department and Sanitation through separate actions by the respective departments.

H. Controller
No Recommendation

A year-end deficit of \$433,000 is currently projected for this department due to a reduction in EAA furlough days (\$414,000) and ERIP payouts (\$19,000). The First FSR did not identify a year-end deficit as it was assumed that the Controller would not fill positions beyond Phase I of its hiring plan, as approved by the Managed Hiring Committee. The new estimate assumes that the Department will be able to fill eight positions in early January as part of Phase II of its hiring plan.

If hiring is maintained at its current level, the deficit can be reduced to approximately \$67,000. However, the Controller believes that sufficient funds are available to proceed with Phase II hiring assuming a future appropriation to cover the cost of the reduction in EAA furlough days, which will reduce the deficit to \$19,000. If Phase II hiring is staggered, the Department may be able to offset the remaining deficit attributed to the ERIP payouts.

I. Convention Center
Attachment 5 – Transfers between Accounts within Departments and Funds
Attachment 6 – Transfers between Departments and Funds
Recommendation Nos. 2 and 3

As reported in the First FSR, the Department is projected to complete the year within budget.

The following transactions are recommended:

- Appropriate a total of \$300,000 to Salaries As-Needed and Overtime accounts (\$250,000 and \$50,000, respectively) from the Los Angeles Convention Center Revenue fund. The L.A. Auto Show had strong attendance, and due to several shows occurring within the month, a very high occupancy will occur in February, which is typically a slower period. Additionally, funding is needed for the E3 (Electronic Entertainment Expo), a major event that will occur in June 2011. Therefore the increases in part-time expenditures are necessary in order to support basic functions and generate corresponding revenue.
- Transfer \$250,000 to the Salaries As-Needed account from the Salaries General account surplus, in conjunction with the above recommendation.
- Appropriate a total of \$102,500 to the Building Operating Equipment account from current year Convention Center revenue for various purchases including: high-lumen LCD projector and screen, mixers to replace those in the 300-series meeting rooms, network and CATV testing equipment, assorted AV equipment, a solar-powered portable message sign, mounted guide posts and reflective pavement markers, two electric carts and portable radios.

J. Council

Attachment 5 – Transfers between Accounts within Departments and Funds

Attachment 6 – Transfers between Departments and Funds

Recommendation Nos. 2 and 3

The Council requests the following transactions to address current expenditure patterns:

- Transfer \$300,000 from the Salaries General Account to the Contractual Services Account.
- Transfer \$1,000,000 from the Salaries General Account to the Salaries As-Needed Account.
- Transfer \$50,000 from the CLARTS/Recycling Account to the GCP/Community Services District 14.
- Transfer \$235,000 from the Council Street Furniture Account to the Salaries As-Needed Account.

K. Cultural Affairs

Attachment 6 – Transfers between Departments and Funds

Recommendation No. 3

In the First FSR, a \$227,000 deficit was projected for the Department in its salaries general account, which has since been revised to \$242,000 and accounts for sick payouts, ERIP payments and the reduction of furloughs for EAA. This deficit will be completely addressed by the operational plan solutions, which includes a future appropriation of up to \$139,000 to cover the reduced furlough savings of EAA-represented employees and \$103,000 in reimbursements for public art projects.

It is recommended that \$247,300 be appropriated from the Arts and Cultural Facilities and Services Trust Fund to the Department's Salaries As-Needed, Office and Administrative and Art and Music Expense accounts. Council approved the partnering of 14 cultural and art facilities effective January 1, 2011 and directed the Department of Cultural Affairs and this Office to establish a working group to release a Request for Proposals (RFP). The 2010-11 budget included \$247,300 to operate the facilities for six months while the RFP is completed. It should be noted that due to delays in releasing the RFP, additional funding will be required to continue operating the facilities beyond January 1, 2011. This Office has developed a plan with the Department to continue operations through February 2011; however, a source of funds will need to be identified to continue operations until the RFP process is completed. A report is forthcoming.

L. Disability

No Recommendation

In the First FSR, a deficit of \$40,000 was reported. Due to the change in the calculation of language bonuses for EAA-represented employees and a transfer from the Department's contractual services account to the salaries account approved in the First FSR, the Department is projected to complete the year within budget.

M. El Pueblo
No Recommendation

As reported in the First FSR, it is projected that the Department will have a \$50,000 deficit in its salaries general account. The Department expects to receive additional revenue from rental income to offset the deficit.

N. Emergency Management
No Recommendation

In the First FSR, it was reported that the Department would have a salary deficit of \$775,000, which would be reduced to \$17,000 with the anticipated receipt of Homeland Security Grant reimbursements. The deficit is now estimated at \$1.1 million, as a result of worker's compensation sick leave and vacation payouts and salary projections of grant funded positions that are front-funded by the Department's salaries general account that were not included in the First FSR. The increased deficit will be completely eliminated with the implementation of operational plan solutions to include: a future appropriation of \$116,000 to fund increased salary expenditures for EAA-represented employees, \$865,000 in anticipated homeland security grants, \$84,000 transfer from the Emergency Operations Fund, and \$49,000 in salary funding from the Sewer Construction and Maintenance Fund.

O. Employee Relations Board
No Recommendation

A projected \$20,000 salary deficit was reported in the First FSR. At this time, the Department is projecting to end the year within budget after moving funds internally. This Office is closely monitoring the salaries and contractual services accounts. A transfer is not recommended at this time.

P. Ethics Commission
No Recommendation

At this time, a deficit of \$193,000 is projected for the salaries general account. Per the operational plan, the shortfall may be eliminated with a future transfer from the Department's contractual services account, special prosecutor appropriation of \$250,000. To date, the Public Campaign Matching Trust Fund has an estimated surplus of \$90,000, an overage beyond the Trust Fund's allowable maximum cash balance as set by Charter requirements. It is recommended that the overage be transferred to the Unappropriated Balance in a subsequent FSR.

Q. Finance
No Recommendation

A year-end deficit of approximately \$1.2 million was previously projected for the Department in the First FSR. However, the estimated deficit has been reduced to \$967,000 due to current vacancies within the Department. The deficit will be completely eliminated with an appropriation to fund increased salary expenditures for EAA-represented employees in a subsequent FSR.

R. Fire

Attachment 5 – Transfers between Accounts within Departments and Funds

Attachment 6 – Transfers between Departments and Funds

Recommendation Nos. 2, 3 and 13

An estimated \$20.8 million deficit is projected for the Department's salaries and expense accounts. The projected deficit increased by approximately \$7.4 million from the \$13.4 million projected in the First FSR, mainly due to the temporary cancellation of the Modified Coverage Plan (MCP). The MCP has since resumed on November 21, 2010. Per operational plan solutions, the deficit may be reduced by \$10 million by reducing constant staffing overtime by expanding the MCP to include additional resources, leaving a deficit of \$10.8 million. Several factors, including ongoing labor negotiations, may affect these projections. More accurate estimates will be made in the next FSR.

The revenue budget for this fiscal year is \$141.6 million and the Department is on target to meet this goal, in spite of the delay of some fee increases approved in the adopted budget. (See Section 6.) As previously reported, a pending lawsuit is estimated to cost several million in back wages. It is not yet known how or when this lawsuit will be paid.

The following transactions are recommended:

- Transfer \$15,000,000 from the Salaries Sworn account to the Constant Staffing Overtime account to cover a portion of the projected deficit. Savings in this account are due to vacant positions and the Modified Coverage Plan (MCP). Additional funds will be required in February.
- Transfer \$158,000 from the Water Control Devices account and \$490,297 from the State Educational account to the Field Equipment Expense Account to cover part of the projected deficit in this account.
- Approve the purchase of 32 replacement ambulances that have exceeded recommended mileage at an estimated cost of \$150,000 plus communication costs, and set up the necessary accounts for fleet and communications purchases. Municipal Improvement Corporation of Los Angeles (MICLA) funds in the amount of \$6,111,838 were included in the 2010-11 adopted budget to replace 42 ambulances at an estimated cost of \$106,000.

S. General Services

Attachment 5 – Transfers between Accounts within Departments and Funds

Attachment 6 – Transfers between Departments and Funds

Recommendation Nos. 2 and 3

In the First FSR, the Department' total projected shortfall was approximately \$12 million due primarily to the Salaries General Account (\$8 million) and the Parts Account (\$4 million). The Department is now reporting that the shortfall in the Field Equipment Expense Account is approximately \$2.4 million due to operational changes implemented to reduce the expenditure. As a result, the projected shortfall is reduced from \$12 million to \$10.4 million.

The operational plan solutions will eliminate the Department's revised shortfall which include: an appropriation to replace reduced savings in EAA Furlough Days (\$700,000); reductions in the Fleet Parts account (\$1.6 million) by removing 2,000 vehicles from the City inventory by the last quarter of current fiscal year; reductions in expense and special accounts totaling \$1.5 million; a transfer \$600,000 from the Stores Revolving Fund; an increase of \$5.6 million for the Street Resurfacing Program support.

In conjunction with the operational plan it is recommended that

- Transfer \$600,000 from the Stores Revolving Fund to partially offset the Department's deficit.
- Increase funding for the Department's Street Resurfacing Program support by \$5,607,023 from the Street Damage Restoration Fee Special Fund. The Bureau of Street Service's Street Resurfacing Program target for this fiscal year is 235 miles. However, the current appropriation for Fleet Services can only support 110 miles. In addition, the Department has significant deficits in various accounts which will further impact the support service levels for Bureau of Street Services. In order to provide sufficient funds to support the Street Resurfacing Program, the Bureau of Street Services is proposing to fund eligible Fleet Services and Materials Testing Services expenditures from the Street Damage Restoration Fee Special Fund. According to Bureau of Street Services, this transfer of funds will result in a 16 mile reduction to the Bureau's 235 mile goal to 219 miles but will allow full support for the remaining miles. (See Section 1.FF.)
- In conjunction with the above recommendation, transfer a total of \$1,164,703 of General Fund appropriations from the from the Field Equipment Expense and Petroleum Products accounts to the Salaries General account to partially address the deficit.
- Transfer savings in expense and special accounts by a total of \$1,555,477. The Department will reduce current year expenditures in the following accounts to partially offset the Department's deficit: Contractual Services (\$500,000), Utilities Expense (\$320,000), Lab Testing Expense (\$215,000), Operating Supplies (\$255,477), Mail (\$150,000), Uniforms (\$60,000), and Printing and Binding (\$55,000).

T. Housing

No Recommendation

A special funds surplus of \$2.3 million is now projected for the Department primarily due to interim appropriations and the delay of staff hiring from the start of the fiscal year to mid-year. As the Department is special funded, it is exempted from furloughs. Additionally, the Department was exempted from the managed hiring process in order to provide transfer opportunities to employees in general funded positions in other departments. The Department's ability to meet revenue projections from related cost reimbursements will depend on the authorized level of staffing. In the event that budgeted special funds are insufficient, transfers of special fund reserves may be necessary later in the year, as needs are identified, to cover the ERIP retiree payouts.

U. Information Technology Agency
Attachment 4 – New Appropriations
Attachment 5 – Transfers between Accounts within Departments and Funds
Recommendation Nos. 1 and 2

In the First FSR, this Office reported that ITA would have a salaries general account deficit of approximately \$5.4 million. Due to efforts to curtail spending and unanticipated attrition, the projected deficit is now approximately \$4.9 million. Factors contributing to the deficit include the cost of absorbing ERIP-retiree and other payouts, the cost of eliminating 16 furlough days for EAA-represented employees, as well as the current unmet vacancy projections.

The operational plan will completely address this deficit. Surplus funds totaling \$3.1 million were identified in several expense accounts, including communication services, contractual services, and office and administrative and are recommended for transfer. In addition, a \$1.1 million appropriation to pay for the cost of reducing furloughs for EAA-represented employees will be recommended in a subsequent FSR. The remaining deficit of approximately \$735,000 may be addressed with a potential payment to the City as a result of an audit of franchise fee underpayments in 2006-07. The company has yet to concur with the audit findings or to agree to the payment, but ITA states that the City is in a strong position to receive payment during 2010-11. No receipts were included in the 2010-11 Budget from this audit.

The following transactions are recommended:

- In conjunction with the operational plan transfer a total of \$3,098,649 of savings from the communication services, contractual services and office and administrative accounts (\$2,162,229, \$758,099, and \$178,321 respectively) to the Salaries General account to offset a portion of the deficit.
- Appropriate \$20,847 from the Department's revenue accounts to pay for communications services requests for the Department of Recreation and Parks and other departments.

V. Library
Attachment New – New Appropriations
Recommendation No. 1 and 14

In the First FSR, a deficit \$3.4 million was projected for the Salaries General account. With the full implementation of operational plan solutions the deficit will be eliminated with projected and realized salary savings through attrition (\$461,000 and \$176,000, respectively) and increased salary appropriations of \$2.8 million from savings from the previous fiscal year.

In the First FSR, the Department reported a shortfall of \$90,000 in the fines and fees receipts to date. The revenue deficit for fines and fees has increased to \$180,000 based on receipts through October, with a potential shortfall of \$600,000 by year-end. The shortfall is attributed to the reduction in service days. The Library Department will seek approval from the Board of Library Commissioners to increase certain fines and fees later in the year to mitigate the projected shortfall.

The following actions are recommended:

- Increase the Department's Salaries, General Account by \$2,785,156 from the Library Fund's cash balance to offset the salary deficit.
- Direct the Department to provide a report on the status and utilization of the Unreserved and Undesignated account for inclusion in the Financial Status Report.

W. Neighborhood Empowerment No Recommendation

In the First FSR it was projected that the Department will have a \$235,000 deficit assuming the Department fills positions authorized by Council to operate the Department as a stand-alone Department (C.F. No. 10-077). The deficit has been reduced to \$171,000 deficit due to delayed hiring and the change in how bonuses are calculated for EAA-represented employees. The Department has authority from the Managed Hiring Committee to fill three vacant positions. The Department has proposed delaying the hiring date for the positions, but this does not resolve the deficit. The operational plan solutions propose to suspend the authority to fill two positions and a future appropriation of \$86,000 to fund additional salary expenditures for EAA-represented employees, to allow the Department to complete the year within budget.

As reported in the First FSR, there is a \$1.2 million cash shortfall in the Neighborhood Empowerment Trust Fund as a result of a 2009-10 transfer from the fund that was not recorded in the special fund schedule. No action is recommended at this time. We will continue to monitor the fund and report back in the next Financial Status Report.

X. Personnel No Recommendation

A year-end deficit of \$516,000 was projected in the First FSR, which was eliminated by transfers recommended and made as part of the first FSR. No deficit is projected at this time, although various actions by other departments, such as additional layoffs, increased sworn hiring, or the opening of the Metro Detention Center, will likely cause deficits in the Personnel Department's budget.

Y. Planning Attachment 4 – New Appropriations Recommendation Nos. 1 and 15

In the First FSR, the Planning Department anticipated a surplus of \$582,000 in the Salaries General Account. A deficit of \$2.6 million is now estimated due to a projected revenue shortfall in the Planning Case Processing Special Fund and the expectation that the Department will pay for the ERIP-retiree incentive payouts in addition to the ERIP-retiree sick leave and vacation payouts.

The Planning Department projects that revenues from the Planning Case Processing Special Fund will be \$10 million instead of the \$11.6 million included in the Adopted Budget. The decrease in the Special Fund is due primarily to the delay in the adoption and implementation of an amendment to the Planning and Land Use Fee ordinance that was expected to begin on July 1, 2010. The Council approved the adjustment of the Planning and Land Use Fees, which are part of the Special Fund, to include the related costs over the course of two years. During the first year, 2009-10, fifty percent of the related costs were added to the Fees. In the second year, 2010-11, the Department anticipated that the remaining fifty percent of the related costs would be added to the Fees beginning July 1, 2010. The amending ordinance was signed and released by the City Attorney on December 6, 2010, and has been forwarded to Council for review. If Council adopts the ordinance by the third quarter of 2010-11, the Department projects that \$310,000 in revenues for the special fund could be achieved, reducing the overall deficit to \$2.3 million.

As proposed by the operational plan to address the remaining deficit, the Department will hold positions vacant for approximately \$1.6 million in savings, and an appropriation of \$700,000 to address additional salary expenditures for EAA-represented employees will be included in a subsequent FSR. Additionally, recommendations to reduce appropriations backed by the Planning Case Processing Special Fund will be made as necessary.

The following transactions are recommended:

- Appropriate \$109,200 of City Planning Case Processing Special Revenue Funds for the Jordan Downs Specific Plan. Council approved a Cooperation Agreement between Planning and the Housing Authority of the City of Los Angeles (HACLA) to support the development of the Jordan Downs Specific Plan (C.F. No. 09-0186).
- Appropriate \$415,000 of City Planning Case Processing Special Revenue Funds for the Cornfield Arroyo Seco Redevelopment Project. The Mayor approved a Cooperation Agreement, C-117833, between Planning and the Community Redevelopment Agency to support the preparation of the Environmental Impact Report (EIR) for the project.
- Reappropriate \$460,600 encumbered in fiscal years 2008 and 2009 for consultant contracts for EIR studies for the San Pedro, Sylmar, Granada Hills, and West Adams New Community Plans.

Z. Police

Recommendation No. 16

In the First FSR, the Department's deficit was reported at \$18.1 million; the current deficit is now estimated at \$35.6 million. An increase of \$8 million is due to an unbudgeted payout for excess sick leave for sworn personnel represented by the Police Protective League and a change in reporting the sworn overtime deficit to exclude future appropriations. Another \$9.5 million increase is due to a provision in the Memorandum of Understanding with the Police Protective League that requires a payout of \$9.5 million for uniform allowances with the realization of \$100 million savings.

The rest of the deficit is largely attributable to shortfalls in the salaries general, sworn salaries, sworn overtime, contractual services, and field equipment accounts, offset by a smaller surplus in the

accumulated overtime account. This deficit is reduced to \$18.1 million with proposed operational plan solutions to include: a future appropriation of \$4.1 million to fund increased salary expenditures for EAA-represented employees; up to \$3 million in reimbursements for sworn overtime expenditures; \$1.2 million from Proposition 69 reimbursement of DNA collection costs; a \$2.2 million appropriation from the Supplemental Law Enforcement Services fund; a transfer of \$500,000 in surplus funds in the accumulated overtime account, and \$1.5 million from reprogramming funds provided for the in-car video vendor services.

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 November 20, 2010, 120 Police Officers have been hired. The next scheduled class is planned to start the Academy on January 3. Attrition through November 20 is 123, seven higher than projected at this point. This net of -3 leaves the Department with 9,934 Police Officers on the force.

It is recommended that \$4,500,000 in funding be transferred from the Unappropriated Balance, Early Retirement Incentive Program account to the Department's Sworn Overtime account. As stated in the operational plan, the Department received an allocation of \$4.3 million for overtime, while expenditures are estimated at \$14.1 million. A total liability of \$9.7 million exists for the Department for which it expects to receive up to \$3 million in reimbursements. If approved, the Department's deficit would be reduced by a corresponding amount.

AA. Public Works/Board

Attachment 6 – Transfers between Departments and Funds Recommendation No. 3

In the First FSR, it was projected that the Department would have a \$100,000 General Fund deficit, which accounted for salary savings from vacancies. The Department's unfunded liabilities for 2010-11 total \$492,000, as identified in the operational plan. The proposed operational plan solutions, which include \$429,000 in salary savings from leaving vacancies unfilled and \$63,000 in expenditures reductions in the overtime and printing and binding accounts, will completely address the deficit. Additionally, a \$567,000 special fund surplus is projected, which includes \$428,000 that will be transferred back to Council District 15 Real Property Trust Fund.

It is recommended that \$428,000 be transferred from the Contractual Services account to the Council District 15 Real Property Trust Fund. Motion 54 on the 2010-11 Proposed Budget presented by Council District 15 provided \$500,000 from the fund for the Public Right-of-Way Cleanup Program. It has been determined that \$72,000 would be retained in the Board of Public Works for Public Right-of-Way Cleanup in CD 15 and \$428,000 would be transferred back to the CD 15 Real Property Trust Fund.

BB. Public Works/Bureau of Contract Administration
No Recommendation

At this time, a \$730,000 surplus is projected for the Department; however, these funds may be required to address increased workloads associated with the recent plans to accelerate the construction timeline for the modernization of the Tom Bradley Terminal. This Office will monitor the status of the Department's accounts and report back in subsequent FSRs with necessary actions to address any potential shortfalls.

The Department reports that it will be unable to meet its revenue target of \$2.38 million from Proposition O Stormwater Pollution Abatement Bond Program (Prop O) related cost reimbursements. The \$2.38 million estimated revenue in the 2010-11 Budget reflects direct costs and related costs. This Office will examine the \$2.38 million revenue estimate from Prop O related cost reimbursements and report back in subsequent FSRs on whether this estimate needs to be adjusted.

CC. Public Works/Bureau of Engineering
No Recommendation

Assuming that additional salary appropriations of \$5.72 million are received from off-budget special funded programs, it is projected that the Department will have a total surplus of \$7.14 million, primarily in the Sewer Capital Fund and other special funds as a result of a 14.8 percent vacancy rate.

General Fund receipts through the end of October total \$6.8 million, which is 23.2 percent of projected total revenue of \$29.4 million. The Bureau anticipates meeting its revenue estimates.

DD. Public Works/Bureau of Sanitation
Recommendation No. 17

A surplus of \$10.2 million is projected across 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 Bureau is currently projecting a \$10 million deficit in receipts for the SCM (1.8 percent reduction from the budget of \$557 million) due to water conservation, drop in customers, increased subscribers to low income programs, and reduced interest earnings. The revenue reduction will be offset by the \$5 million in projected operational budget savings, a \$1 million swap in SCM and Solid Waste Resources Revenue (SWRRF) funding related to Residential Special Materials (RSM) program, described below, additional savings from special fund appropriations, and offsets from other revenue sources. We will continue to monitor receipts and work with the Bureau on balancing measures.

Approximately \$5 million of the reduced expenditures are attributed to the Sewer Construction and Maintenance (SCM) Fund which is presently under a 15 percent vacancy rate on operations. This vacancy rate could impact the SCM Fund's budgeted related cost obligation and could result in over-

reimbursement of related costs, which has traditionally been repaid by the General Fund. Related cost adjustments reflecting a reconciliation of last fiscal year's SCM salary expenditures, which have yet to be determined, would be reflected in this year's Midyear report.

It is recommended that \$1 million in SCM funding for Residential Special Materials (RSM) collection centers and mobile events be replaced with Solid Waste Resources Revenue Funds (SWRRF). RSM contracts are currently funded from Household Hazardous Waste (\$1 million) and SCM (\$1.4 million) funds for a total of \$2.4 million. The Bureau reports that the largest number of users for RSM services is single-family City residents. This realignment is an appropriate use of SWRRF and provides relief on the SCM fund.

EE. Public Works/Bureau of Street Lighting
Attachment 6 – Transfers between Departments and Funds
Recommendation No. 3

After accounting for interim appropriations and reimbursements anticipated later in the fiscal year, and with the approval of the proposed Second FSR transfers, it is projected that the Department will have a special funds surplus of \$362,000 attributed to its salaries general account. This is a reduction from the First FSR anticipated surplus of \$550,000 as a result of absorbing ERIP-retiree payout costs within its salaries general savings.

The vacancy rate remains high, especially among field staff, so the Department continues to utilize Hiring Hall and overtime to keep projects and maintenance on schedule.

The following transactions are recommended:

- Transfer \$130,000 from Proposition C to the Department's Overtime account to restore bike path lighting along the LA River Bike Path from Riverside Drive to Fletcher Drive. The lights have been inoperable due to wire theft. Funding for the project will be used to restore lighting to 207 fixtures, including conversion of some lights to solar power and reinforcing pullboxes to prevent further wire theft.
- Transfer \$475,000 from the Community Development Trust Fund to the Department for the Elysian Valley Lighting Improvement Phase 3 project. This project was approved for Community Development Block Grant funding in the 36th Year Consolidated Plan report (C.F. No. 09-2665). Funding will be used by the Department for design and construction of 45 new streetlights in a residential area of Elysian Valley.
- Transfer \$700,000 from the Community Development Trust Fund to the Department for the Sun Valley Lighting Project Phase 3. This project was approved for Community Development Block Grant funding in the 36th Year Consolidated Plan report (C.F. No. 09-2665). Funding will be used for design by Department staff and construction through a contractor.

FF. Public Works/Bureau of Street Services
Attachment 4 – New Appropriations
Attachment 6 – Transfers between Departments and Funds
Recommendation Nos. 1 and 3

After accounting for interim appropriations, including \$18.4 million in American Reinvestment and Recovery Act Funds, and reimbursements anticipated later in the fiscal year, a net year-end surplus is projected for the Department. The timely receipt of anticipated reimbursements will be monitored to ensure a balanced budget at fiscal year-end.

In November 2008, Los Angeles County voters approved Measure R, which provides an additional one-half cent sales tax increase for 30 years to make a variety of improvements to the County's transportation system. One eligible Measure R activity is the construction of sidewalk access ramps, which the City has funded with the General Fund. Last year the City chose to use Measure R funds to accelerate ramp construction, for which the Department received \$3.2 million in 2010-11. This use of funding is allowed as long as the supplantation, or replacement, of General Funds with Measure R funds does not occur. Our Office is reviewing this issue to determine if funding is needed to avoid supplantation with a recommendation to be made in a subsequent FSR.

The following transactions are recommended:

- Appropriate \$15,019 from the Subventions and Grant Fund for the 5th Street and Stradella Road repair projects (\$12,871 and \$2,148, respectively).
- Transfer \$17,200 from the Century City Neighborhood Traffic Protection Trust Fund for the Cheviot Hills replanting project.
- Transfer \$37,500 from the Urban Development Action Grant Fund to the Subventions and Grant Fund to reimburse Special Events for farmers' markets subsidies.
- Transfer \$84,000 from Gas Tax to the Bureau of Engineering's Special Service Fund for design on the Westchester Streetscape project.
- Reduce the Street Damage Revenue Fund appropriations to the Bureau of Street Services' (BSS) expense accounts by \$5,607,023. This request is related to the recommendation to transfer funding to the Department of General Services (GSD) to pay for fleet and materials testing services that support BSS off-budget activities. The amount includes reimbursement for overhead costs as is permitted by Administrative Code Section 5.121.6. The transfer is necessary to prevent the lay-off of GSD support personnel, fund parts and petroleum purchases, and provides BSS with the support needed for pavement preservation. The proposed \$5.6 million transfer would result in a 16-mile reduction in the BSS 235-mile resurfacing program goal. (See Section 1.S.)

GG.Recreation and Parks No Recommendation

As reported in the First FSR, the Department is projected to complete the year within budget. The anticipated surplus of approximately \$420,000 in the Salaries General reported in the First FSR has increased to \$2.1 million due to the continued managed hiring process. This surplus will be needed to offset potential revenue shortfalls.

The Department now projects a \$1.3 million revenue shortfall, or \$800,000 less than the reported \$2.1 million revenue shortfall in the First FSR. The Department still projects a shortfall in indirect costs reimbursements from golf operations due to lower employment level caused by attrition and ERIP retirements. 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 FSRs.

HH. Transportation

Attachment 5 – Transfers between Accounts within Departments and Funds

Attachment 6 - Transfers between Departments and Funds

Recommendation Nos. 2 and 3

In the First FSR, it was reported that the Department will have an approximate \$4 million General Fund deficit in the salaries, general account. The estimate has increased to \$4.4 million and is comprised of about \$2.6 million in ERIP retiree payouts, \$152,000 in deferred excess sick leave payouts for 2009 and \$100,000 in sick leave payouts for 2010, \$195,000 in tool and clothing allowances, \$105,000 in safety shoe allowances and approximately \$868,000 in an anticipated salary shortfall due to special funded positions not charging full time to special funds. Approximately \$417,000 of the shortfall is attributed to reduced furlough savings for employees represented by the Engineers and Architects Association (EAA) which will be addressed in a subsequent FSR.

The operational plan to reduce the remaining \$4 million deficit, without layoffs, includes salary savings from increased attrition (\$558,000), savings from other Department accounts totaling \$761,000, several funding transfers totaling \$1.7 million, and an internal reprogramming of the work order system to ensure that eligible labor and materials costs are appropriately charged to special funds (\$1,000,000). These proposed actions eliminate the entire projected deficit.

This report provides the actions for all measures included in the operational plan except for the proposed transfer of \$300,000 from the Traffic Regulation and Enforcement Trust Fund to partially pay for activities in the Bureau of Franchise and Taxicab Regulations. This Office is currently working with the Department to identify eligible uses and will provide this transfer, or other deficit mitigation options, in a future FSR.

Also included in this report, is transfer from the ATSAC Trust Fund to the General Fund for reimbursement of related costs. The Department's 2010-11 Operational Plan and this report includes a transfer of \$500,000 in direct salary costs from the ATSAC Trust Fund to the Department's salary

account to provide for ATSAC related work. This report recommends the transfer of approximately \$1 million to cover the indirect costs related to these positions.

The following transactions are recommended:

- Transfer a total of \$760,570 from the Salaries, As-Needed account (\$200,000) and various expense accounts (\$560,570) to the Salaries General account, as recommended by the operational plan.
- Transfer \$489,000 of funds collected as reimbursements for special event services. The operational plan includes anticipated future receipts of reimbursements (\$393,000) from venues and other entities for special event services to be recommended in a subsequent FSR, as recommended by the operational plan.
- Appropriate and transfer \$500,000 of uncommitted interest income in the Automated Traffic Surveillance and Control (ATSAC) Trust Fund to partially pay for salaries of General Funded engineering staff performing eligible work, as recommended by the operational plan.
- Transfer \$1,029,513 from the ATSAC Trust Fund to the General Fund for reimbursement of General Fund indirect costs related to special funded positions performing ATSAC related work.

II. Treasurer

No Recommendation

A year-end deficit of \$7,000 was previously reported in the First FSR. The projected deficit has now been eliminated and a year-end surplus of \$82,000 is currently projected from delaying the backfill of the Department's vacant positions. However, these funds may be needed to partially offset a deficit in the Bank Fees Account.

The Bank Fees account shortfall cannot be quantified 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 account and \$1.1 million in the Unappropriated Balance. The shortfall is expected to exceed the \$6 million as well as any reimbursements from other departments. At this time, the Department is assessing potential savings from the implementation of convenience fees in the Office of Finance as well as the impact of rising merchant fees from the Department of Transportation's parking meter activity on this account. It is anticipated that more information will be available by Mid-Year.

JJ. Zoo

No Recommendation

As reported in the First FSR, the Department is projected to complete the year within budget. The current salary projection shows a surplus of approximately \$1 million in the Salaries General account. This surplus may be required to offset potential revenue shortfalls.

The Department reports that, although year-to-date attendance and revenue remained above budgeted amounts, there was a significant drop in attendance and revenue in the month of October. The Department further reports that the drop in attendance and revenue could be attributed to the

increasing competitive Halloween family activities. This Office will continue to work with the Zoo to closely monitor revenues and report back in future FSRs.

The Budget and Finance Committed requested the Department to report on the parking fee implementation at the Zoo grounds. The Department reports that it continues to work with the Department of General Services and its parking consultant on developing a recommendation for the best and most feasible pay parking system that would be best adapted to the configuration of the Zoo's parking lot once the Proposition O Parking Lot Project has been completed. The consultant is currently surveying parking flow, patterns, and usage during Zoo peak days and is expected to make its recommendation within the next couple of months. Infrastructure has been added during the current parking lot construction to allow for the potential for future installation of an automated parking fee collection system. The consultant report will include a comparison of the available parking revenue collection systems, the corresponding implementation and maintenance costs, and recommendations on entry/exit lane configurations to accommodate the proposed method of operation.

2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental funds, special accounts and programs. One recommendation to appropriate funds within the Unappropriated Balance is recommended at this time.

A. General City Purposes Fund

Attachment 5 – Transfers between Accounts within Departments and Funds Recommendation No. 2

At this time, no deficits are projected for the General City Purposes Fund.

It is recommended that \$19,759 be transferred from the Retirement Contributions account to a new account within the fund and that this Office be authorized to make reimbursements from the account to the Los Angeles City Employees' Retirement System (LACERS). The reimbursements are for lifetime monthly payments pursuant to a settlement agreement between the City and a former employee. On May 6, 1997, the City entered into a settlement agreement, and as part of the settlement agreement, the City makes lifetime monthly payments, adjusted by the consumer price index as set by LACERS. LACERS has administered the monthly payments since the inception of the agreement, and the City reimburses LACERS for the payments plus a small administrative fee on an annual basis. Recently, tax counsel has advised LACERS to discontinue making these payments from existing trust monies subject to reimbursement by the City. Therefore, LACERS will make the payments from a new trust fund to continue administering the payments.

B. Human Resources Benefits Fund

No Recommendation

In the First FSR a deficit of \$11.2 million was projected for the Civilian Flex Account, which has now been revised to \$10.8 million. The projected deficit assumes rate increases by the City's health care providers that are lower than the recent historic average and 750 fewer employees for the period July through December 2011. The projection for Civilian FLEX is highly dependent on the number of additional layoffs during FY 2010-11. Additional layoffs will increase unemployment insurance costs and decrease benefits costs. At this time the Department is projecting a deficit in the Workers' Compensation account of \$3,000,000 at year end, which is caused primarily by the inability to fully implement budgeted savings initiatives due to staff shortages. Nine workers' compensation positions were only recently approved to be filled by the Managed Hiring Committee. No adjustments to these accounts are recommended at this time, and the Unappropriated Balance contains \$13.4 million to address potential HRB shortfalls.

C. 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) \$23.9 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.

D. Reserve Fund

Attachment 3 - Current Status of the Reserve Fund

No Recommendation

At the close of September, the Reserve Fund Balance was reported at \$173.7 million in the First FSR. The current balance is \$178.9 million consisting of \$120.3 million in Emergency Reserve and \$58.6 million in Contingency Reserve, after accounting for \$6.6 million in new receipts and \$1.4 million in new approved and proposed loans and transfers (Attachment 3). This represents 3.97 percent of the General Fund budget, 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 \$39 million. 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.

E. Unappropriated Balance

Attachment 8 a – Status of Unappropriated Balance General Account

Attachment 8 b - Status of the Unappropriated Balance – non-General Accounts

Recommendation No. 18

It is requested that \$25,000 be transferred from the Reserve Fund and appropriated to the Unappropriated Balance Fund, General account in order to fund appropriations made from the unfunded account, as approved by Council this fiscal year through early November (C.F. Nos. 10-1418, 10-2436, 08-0144-S6, 10-1558, 10-1642, 10-1643, 08-2862-S1, and 10-1704). It is expected that these appropriations will be reimbursed.

3. STATUS OF EMPLOYMENT AND LABOR COST SAVINGS EFFORTS

A. Employment Level Report

Attachment 9 – Employment Level Report

Citywide employment authority from all funding sources totaled 35,160 at the end of October for both civilian and sworn classes. There are 32,080 filled positions at the end of October, compared to the 32,203 reported in the 2010-11 First Financial Status Report (end of August 2010). Departments reported a total of 3,049 vacant positions: 1,923 General Fund and 1,126 special funded. Most of the special funded positions must be kept vacant due to revenue shortfalls or austerity measures.

B. Voluntary Furloughs

Attachment 10 – Status of Voluntary Furlough Program

As of November 29, 2010 (Pay Period 11), approximately \$872,000 in savings has been achieved across City departments through voluntary furloughs. However, it is estimated that only 53 percent of this amount, approximately \$462,000, represents General Fund savings.

4. 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 68 fee waivers have been allocated from available funds, which includes 7 waivers from the previous fiscal year, totaling \$140,000 for Citywide special events and \$44,000 for Council Districts. Approximately \$3.5 million in Citywide special events and Council District fee subsidies remains to be allocated, \$1.3 million and \$2.2 million, respectively.

To date, one convention center waiver has been approved for CASA of Los Angeles - Glamour Gowns 2011 in the amount of \$3,683.42 (Council File No. 10-1667).

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). A fee subsidy for the Ride On project in the amount of \$9,259 has been approved by Council (C.F. No. 09-2144).

5. STATUS OF GANG REDUCTION AND YOUTH DEVELOPMENT PROGRAM

Attachment 11 – 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.

Total funding for the Fiscal Year 2010-11 Gang Reduction Program in the Mayor's Gang Reduction and Youth Development (GRYD) Office is approximately \$25.6 million from the following sources: \$21 million from the General Fund and \$4.6 million from federal and state grants. Of this amount, \$1.6 million is allocated for GRYD salaries and administration and \$24 million for contracted agencies. As of October 31, 2010, General Fund expenditures (\$4,155,481) and encumbrances (\$14,773,415) total \$18,928,896.

Attachment 11 outlines the distribution of funds to each of the GRYD contracted agencies. The GRYD Office is comprised of 34 positions. Currently there are six vacancies. Of the filled positions, twenty-three provide contract and fiscal management, program development and implementation, and evaluation oversight; five that oversee the Mayor's Summer Night Lights Program and the Young Women from Adversity to Resiliency (YWAR) program. The YWAR program was recently restructured to modify the staffing configuration, finalize program curriculum and begin school site implementation.

6. STATUS OF FEE INCREASES

Attachment 12 - Status of Fee Increases in the 2010-11 Budget

Attachment 12 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. In the First FSR, it was reported that the implementation of new and increased fees for the Bureau of Engineering and the Fire Department would be fully implemented by January and November, respectively. The Fire Department's above ground inspection fee is now expected to be implemented in January, new fees for the Bureau of Engineering fees in February, and the Fire Department's industrial building inspection fee in July.

7. STATUS OF THE MICLA COMMERCIAL PAPER PROGRAM

The City's Financial Policies instruct the City Administrative Officer (CAO) to periodically report on the status of the Municipal Improvement Corporation of Los Angeles (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, Vine St. Parking Garage, Aiso St. Parking Garage, and Transportation-ARRA projects. Capital equipment and replacement vehicles were purchased for the departments of Fire, General Services, Information Technology Agency and Police.

Below is the status of the MICLA CP Program through December 8, 2010:

Reporting Period	Amount Outstanding	Range of Interest Rates
09/22/10-12/08/10	\$132,324,000	0.24% to 0.33% (tax-exempt)
11/15/10-12/08/10	\$5,000,000	0.30% (taxable)
<i>Total:</i>	<u>\$137,324,000</u>	

Currently, the City is in the process of replacing the \$200 million Letter of Credit and Reimbursement Agreement with Bank of America, N.A. which expires on March 31, 2011.

8. STATE BUDGET UPDATE

On November 10, 2010, the Legislative Analyst's Office (LAO) released their forecast of California's General Fund revenues and expenditures. This forecast underscores an enormous budget problem of \$25.4 billion that the State must address between now and the time the Legislature enacts a 2011-12 State Budget. The budget problem consists of a \$6 billion projected deficit for 2010-11 that will be carried over to the next fiscal year. It also assumes a \$19 billion gap between projected revenues and expenditures in 2011-12.

Recent development could push the \$25.4 billion deficit even higher (closer to \$29 billion). A San Francisco Superior Court judge is scheduled to hear a request for a temporary restraining order that would block the State's sale of 11 properties to raise \$1.2 billion for the current year budget.

Additionally, federal leaders are negotiating changes in tax law for next year, including the estate tax, which could contribute another \$2.7 billion to the state budget deficit.

2010–11 Deficit: A major contributor to the projected year-end deficit is the LAO's assumption that the State will be unable to secure around \$3.5 billion of budgeted federal funding in 2010–11. The LAO also projects over-expenditures in corrections and several other programs. In addition, the LAO's forecast assumes that passage of Proposition 22 will prevent the State from achieving about \$800 million of solutions that were part of the 2010–11 budget.

2011–12 Deficit: According to the LAO, most of the Legislature's 2010 budget-balancing actions were one-time. Combined with the slow economic recovery, the LAO is projecting a \$19 billion operating deficit in 2011–12.

Ongoing Annual Budget Problems of \$20 Billion Persist

The LAO projects annual budget problems of about \$20 billion each year through 2015–16. In 2012–13, when the state must repay its 2010 borrowing of local property tax revenues and the full effect of Propositions 22 and 26 hit the state's bottom line, the LAO's forecast which assumes no cost-of-living adjustments, shows the operating deficit growing to \$22.4 billion.

Effects of November 2010 Ballot Measures

Three major budget-related measures were approved by voters at the November 2 general election. Proposition 25 changes the vote threshold needed to send a budget bill to the Governor from two-thirds to a simple majority of each house of the Legislature. This may help make it easier for the Legislature to pass an on-time budget each year. At the same time, voters approved Propositions 22 and 26, which restrict the Legislature's ability to use certain local funds to help balance the budget and raise the vote threshold for passing certain fees from a simple majority to two-thirds, respectively.

LAO's Assumptions Concerning Propositions 22 and 26: Propositions 22 and 26 are complex measures. Accordingly, the LAO's forecast presents a preliminary point of view about their effects on the budget. The actual effect may be different in any given fiscal year.

The LAO assumes that Proposition 22 prevents the state from borrowing certain transportation special funds for the General Fund, as was assumed in the Legislature's 2010–11 budget. The LAO also assumes that loans from such special funds *prior to* November 3 (the effective date of the measure) are *not* affected by Proposition 22. Accordingly, in the LAO's forecast, about \$400 million of not-yet-executed loans from the Highway Users Tax Account are assumed to be prohibited by Proposition 22. This worsens the condition of the General Fund in 2010–11 by a like amount. The budgeted use of certain transportation funding to offset General Fund debt-service costs also is assumed to be impermissible in 2010–11, thereby hurting the General Fund's bottom line by another \$400 million.

In 2011–12, the LAO assumes that Proposition 26 fully reverses the "fuel tax swap" adopted by the Legislature earlier this year, beginning November 2011 (one year after voter approval). Accordingly, state sales taxes on gasoline resume (thereby increasing General Fund revenues), excise taxes on

gasoline decline, and the General Fund's payments for transportation programs resume pursuant to Proposition 42 (2002). A time lag in Proposition 42 payments means that the net effect of these measures is near zero for 2011–12. The ongoing effect of Propositions 22 and 26—approaching \$1 billion or more annually—does not hit the General Fund until 2012–13 in the LAO's forecast.

Impact to the City

It was previously reported that for 2010-11 the State had adopted a Gas Tax payment plan which provided that a *portion* of the normal gas tax transfer to cities be paid each month and that the remainder be deferred for payment to April 28, 2011. In addition, it was reported that the excise tax transfer replaced Proposition 42. However, the November gas tax transfers to the City, which total \$10.2 million, has already been impacted by Propositions 22 and 26. The State has stopped deferring payments since Proposition 22 prevents borrowing of certain transportation special funds. Currently, there are approximately deferrals of \$12.3 million pending payment to the City. There is concern that this amount may be further deferred or eliminated as the State attempts to address its current budget deficit.

It also appears that the State assumed that Proposition 26 reverses the "gas tax swap" legislation. The State has stopped the monthly transfer of the excise tax (Section 2103 monies) that replaced Proposition 42. Because Proposition 42 funds are transferred quarterly, it is anticipated that the City will receive the 2010-11 last quarter payment in 2011-12. The revenue estimates in the Adopted Budget were based on receiving transfers on a monthly basis. Since several construction projects are not expected to be in the contract award stage this year, there will be sufficient cash to continue to make the General Fund transfers, unless the State delays the \$12.3 million deferral payment to the City. Additionally, this outlook may change should gas tax revenues decline.

Next Steps

Due to the State's most recent budget outlook, the outgoing Governor called an extraordinary legislative session to deal with the current-year budget deficit. According to the California League of Cities, the choices and limitations on the Legislature have never been starker, especially since all of the "easy" cuts were made when the State first projected deficits of greater than \$25.4 billion. This Office will continue to monitor these developments closely.



Melissa Krance, Senior Administrative Analyst

APPROVED:



Raymond P. Ciranna, Assistant City Administrative Officer

MAS:RPC:BC/MCK:01110033

Attachments

Attachment 1 a

Fiscal Year 2010-11 General Fund Receipts

At November 30, 2010

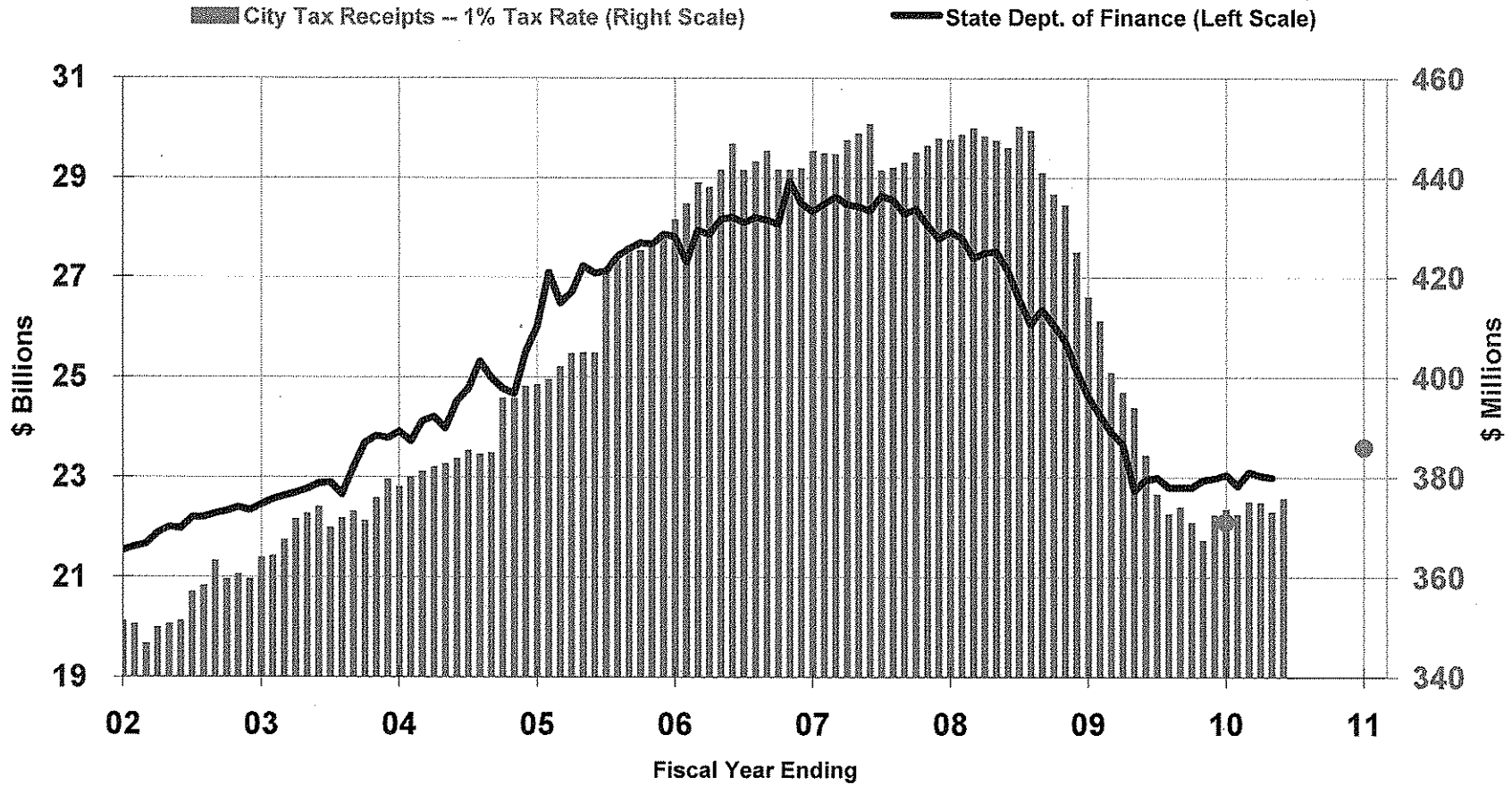
\$ Thousands

	Budget	Plan	Receipts	Variance (Receipts Less Plan)
Property Tax	\$1,408,529	\$104,918	\$110,768	\$5,850
Utility Users' Tax	654,600	263,298	267,191	3,893
Licenses, Permits, Fees and Fines	778,177	195,043	191,921	(3,122)
Business Tax	411,960	21,540	20,347	(1,193)
Sales Tax	289,412	119,443	116,298	(3,145)
Documentary Transfer Tax	111,000	48,191	41,135	(7,056)
Power Revenue Transfer	257,000			
Transient Occupancy Tax	122,700	51,373	57,832	6,459
Parking Fines	142,446	58,381	54,648	(3,733)
Parking Users' Tax	85,983	34,879	33,038	(1,841)
Franchise Income	45,541	19,049	19,634	585
State Motor Vehicle License Fees	12,000	5,000	6,353	1,353
Grant Receipts	9,200	1,800	7,371	5,571
Tobacco Settlement	11,300			
Transfer from Telecommunications Fund	7,650			
Residential Development Tax	1,700	706	\$596	(110)
Special Parking Revenue Transfer	10,000			
Transfer from Reserve Fund	3,617			
Subtotal General Fund Less Interest Income	\$4,362,815	\$923,621	\$927,133	\$3,512
Variance from Plan				0.4%
Interest Income	12,400	5,000	15,365	10,365
Total General Fund	\$4,375,215	\$928,621	\$942,497	\$13,876

Receipts at November 2010 are close to budget plan. Receipts to date for interest income are affected by the timing of financial transactions and are not useful for forecasting fiscal year income.

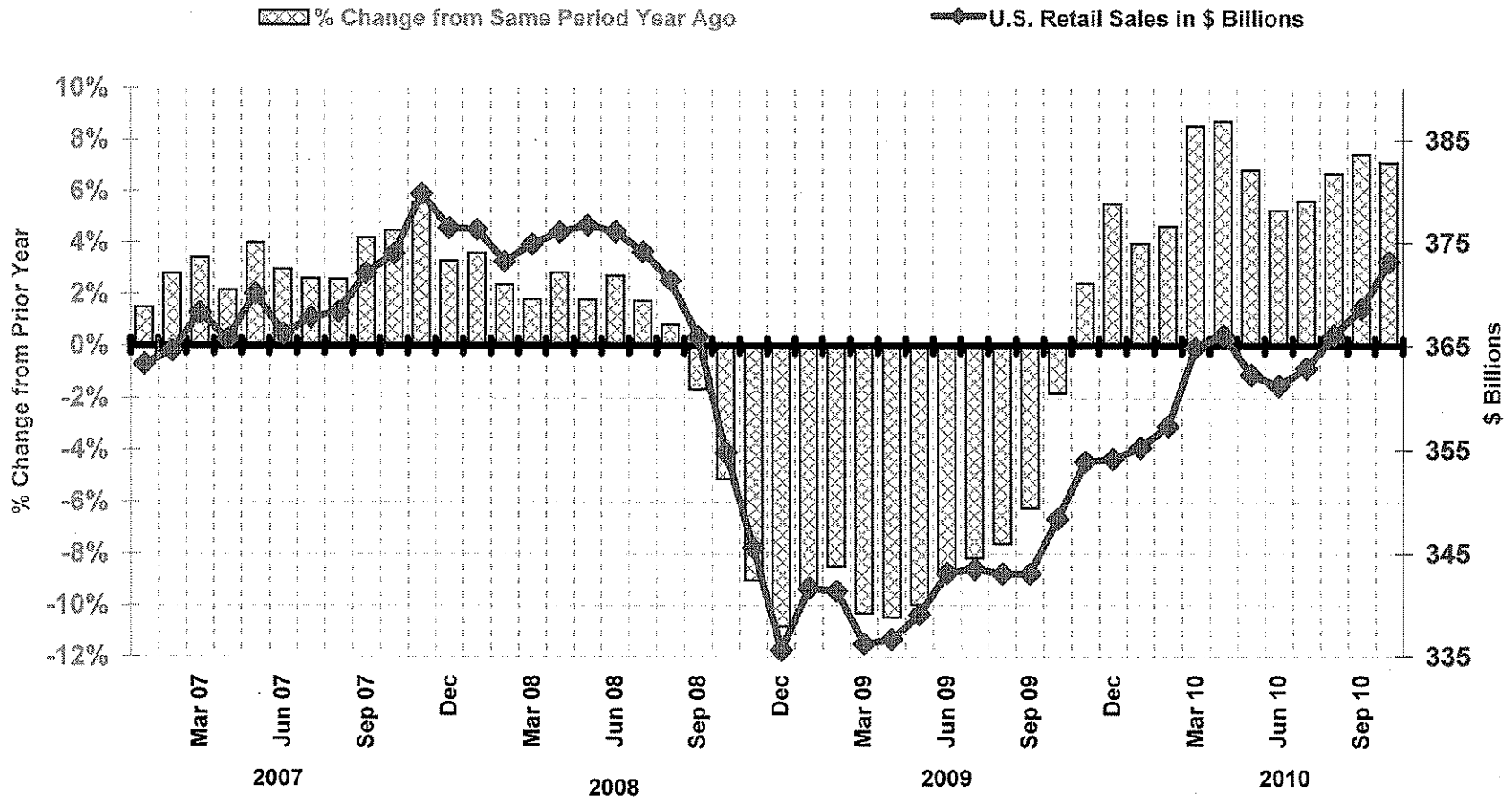
Comparison State and City Sales Tax

12-Month Moving Sum



State and City Sales taxes are flat...

U.S. Retail Sales



...But nationwide sales at October are 7% above last year.

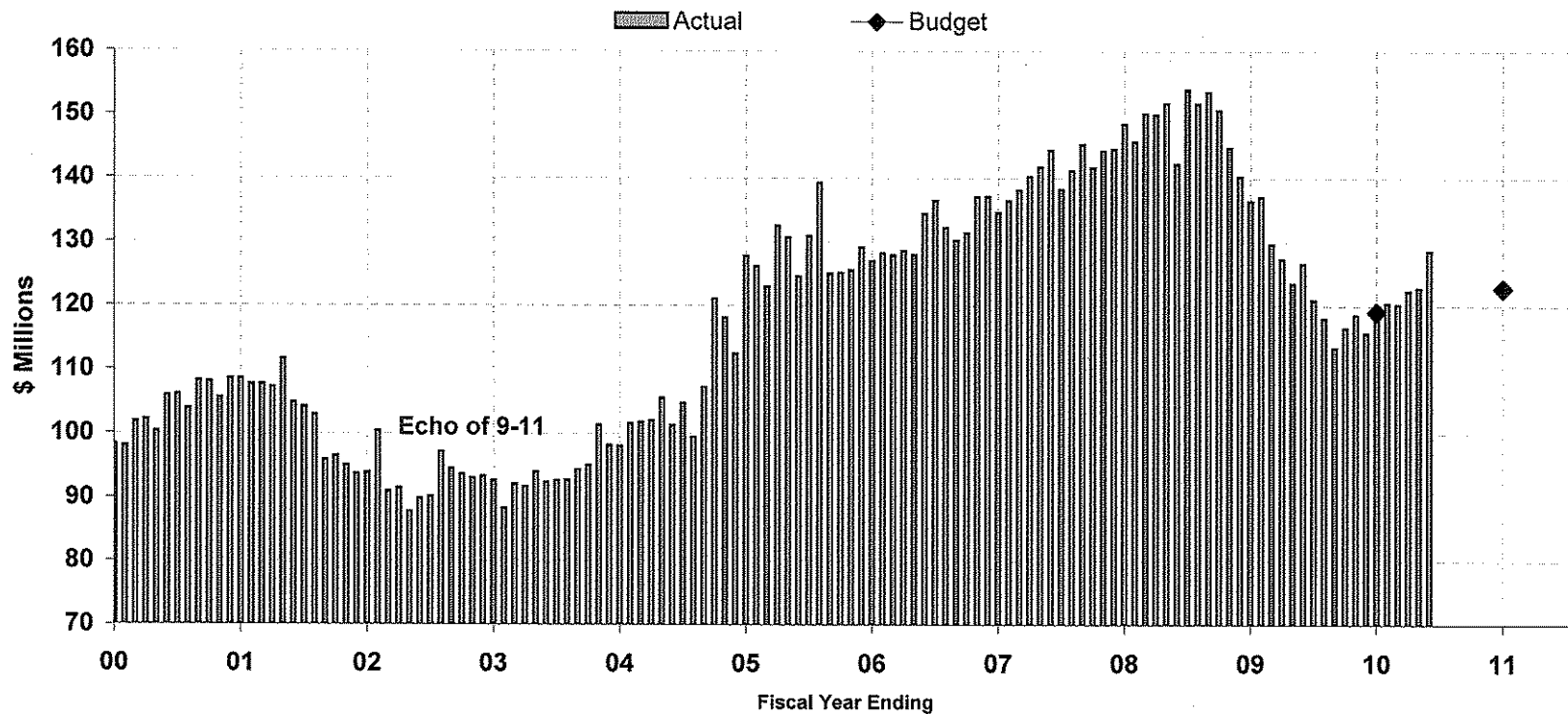
City 1% Sales Tax and Local Unemployment Rate



Los Angeles Unemployment Rate at October 2010 is stuck at 12.6% for the trird consecutive month. Slow growth in sales tax and other economy-sensitive revenues is linked to the unemployment rate.

Attachment 1 e

City Hotel Tax Receipts
12-Month Moving Sum



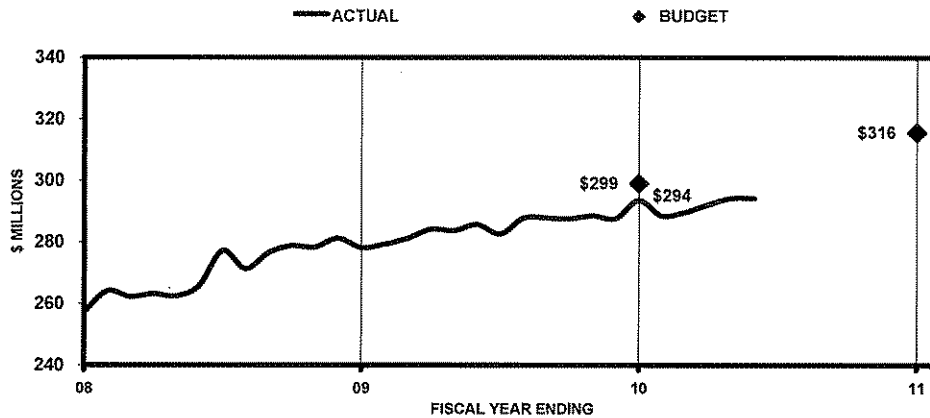
Hotel tax receipts are a bright spot and may finish the year with double-digit growth.

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	28,393	4,116
NOVEMBER	27,170	30,497	32,491	30,346	32,452	2,106
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	102,672	(505)
NOVEMBER	118,463	127,002	134,497	133,523	135,124	1,601
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



Increasing power sales and energy adjustments were expected to result in revenue growth of \$16.6 million (5.6% from the 2009-10 revised estimate). But 2009-10 actual results were \$5.5 million below the revised budget. Although 2010-11 receipts are currently on plan, achievement of 2010-11 budget estimate is doubtful.

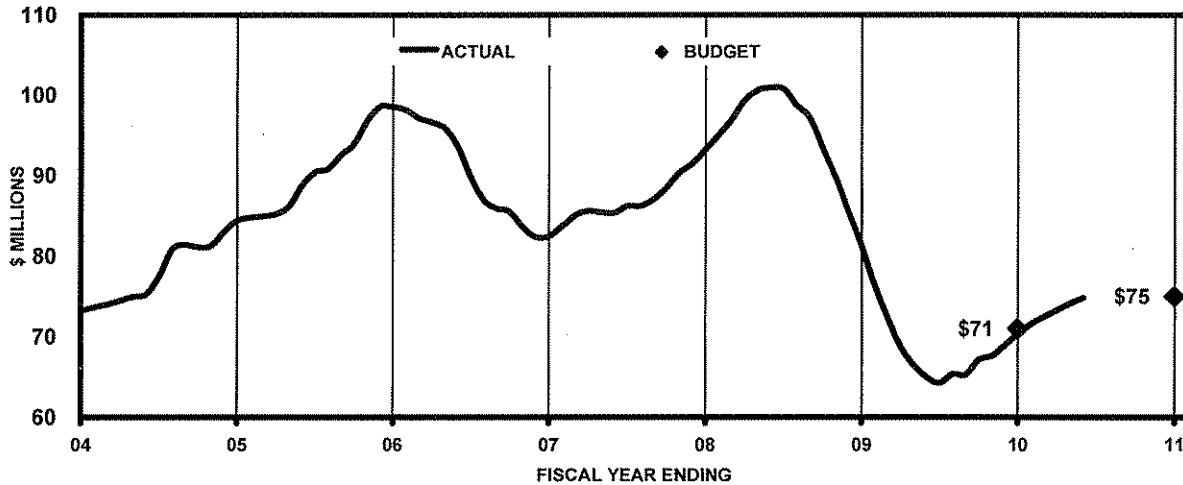
**REVENUE MONTHLY STATUS REPORT
GAS USERS' TAX
(Thousand Dollars)**

MONTHLY	2007-08	2008-09	2009-10	PLAN	2010-11	VARIANCE*
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$6,860	\$8,621	\$3,783	\$3,996	\$4,962	\$966
AUGUST	5,803	7,728	3,707	3,916	4,591	675
SEPTEMBER	4,851	7,225	3,619	3,823	4,447	624
OCTOBER	4,624	5,885	3,647	3,852	4,492	640
NOVEMBER	4,849	5,222	3,666	3,872	4,354	482
DECEMBER	5,848	5,642	4,922	5,200		
JANUARY	8,659	6,651	7,756	8,193		
FEBRUARY	11,949	10,383	10,319	10,852		
MARCH	12,196	8,381	10,223	10,459		
APRIL	10,155	6,495	6,977	7,633		
MAY	8,982	4,732	6,042	6,866		
JUNE	8,496	4,292	5,737	6,338		
TOTAL	\$93,271	\$81,258	\$70,397	\$75,000	\$22,846	\$3,387
% CHANGE	13.1%	-12.9%	-13.4%	5.6%		

* From revised

CUMULATIVE	2007-08	2008-09	2009-10	PLAN	2010-11	VARIANCE*
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$6,860	\$8,621	\$3,783	\$3,996	\$4,962	\$966
AUGUST	12,663	16,350	7,490	7,912	9,553	1,641
SEPTEMBER	17,513	23,575	11,108	11,734	14,000	2,265
OCTOBER	22,137	29,460	14,755	15,586	18,491	2,905
NOVEMBER	26,986	34,682	18,421	19,458	22,846	3,387
DECEMBER	32,834	40,324	23,343	24,658		
JANUARY	41,493	46,975	31,099	32,851		
FEBRUARY	53,443	57,358	41,418	43,704		
MARCH	65,639	65,739	51,641	54,163		
APRIL	75,793	72,233	58,618	61,796		
MAY	84,775	76,966	64,659	68,662		
JUNE	93,271	81,258	70,397	75,000		

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



This account was ahead of plan before the winter season; if natural gas commodity prices hold, this account could finish above plan.

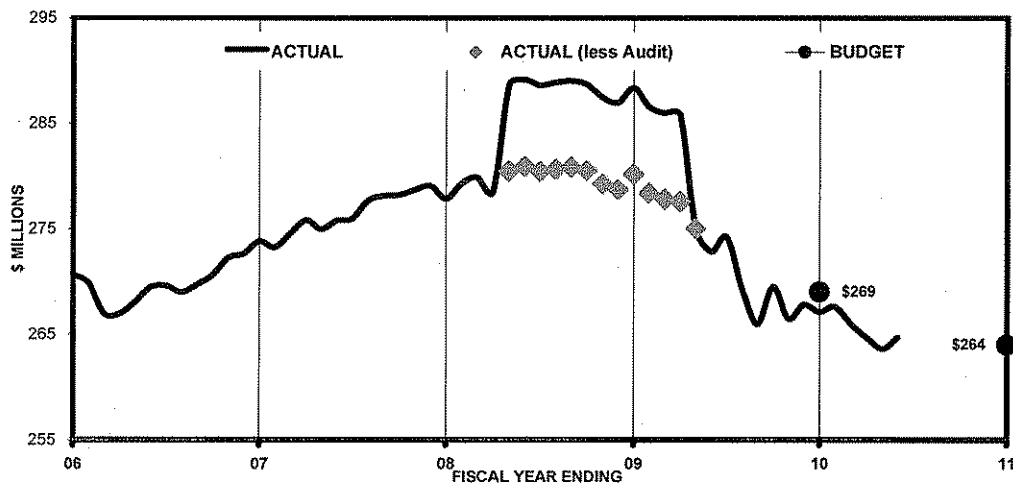
REVENUE MONTHLY STATUS REPORT
TELEPHONE USERS' TAX
(Thousand Dollars)

MONTHLY	2007-08	2008-09	2009-10	PLAN	2010-11	VARIANCE*
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$22,734	\$24,190	\$22,395	\$22,083	\$22,901	\$817
AUGUST	22,892	23,491	22,896	22,083	21,298	(785)
SEPTEMBER	24,044	22,667	22,475	22,083	21,143	(940)
OCTOBER	22,785	32,924	22,145	22,033	21,060	(973)
NOVEMBER	23,440	23,910	21,715	22,033	22,819	786
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	PLAN	2010-11	VARIANCE*
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$22,734	\$24,190	\$22,395	\$22,083	\$22,901	\$817
AUGUST	45,625	47,681	45,291	44,167	44,199	32
SEPTEMBER	69,669	70,348	67,767	66,250	65,342	(908)
OCTOBER	92,454	103,272	89,911	88,283	86,402	(1,881)
NOVEMBER	115,894	127,182	111,626	110,317	109,221	(1,095)
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		

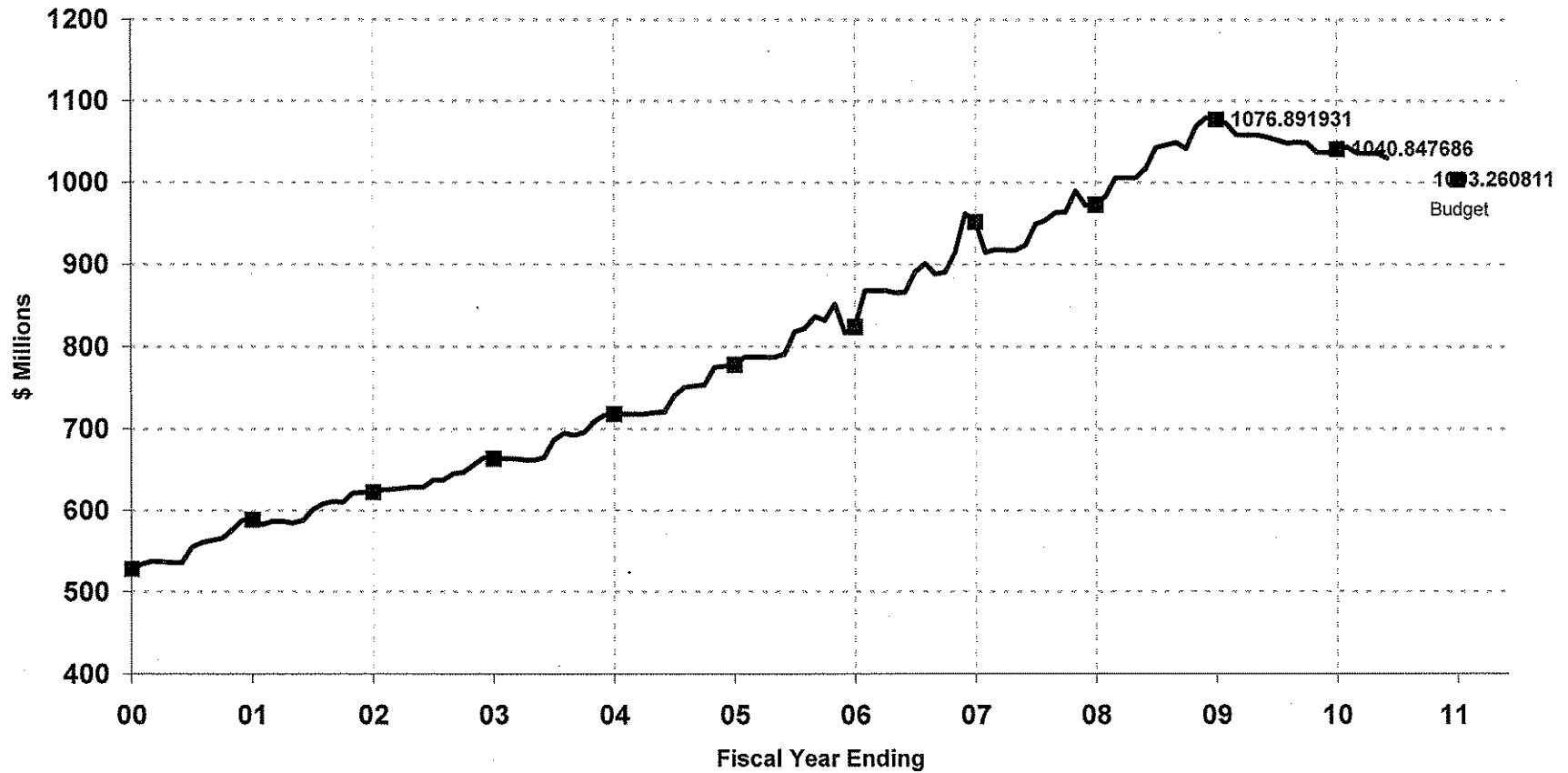
TELEPHONE USERS' TAX - 12-MONTH MOVING SUM



This account is close to plan because of a one-time collection of back taxes in November 2010. The budget estimate anticipated a revenue drop of \$5 million. Based upon recent trends, a greater decline is possible.

Attachment 1 i

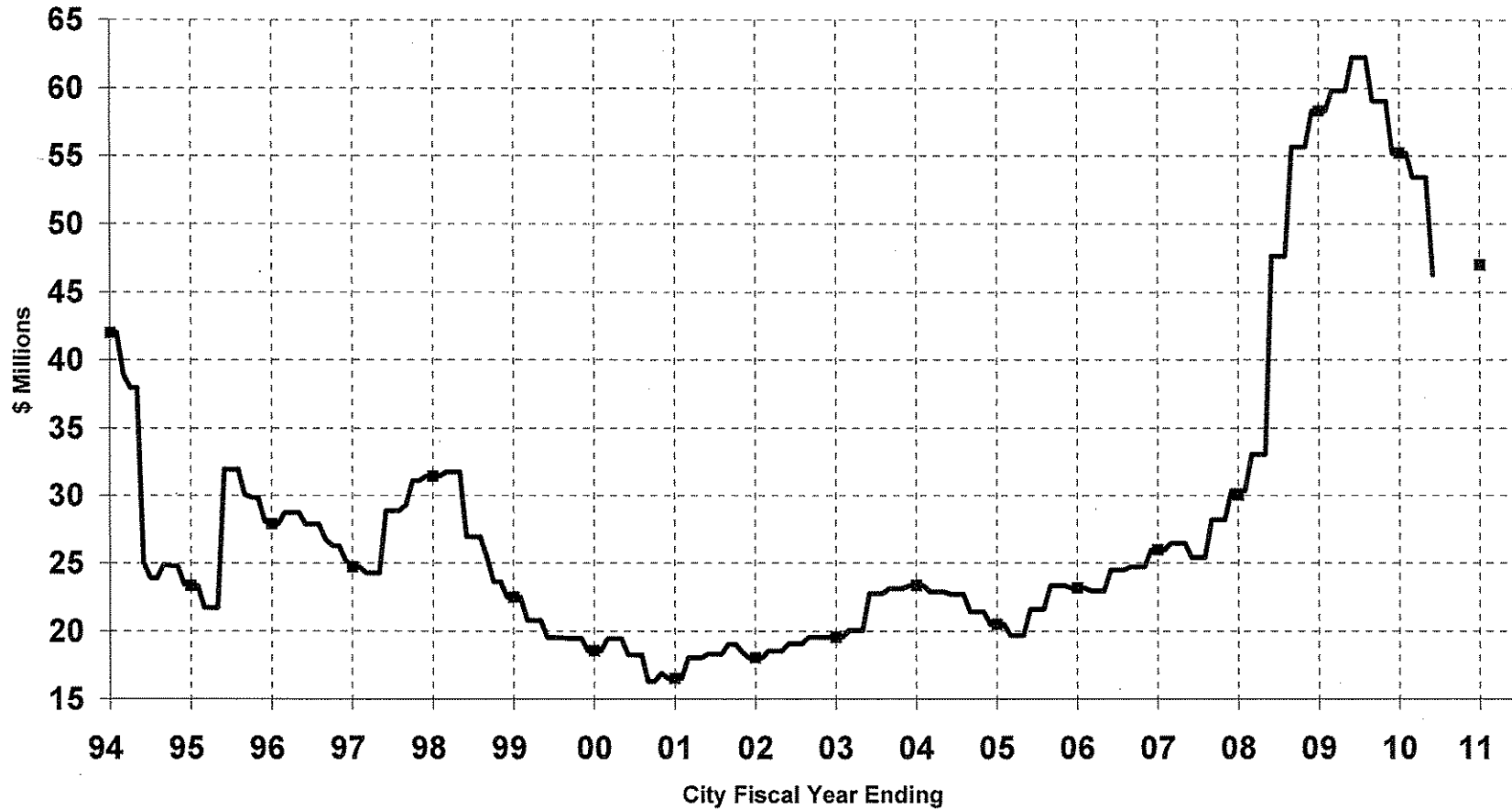
Property Tax Base -- Excludes Triple Flip and VLF Swap



The 2010-11 one-percent property tax budget is \$34 million below 2009-10 actual revenue. Early receipts are ahead of plan. We will see the first remittance from the county based on the 2010-11 levy later in December. One area of concern is falling revenue from redemptions....

Attachment 1 j

Property Tax Redemptions -- 12-Month Moving Sum



...redemptions for the 12-month period ending November 2010 are now \$1 million below the FY 2010-11 budget and the trend is not encouraging.

Attachment 2
FOUR-YEAR BUDGET OUTLOOK
(\$ 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)	-	-	-
Transfer from Reserve Fund	3.6	(3.6)	-	-	-
Total Revenue	\$ 4,375.2	\$ 4,373.4	\$ 4,490.5	\$ 4,618.0	\$ 4,759.4
<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>141.4</i>
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base (3)	\$ 4,399.8	\$ 4,375.1	\$ 4,723.2	\$ 4,936.9	\$ 5,130.5
Incremental Changes to Base: (4)					
Employee Compensation Adjustments (5)	190.9	106.9	35.5	24.8	12.0
City Employees Retirement System (6)	40.9	56.5	72.9	41.9	37.0
Fire and Police Pensions (6)	31.7	112.9	71.5	90.1	55.4
Workers Compensation Benefits (7)	(3.2)	10.6	11.5	12.4	13.4
Health and Dental Benefits (8)	19.9	26.1	19.6	36.0	37.3
Debt Service (9)	16.8	(8.0)	(4.9)	(5.4)	(4.2)
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)	48.1	2.7	1.9	1.8
Appropriation to the Reserve Fund	(46.7)	-	-	-	-
Net - Other Additions and Deletions	(273.2)	15.0	-	-	-
Subtotal Expenditures	\$ 4,375.1	\$ 4,723.2	\$ 4,936.9	\$ 5,130.5	\$ 5,307.2
<i>Expenditure Growth %</i>	<i>-0.6%</i>	<i>8.0%</i>	<i>4.5%</i>	<i>3.9%</i>	<i>3.4%</i>
<i>Expenditure Growth \$</i>	<i>(24.7)</i>	<i>348.1</i>	<i>213.7</i>	<i>193.6</i>	<i>176.8</i>
TOTAL BUDGET GAP					
	\$ -	\$ (349.8)	\$ (446.3)	\$ (512.5)	\$ (547.9)
<i>Incremental Increase %</i>			<i>27.6%</i>	<i>14.8%</i>	<i>6.9%</i>
<i>Incremental Increase \$</i>			<i>(96.6)</i>	<i>(66.1)</i>	<i>(35.4)</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	2014-15
COLA - July 1 st	0%	3%	2.25%	2.25%	n/a	n/a
Step/Increase - Jan. 1 st	0%	2.75%	2.75%	2.75%	n/a	n/a
Deferral Recovery – July 1 st	0%	0%	0%	1.75%	n/a	n/a
Cash Payment - Nov. 1 st	n/a	0%	1.75%	0%	n/a	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	2014-15
LAPPL	0%	0%	n/a	n/a	n/a	n/a
UFLAC	0%	n/a	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 as noted above. The amounts reflected in the outlook represent incremental changes. The estimates are mostly driven by changes in assumptions and investment returns.

Assumptions	Market Corridor	Smoothing	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
LACERS								
6/30 th Investment Returns			12.9%	8%	8%	8%	8%	8%
Rate	60:140	7 year	19.46%	24.49%	27.66%	31.12%	33.70%	36.14%
Pensions								
6/30 th Investment Returns			13.91%	7.75%	7.75%	7.75%	7.75%	7.75%
Rate	60:140	7 year	28.24%	30.12%	39.08%	44.67%	51.71%	56.04%

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

(8) Health and Dental Benefits: The Personnel Department reports that the civilian FLEX medical premium are expected to increase by 9.0% for 2011-12; 9.4% for 2012-13; 9.0% for 2013-14; 8.4% for 2014-15; and 7.5% for 2015-16; other dental, life and disability rate increases are also based on consultant projections. Police and Fire health medical subsidy increases are based on the average expenditure changes for the past three years. The latter premiums are 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 2010-11 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 NOVEMBER 30, 2010

Council File No. Item Description	Amount
Balance Available, 7/1/2010	\$ 171,395,957
Less: Emergency Reserve Account	<u>120,318,000</u>
Contingency Reserve Account 7/1/2010	\$ 51,077,957
General Fund Appropriation to the Reserve Fund	-
 Loan Repayment and Other Receipts	<u>20,254,488</u>
Contingency Reserve Account	\$ 71,332,445
 Loans and Transfers Approved to Date	
CAO memo LACVB	(846,178)
CAO memo LA Inc.	(553,950)
09-0600 YE Risk Management System (Linx) (reappropriation)	(3,600,400)
09-0648-S12 Capital Finance Administration Commercial Paper	(3,122,365)
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)
10-1520 Cash Balance Adjustment / General Ledger	(378,291)
10-0600 1st FSR E-Commerce Contract	(200,000)
09-0600 YE Fleet utilization study	(120,000)
09-0600 YE Communications Users' Tax Independent Audit	(100,000)
06-0010-S36 Kaitlyn Avila	(50,000)
07-0010-S46 Pulod Davlatnazarov/Vladimir Akkerman	(50,000)
10-0600 1st FSR UB General	(25,000)
10-0600 1st FSR CRA-funded cameras/equipment	(24,999)
09-2181-S1 Metropolitan Los Angeles Branch Engineering	(580)
10-2482 Solar Leadership Rountable	(290)
 Loans and Transfers Approved to Date Subtotal	 \$ (12,737,637)
 Contingency Reserve Available Balance as of 11/30/2010	 <u><u>\$ 58,594,808</u></u>
 Total Emergency and Contingency Reserve Fund	 <u><u>\$ 178,912,808</u></u>

**Attachment 4
NEW APPROPRIATIONS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Information Technology Agency <i>Communications Service Requests</i>	<u>Fund 100/32, Information Technology Agency</u> RSC 4610, Reimbursement from Depts./Funds	\$ 20,847.00	<u>Fund 100/32, Information Technology Agency</u> 1090, Salaries, Overtime 1190, Hiring Hall, Overtime 9350, Communication Services	\$ 9,695.00 \$ 7,333.00 \$ 3,819.00 <u>Subtotal \$ 20,847.00</u>
Library <i>Salaries General Deficit</i>	<u>Fund 300/44, Library</u> Cash Balance	\$ 2,785,156.00	<u>Fund 300/44, Library</u> 1010, Salaries, General	\$ 2,785,156.00
Planning <i>Jordan Downs Specific Plan</i>	<u>Fund 52D/68, Case Processing Special Revenue Fund</u> Cash Balance	\$ 109,200.00	<u>Fund 52D/68, Case Processing Special Revenue Fund</u> 701G, Jordan Downs SP (HACLA)	\$ 109,200.00
<i>Cornfield Arroyo Seco Redevelopment</i>	<u>Fund 52D/68, Case Processing Special Revenue Fund</u> Cash Balance	\$ 415,000.00	<u>Fund 52D/68, Case Processing Special Revenue Fund</u> 702G, Cornfield A.S. Redevelopment (CRA)	\$ 415,000.00
Public Works-Street Services <i>S&G Misc, 5th Street Duratherm Street Repair Work</i>	<u>Fund 305/50 Subventions and Grants</u> RSC 3734, Reimbursement from Other Agencies	\$ 12,871.00	<u>Fund 100/86, Street Services</u> 1010, Salaries, General 3030, Construction Expense 3040, Contractual Services 6020, Operating Supplies	\$ 7,000.00 \$ 4,000.00 \$ 1,000.00 \$ 871.00 <u>Subtotal \$ 12,871.00</u>
Public Works-Street Services <i>S&G Misc, Stradella Road Street Repair Work</i>	<u>Fund 305/50 Subventions and Grants</u> RSC 3734, Reimbursement from Other Agencies	\$ 2,148.00	<u>Fund 100/86, Street Services</u> 1010, Salaries, General 3030, Construction Expense 3040, Contractual Services 6020, Operating Supplies	\$ 1,000.00 \$ 800.00 \$ 200.00 \$ 148.00 <u>Subtotal \$ 2,148.00</u>
Transportation <i>ATSAC projects (Operational Plan and Related Cost Reimbursements)</i>	<u>Fund 484/94, ATSAC Trust Fund</u> RSC 4403, Interest Income	\$ 1,529,513.00	<u>Fund 484/94, ATSAC Trust Fund</u> G615, Interest Disbursement (New Account)	\$ 1,529,513.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 4,874,735.00		\$ 4,873,587.00

Attachment 5

TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	TRANSFER FROM	AMOUNT	FUND/ACCOUNT	TRANSFER TO	AMOUNT	
City Attorney <i>Bar Dues Deficit</i>	<u>100/12, City Attorney</u>			<u>100/12, City Attorney</u>			
	2120, Printing and Binding		\$ 75,000.00	2060, Bars Dues		\$ 82,830.00	
	6020, Operating Supplies		\$ 7,830.00				
		Subtotal	\$ 82,830.00				
Convention Center <i>Part-time Support for Exhibits</i>	<u>Fund 100/48, Convention Center</u>			<u>Fund 100/48, Convention Center</u>			
	1010, Salaries General Account		\$ 250,000.00	1070, Salaries, As Needed		\$ 250,000.00	
Council <i>Current Expenditure Program</i>	<u>Fund 100/28, Council</u>			<u>Fund 100/28, Council</u>			
	1010, Salaries General		\$ 1,300,000.00	3040, Contractual Services		\$ 300,000.00	
				1070, Salaries, As-Needed		\$ 1,000,000.00	
		Subtotal			Subtotal	\$ 1,300,000.00	
Fire <i>Modified Coverage Plan savings</i> <i>Water Control Devices savings</i>	<u>Fund 100/38, Fire</u>			<u>Fund 100/38, Fire</u>			
	1012, Salaries Sworn		\$ 15,000,000.00	1093, Constant Staffing Overtime		\$ 15,000,000.00	
	4450, Water Control Devices		\$ 158,000.00	3090, Field Equipment Expense		\$ 158,000.00	
		Subtotal	\$ 15,158,000.00		Subtotal	\$ 15,158,000.00	
General Services <i>Expense and Special account reductions</i>	<u>Fund 100/40, General Services</u>			<u>Fund 100/40, General Services</u>			
	2120, Printing and Binding		55,000.00	1010, Salaries General		\$ 1,555,477.00	
	3040, Contractual Services		500,000.00				
	3330, Utilities Expense		320,000.00				
	4430, Uniforms		60,000.00				
	4500, Laboratory Testing Expense		215,000.00				
	6020, Operating Supplies		255,477.00				
	9130, Mail Services		150,000.00				
		Subtotal	\$ 1,555,477.00				
	<i>Street resurfacing support GF reductions</i>	3090, Field Equipment Expense		745,368.00	1010, Salaries General		\$ 1,164,703.00
		3230, Petroleum Products		419,335.00			
			Subtotal	\$ 1,164,703.00			
	Information Technology Agency <i>Reductions in Expense accounts</i>	<u>Fund 100/32, Information Technology Agency</u>			<u>Fund 100/32, Information Technology Agency</u>		
3040, Contractual Services			\$ 758,099.00	1010, Salaries - General		\$ 3,098,649.00	
6010, Office and Administrative			\$ 178,321.00				
9350, Communication Services			\$ 2,162,229.00				
		Subtotal	\$ 3,098,649.00				

Attachment 5

TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	TRANSFER FROM	AMOUNT	FUND/ACCOUNT	TRANSFER TO	AMOUNT
<i>Transportation</i>	<u>Fund 100/94, Transportation</u>			<u>Fund 100/94, Transportation</u>		
<i>Salaries, As Needed reduction</i>	1070, Salaries, As-Needed		\$ 200,000.00	1010, Salaries, General		\$ 200,000.00
<i>Expense account reductions</i>	2120, Printing and Binding		\$ 100,000.00	1010, Salaries, General		\$ 560,570.00
	3030, Construction Expense		\$ 100,000.00			
	3090, Field Equipment Expense		\$ 200,000.00			
	3120, Investigations		\$ 35,000.00			
	6010, Office and Administrative Expenses		\$ 125,570.00			
	<i>Subtotal</i>		<u>\$ 560,570.00</u>			
 <i>General City Purposes</i>	 <u>Fund 100/56, General City Purposes</u>			 <u>Fund 100/56, General City Purposes</u>		
<i>LACERS Reimbursement</i>	0505, Retirement Contributions		\$ 19,758.87	NEW, LACERS Reimbursement		\$ 19,758.87
TOTAL ALL DEPARTMENTS AND FUNDS			\$ 23,389,987.87			
				\$ 23,389,987.87		

Attachment 6
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Building and Safety <i>Overtime</i>	<u>Fund 48R/08, Building and Safety Building Permit Enterprise Fund</u> G200, Reserve for Unanticipated Costs	\$ 350,000.00	<u>Fund 100/08, Building and Safety</u> 1090, Overtime General	\$ 350,000.00
Convention Center <i>Part-time Support for Exhibits</i>	<u>Fund 725/48, LACC Revenue</u> 148G, LA Convention Center	\$ 402,500.00	<u>Fund 100/48, Convention Center</u> 1070, Salaries, As Needed	\$ 250,000.00
<i>Various Improvements and Purchases</i>			1090, Salaries Overtime	\$ 50,000.00
			9480, Building Operating Equipment	\$ 102,500.00
			Subtotal	\$ 402,500.00
Council <i>Current Expenditure Program</i>	<u>Fund 47S/14, CLARTS</u> 3040, Contractual Services (FY 09)	\$ 50,000.00	<u>Fund 100/56, GCP</u> 0714, Community Services District 14	\$ 50,000.00
<i>CD 7 Street Furniture</i>	<u>Fund 43D/50, Street Furniture Fund</u> A07D, Street Furniture	\$ 24,155.52	<u>Fund 100/28, Council</u> 1070, Salaries, As-Needed	\$ 235,000.00
	C07D, Street Furniture	\$ 137,342.58		
	E07D, Street Furniture	\$ 73,501.90		
	Subtotal	\$235,000.00		
Cultural Affairs <i>Cultural and Art Facilities RFP</i>	<u>Fund 480/30, Arts and Cultural Facilities and Services</u> G270, Others	\$247,300.00	<u>Fund 100/40, General Services</u> 1070, As Needed Salaries	\$202,927.00
			6010, Office and Administrative	\$11,080.00
			4030, Art and Music Expense	\$33,293.00
			Subtotal	\$247,300.00
Fire <i>State Educational Account savings</i>	<u>Fund 40J/38, LAFD Special Training</u> 002R, State Educational Account	\$ 490,297.00	<u>Fund 100/38, Fire</u> 3090, Field Equipment Expense	\$ 490,297.00
General Services <i>Street Resurfacing Program</i>	<u>Fund 41A/50, Street Damage Restoration Fee Fund</u> G186, St Services	\$ 5,607,023.00	<u>Fund 100/40, General Services</u> 1010, Salaries General	\$ 3,601,820.00
			3090, Field Equipment Expense	\$ 1,585,868.00
			3230, Petroleum Products	\$ 419,335.00
			Subtotal	\$ 5,607,023.00
<i>Stores Revolving Fund one-time transfer</i>	<u>Fund 707/40, Stores Revolving Fund</u> General Services	\$ 600,000.00	<u>Fund 100/40, General Services</u> 1010, Salaries General	\$ 600,000.00
Public Works-Board of Public Works <i>Public Right-of-Way</i>	<u>Fund 100/74, General Fund</u> 3040, Contractual Services	\$ 428,000.00	<u>Fund 697/14, CD 15 Real Property Trust Fund</u> G015, CD 15 Real Property Trust Fund	\$ 428,000.00

Attachment 6
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Public Works-Street Lighting <i>LA River Bike Path Lighting</i>	<u>Fund 540/94, Proposition C</u> G655, Transportation Grant Fund Work Program	\$ 130,000.00	<u>Fund 100/84, Street Lighting</u> 1090, Salaries Overtime	\$ 130,000.00
<i>Elysian Valley Lighting Phase 3</i>	<u>Fund 424/22, Community Development Trust</u> G507, Elysian Valley Lighting Improvement	\$ 475,000.00	<u>Fund 100/84, Street Lighting</u> 1010, Salaries General 1090, Salaries Overtime 8780, Street Lighting Improvements/Supplies	\$ 35,000.00 \$ 180,000.00 \$ 260,000.00
			Subtotal	\$ 475,000.00
<i>Sun Valley Lighting Phase 3</i>	<u>Fund 424/22, Community Development Trust</u> G421 (FY10), Sun Valley Lighting	\$ 700,000.00	<u>Fund 100/84, Street Lighting</u> 1010, Salaries 1090, Overtime 3040, Contractual Services	\$ 55,000.00 \$ 5,000.00 \$ 640,000.00
			Subtotal	\$ 700,000.00
Public Works-Street Services <i>CCNTP - Cheviot Hills Replanting</i>	<u>Fund 47M, Century City Neighborhood Traffic</u> V201, Constellation Place Neighborhood	\$ 17,200.00	<u>Fund 100/86, Street Services</u> 3040, Contractual Services	\$ 17,200.00
<i>Special Events - Farmers Markets</i>	<u>Fund 356/22, Urban Development Action Grant</u> G305, Farmers' Market	\$ 37,500.00	<u>Fund 305/50, Subventions and Grants Fund</u> RSC 4228, One Stop Special Events Revenue	\$ 37,500.00
<i>Gas Tax/SAFETEA-LU Westchester Streetscape Project</i>	<u>Fund 206/50 Special Gas Tax Street Improvement</u> F186, PW Street Services	\$ 84,000.00	<u>Fund 682/50 Engineering Special Service Fund</u> TBD, SAFETEA-LU Westchester Streetscape Project	\$ 84,000.00
<i>Street Damage Fund - Transfer to GSD for Fleet Services/Standards support</i>	<u>Fund 100/86 Street Services</u> 1010, Salaries, General 1090, Salaries Overtime 3030, Construction Expense 3040, Contractual Services 3090, Field Equipment Expense 3310, Transportation 4430, Uniforms 6010, Office and Administrative 6020, Operating Supplies	\$ 2,644,370.00 \$ 835,396.00 \$ 1,000,000.00 \$ 534,000.00 \$ 201,333.00 \$ 9,600.00 \$ 700.00 \$ 33,861.00 \$ 347,763.00	<u>Fund 41A/50, Street Damage Restoration Fee</u> G186, Street Services	\$ 5,607,023.00
	Subtotal	\$ 5,607,023.00	Subtotal	\$ 5,607,023.00
Transportation <i>Special Events Reimbursement (Operational Plan)</i> <i>ATSAC projects (Operational Plan)</i>	<u>Fund 840/94 Transportation Trust Fund</u> 2200, Miscellaneous Deposit	\$ 489,000.00	<u>Fund 100/94, Transportation</u> 1010, Salaries, General	\$ 489,000.00
<i>ATSAC (Related Cost Reimbursement)</i>	<u>Fund 484/94, ATSAC Trust Fund</u> G615, Interest Disbursement (New Account)	\$ 1,529,513.00	<u>Fund 100/94, Transportation</u> 1010, Salaries General RSC 4610, Reimb. from other funds/departments	\$ 500,000.00 \$ 1,029,513.00
			Subtotal	\$ 1,529,513.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 17,479,356.00		\$ 17,479,356.00

Attachment 7

APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

<u>DEPARTMENT</u>	<u>APPROPRIATE FROM:</u>	<u>APPROPRIATE TO:</u>	<u>AMOUNT</u>
City Administrative Officer <i>Early Retirement Payout-HSD</i>	<u>Fund, 100/58, Unappropriated Balance</u> 0255, Early Retirement Incentive Program	<u>Fund 100/10, City Administrative Officer</u> 1010, Salaries General	\$ 21,487.04
City Attorney <i>Litigation Expenses</i>	<u>Fund, 100/58, Unappropriated Balance</u> 0055, Litigation Expense	<u>Fund 100/12, City Attorney</u> 4200, Litigation Expense	\$ 750,000.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			\$ 771,487.04

Attachment 8 a
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT AS OF NOVEMBER 30, 2010

C.F.	Appropriations	Date	Amount
	2nd FSR		\$ 25,000
	Approved Transfer		
10-1418	Prime Minister of Belize/Reception	8/13/2010	(1,160)
10-2436	Midnight Mission / Annual Thanksgiving Dinner Celebration / FI	9/29/2010	(666)
08-0144-S6	Farmers Market / South Lawn of City Hall	10/13/2010	(2,700)
10-1558	Grateful Hearts	10/20/2010	(555)
10-1642	Council District Nine Woodcraft Ranger Reception	10/27/2010	(522)
10-1643	Council District Nine Collage Dance Theatre	10/27/2010	(290)
08-2862-S1	CD 5 UCLA Day	10/26/2010	(696)
10-1704	Main Street Canoga Park Dia de los Muertos	11/5/2010	(555)

Balance Available 17,856

Anticipated Appropriations

Projected Balance Available \$ 17,856

Attachment 8 b

STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT AS OF NOVEMBER 30, 2010

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Available Balance
	General Fund					
	General (see Attachment 4A)			\$ 25,000	\$ (5,984)	\$ 19,016
	Animal Shelters	Animal Services	300,000			300,000
	Bank Fees	Treasurer	1,100,000			1,100,000
09-2729 (SMS); Controller Salaries As-Needed \$500K (Accountants shortage); MC \$3.582M; IG \$0.35M	Budget Balancing Bridge	Various	13,167,000		(6,153,760)	7,013,240
2nd FSR	Early Retirement Incentive Program	Various	21,250,000		(4,669,637)	16,580,363
10-0132	East Valley Multi-Purpose Senior Center		35,000		(35,000)	0
	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
2nd FSR	Litigation Expense Account	City Atty	750,000		(750,000)	0
1st FSR; 10-1817	Outside Counsel inc. Workers Comp	City Atty	3,250,000		(821,000)	2,429,000
	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			151,483		151,483
	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	\$ 4,276,883	\$ (13,481,394)	\$ 62,407,498

Attachment 8 b

STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT AS OF NOVEMBER 30, 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					0
	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	\$ 4,276,883	\$ (14,231,394)	\$ 89,124,895

**Attachment 9
EMPLOYMENT LEVEL REPORT
FY 2010-11**

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of October	Changes	End of October	Start of October	Changes	End of October		
Aging	38	52	-	52	40	-	40	12	
Animal Services	327	364	-	364	336	2	338	26	
Building and Safety	696	780	(1)	779	744	(3)	741	38	4
City Administrative Officer	116	118	-	118	107	(1)	106	12	
City Attorney	779	940	-	940	909	-	909	31	6
City Clerk	105	107	-	107	92	3	95	12	2
Community Development	198	299	-	299	278	-	278	21	4
Controller	163	195	-	195	157	-	157	38	1
Cultural Affairs	40	45	-	45	43	-	43	2	5
Disability	10	16	-	16	15	-	15	1	
El Pueblo	14	15	-	15	11	-	11	4	1
Emergency Management	14	24	-	24	22	1	23	1	
Employee Relations Board	3	4	-	4	4	-	4	-	1
Environmental Affairs	-	-	-	-	-	-	-	-	
Ethics Commission	21	21	-	21	21	-	21	-	
Finance	337	363	-	363	333	2	335	28	5
Fire - Civilian	303	361	-	361	303	(2)	301	60	17
Fire - Sworn	3,588	3618	-	3618	3544	(4)	3540	78	5
General Services	1,566	1618	(2)	1616	1579	(8)	1571	45	19
Housing	535	629	-	629	543	-	543	86	11
Human Services	-	-	-	-	-	-	-	-	
Information Technology Agency	476	545	-	545	555	(7)	548	(3)	4
L.A. Convention Center	133	151	-	151	116	(1)	115	36	9
Neighborhood Empowerment	18	18	5	23	16	2	18	5	
Personnel	408	459	-	459	394	2	396	63	11
Planning	257	274	-	274	242	(2)	240	34	
Police - Civilian	3,273	3315	-	3315	2909	(6)	2903	412	19
Police - Sworn	10,467	10551	-	10551	9941	(25)	9916	635	
PW/Board of Public Works	102	112	-	112	98	1	99	13	
PW/Bureau of Contract Admin	237	343	-	343	300	(1)	299	44	
PW/Bureau of Engineering	752	887	-	887	760	(4)	756	131	6
PW/Bureau of Sanitation	2,809	2888	-	2888	2490	7	2497	391	10
PW/Bureau of Street Lighting	214	244	2	246	201	(1)	200	46	4
PW/Bureau of Street Services	806	1253	-	1253	1077	(9)	1068	185	
Transportation	1,316	1546	-	1546	1418	(7)	1411	135	9
Treasurer	35	35	-	35	31	-	31	4	
Zoo	229	231	-	231	199	1	200	31	1
Subtotal	30,385	32,421	4	32,425	29,828	(60)	29,768	2,657	154
Library	828	888	-	888	808	(10)	798	90	-
Recreation and Parks	1,550	1,816	-	1,816	1,519	(5)	1,514	302	238
Subtotal	2,378	2,704	-	2,704	2,327	(15)	2,312	392	238
Total	32,763	35,125	4	35,129	32,155	(75)	32,080	3,049	392

"Position Authorities-Start of October" 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	32,763	35,160	(35)	35,125	32,203	(48)	32,155	2,969	393
October	32,763	35,125	4	35,129	32,155	(75)	32,080	3,049	392
November			-			-		-	
December			-			-		-	
January			-			-		-	
February			-			-		-	
March			-			-		-	
April			-			-		-	
May			-			-		-	
June			-			-		-	

Attachment 10

VOLUNTARY FURLOUGH FY 2010/11 - RECAP BY DEPARTMENT - 11/29/2010

Department	PP 1 - 7 (6/20-9/25)		PP 8 (9/26-10/9)		PP 9 (10/10-10/23)		PP 10 (10/24-11/6)		PP 11 (11/7-11/20)		Total	
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Aging	23.0	\$ 893.88	4.0	\$ 150.12	4.5	\$ 92.70					31.5	\$1,136.70
Animal Services	96.5	\$ 2,173.05	16.0	\$ 351.92	8.0	\$ 177.20	84.0	\$ 2,136.96	4.0	\$ 107.44	208.5	\$4,946.57
Building & Safety	580.8	\$ 20,825.12	34.5	\$ 1,132.05	32.0	\$ 1,128.20	98.0	\$ 2,876.67	46.5	\$ 1,589.58	791.8	\$27,551.62
CAO	118.5	\$ 3,624.03					19.0	\$ 970.84	5.0	\$ 287.80	142.5	\$4,882.67
CDD	43.0	\$ 1,438.68					46.0	\$ 1,302.40	60.0	\$ 2,354.96	149.0	\$5,096.04
City Attorney	779.4	\$ 49,356.02	180.8	\$ 7,937.02	211.8	\$ 8,581.72	104.7	\$ 5,262.24	101.0	\$ 4,890.78	1,377.7	\$76,027.78
City Clerk	1,130.5	\$ 47,038.28	32.0	\$ 1,820.24	32.0	\$ 1,616.96	16.0	\$ 857.76	8.0	\$ 569.92	1,218.5	\$51,903.16
Controller	21.5	\$ 856.21									21.5	\$856.21
Council	2,713.5	\$ 84,713.31	481.0	\$ 14,109.66	324.0	\$ 10,137.80	368.0	\$ 11,380.29	330.0	\$ 10,177.66	4,216.5	\$130,518.72
Cultural Affairs	267.5	\$ 8,770.88	40.0	\$ 1,322.48	37.5	\$ 1,191.46	47.0	\$ 1,497.32	28.0	\$ 957.60	420.0	\$13,739.74
DONE	2.0	\$ 79.24									2.0	\$79.24
Emergency Mgmt	24.0	\$ 1,038.16							8.0	\$ 378.64	32.0	\$1,416.80
ERB	131.0	\$ 5,206.72	16.0	\$ 670.56	16.0	\$ 670.56	16.0	\$ 670.56	16.0	\$ 468.00	195.0	\$7,686.40
Ethics	126.0	\$ 5,004.98	24.0	\$ 962.64	16.0	\$ 641.76	27.0	\$ 1,082.97	35.0	\$ 1,403.85	228.0	\$9,096.20
Finance	68.0	\$ 1,900.94	32.0	\$ 1,093.44	40.0	\$ 1,218.08	32.0	\$ 1,177.27	17.0	\$ 478.82	189.0	\$5,868.55
Fire	91.0	\$ 2,203.81	16.0	\$ 348.00	13.0	\$ 291.84	12.0	\$ 297.36	24.0	\$ 562.88	156.0	\$3,703.89
General Services	715.0	\$ 22,936.62	57.0	\$ 1,910.37	78.0	\$ 2,559.43	48.5	\$ 1,657.25	63.5	\$ 2,092.63	962.0	\$31,156.30
Harbor	8.0	\$ 414.48									8.0	\$414.48
Housing	955.8	\$ 33,805.49	132.0	\$ 4,612.73	96.0	\$ 3,728.13	143.0	\$ 4,955.98	133.5	\$ 4,666.97	1,460.3	\$51,769.30
ITA	85.0	\$ 3,379.67	28.0	\$ 1,195.76	32.0	\$ 1,421.44	8.0	\$ 320.88	48.0	\$ 2,239.92	201.0	\$8,557.67
LACERS	48.0	\$ 2,604.74									48.0	\$2,604.74
Library	1,796.2	\$ 55,749.33	177.2	\$ 5,811.69	158.5	\$ 4,639.42	230.0	\$ 7,705.18	153.5	\$ 5,091.78	2,515.4	\$78,997.40
Mayor	0.0	\$ -	8.0	\$ 369.92	8.0	\$ 369.92			8.0	\$ 369.92	24.0	\$1,109.76
Personnel	489.5	\$ 15,873.04	51.5	\$ 1,961.08	70.5	\$ 2,442.51	55.5	\$ 1,954.59	43.0	\$ 1,539.16	710.0	\$23,770.38
Planning	64.0	\$ 2,654.24					45.0	\$ 1,769.50	25.0	\$ 907.14	134.0	\$5,330.88
Police	1,796.8	\$ 57,213.24	84.3	\$ 2,799.71	132.5	\$ 4,610.70	103.0	\$ 3,310.30	127.0	\$ 4,080.07	2,243.6	\$72,014.02
PW Board	117.5	\$ 3,732.05	7.0	\$ 220.29	14.0	\$ 440.58	11.0	\$ 346.17	1.0	\$ 31.47	150.5	\$4,770.56
PW Con Admin	124.5	\$ 4,852.60	11.0	\$ 295.46	12.5	\$ 335.75	2.5	\$ 67.15			150.5	\$5,550.96
PW Engineering	1,095.5	\$ 45,494.06	169.0	\$ 6,362.07	158.0	\$ 5,748.85	75.5	\$ 2,807.45	63.0	\$ 2,935.75	1,561.0	\$63,348.18
PW Sanitation	1,100.5	\$ 38,266.35	176.0	\$ 6,191.95	89.0	\$ 3,110.19	171.5	\$ 6,047.57	187.0	\$ 6,799.08	1,724.0	\$60,415.14
PW Street Lighting	67.5	\$ 2,604.47	25.0	\$ 912.99	8.0	\$ 320.88	25.0	\$ 912.99	26.0	\$ 966.18	151.5	\$5,717.51
PW Street Services	156.5	\$ 4,407.86	28.0	\$ 724.24	28.0	\$ 765.12	13.0	\$ 374.12	24.0	\$ 535.04	249.5	\$6,806.38
Rec & Parks	1,162.5	\$ 35,427.05	152.0	\$ 4,543.34	100.0	\$ 3,178.61	157.0	\$ 4,801.39	195.5	\$ 6,211.75	1,767.0	\$54,162.14
Transportation	281.0	\$ 11,077.01	43.0	\$ 1,650.12	62.0	\$ 2,851.18	30.0	\$ 1,300.66	45.0	\$ 1,737.94	461.0	\$18,616.91
Treasurer	347.0	\$ 9,281.56							3.5	\$ 162.75	350.5	\$9,444.31
Zoo	96.0	\$ 2,243.47	8.0	\$ 182.88	1.5	\$ 69.75	3.5	\$ 140.01			109.0	\$2,636.11
TOTAL	16,723.0	\$587,140.64	2,033.3	\$69,642.73	1,783.3	\$62,340.74	1,991.7	\$67,983.83	1,829.0	\$64,595.48	24,360.3	\$851,703.42

**Attachment 11
GRYD CONTRACTS AS OF OCTOBER 31, 2010**

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	Council Districts	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 Schools	7	7.1.10-6.30.11	\$520,000	\$332,559	\$187,441
Panorama City	Communities in Schools	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	Council Districts	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 LIGHTS	Council Districts	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 & PARKS	All	7.1.10-9.30.10	\$720,000	\$720,000	
All	SNL-GLASSELL PARK	All	7.1.10-9.30.10	\$50,000		\$50,000
TOTAL				\$2,209,881	\$1,035,000	\$1,174,881

EXECUTION OF CONTRACTS PENDING:

GRYD ZONE	OTHER	Council Districts	CONTRACT PERIOD	CONTRACT AMOUNT	GENERAL FUNDS	GRANTS
All	USC (YSET)	All	10.1.10-9.30.11	\$179,800		\$179,800
All	HOMEBOY INDUSTRIES (re-entry)	14	7.1.10-6.30.11	\$260,000		\$260,000
All	ADVANCEMENT PROJECT/LAVITA	All	7.1.10-6.30.11	\$200,000	\$200,000	
All	ATHENA SOFTWARE	All		\$30,000		\$30,000
TOTAL				\$669,800	\$200,000	\$469,800

GRAND TOTAL	\$24,319,681	\$20,139,184	\$4,180,497
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**Attachment 12
STATUS OF GENERAL FUND FEE INCREASES FUNDING IN THE 2010-11 BUDGET**

Department	Type of Fee	Proposed Change	Proposed Implementation Date	Effective Date	Notes
Animal Services	Dog license fee	various changes, including 3-yr license and selling licenses on the internet.	December 1, 2010	11/1/2010	\$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. The fee changes went into effect in November; the online program will not be effect until the City Attorney's Office completes their review of the Department's Proposed Program and impacted ordinances.
Animal Services	Administrative citation program	The net revenue change is \$125,000.	December 1, 2010		The administrative citation program is under review in the City Attorney's Office; any revenue generated from this program will not be credited to the Department. It is unlikely that this revenue will be recognized in FY 2010-11.
Animal Services	Dog license fee	increase the fee from \$15 to \$20, net revenue change is \$700,000.	October 10, 2010	10/10/2010	The dog license increase is expected to be in effect on 10/10/10. In effect.
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.	July 1, 2011		The department reports that staff is not available to work on fee increase.
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 February 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 were sent mid-November to the City Attorney for review.
Police	False Alarm fee	Increase fee, net revenue change is \$700,000	July 2010, effective 11/18/2010	Effective 11/18/2010	The increased fee became effective 11/18/2010.