FORM GEN. 160

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: March 18, 2011

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

From: Miguel A. Santana, City Administrative Officer Miguel A. Santana

Subject: **CURRENT AND FUTURE OPPORTUNITIES TO STRENGTHEN CITY GOVERNMENT**

Over the last two years, the City has faced budget deficits of over $1 billion. This level of fiscal crisis is unprecedented for the current generation. And the City is not alone as all levels of government are being challenged with the enormity of the financial crisis due to the deep recession and escalating pension costs. The question that must be answered by all elected leaders and constituents, is what kind of City municipality and level of service will be provided in the future. Two reports released by this office address the current budget year deficit and provide solutions and opportunities to strengthen the future financial health of the City.

The Third Financial Status Report provides an update of the current year budget deficit and recommendations to close this deficit by year end. The previously reported deficit of $54.5 million, revised down ward to $46.8 million, is being addressed by positive revisions to revenue and utilizing savings generated by departments. These proposed budget balancing measures will essentially close the gap with minimal use of the Reserve Fund. Any proposed solution not adopted, will likely increase the need to draw down from the Reserve Fund. It is important to note that the Mayor and Council have already approved budget balancing solutions totaling $122 million in the current year and adoption of those solutions in the Third FSR will increase the total balancing solutions to approximately $176 million.

The second report, titled "Opportunities to Redefine and Strengthen Los Angeles City Government", provides the Mayor and Council a framework for the next three years and options to strengthen the fiscal health of the City. The framework consisting of the four strategies: Responsible Management and Fiscal Practices, Focus on Core Services, Alternative Service Delivery Models, and Maintaining a Sustainable Workforce, is consistent with the City's Three Year Plan to Fiscal Sustainability adopted last year. The proposals and recommendations are aimed at reducing the size and ongoing cost of the City's workforce, organizing City government to maximize service levels and strengthening the Reserve Fund. Of the 50 proposals, the majority have two options for consideration, a maximum value and recommended value. The recommended options total over $440 million in projected savings and/or revenue that could be achieved in 2011-12. Additionally, the maximum value that could be achieved from the presented options, total approximately of $570 million in saving and/or revenue. Please note as the City considers these proposals in context for next fiscal year, it is hard to envision a balanced budget for 2011-12 without significant position eliminations.

It is envisioned that Budget and Finance Committee will be the vehicle to discuss the opportunities to strengthen City government and tackle the City's current fiscal crisis. Likewise in the coming month, the Mayor will release his proposed budget which lays out his priories and strategies for addressing the City's long-term fiscal health. This Office looks forward to the continued dialogue and focused attention to long-term financial sustainability.

MAS:RPC

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 18, 2011

CAO File No. 0116-00001-0000
Council File No. 10-0600
Council District: All

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

From: Miguel A. Santana, City Administrative Officer

Reference: Joint Letter dated February 4, 2011 from Mayor and Council Representatives Instructing the City Administrative Officer to Present a Series of Proposals and Recommendations that will lay the Groundwork for Accelerating Long-Term Structural Reform

Subject: **Opportunity to Redefine and Strengthen Los Angeles City Government**

SUMMARY

We are living in an "age of permanent fiscal crisis"[1] that is challenging all levels of government. Since the beginning of the last decade, governments have been using one-time solutions and relying on increasing revenues that have all but been eroded by the recent recession. Today, the Federal government, states, counties, and cities are struggling to find ways to fund even the most basic programs and services the public expects. This struggle is further complicated by unemployment rates which have grown to highs never before seen by the leaders faced with addressing these problems. As reported by the National League of Cities, 84 percent of city officials report that unemployment has worsened since 2010 and that it is either a major (41 percent) or a moderate (47 percent) problem for their city. Furthermore, six in 10 city officials report poverty has worsened over the past year; representing the largest percentage of city officials reporting worsened poverty conditions since 1992.[2]

In Los Angeles, our unemployment rate stands at 14.4 percent[3] while our projected deficit for 2011-12 is currently at $350 million. The lagging economic recovery, the expediency by which we address our current year deficit, and the solutions ultimately adopted by the Mayor and City Council in next year's budget will further impact this projection for better or worse.

[1] David Osborne and Peter Hutchinson, The Price of Government, Getting Results We Need in an Age of Permanent Fiscal Crisis (Basic Books, 2004), 2.
[2] Kathleen Mcconnel, "State of America's Cities: Special Section on Workforce Development," *National League of Cities Research Brief on America's Cities* (March 2011), 1.
[3] CA Employment Development Department, Los Angeles City Preliminary January 2011 Not Adjusted

Los Angeles is not alone in dealing with a budget deficit of such enormous proportions. In Chicago, the city will have to tackle a $654.8 million budget deficit for fiscal year 2011;[4] a gap that totals more than 15 percent of the city's operating expenses. In San Diego, the mayor's office has estimated its 2012 deficit to be $57.6 million. Yet analysis by the Citizen's Fiscal Sustainability Task Force projected San Diego's total budget shortfall at $130.4 million, after adding in $29.3 million in liabilities for retired employee healthcare and $44.4 million for financing projects to catch up on deferred maintenance. Meanwhile, the City of Newark's inability to balance its annual budget has led Moody's Investors Services to downgrade the city's credit rating this past December. In an attempt to confront the current $30.5 million deficit[5], Newark has raised property taxes 16 percent, fired police, and plans to sell city facilities. Costa Mesa, which faces a $1.4 million deficit, has recently sent out six-month termination letters to half of the city's 472 full-time employees.[6]

At the forefront of these budget problems are pension costs which have created a tremendous burden on limited city resources. On average, Chicago pensions are funded less than 50 percent, resulting in an unfunded liability of more than $14 billion.[7] In an attempt to confront budget gaps, San Diego has talked about pension reform solutions, including having city employees contribute equally to their health care benefits. Furthermore, San Diego's retiree health care benefit plan faces a $1.4 billion deficit, which the city does not fully fund. Finally, Costa Mesa currently has $130 million in unfunded pension liability, compared with a $93 million budget, and it spends 80 percent of its budget on employees, compared with the state average of 47 percent. Costa Mesa's pension payments of $15 million make up 16 percent of its budget and pension costs are expected to consume 30 percent of the budget by 2015.

The aforementioned examples demonstrate that waiting for economic recovery to lift our boat is a direct path towards insolvency. Rather, we must continue to be proactive and use this crisis as an opportunity to redefine and strengthen our City government. Towards this end, this Office has developed a framework detailed within this report intended to guide the City's policy makers as they consider numerous decisions that will impact the current and future state of our City. Specifically, this framework is centered on the following four strategies:

1. Responsible Management and Fiscal Practices
2. Focus of Core Services
3. Alternative Service Delivery Models
4. Maintaining a Sustainable Workforce

This framework is consistent with the City's Three Year Plan to Fiscal Sustainability adopted a year ago and is based on the best practices in municipal finance, budgeting, and strategic planning, as well as from numerous examples of the most successful strategies employed by cities, counties, and states. This framework also builds on the hard work we have already undertaken to address our

[4] Civic Federation, *Financial Challenges for the New Mayor*, February 2011, http://www.civicfed.org/civic-federation/publications/financial-challenges-new-mayor-chicago-analysis-and-recommendations
[5] Dunstan McNichol, *Booker Pledges 'Innovative' Responses to Newark's Rating Cut*, http://www.businessweek.com/news/2010-12-09/booker-pledges-innovative-responses-to-newark-s-rating-cut.html
[6] "Nearly half of Costa Mesa city employees get layoff notices," Los Angeles Times, March 18, 2011, Sec. 1, A1.
[7] Commercial Club of Chicago, City of Chicago Figures, December 31, 2009.

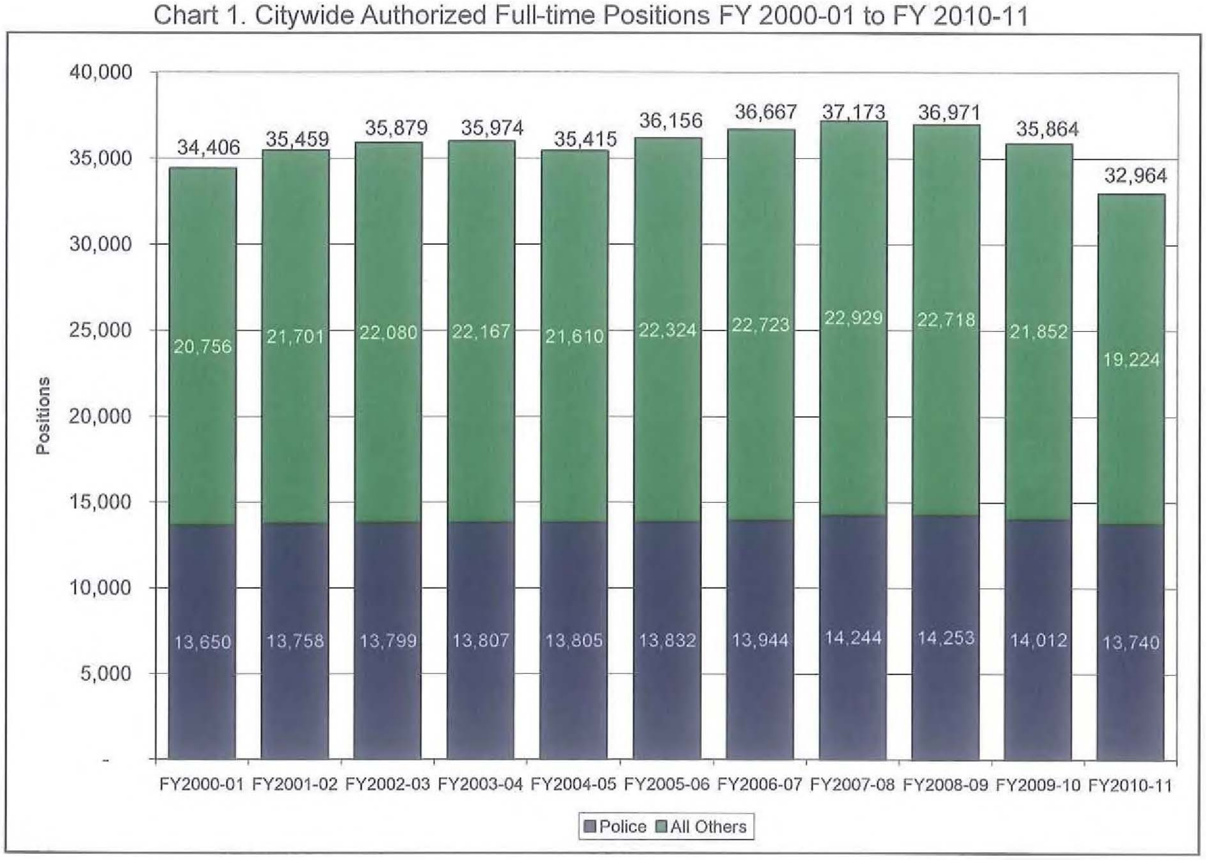
structural deficit including the success we have achieved and the lessons we have learned from various setbacks. Section 2 of this report provides greater detail on each strategy with recommendations on how the City can implement them as part of a long-term financial plan.

Building on Successes and Lessons Learned

Over the last two years, we have faced budget deficits with a combined value of over $1 billion. Using "Fiscal First Aid"[8] techniques the City has generated enough savings to close our budget gaps. These techniques have included instituting hiring freezes and reducing hours worked through furloughs and the curtailment of overtime. We have also offered an early retirement program and instituted a modified deployment plan for the fire department. Nevertheless, while these techniques have been successful in balancing our budget, they have failed to fully address our structural imbalance between ongoing expenditures and revenues. This problem calls for long-term financial planning solutions.

In this regard, there is a room for improvement by the City which the framework presented within this report is intended to facilitate. A key success the City can build on in its long-term financial planning efforts is the workforce reduction of over 4,000 positions it has achieved since 2007-08.

Chart 1. Citywide Authorized Full-time Positions FY 2000-01 to FY 2010-11



8 Government Finance Officers Association (GFOA), Recovery from Financial Distress and Fiscal First Aid, http://www.gfoa.org/index.php?option=com_content&task=view&id=1135&Itemid=563

Credit Rating Solid

Our success in addressing the last two fiscal year deficits though responsible decisions has help us maintain strong investor confidence in our City. This confidence depends greatly on the City's ratings issued by Fitch Ratings, Moody's Investors Services, and Standard & Poor's on the City's General Obligation Bonds which are based on their assessment of the City's financial outlook. As shown below, over the last five years the City has maintained a strong rating on its General Obligation Bonds. However, maintaining these ratings is contingent on how we address looming fiscal challenges and systemic cost drivers. Failure to do so will place the City at greater risk of future ratings downgrades.

Table 1. Ratings over Last 5 Years

General Obligation Bonds by Year	Moody's	S&P	Fitch
June 2010	Aa2	AA-	AA-
June 2009	Aa2	AA	AA-
June 2008	Aa2	AA	AA
June 2007	Aa2	AA	AA
June 2006	Aa2	AA	AA

Rating Agency Comments

Fitch Key Rating Drivers[9]

- Resolution of General Fund structural imbalance in an environment where tax revenues and the real estate market remain under pressure.
- Rebuilding of General Fund balances and reserves.
- Implementation of long-term expenditure reduction initiatives to curb rising personnel costs.

Moody's Key Rating Drivers[10]

What Could Change the Rating--Up

- Negative outlook on the City's ratings largely precludes a rating upgrade over the near-term rating outlook horizon, particularly considering the City's still sluggish current economic environment.
- However, were the City to successfully implement its three-year budget plan, structurally balancing its General Fund budget while materially rebuilding reserves, an upgrade could be warranted.

What Could Change the Rating--Down

- The City's liquidity position is again strained, and/or its budget reserve position is further depleted and not replenished on a timely basis.

---

[9] Fitch Ratings Report for Los Angeles, November 3, 2010

[10] Moody's Report for Los Angeles, November 1, 2010

- Downward pressure would also likely result if the budget solutions the city adopts to address its cost challenges are largely one-time measures rather than on-going, structural solutions.

Standard and Poor's Key Rating Drivers[11]
Outlook
- The stable outlook reflects our view of Los Angeles' ability and willingness to reduce spending sufficiently so that its cost structure is better aligned with revenues that have fallen in the recent economic downturn.
- The outlook also reflects our expectation that the city will continue to target budgetary balance despite pressures associated with rising pension and other postretirement costs.
- If budget-cutting measures are further delayed and plans for rebuilding reserves levels are not executed, we could lower the ratings.

The importance of maintaining solid ratings is to ensure the widest buyers of the City's bonds, in particular when the municipal bond market is saturated. For this purpose it is essential that the City maintain itself in the AA category to stay competitive against other cities, especially with investment funds that are required by Federal law to only buy in the AA category.

Table 2. Ratings of 10 Largest U.S. Cities

Rating Rank	City	Fitch	Moody's	S&P
1	San Jose, CA	AAA	Aaa	AAA
2	San Antonio, TX	AAA	Aa1	AAA
3	Phoenix, AZ	NA	Aa1	AAA
4	Dallas, TX	NA	Aa1	AA+
5	New York, NY	AA	Aa2	AA
5	Houston, TX	AA	Aa2	AA
7	**Los Angeles, CA**	**AA-**	**Aa2**	**AA-**
8	Chicago, Il	AA-	Aa3	A+
9	San Diego, CA	AA-	Aa3	A
10	Philadelphia, PA	A-	A2	BBB

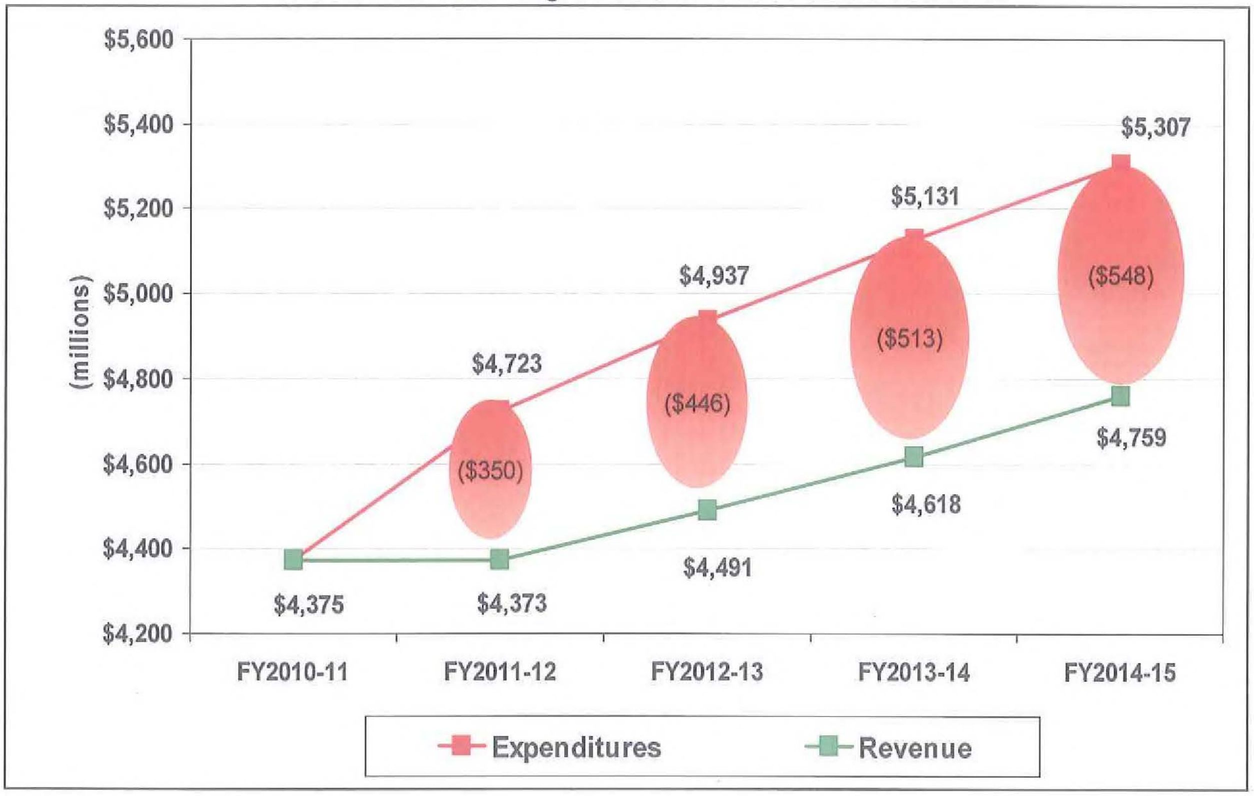
Future Fiscal Challenges

Even with the recent stabilization of our City's fiscal outlook by the rating agencies, the budget outlook for the City remains a daunting reality. Our high unemployment rate, a down housing market, budget pressures from the state, and anemic overall economic growth will continue to drag our recovery. We anticipate that the revenue decreases we experienced over the last two years will require a longer period of time to recover. Furthermore, the decreases we have experienced in our revenues pale in comparison to our increases in our key cost drives: employee compensation,

[11] S&P's Ratings Report for Los Angeles November 2, 2010

healthcare, and retirement costs. This is despite the fact that the City's workforce has been reduced to its lowest point in 10 years. Consequently, the $350 million deficit the City faces for 2011-12 will continue to grow over the years if no action is taken to address our expenditures now. The following charts illustrate the City's precarious outlook and the significant increases the City has recently absorbed or will experience over the next several years to maintain its workforce at the current size.

Chart 2. Four Year Budget Outlook: FY 2010-12 to FY 2014-15



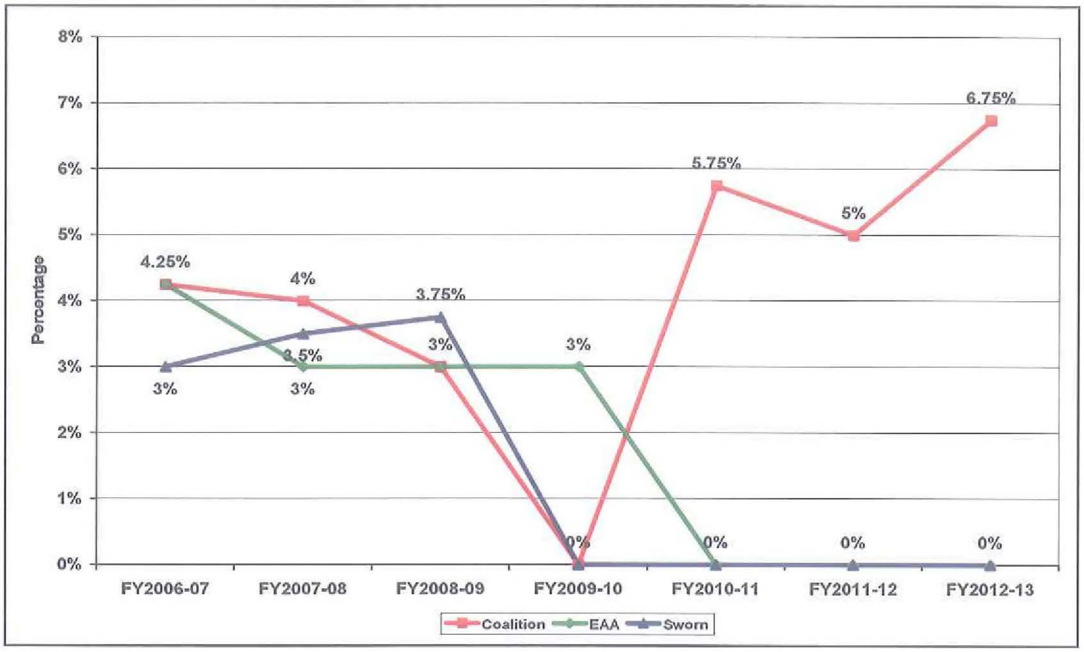
Employee Compensation Increases

In addition to showing the significant percent increases to base wages that some employees have received and are expected to receive, the following base wage movement chart highlights the disparity that has been created between bargaining units due to the absence of a long-term workforce and compensation plan. [12]

---

12 The Coalition represents approximately 60 percent of the City's civilian workforce. Employee salaries are established in Memoranda of Understanding (MOUs) agreements between the City and Coalition bargaining units. The modified Coalition agreement includes a series of cost-of-living adjustments (COLAs) and special salary adjustments that will result in a base wage movement for most employees of 24.5 percent over six years. These raises will cost the City's General Fund approximately $23.4 million in 2011-12 and $47 million in 2012-13.

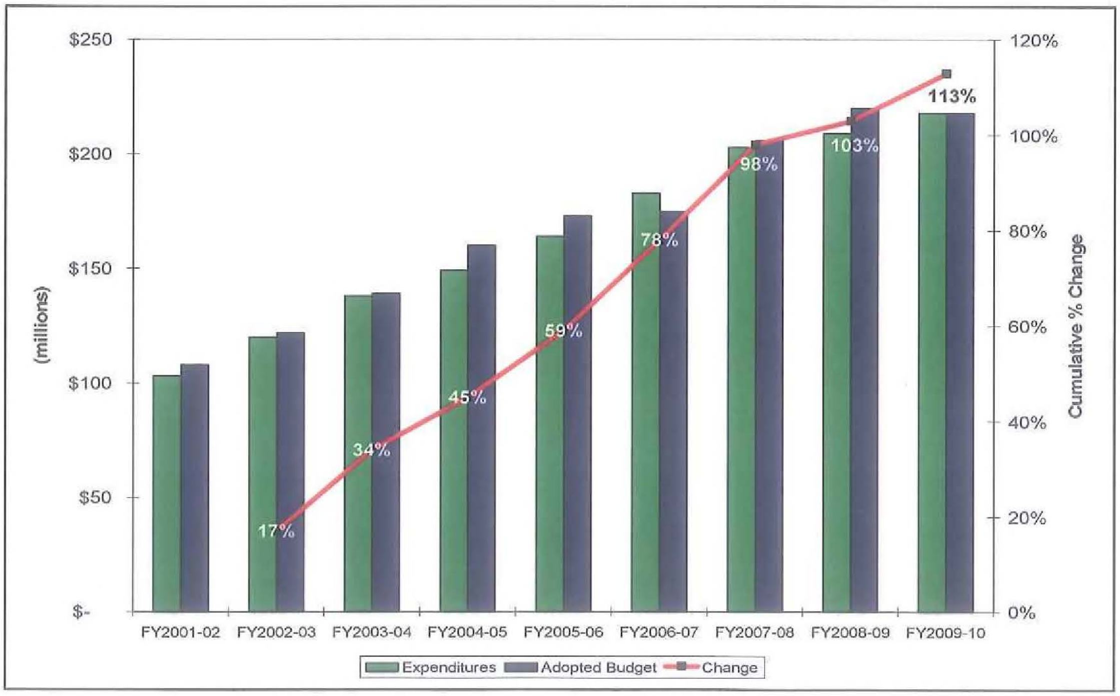
Chart 3. Bargaining Unit Base Wage Movement: FY2006-07 to FY2012-13



Healthcare Increases

The City's healthcare benefits costs historically increase on an annual basis. For example, the civilian healthcare expenditures have increased over the last decade by approximately 10 percent per year as shown in the following chart.

Chart 4. Civilian Healthcare: Expenditures vs. Adopted Budget

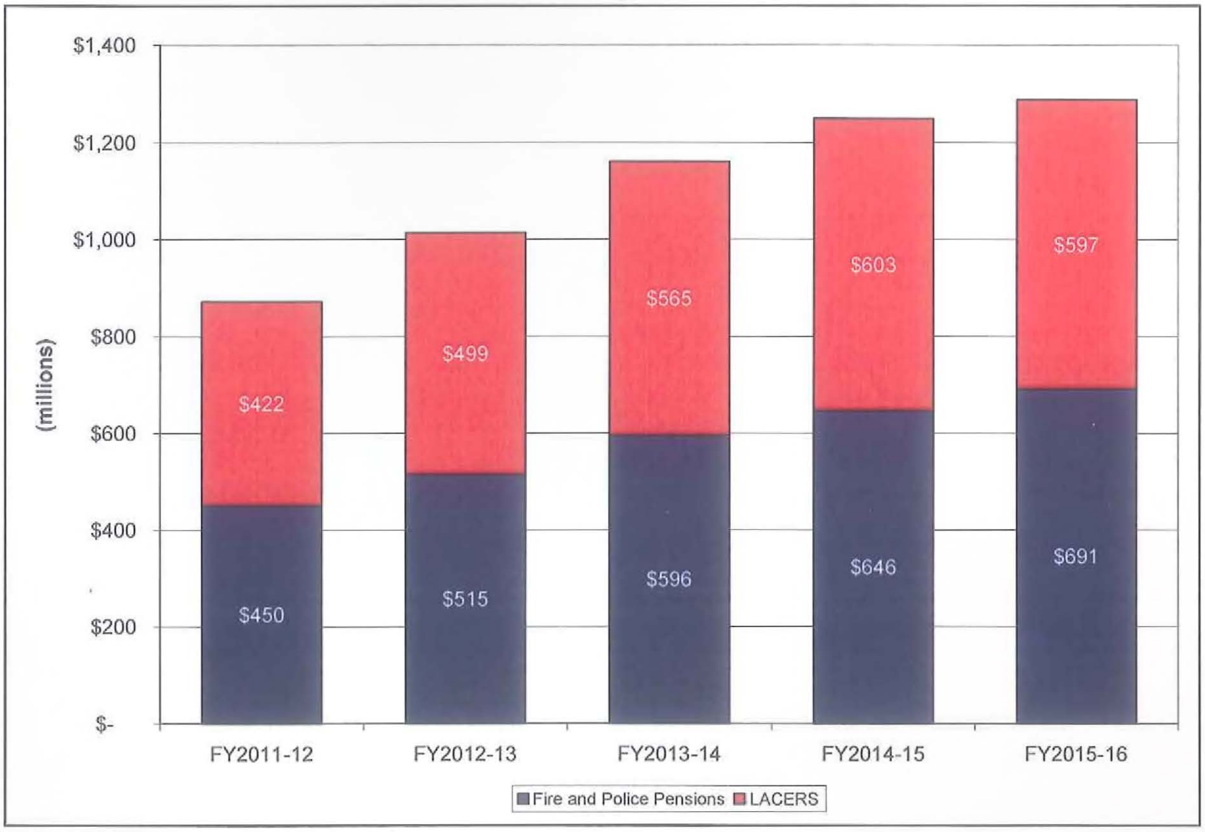


The main mitigation measures to address rising healthcare benefits involve plan design changes, employee cost sharing, and premium reductions reached through negotiations with labor organizations and insurance providers.

Retirement Cost Increases

In a recent study of public pensions, the Little Hoover Commission found that the state's 10 largest pension funds are overextended in their promises to current workers and retirees.[13] The Los Angeles Fire and Police Pension Systems and the Los Angeles City Employees' Retirement System (LACERS) represent two of those overextended systems. The following chart illustrates projected City contributions for these two systems.[14]

Chart 5. Estimated Future City Pension Contributions



[13] Little Hoover Commission, *Public Pensions for Retirement Security*, (February 2011)

[14] The projected contribution rates for 2011-12 are based on the June 2010 valuation. The forecast for 2012-13 and thereafter is based on Segal's 8/5/10 Forecast for LACERS (13% returns on 2009-10 and 8% thereafter with 7 Year Smoothing and 130% Corridor); 3/19/10 Forecast for LAFPPS (16% returns on 2009-10 and 8% thereafter with 7 Year Smoothing and 60:140% Corridor.

Next Steps

The preparation of our 2011-12 budget provides us an opportunity to address our challenges by continuing to make the structural changes required to make our City fiscally sustainable. This is also an opportunity to re-focus our efforts around the policies and goals that will promote economic recovery and preserve vital services for residents.

Under the four strategies detailed in Section 2, this Office has prepared a series of proposals and recommendations aimed at reducing the size and ongoing cost of our workforce, re-organizing our government to maximize service levels, and strengthening the status of our Reserve Fund. In total, there are 50 proposals, the majority of which present two options for consideration. The first option offers the maximum savings that can be achieved from the proposal. The combined maximum savings from the first options is over $570 million. The second option represents the minimal savings recommended by this Office under the heading "value of proposal." The combine minimum savings from the second options is $440 million. It should be noted that several of the proposals are mutually exclusive and as such savings generated from one may preclude savings from another.[15]

Each proposal has been evaluated and summarized within a "white paper" which describes the objective of the proposal, identifies the savings that may be achieved, provides a background discussion, and presents the recommendations of this Office. These white papers are included as attachments to this report and are sorted according to the strategy in which they fall under.

SECTION 2: FOUR STRATEGIES FOR FISCAL SUSTAINABILITY

I. Responsible Management and Fiscal Practices

Responsible management and fiscal practices form the core of the City's efforts to restore long-term financial health and sustainability. Balancing the budget, strengthening our credit rating, and protecting our core services will be determined by our ability to comply with responsible management and fiscal practices.

In these difficult times, too often solutions are identified and adopted to address short-term needs that may not be in the best long-term interest of the City. Given the order of magnitude of the fiscal crisis we face, the political reality we live in, and the desire to continue providing services at levels the public has grown accustomed to, it is common to pursue solutions that may be viewed as short-sighted. Nevertheless, if this City is to truly make the structural changes needed to restore long-term financial health and sustainability, we must adhere to responsible management and fiscal practices, comply with our adopted financial policies, and temporarily suspend those practices diverting funds away from our core functions. As this Office stated in the Three-year Plan, the road to financial solvency and sustainability requires a map and strict adherence to it. The following management and fiscal practices should serve as this map.

---

[15] Significant effort went into calculating the savings and revenue amounts presented for each option. However, in some cases additional research and direction is required to determine the maximum savings and value of proposal.

1. Maintaining a Strong Reserve Fund

Recommendation: **Adopt a goal of achieving a Reserve Fund Balance of 5 percent of the General Fund by June 30, 2012 and dedicate 50 percent of all new one-time revenue sources to the Reserve Fund until the 5 percent goal is reached.**

"It is essential that governments maintain adequate levels of fund balance [reserve fund] to mitigate risks and provide a back-up for revenue shortfalls."[16]

In accordance with the best practices approved by the Government Finance Officers Association (GFOA), in 1998 the City of Los Angeles adopted a financial policy that established a Reserve Fund. The City later revised its financial policies on the Reserve Fund to establish an Emergency Reserve and Contingency Reserve and set a funding level for the fund at five (5) percent of the General Fund budget. Subsequent revisions have been made to this policy, most importantly setting a minimum funding level for the Emergency Reserve. This policy change was recently strengthened through the adoption of *Charter Amendment P*, in the City's March 8, 2011 municipal election.

Charter Amendment P, which received 65.91 percent of the votes[17] establishes the Reserve Fund's Emergency and Contingency Reserve as Charter accounts and sets a minimum balance for the Emergency Reserve account of 2.75 percent of General Fund receipts. Furthermore, this amendment sets an "urgent economic necessity" threshold for when the Emergency Reserve can be spent which requires the approval of at least two-thirds of the City Council and the Mayor. The objective of all of these actions is for the City to be in a strong fiscal position that will be better able to weather periods of economic decline or slowdown, like the conditions the City is currently experiencing.

The current balance of the Emergency Reserve within the Reserve Fund complies with the 2.75 percent balance criteria of *Charter Amendment P*. As reported in the Third Financial Status Report, the total Reserve Fund balance is currently estimated to be $191 million, consisting of $120.3 million in the Emergency Reserve and $70.7 million in the Contingency Reserve after accounting for $12 million in new receipts and other adjustments. The current Reserve Fund balance of $191 million represents approximately 4.4 percent of the Adopted Budget. To comply with the 5 percent threshold, an additional $28 million must to be added to the Reserve Fund.

During these periods of economic uncertainty, it is even more critical to maintain a prudent Reserve Fund balance. First and foremost, reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. Reserves are also important due to the City's limits on raising taxes and other revenues as set by

[16] GFOA *Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund*
[17] City Clerk unofficial election results

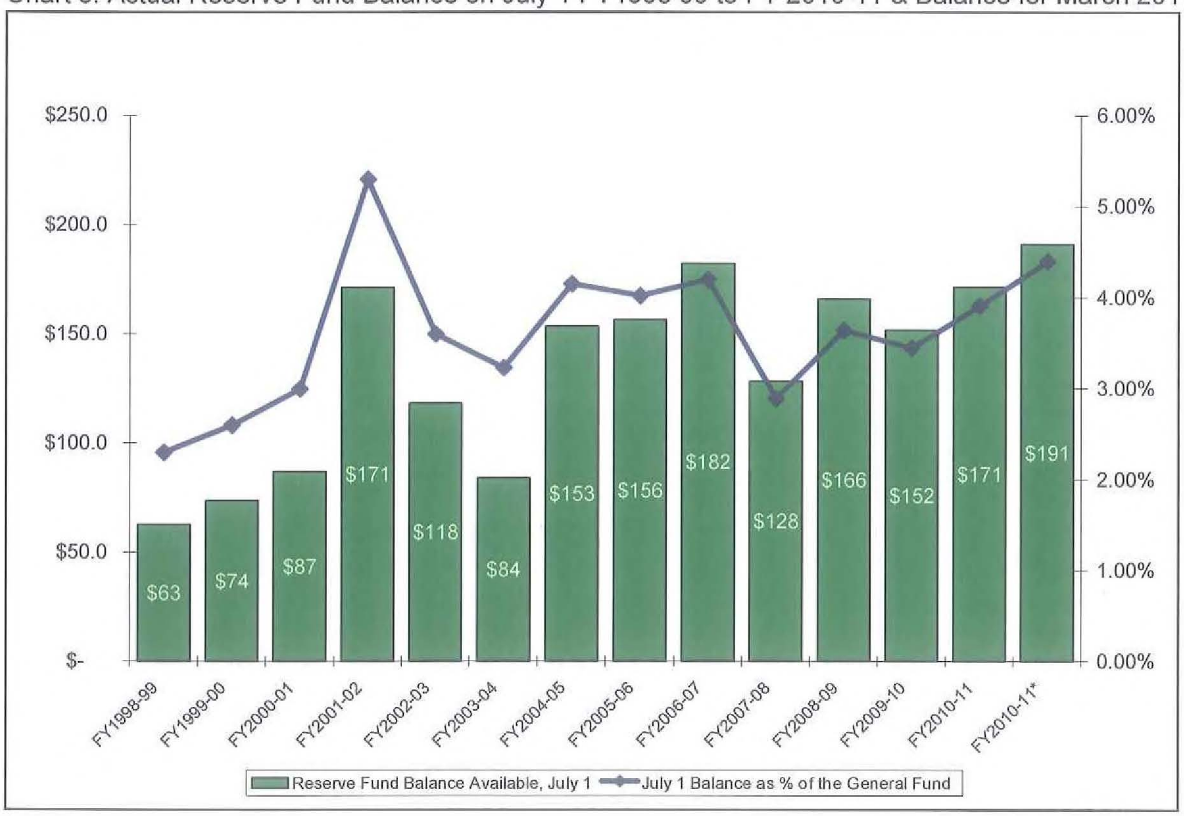
Proposition 218 and Proposition 26. The Reserve Fund also provides sufficient cash flow in instances where revenue receipts are delayed, such as in the case of deferred transfers from the State. Finally, sufficient reserves are necessary criteria to maintain positive bond ratings, thereby securing favorable interest rates for the issuance of general obligation bonds and all of our general fund debt. As reported by the GFOA:

"Rating agencies consider the government's fund balance [reserve fund] policy, history of use of fund balance, and policy and practice of replenishment of fund balance when assigning ratings. Thus, a well developed and transparent strategy to replenish fund balance may reduce the cost of borrowing."[18]

For these reasons and in light of the forecasted 2011-12 budget gap, this Office recommends that we continue to build the Reserve Fund and minimize its use for balancing the budget. Our Office will continue its efforts to increase the Reserve Fund with a goal of achieving compliance with the 5 percent target by June 30, 2012.

The following chart shows the history of the City's Reserve Fund which illustrates how the City has struggled to fund the Reserve Fund at the 5 percent level over the years.

Chart 6. Actual Reserve Fund Balance on July 1 FY1998-99 to FY 2010-11 & Balance for March 2011



[18] GFOA *Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund*

2. Reducing or Eliminating the General Fund Subsidy to Special Funded Programs

Recommendation: **Adopt a full-cost recovery plan for special funded programs which phases-out their General Fund subsidies over the course of the next two to three years.**

"According to economic theory, the most efficient use of resources is achieved if the price for a good or service is set at a level that is related to the cost of producing the good or service."[19] Over the years the City has created programs with corresponding services to be funded through fees charged to those individuals, groups, or projects accessing those services. The fees collected for these "special funded programs" were intended to support these programs and their delivery of services, though not always at their full cost. As a result, any costs not addressed by the fees have subsequently become a burden on the General Fund.

The City Council and Mayor have recognized that the General Fund can no longer bear the responsibility for funding programs and services that should rightfully be self-sufficient. Consequently, full-cost recovery models have been approved for various special funded programs with the goal of reducing and/or eliminating their General Fund subsidy. An example of such a full-cost recovery model was the phased-in fee increases approved for the solid waste fee.

Given the continuing fiscal pressure on the General Fund, the anemic growth of General Fund revenues in 2011-12, and the critical need to cut General Fund expenditures, this Office recommends that all special funded programs be reviewed to ensure full-cost recovery. In particular, a full-cost recovery plan for the following departments and their fee-supported programs should be adopted with the goal of phasing-out their General Fund subsidy over the course of the next two to three years.

- Recreation and Parks
- Contract Administration
- Public Works Bureau of Engineering
- Convention Center

3. Maximizing Discretionary and Flexible Funding Sources

Recommendations: **Examine all General Fund set-asides and suspend policies that divert General Fund dollars away from general operating expenses to allow for greater flexibility.**

"Government should practice the behavior that it expects from citizens. When public agencies respond to the demands of narrow bands of self-interest they create more of the same."[20]

---

[19] GFOA *Best Practice: Establishing Government Charges and Fees*

[20] Mark A. Glaser and Corinne Bannon, Wichita State University for GFOA

The General Fund provides the City with the most discretion and flexibility in appropriating its limited resources. General Fund dollars, a majority derived from taxes, may be budgeted for general operating expenses including but not limited to salaries, health benefits, pensions, debt service, capital projects, and specific services. The lack of available General Funds to support the City's ongoing operating expenditures is the basis of the City's structural deficit.

Currently, the majority of the General Fund dollars are being used to pay for obligatory and non-discretionary expenditures. With significant increases in the City's non-discretionary expenditures such as employee benefits and pensions, the amount of General Funds available for discretionary programs and services has severely decreased. Combined with the economic upheaval experienced by the City over the last several years and the slow economic recovery, the General Fund has never been as strained as it is today.

Further straining and restricting the General Fund are policies, in some cases codified by ordinances, which divert dollars away from general operating expenses and into special funds. Some policies currently diverting General Fund dollars for general operating expenses include those related to the following:

- One percent of Transient Occupancy Tax (TOT) for Arts and Cultural Programs
- Special Parking Revenue Fund (SPRF)
- Telecommunications Development Account (TDA)
- Real Property Trust Fund
- AB 1290
- One percent Funding Policy for Capital Improvement Expenditure Program (CIEP)

As budget priorities begin to compete for limited General Fund resources, there will undoubtedly be some winners and losers. Best practices in budgeting suggest that determining these winners and losers should be based on various factors including community priorities and needs, established goals, desired outcomes, or legal mandates to list of few. However, the restrictions placed on the General Fund by earmarking funds for these programs and/or special funds at the same time as increases to the City's general operating expenses play a greater role in this determination. Consequently, more discretionary programs are being reduced or eliminated regardless of their value to the public. In order to maximize the most discretionary and flexible funding source for the City, this Office recommends the elimination and/or temporary suspension of policies that are diverting dollars from the General Fund beginning with those identified above.

4. Strengthening Central Administrative Functions

Recommendation: **Strengthen the City's central administrative functions by establishing a culture of accountability and responsibility for financial health by creating greater consistency in practices and the implementation of policies throughout the organization.**

According in the GFOA, assessing the organizational structure for savings opportunities is a fiscal first aid primary treatment that municipalities should consider on their road towards improved financial health. Included in this assessment are the consolidation of departments and the centralization of administrative functions. The City of Los Angeles has already taken several steps towards the centralization and consolidation of a key administrative function: billing and collection. Other important areas requiring further analysis include human resources, capital projects, procurement, and asset management. The goal of these efforts is to strengthen the City's administrative functions which in times of fiscal distress may begin to suffer from inadequate resources, insufficient oversight, and little accountability.

Attached to this report is an update on the City's various actions taken with regard to the centralization of its billing and collection. Most notably, On August 20, 2010 the Council authorized staffing and funding for the Office of Finance to support ongoing accounts receivable consolidation and the development of interfaces between the Financial Management System (FMS) and the City's independent accounts receivable systems. The Concept Design is pending approval of the FMS Project Oversight Committee and, as proposed, is scheduled for a December 2011 implementation with subsequent enhanced centralized billing receivables data and reporting.

Also attached are new proposals relative to the centralization of human resources, the restructuring of asset management, and the oversight and coordination of physical plant capital projects, in particular street and transportation related projects. With respect to the City's procurement process, the implementation of the FMS project will provide an opportunity to begin an assessment and identify existing weaknesses. Until then, this Office recommends the City follow the best practices on procurement from the GFOA as a guide for improvement in the City's procurement processes.

5. Leveraging Limited Resources

Recommendation: **Pursue alternative service delivery models that are focused on achieving the best possible outcomes for our residents at a price they are willing to pay.**

As the cost of the City's workforce increases due to previously negotiated compensation adjustments, increases to employee-sponsored health plans, and employee pensions, so too does the cost of the services being delivered. These service cost increases however are not accompanied by service level increases. Rather, as the cost of providing the services escalates, budgetary decisions usually result in the diminishing of services. The end result is less services at a higher cost.

The tool of managed competition allows governments to seek the best price for providing a service through internal (City workforce) or external providers (outside contractors). Key to the decision making process on whether a service should be provided "in-house" or outsourced is cost. The GFOA's best practice on managed competition identifies four basic steps to take in determining cost. These are as follows:

- *Service definition. The first step in a cost analysis is to clearly define the government service that is being considered for outsourcing. A thorough analysis of the service level and performance standards will provide the best framework for evaluating the full cost of the service, whether it continues to be delivered in-house or it is outsourced to an external provider.*

- *Calculate the in-house costs that could be avoided by outsourcing the service. GFOA's Best Practice, Measuring the Cost of Government Services, defines the full cost of a service, as that which encompasses all direct and indirect costs related to that service. Governments should understand that not all indirect costs would be avoided if the service were outsourced.*

- *Estimate the total costs of outsourcing. The costs of outsourcing include the contractor's bid price, the government's contract administration costs, and the government's transition costs, less any new revenue generated from outsourcing.*

- *Compare the cost savings from outsourcing to the costs incurred. The final step in a make-versus-buy cost analysis is to calculate the difference between the costs saved by outsourcing a service and the costs incurred. If the costs saved are significantly greater than the costs incurred, then outsourcing may make financial sense.*[21]

In addition to cost, other major factors in considering a managed competition option including labor agreements, legal issues, service level, efficiency, effectiveness, quality, customer service, transition period, and the ability to monitor the service provider's work. This Office recommends following the cost-determination steps outlined above as the City pursues alternative service delivery models, specifically those discussed in this report.

6. Identifying New Revenue Sources

Recommendation: **Direct the Chief Legislative Analyst and the City Administrative Officer to return with a comprehensive list of revenue opportunities that may implemented within the next two to three years.**

"Avoid a single point of failure or reliance on a single solution."[22]

In addressing its financial challenges, the City's efforts have focused primarily on realigning its expenditures with its greater reduced revenues. As a result, significant budget cuts, service reductions, and layoffs have occurred and many more will undoubtedly be required as City continues to deal with its structural deficit.

The City's approach to balancing its ongoing expenditures with its ongoing revenue is consistent with the goal of achieving financial sustainability: moving away from funding ongoing

---

[21] GFOA *Best Practice Managed Competition as a Service Delivery Option* (2006)
[22] GFOA *Characteristics of a Financially Resilient Government*

expenditures with one-time revenues, building up the Reserve Fund, and rightsizing the workforce. However, each additional cut that is imposed signifies one less unit of service being delivered to the public, disinvestment in the future of the City, and additional risk that a critical system or process will fail. At a certain point the budget reductions will reach a critical mass that the public will not be able to absorb. Outside factors such as shifts in the economy, natural disasters, and policy changes such as unfunded state or federal mandates may further exacerbate this problem.

To avoid the fluctuation and imbalance such factors could bring, the City must pursue multiple strategies for long-term financial health aside from simply expenditure reductions. The identification of new revenue sources is one strategy that the City must embrace in order to become more resilient in its ability to adapt to severe economic adjustments or other forces beyond the control of the City. Keeping in mind the obstacles for new revenues in the State of California through Propositions 218 and 26, the City must consider new revenue sources as part of its long-term financial planning.

Bringing in new revenues to the City to specifically fund certain programs, services, or projects or as General Fund receipts to fund general operating expenditures will provide the City with the flexibility and adaptability it needs to address unforeseen challenges. Moreover, new revenue sources will diversify the pool of revenue the City relies on for its everyday expenditures.

In collaboration with the Department of Public Works Bureau of Sanitation, this Office has been reviewing the need to pursue new revenue sources or increases to existing revenue sources for Clean Water projects and Storm water Pollution Abatement functions. This Office recommends that the City begin to develop a comprehensive list of revenue opportunities that include new revenue sources for the General Fund.

II. Focus of Core Services

As a City, we need to closely evaluate the various activities and services in which we are engaged and begin to question which of those we should continue to provide. Additionally, even for those activities and services which we deem are important to continue, we must examine whether different service delivery models or different service levels are needed. In short, given anticipated shortfalls and the slow economic recovery, the City of Los Angeles has no other choice than to move away from the full-service City it has prided itself on and focus on the core services of municipal governments. The first challenge in this effort is determining which services are considered core.

In this report, this Office has identified several discretionary activities and services that warrant a discussion about their mission, goals, objectives, outcome, cost, and funding amounts. Some of the central questions that we asked in developing proposals for these activities and services areas are:

- Is the service core or discretionary?

- If discretionary, should we be doing these activities in light of fiscal constraints?

- If yes, should be we doing these activities to the current level? If not, what level is appropriate?

- Can we provide a similar service but under a different model of service delivery? If so, what service delivery model makes the most sense and is the most cost effective?

- Are there opportunities to improve efficiencies or achieve cost savings by consolidating services/departments?

1. Evaluating Discretionary Activities and Services

Recommendation: **Re-evaluate activities and services presented in this report, using the central questions as a guide, to determine the continuation and/or funding level for these activities and services in future budgets.**

Attached to this report are proposals for consideration in making funding decisions for 2011-12. These proposals recommend the elimination or the reduction of funding for the following activities and services:

- Cultural Affairs
- Neighborhood Council Funding
- Crossing Guards
- Channel 36
- Graffiti Abatement

2. Identifying Opportunities for Greater Efficiencies through the Restructuring or Reconstituting of Organizations

Recommendation: **Provide direction to the City Administrative Officer on the proposals for consolidation, centralization, or other forms of restructuring or reconstituting, specifically which should be included as part of the City's efforts for 2011-12.**

The City provides numerous activities and services that have been deemed to be a core service by the City Council or Mayor over the years or that are legally prescribed by the City Charter or other government code. Nevertheless, there are opportunities for savings via greater efficiencies through the restructuring or reconstituting of organizations including but not limited to consolidations and centralization of functions.

Based on the examination of the activities and services listed below, this Office has developed proposals that pursue alternative service delivery models through the restructuring or reconstituting of organizations through consolidations, functional transfer of programs, the creation of new entities, or the re-assignment of functions from sworn employees to civilian employees.

- Public Works
- Bureau of Sanitation
- South LA Animal Shelter
- Treasurer and Office of Finance
- Disability
- Fire Dispatch Unit

Several of these proposals are new but others have been presented or discussed in prior years. To ensure the best use of the City's limited resources, this Office recommends that the City Council and Mayor provide clear direction on those proposals which they would like to pursue for implementation.

3. Reducing and Suspending Core Activities and Services

Recommendation: **Expand the availability of General Funds by reducing funding for core activities and services including those with policies or ordinances that establish specific funding thresholds.**

Through the adoption of polices and ordinances, the City has affirmed various activities and services as being core. Correspondingly budgets have reflected these priorities and in several cases policies and ordinances set specific funding levels. The City's fiscal crisis has provided an opportunity for an evaluation and reprioritization of core services to occur. Services that were once deemed to be core several years and immune from reductions may no longer be as critical today.

Failure to capitalize on this opportunity, to re-prioritize activities and services, or re-affirm core services will result in the continuation of across-the-board measures the City has had to rely on throughout this fiscal year to balance the budget. Attached to this report are several proposals that discuss the temporary reduction or suspension of core activities and services based on existing capacity and funding availability. This Office recommends and urges the careful consideration of these proposals relative to the following core services:

- Police Hiring
- Fire Deployment
- Fleet Services
- In-house Attorney Services
- Outside Counsel
- Neighborhood Council Elections
- 3-1-1
- Fiscal Analysis and Support

III. Alternative Service Delivery Models

The City's capacity to provide high quality services in every area of its service portfolio has deteriorated. In this era of permanent fiscal crisis, if the City expects to continue providing certain services, it must explore alternative service delivery models that meet the needs of the public, reduce cost, promote efficiency, and guarantee an acceptable quality and level of service. Two alternative service delivery models that the City must continue to pursue are Public-Private Partnerships (P3) and Managed Competition. Both models offer the City unique opportunities to preserve or enhance service levels and reduce cost.

With the adoption of the Three-Year Plan for Financial Health and Sustainability, the Mayor and City Council concurred with this Office's recommendation to examine opportunities for Public-Private Partnerships and Managed Competition for the following reasons:

- Cost containment
- Service efficiencies
- Market flexibility and innovation
- Transfer of risk
- Limit or reduce City financial leverage
- Improved service delivery

Our initial review of alternative service delivery models has focused on services where private firms have a strong presence in managing or providing. However, as stated in the Three-Year Plan, alternative service models are not exclusive to for-profit firms and may include partnerships with non-profit organizations. As described below and presented in the attached proposals, several opportunities currently exist for the City transform the manner in which services are provided.

1. Pursuing Alternative Service Delivery Models with For-Profit Firms

Recommendation: **Provide direction to the City Administrative Officer on which alternative service delivery model proposal with for-profit firms should be included as part of the City's efforts for 2011-12 or beyond.**

In the Three-Year Plan, the City Council and Mayor agreed to explore alternative service delivery models for the following services:

- Convention Center
- Golf Courses
- El Pueblo
- Parking Facilities and Meter Operations

Attached to this report are updates on each of these opportunities.

2. Pursuing Alternative Service Delivery Models with Non-profit Organizations

Recommendation: **Provide direction to the City Administrative Officer on which alternative service delivery model proposal with non-profit organizations should be included as part of the City's efforts for 2011-12 or beyond.**

Our initial review of alternative service delivery models has focused on services where private firms have a strong presence in managing or providing. However, as stated in the Three-Year Plan, alternative service models are not exclusive to for-profit firms, but may also include non-profit organizations that are close to the communities to be served. The City is currently pursuing opportunities with non-profit organizations in the following areas:

- Animal Shelters
- Cultural Affairs Facilities
- Los Angeles Zoo
- Children's Museum

Attached to this report are updates regarding opportunities for the operation of an animal shelter and cultural facilities, and the management of the zoo. In these cases the City can bring a greater level of service to the community while reducing General Fund appropriations.

IV. Maintaining a Sustainable Workforce

The Los Angeles City government is in the service industry. Our value is in our workforce – as are our costs. During the last 10 years, the City's budget grew by about 57 percent, from $4.31 billion in 2000-01 to $6.75 billion in 2010-11. Yet during this time, the City's workforce has declined, from 34,406 in 2000-01 to 32,964 in 2011, and continues to drop. This contradiction simply shows that the cost of doing business has grown, while the City's overall capacity has declined.

During the boom years of the last decade, the City was able to absorb the increases in costs. These increases have been driven by a steep growth in pension, health care, retiree health, workers' compensation and overall compensation. The Great Recession has exposed this unsustainable business model. Eventually, the City was headed to a crisis point, but the recession exacerbated the problem and forced us to address it in a very short period. Getting out of this crisis will take the remainder of the decade.

As a short-term solution, the City has relied on furloughs as a means to reduce or current workforce costs. Furthermore, furloughs have reduced the number of lay-offs and minimized the service impact to the community. However, while a central tool in balancing the budget, furloughs are not structural as they provide no relief on our cost drivers of healthcare, workers' compensation, pensions, and retiree health benefits. Without ongoing concessions in these areas from employee organizations, it is certain that the City's fiscal circumstances will continue to be in a state of emergency. Under this context furloughs will continue to be needed to mitigate shortfalls.

To avoid expanding furloughs to sworn employees and to eliminate furloughs as a budgeting tool, labor concessions are required. Towards this end and in or pursuit for a more sustainable workforce, we propose the following five principle strategies and recommendations.

1. Reducing the City's Workforce

Recommendation:

I. **Maintain a managed hiring process until the City adopts a model requiring each general manager to be 100 percent responsible for the cost of their workforce.**

II. **Maintain and grow service capacity without the related costs of full-time employees through the use of part-time workers, 120-day retorted, and contracted outside vendors.**

2. Controlling Healthcare and Workers' Compensation Costs

Recommendation:

I. **Adopt an annual savings target for health and workers' compensation savings. These targets should be given to the Joint Labor and Management Committee to implement, reflected in the budget, and included in all civilian and sworn labor negotiations.**

II. **Direct the Department of Personnel to develop a five year plan to reduce workers' compensation costs with annual targets. Targets should be reflected in each year's budget.**

3. Adopting short and long-term pension and retiree health reforms to stabilize rising unsustainable costs

Recommendation:

I. **Adopt a new pension tier for new civilian hires requiring a total minimum contribution of 11 percent of salary for pension and retiree health care.**

II. **Amend the administrative code to freeze the current maximum medical subsidies indefinitely for LACERS and LAFPP members that retiree after July 1, 2011.**

III. **Adopt an ordinance requiring the City to contribute no less than the normal cost of its pension systems.**

4. Developing a Long-Term Workforce & Compensation Plan

Recommendation:

I. **Direct the City Administrative Officer to continue pursuing methods to mitigate future employee salary costs.**

II. **Direct the City Administrative Officer to develop a 10 year compensation plan to restore equality among City civilian and sworn employees based on market demands and projected revenue growth.**

5. Eliminate, reduce and prevent the expansion of the furlough program through labor concessions.

Recommendation: **Direct the City Administrative Officer to negotiate concessions with all employee organizations to eliminate or reduce the imposition of furloughs.**

*MAS:BC:*01110049c

I. Responsible Fiscal and Management Practices

OFFICE OF THE CITY CLERK
DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT
NEIGHBORHOOD COUNCIL ELECTIONS

Objective: Maintain fair and cost effective elections

	General Fund	Other
Maximum Savings/Revenue(1)	**$1,632,084**	
Value of Proposal (Savings/Revenue)	**$1,632,084**	

(1) Basis for Maximum Savings/Revenue: Based on estimates provided by the Office of the City Clerk

Recommendations:

1) Postpone the Neighborhood Council (NC) elections to allow the Task Force recommendations to be fully reviewed, adopted and implemented.
2) Instruct the City Clerk to conduct an analysis of other methods for the administration of Neighborhood Council elections.

Background/Discussion

A. <u>Findings/Issues</u> (including cost savings/revenue)

The Department of Neighborhood Empowerment was established by the City Charter to create a citywide system of neighborhood councils.

Each year, funding is appropriated in the Department of Neighborhood Empowerment budget for certified NCs to support the function, operations, and duties of a certified NC. There are currently 93 certified NCs.

Ordinance 176704 outlines the Department responsibility to assist NCs with the election or selection of their governing body.

As a result of recommendations contained in the Neighborhood Council Review Commission report released in September 2007, responsibility for conducting NC board member elections, was transferred to the Office of the City Clerk.

In December 2007, DONE reported that the average cost to conduct elections for each NC totaled $5,965 consisting of the following:

Expense	Cost per NC
Salaries (Project Coordinator)*	$1,772
Printing	$184
Facility Use Fee	$240
Independent Election Administrator	$1,760
Material Distribution	$1,133
Office Supplies	$225
Translation Services	$651
Total Cost per NC	**$5,965**
*Approx 53 Hours @ $33.43/Hr	

In a report dated October 23, 2007, the City Clerk reported that a minimum of $1.3 million would be required to conduct the 2010 elections, which included $375,000 and $925,000 in other expenses (C.F. 05-0894-S5). The salary and positions would reside within the Office of the City Clerk, but the City would not be required to fund the remaining expense.

In December 2010, the City Clerk reported that $1,161,139 of the budgeted $1.9 million was expended to conduct the 2010 NC elections (C.F. 09-115-S4).

The City Clerk submitted a budget package for the 2011-12 budget, requesting $1,297,117 to administer the elections. In addition, $334,967 would be required if the Vote-By-Mail program is restored, and an additional $1,315,689 to conduct a comprehensive outreach program. The total budget package for NC elections is $2,947,773.

It should be noted that the elections are held every even-numbered year, and there would be no savings for the current year.

In February 2011, the City Clerk reported that the Los Angeles Neighborhood Council Coalition created a working group to discuss the City's NC election procedures. Representatives from DONE, Council District 2, City Clerk and Mayor's Office were invited to attend. The working group considered the following topics:

- City Clerk Administered Polling Place / Vote-by-Mail option
- E-Voting
- Independent Election Administrator Model
- Town Hall Model
- Suspending Elections

As a result of the working group, the following recommendations will be submitted to the Education and Neighborhoods Committee for discussion:

1. The Election Task Force recommends that the City Clerk's authority be repealed and replaced with a more flexible and cost-effective system, including, but not limited to, polling place and town hall methods administered by some outside authority such as the independent election administrator system; and vote-by-mail, to be funded by neighborhood councils at their option.

2. The Task Force recommends that the preferred method for conducting neighborhood council elections is electronic voting, with a total cost not to exceed $800,000, with the ability to include polling place and town hall; and vote-by-mail at individual neighborhood council's expense.

3. The Task Force recommends that a vigorous effort to promote participation as neighborhood council candidates and voters be pursued regardless of the electoral process. For any of these options to succeed, it is necessary that adequate outreach be performed, using both a citywide awareness campaign and the resources of individual neighborhood councils.

4. The Task Force recommends that election challenges be considered, and decisions rendered, by an independent entity, to be determined.

B. Service Impacts

Any changes to the NC election process may result in the postponement of the 2012 elections until the technical and practical issues have been resolved.

It is unclear whether NCs have the administrative capacity to administer elections.

There would be an administrative burden should NCs administer elections.

The number of appeals or challenges to NC election results may increase if each NC were to administer their own elections.

C. Program(s)/Positions to be Transferred

The responsibility of administering the NC elections would require an ordinance change to transfer the responsibility from the Office of the City Clerk.

D. Program(s)/Positions to be Eliminated

E. Implementation Plan

Request that Council postpone the 2012 Neighborhood Council elections to 2014.

Instruct the Office of the City Clerk to conduct a study on the various methods to administer Neighborhood Council elections.

This Office recommends a working group consisting of the CAO, CLA, City Attorney, DONE, and City Clerk to develop an implementation plan to address the NC elections, including those recommendations made by the Los Angeles Neighborhood Council Coalition.

The City Attorney reports that Neighborhood Councils do not have the authority to conduct elections. Any shift in responsibility would require an ordinance amendment.

The City Attorney also stresses the importance to note that the purpose of the Neighborhood Councils system was to design a system by which the grassroots community would become organized, participate in the community and become empowered to have an official role in making recommendations to decision-makers. NCs are still subject to the laws and provisions, such as the Brown Act. Therefore since NCs act through its elected representatives, NC elections would need to be administered in such a way to ensure an open and fair election process, which is critical to the effective operation of the NC system.

As an alternative, funds for the 2012 NC elections can be provided in the Unappropriated Balance pending the outcome and recommendations of the working group.

ELIMINATION OF THE GENERAL FUND SUBSIDY TO THE DEPARTMENT OF CULTURAL AFFAIRS

Objective: Consistent with other discretionary programs reduce the Special Appropriations I, II, and III by 25 percent to eliminate the General Fund subsidy for the Department of Cultural Affairs and provide continued funding for Cultural Facilities.

	General Fund	Other
Maximum Savings/Revenue[1]		**$1,280,000**
Value of Proposal (Savings/Revenue)		**$1,280,000**

(1) **Basis for Maximum Savings/Revenue: Reduces Special Appropriations I, II and III by $965,000. This will increase General Fund reimbursements by $409,632 from $2,044,000 to $2,453,632 for full cost recovery. The remaining funds will be used to continue operations of Cultural Facilities and reimburse General Services for a portion of maintenance costs.**

(2) **Additional Reduction of $315,000 to the Special Appropriations I, II and III by $315,000. These funds will be used to offset the cost of Heritage Month Celebrations currently funded in GCP.**

Central Questions:

- Should Cultural Affairs be expected to support all of its activities, including administrative, related costs (pension, health care etc.) through its dedicated revenue stream?
- Should there be an additional General Fund subsidy to fund cultural programming?

Recommendation:

Approve a 25 percent reduction in Special Appropriations I, II and III to eliminate the General Fund subsidy of related costs for the Department of Cultural Affairs and provide continued support of Cultural Facilities.

Approve an additional reduction of $315,000 to the Special Appropriations I, II and III to be used to fund the Heritage Month Celebrations currently funded in the Budget for General City Purposes.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Department of Cultural Affairs receives annual funding which is equivalent to a one percent Transient Occupancy Tax (TOT). These funds are deposited in the Arts and Cultural Facilities Trust Fund. In 2011-2012, the Arts and Cultural Facilities Trust Fund will receive an appropriation of $10.7 million which is an increase of $1.3 million from

2010-2011. As a result of this increase, funding will be available to eliminate the General Fund subsidy to the Department

The Department of Cultural Affairs has an operating budget of $7.7 million and provides a $2 million reimbursement to the General Fund for related costs. In 2010-11, the General Fund subsidy for related costs is $533,000. In the current fiscal year, the Department will generate approximately $200,000 in General Fund receipts which further reduces the amount of the subsidy to $333,000.

A reduction of 25% to the Special Appropriations I, II and III is approximately $985,000. Reducing the Special Appropriations will provide additional funding to completely eliminate the General Fund subsidy to the Department in 2011-12. In 2010-11, Special Appropriations funding is $3,936,434 and is funded at the same level as 2009-10. Furthermore, in 2010-11, the Department increased the grant portion, Special I, of the Special Appropriations by approximately $600,000 after the adoption of the 2010-11 budget. The Department's operating budget has been reduced by nearly 36 percent since 2006-2007, while the Special Appropriations budget, which has only been reduced by six percent. The cuts to the Department have resulted in the direct loss of services to the public with reduced programming and reductions to community festivals.

In 2010-2011, funding for art centers and theaters was reduced by $760,000. It was anticipated that 14 facilities would be partnered in 2010-11 and $247,300 was provided for six-months to operate the facilities until the partnering occurred. The Municipal Gallery was subsequently added to the list of facilities to be partnered, however, no funding was deleted from the Department's budget. As a result of various issues related to the partnering and delays to the RFP, the facilities will not be partnered in 2010-11. Funding has been identified to maintain current operations through June 30, 2011. One-time funding of $125,000 is recommended to fund the four remaining city-operated facilities proposed for partnering for six months. It is anticipated that the RFP will be released in May and the facilities will be transitioned by January 1, 2012.

The Department requested the elimination of the stipend for the partnered facilities which totals $182,000. The elimination of the stipend is not recommended because it provides resources for the operation of the facilities.

Council authorized the removal of the William Grant Still Art Center and the cultural facilities at the Barnsdall Park from the proposed partnering. Funding in the amount of $200,000 is required to continue operations at these facilities in 2011-12. The proposed reduction to the Special Appropriations will allow the Department to continue to provide direct services to the public at the art centers.

The increased appropriation resulting from the increase in TOT revenue will also allow the Department to reimburse the Department of General Services (GSD) for the maintenance of the fifteen facilities. In 2009-10, GSD expended approximately $250,000 for maintenance issues at the fifteen facilities proposed for partnering. It is recommended that the Department begin to reimburse GSD for costs associated with maintenance at cultural facilities.

Funding in the amount of $315,000 is provided in the General City Purposes Fund for Heritage Month celebrations. The Department of Cultural Affairs provides funding for various events related to the Heritage Month celebrations. A reduction to the Special Appropriations in the amount of $315,000 can be used to continue to fund the Heritage Month celebrations citywide.

B. <u>Service Impacts</u>

A reduction in grant funding will result in the award of fewer grants.

C. <u>Program(s)/Positions to be Transferred</u>

Not Applicable

D. <u>Program(s)/Positions to be Eliminated</u>

Not Applicable

E. <u>Implementation Plan</u>

Reduce the Special Appropriations I, II and III by 25 percent. The reduction of the Special Appropriations will enable the Department to operate without a General Fund subsidy.

Approve $125,000 in as-needed funding to maintain operations at Warner Grand Theater, Madrid Theater and Lincoln Heights Junior Art Center

Provide funding in the amount of $250,000 for maintenance services to be provided by the Department of General Services at fifteen Cultural Facilities.

Approve an additional reduction of $315,000 to the Special Appropriations I, II and III. Approve the use of the Arts and Cultural Facilities and Services Trust Fund as a source of funds to the Budget for General City Purposes to fund Heritage Month Celebrations.

EL PUEBLO
MANAGEMENT REVIEW

Objective: To preserve the City's birthplace and heritage

	General Fund	Other
Maximum Savings/Revenue[1]	**Eliminate dept.-$2.05 million;**	
Value of Proposal (Savings/Revenue)	**Full Cost Recovery**	

(1) Basis for Maximum Savings/Revenue: The elimination of the Department would generate $2.05 million in savings from the elimination of 14 positions related costs and expense accounts.

Recommendation:
City needs to make a policy decision on the optimal management structure at El Pueblo.

Central Questions:

- Is El Pueblo best preserved through a stand-alone department?
- Can El Pueblo be preserved through integration by the Recreation and Parks and General Services Departments?
- Should El Pueblo be required to be 100% self-sufficient (including direct, related and debt service costs) through revenues generated?
- Can El Pueblo be managed through a different model?
- Can programming and maintenance of all cultural elements be performed by nonprofit agencies?

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Option 1 Full Cost Recovery

The Department of El Pueblo was created in May, 1992 (C.F. 90-0124). El Pueblo was intended to be financially self-sufficient, but to date, the Department has not been able to completely offset all of its costs through its own revenue. In 2010-11, the direct cost of El Pueblo operations is $4.1 million, including $1.5 million for El Pueblo's own operating budget, $2.1 million for General Services Department services, $0.1 million for Recreation and Parks Department services and $0.4 million for related costs. In addition, the General Fund provides a subsidy to El Pueblo in the amount of $927,000 in 2010-11for related costs ($418,000) and debt service ($509,000). It should be noted that debt service costs will remain regardless of any changes in management models. Projected revenues in 2010-11 are $4.08 million, consisting primarily of parking ($2.4 million) and leases ($1.1 million).

In 2011-12, an anticipated increase in revenues ($4.45 million) and the elimination of a Senior Management Analyst I will eliminate the General Fund subsidy to El Pueblo.

B. Service Impacts
None.

C. Program(s)/Positions to be Transferred
None.

D. Program(s)/Positions to be Eliminated
Senior Management Analyst I

E. Implementation Plan
To implement any policy decisions adopted by the Mayor and Council during 2011-12.

Option 2 Elimination of the Department or Explore Other Management Models

A. Findings/Issues (including cost savings/revenue)
The Department of El Pueblo was created in May, 1992 (C.F. 90-0124). El Pueblo has an operating budget of $4.1 million, including $1.5 million for direct costs, $2.1 million for General Services Department (GSD) services and $0.1 million for Recreation and Parks (RAP) Department services and $0.4 million for related costs. In addition, in 2010-11, the General Fund provided a subsidy in the amount of $927,000 for related costs ($438,000) and debt service ($509,000).

The management structure at El Pueblo can maintain its current structure at cost of $1.9 million, not including costs for services provided by GSD or RAP without a General Fund subsidy with the elimination of a Senior Management Analyst I and an anticipated increase in revenue.

Alternatively, the Department may be consolidated with RAP. El Pueblo is organized into four divisions. These functions can be consolidated into RAP, generating $470,000 in savings and would eliminate the General Fund subsidy.

If the El Pueblo's core functions are transferred to RAP, an appropriation would be required to support these activities. It is unclear whether funds from the RAP Charter mandated appropriation would be available to support El Pueblo operations. As such, until such time as the El Pueblo's revenues increase, El Pueblo would not be able to contribute to the cost of debt service for the El Pueblo Capital Program and continue to operate the monument.

Finally, the City may choose to partner with a non-profit agency to provide programming and maintenance of the cultural elements at the monument. This Office has asked the City Attorney to provide an opinion on the possible restrictions on making changes to the governance structure at El Pueblo. If the City elects to partner the monument, the City would still be responsible for maintenance of the facilities at a cost of $2.1 million for GSD and $0.1 million for RAP.

If the Council so chooses, a working group consisting of the Mayor, Chief Legislative Analyst, and the City Administrative Officer may be convened to study the different management models available to operate the monument.

Potential Maximum Savings: Elimination of department $1.535 million (direct costs) and the reduction of $518,520 in related costs. It should be noted that debt service costs will remain regardless of any changes in management models.

B. Service Impacts

None.

C. Program(s)/Positions to be Transferred

None.

D. Program(s)/Positions to be Eliminated

El Pueblo's 14 authorized positions in 2010-11 may be eliminated if the decision is made to continue to operate the El Pueblo Monument through a non-profit operator.

E. Implementation Plan

To implement any policy decisions adopted by the Mayor and Council during 2011-12.

GENERAL SERVICES DEPARTMENT
Fleet Services and Fuel Reductions

Objective:
Reduce City fleet (excluding Police and Fire Fleet) by approximately 450 units of vehicles/equipment.

	General Fund	Other
Maximum Savings/Revenue[(1)]	**$2.67M ($1.52M in cuts & $1.15M in salvage revenue)**	
Value of Proposal (Savings/Revenue)	**$2.67M ($1.52M in cuts & $1.15M in salvage revenue)**	

(1) Basis for Maximum Savings/Revenue: Reduction of City Fleet inventory by approximately 450 units of vehicles/equipment.

Recommendation:
Reduce City Fleet inventory by approximately 450 units of vehicles/equipment.

Background/Description

A. Findings/Issues (including cost savings/revenue)

The GSD Fleet maintains approximately 11,000 vehicles/equipment for various City departments. The fleet inventory include various automobiles, light/medium/heavy duty trucks, sanitation trucks, construction equipment, and small equipment (e.g. landscaping tools, boats, concrete saws, pressure washers). The maintenance hour requirements for sanitation trucks are very labor intensive. Small equipment such as lawn mowers and power tools require significantly less maintenance hours. As a result of attrition and transfers, Fleet Services does not have sufficient mechanics available to service the current City inventory.

Without new hiring authorities, the GSD Fleet expects to have 10 vacant positions during the next fiscal year. Based on the average number of mechanic hours required per each unit of inventory, GSD Fleet is proposing deletion of 10 vacant positions and reduction of 450 units of inventory. In addition, a corresponding reduction of $795,000 in expense accounts, and salvage revenue of $1.15 million for a total cost savings of $2.67 million will be realized from this proposal.

B. Service Impacts

The Department is currently in the process of removing 2,000 units of vehicles /equipment from the City inventory as part of the Adopted Budget. The proposed reduction of another 450 units of inventory would require each General Funded department to prioritize and identify vehicles and equipment to reduce from their current fleet inventory by five percent. GSD Fleet is finalizing a comprehensive list of vehicles and costs for each City department. This list will be utilized to target specific vehicles for elimination and also provide the unit cost for maintenance (including labor, parts, and petroleum costs). Departments wishing to retain vehicles will be provided with the reimbursement requirements for their vehicles.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

Six - Equipment Mechanic positions
Two - Construction Equipment Service Worker positions
One - Auto Painter position
One - Clerk Typist position

E. Implementation Plan

The positions and Expense accounts will be deleted as part of the Fiscal Year 2011-12 Budget.

PERFORMANCE AUDIT OF THE DEPARTMENT OF GENERAL SERVICES ASSET MANAGEMENT DIVISION

Objective:

Determine best management practices for the City's asset management functions

	General Fund	Other
Maximum Savings/Revenue[1]	unknown	
Value of Proposal (Savings/Revenue)		

(1) Basis for Maximum Savings/Revenue: The maximum savings are unknown at this time and will be determined based on the results of the performance audit and implementation of the recommendations of said audit.

Recommendation:

Authorize a performance audit of GSD's asset management function.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The General Services Department handles the City's real estate transactions through its Asset Management Division (AMD). AMD's responsibilities include transacting purchases and sales of City property, negotiating and administering leases for the City both as lessee and lessor and managing and tracking all City-owned property. Like many other City divisions, AMD has borne a high level of attrition due to the City's difficult financial outlook.

Audits of AMD in the past have focused on items such as: GSD's Asset Management System (2000)—an information system intended to enable AMD to capture and report on property data, such as occupancy, square footage, leases, maps and floor plans; and, a performance audit of AMD (2003) and follow-up to that audit in 2008 which focused on a real estate strategy, surplus property processes and review of the need for a citywide database. The 2008 follow-up audit noted that many recommendations made in the 2003 audit were only partially implemented. The 2003 audit also noted that AMD was staffed by 33 positions and included recommendations to add 12 additional staff to create a planning section and a facilities support section as well as to augment the surplus property and portfolio management sections.

Due to the City's continuing budget difficulties, augmented staffing of AMD has not increased and in fact has been reduced to about 24 positions currently. Looking forward, the City will not be able to add staffing and will likely have to continue some staff reductions. At the same time it is recognized that the asset management function is critical. It is therefore recommended that a new performance audit be conducted to make recommendations on how the City can most effectively handle its asset management function within existing financial constraints. The audit should:

- examine best practices for asset management at other comparable public agencies;
- review AMD's performance in how it handles asset management functions (including automated systems) and make recommendations for improvements; and,
- determine whether the asset management function is best provided by City staff or whether the function can be best provided by outsourcing, in whole or in part.

B. Service Impacts

The performance audit will identify best management practices for the City's asset management functions.

C. Program(s)/Positions to be Transferred

To be determined after performance audit.

D. Program(s)/Positions to be Eliminated

To be determined after performance audit.

E. Implementation Plan

That the Council authorize a performance audit of GSD's asset management function. The audit is to be under the policy purview of the Municipal Facilities Committee. The Municipal Facilities Committee will subsequently transmit the audit's recommendations to the Council for further consideration.

INFORMATION TECHNOLOGY AGENCY
ELIMINATE OPERATIONS FUNDING FOR CHANNEL 36

Objective
To maintain Channel 36 as a self-sufficient service.

	General Fund	Other
Maximum Savings/Revenue[1]	**$255,000**	**$0**
Value of Proposal (Savings/Revenue)	**$255,000**	**0**

(1) Basis for Maximum Savings/Revenue: Elimination of operations funding for Channel 36.

Recommendation:
Eliminate City funding of operating costs for Channel 36 beginning in 2011-12 for a total savings of $255,000. In order to continue operations, Channel 36 will have to continue to increase revenues from other sources and become self-sufficient. This reduction will not impact Channel 35.

Background / Discussion
Channel 36 is managed by the Los Angeles Cable Television Access Corporation (LACTAC) which was established exclusively to manage the Channel. It broadcasts community based and, at the City's recent request, public access programming.

A. Findings / Issues. In 2010-11 Channel 36 received $505,000 from the City through the Telecommunications Development Account (TDA). Of this amount, $255,000 was from unrestricted sources within the TDA that could instead be used to address the City's Budget deficit. The remaining $250,000 is from restricted funds that can only be used to pay for public, governmental, and educational access capital costs.

   In adopting the 2010-11 Budget the Council requested a report back on historical TDA funding levels with recommendations for appropriate funding levels in future budget years. In response to that request, ITA recently presented a five-year plan for the use of TDA funds that included increasing spending on Channel 36 beginning after 2011-12.

B. Service Impacts. The $255,000 in unrestricted TDA funds is used for Channel 36 for operating costs. The total operations budget for Channel 36 in 2010-11 is approximately $630,000, with the balance between the City funds and the total budget generated through program fees and other grants. LACTAC has made an effort in recent years to increase these non-City revenues to cover operating costs, and it will have to again increase these revenues if it is to continue to operate.

C. Program/Positions to be Transferred. None

D. Program/Positions to be Eliminated. No City positions would be eliminated. Channel 36 could cease to operate.

E. Implementation Plan. The elimination of funding for Channel 36 requires amendment to the City contract with LACTAC. Full year savings of $255,000 would be achieved in 2011-12 through elimination of funding for this purpose in the Budget.

PERSONNEL DEPARTMENT
HUMAN RESOURCE CONSOLIDATION

Objectives

As directed by the Mayor and City Council, the Personnel Department investigated the possibility of consolidating human resources functions currently housed in various City departments. In this endeavor, the Personnel Department contracted with EquaTerra Inc., a private consultant firm specializing in recommendations for business process improvements, to develop an independent assessment of the current human resource landscape and identify whether or not consolidation is functional and warranted. In that study, the following objectives were identified:

- Improve consistency among all City employees in the handling of employee discipline and discrimination complaints, and commensurately, reduce potential liabilities associated with employee claims of unequal treatment.
- Eliminate redundant work performed by human resource staff employed by multiple departments.
- Develop a comprehensive training and staff development program to ensure consistency in human resource work.
- Ensure that consistent and appropriate staffing levels and skill sets are available to address each department's needs.
- Assist with development and implementation of human resource functions that are important but not made a priority, such as strategic workforce planning, talent management, career counseling, organizational development, and performance management.
- Reduce the use of paper and the amount of associated manual labor.
- Develop more self-service tools to facilitate employee access to personnel-related activities and reduce staff time currently spent on such activities.

	General Fund	**Other**
Maximum Savings/Revenue	**Indeterminate**	
Value of Proposal (Savings/Revenue)	**Year one: approx. $750,000** **Ongoing (after year three): approx. $8M**	

Recommendation:
Proceed with consolidation of human resource functions citywide as outlined in the EquaTerra report and as proposed by the Personnel Department.

PERSONNEL DEPARTMENT
HUMAN RESOURCE CONSOLIDATION

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

Stakeholders affected by a potential human resource consolidation interviewed by EquaTerra unanimously acknowledged that the City's current, disaggregated human resource model is unsustainable given the recent and significant staff reductions and current and future projected financial constraints. They also indicated a concern about the current varying levels and quality of human resource services provided across departments. At their January 2011 meeting, members of the Civil Service Commission echoed this concern, noting the number of cases brought before the Commission that involve inconsistent application of Civil Service rules and procedures.

The EquaTerra report also identified the following recommendations relative to a human resource function consolidation, each of which is meritorious toward the goals stated above and towards eventually reducing the amount of resources, e.g., funding, devoted towards the City's human resources functions:

1. **A service level agreement should be executed between the Personnel Department and each user department to clearly delineate expectations and service to be provided**. Service level agreements are a good idea and have been executed successfully in the City, such as one of the first information technology-related agreements, which involved the Controller's Office and the Information Technology Agency (ITA) in FY2005-06. Under that agreement, all of the Controller's Office information technology staff assigned to general user support were transferred to ITA. In exchange for additional staff and an associated increased flexibility, ITA made explicit guarantees to provide desktop user PC support to Controller's Office staff.
2. **A dedicated point(s) of contact should be identified in and made available by the Personnel Department to provide timely and appropriate service to departments**. One significant and reasonable concern expressed by user departments is the loss of control over the administration of personnel functions and a lack of direct access to and control over personnel professionals responsible for administering human resource programs on their behalf. A dedicated point(s) of contact would provide congruency among departments in the application of rules and procedures and consistency in the handling of human resource functions within a department.
3. **Department general managers should maintain their appointing authority status over employees in their respective departments**. The Personnel Department general manager will be the appointing authority of human resource employees who are transferred to the Personnel Department as part of the consolidation, but all other general managers will retain their appointing authority rights over their staff.

4. **Consolidate all Form 41 transaction work.** This recommendation is designed to improve efficiency in processing human resource transactions.
5. **Consolidate all equal employment opportunity activities, which would incorporate and leverage existing discrimination and complaint resolution work conducted by the Personnel Department.** This recommendation is designed to reduce potential liability related to and improve consistency in the application of personnel-related processes, procedures, and rules.
6. **Develop city-wide leadership, management, and "soft skill" training.** This recommendation is designed to reduce potential liabilities and improve consistency and effectiveness in the application of rules across City departments.
7. **Consolidate or incorporate employee-relations related work into the Personnel Department.** This recommendation is made in reference to the handling of discipline and grievance matters currently performed by human resource staff in operating departments, which, if performed incorrectly or inconsistently, could lead to significant liability for the City. The proposed consolidation would remove this work from operating departments and centralize it, initially with all of the resources currently deployed, in the Personnel Department. This recommendation should not be confused with employee relations work conducted by the Office of the City Administrative Officer, which is empowered by the City Charter (section 293) and the Los Angeles Administrative Code (section 4.870) to act as the City's management representative in formal relationships with representatives of recognized employee organizations on matters which are properly within the scope of representation on which the City Council is the determining body.

The EquaTerra report raises a number of concerns, directly and indirectly, with the consolidation effort.

1. **Consolidation of department staff into the Personnel Department will eventually necessitate relocation.** The Personnel Department building is at capacity and until a permanent solution is identified, staff consolidated into the Personnel Department may be forced to remain in their current physical locations. Doing so would negate synergies that will likely come with collocating staff responsible for similar functions, and will complicate department-wide interaction among the Personnel Department, such as staff meetings.
2. **The need for new or enhanced technology is undefined and could present budgetary challenges.** EquaTerra reports that many public sector agencies that have already consolidated human resource functions did so by leveraging human resource technology to automate processes and to increase the use of manger and employee self service. While the Personnel Department reports no expectation of increased or enhanced resources for

the proposed consolidation, the possibility exists that one-time funding will be necessary to make process improvements as workloads are better understood during the multi-phase approach.

3. **Consolidation may be equated with immediate downsizing and savings.** The proposed phased approach to consolidation is purposefully cautious to ensure that appropriate resources are not eliminated without first understanding the level of effort needed to properly service user departments. As with any consolidation effort, user departments have had difficulty specifically identifying the totality of their workloads that define their human resources operations, which handicaps the ability to outline an accurate work plan that identifies requisite resources. The phased approach will allow the Personnel Department to maintain current service levels by first transferring all current staff to the Personnel Department, then developing a sustainable strategic human resource plan and making process improvements while eventually eliminating positions through natural attrition.

B. Service Impacts

The reported goal of the human resource consolidation is that current service levels will be maintained and process improvement will be made, assuming resources are appropriately reallocated to ensure that work currently performed can be maintained in the manner expected and necessary.

C. Program(s)/Positions to be Transferred

See attached table and organization chart.

D. Program(s)/Positions to be Eliminated

No programs will be eliminated. According to the Personnel Department's Human Resources Services Consolidation overview (included as an attachment to Equa Terra's HR Consolidation Business Case Final Report), Phase One savings is estimated to equal $750,000, which equates to the elimination of approximately eight clerical positions. Savings during Phases Two and Three are estimated at approximately $8 million, achieved through not filling positions vacated by attrition and vacancy elimination.

E. Implementation Plan

Implementation of the proposed human resource consolidation is recommended in a phased approach over a three-year period, as outlined below.

PERSONNEL DEPARTMENT
HUMAN RESOURCE CONSOLIDATION

PROPOSED HR CONSOLIDATION SCHEDULE

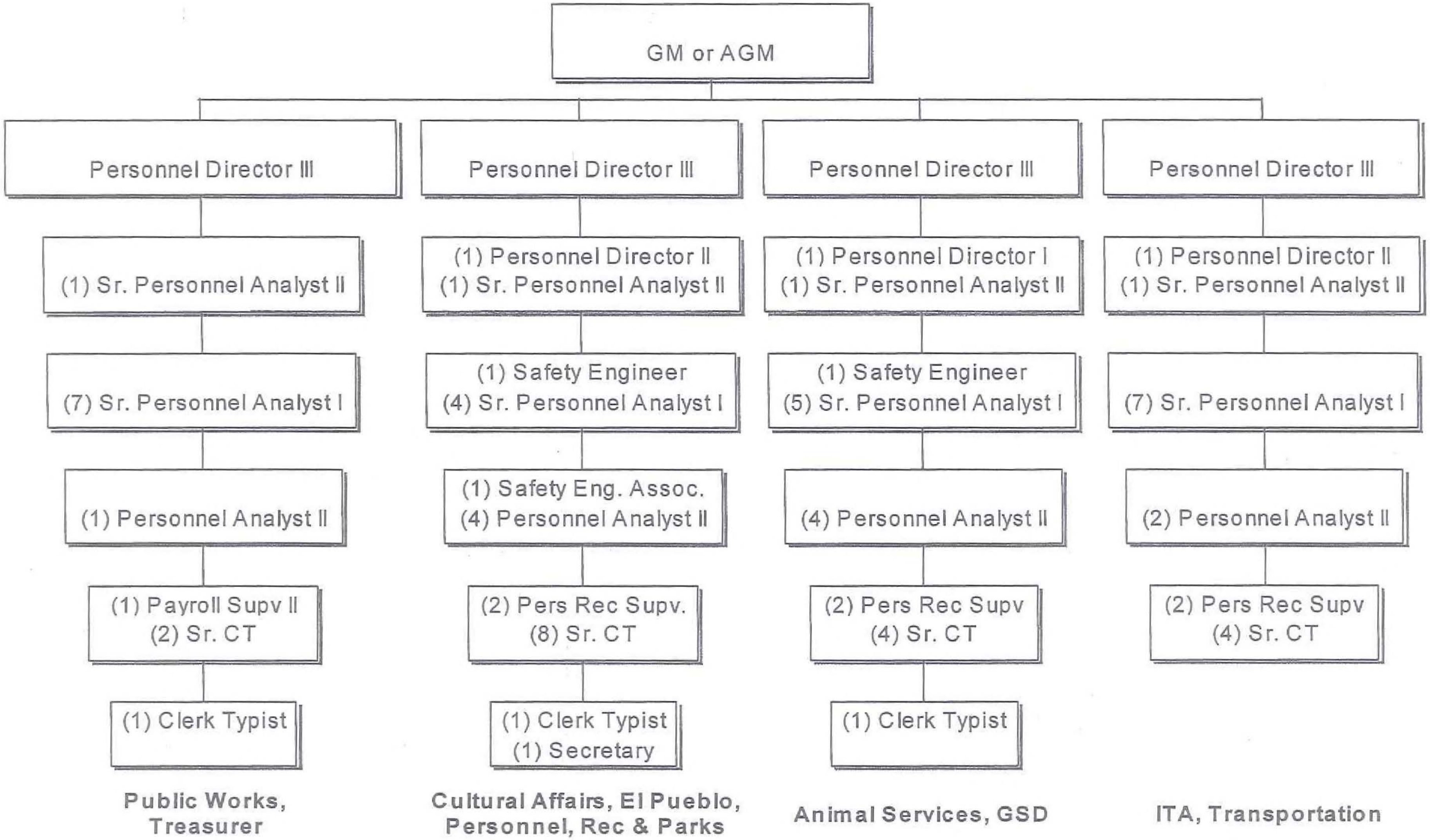
DEPARTMENT	PHASE (YEAR) 1	PHASE (YEAR) 2 and 3 *
Aging		x
Animal Services	x	
Building and Safety		x
CAO		x
CDD		x
Convention Center		x
Cultural Affairs	x	
Disability		x
El Pueblo	x	
Emergency Management		x
ERB		x
Ethics		x
Finance		x
General Services	x	
Housing		x
ITA	x	
Library		x
Neighborhood Empowerment		x
Personnel	x	
Planning		x
Public Works, Board	x	
Public Works, Contract Administration		x
Public Works, Engineering		x
Public Works, Sanitation		x
Public Works, Street Lighting		x
Public Works, Street Services		x
Recreation and Parks	x	
Transportation	x	
Treasurer	x	
Zoo		x

* The decision about which departments to include in Phase 2 and Phase 3 has not yet been made.

PERSONNEL DEPARTMENT
HUMAN RESOURCE CONSOLIDATION

PHASE ONE CONSOLIDATION DEPARTMENTS AND POSITIONS											
	Total	Animal Services	Cultural Affairs	El Pueblo	GSD	ITA	Personnel	Public Works [2]	Rec and Parks	Transportation	Treasurer
Department Staff [1]	**17,772**	355	168	28	2,127	582	649	5,054	6,900	1,880	29
Deidated HR Staff	**77**	6	0	1	14	5	6	12	18	13	2
Staffing Ratio	**1:231**	**1:59**	**-**	**1:28**	**1:152**	**1:116**	**1:108**	**1:421**	**1:383**	**1:145**	**1:15**
Clerk Typist	**3**	1					1	1			
Sr Clerk Typist	**18**	1			3		2	2	6	4	
Secretary	**1**								1		
Payroll Sup II	**1**							1			
Personnel Records Sup	**6**	1			1	1			2	1	
Safety Engineer Associate II	**1**								1		
Safety Engineer	**2**				1				1		
Personnel Analyst II	**11**	1		1	3	1	1		2	1	1
Sr Personnel Analyst I	**23**	1			4	2	1	6	3	5	1
Sr Personnel Analyst II	**4**				1			1	1	1	
Personnel Director I	**1**	1									
Personnel Director II	**2**					1	1				
Personnel Director III	**4**				1			1	1	1	
[1] Includes full and part-time positions											
[2] Total Staff = entire Department of Public Works; Dedicated HR Staff = OMES staff only											

PERSONNEL DEPARTMENT
HUMAN RESOURCE CONSOLIDATION



DEPARTMENT OF RECREATION AND PARKS
INCREASE REIMBURSEMENT OF RELATED COSTS

Objective: Reduce the fiscal impact of the Department of Recreation and Parks (Department) operations on the General Fund by increasing the related cost reimbursement by $2.0 million

	General Fund	Other
Maximum Savings/Revenue(1)	**$2.0 Million**	
Value of Proposal (Savings/Revenue)	**$2.0 Million**	

(1) Basis for Maximum Savings/Revenue: Historical costs

Recommendation:

Require the Department to reimburse the General Fund for an additional $2.0 million in related costs

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Since 2007-08, the Department has reimbursed (or is expected to reimburse) the General Fund for a portion of the total direct costs attributable to its operations, as follows:

FY 2007-08	$1.0 million water and electricity (golf operations)
FY 2008-09	$3.144 million for water and electricity
FY 2009-10	$19.5 million for water and electricity and other utilities
FY 2010-11	$37.8 million for water and electricity, retirement costs and health benefits, and Early Retirement Incentive Program payout

For 2011-12, the estimated costs for water and electricity, retirement costs, healthcare benefits and other direct costs attributable to the Department operations are as follows:

$16.0 million	Water and Electricity
$27.4 million	CERS/Medicare (29.16 percent of $94 million Sal General)
$16.4 million	Flex benefits (1,550 full-time positions @ $10,608/position)
$14.0 million	General Services Department (GSD)
$73.8 million	TOTAL

According to cost information provided by GSD, the $14.0 million in GSD services provided to the Department include natural gas, security services, supply, parking, mail, asset, building management, fleet and fuel.

It should be noted that the retirement costs and healthcare benefits costs are based on authorized positions and would have to be adjusted based on the actual employment level.

The City Attorney has advised that any reimbursement from RAP should be auditable and verifiable to avoid any potential Charter challenges.

To offset the $2.0 million increase in related cost reimbursement, the Department must identify savings or reduction in direct services such as recreational programming or maintenance.

B. Service Impacts

The $2.0 million equates to 33 full-time positions at the average annual direct salary cost of $60,000 or 130 half-time positions at $14.80 per hour with an annual maximum of 1,040 hours per employee.

OPTION 1 - Reduction in Recreational Programming

While this reduction appears to be minimal relative to the Department's total budget, it could have a significant impact on the Department's recreational programming if considered together with the budget reductions taken in the last three fiscal years. Recreation staffing was reduced by 22 percent or 93 positions from 425 full-time positions in 2009-10 to 332 positions in the 2010-11 budget.

This reduction, in conjunction with the $3.7 million trash services reimbursement, would require the Department to significantly increase the number of facilities that will be "clustered". Increasing the number of facilities in each cluster would reduce recreation services in the area covered by the cluster. Potentially, the increase in the number of facilities in each cluster could result in the "elimination" of recreation services in certain areas due to accessibility issues.

OPTION 2 – Reduction in Maintenance Funding

This reduction, in conjunction with the $3.7 million trash services reimbursement, would have a significant impact on the maintenance of parks and various recreation facilities. The elimination of 69 maintenance positions in the 2009-10 budget and 166 positions in the 2010-11 budget reduced maintenance staffing by 30 percent from 778 to 543 positions. Any further reduction in the Department's maintenance funding would result in health and safety issues that could eventually require park closures.

Charter Section 593 requires an annual appropriation to the Recreation and Parks Fund of an amount not less than 0.0325 percent of the assessed value of all property as assessed for City taxes. To ensure compliance with the Charter-mandated requirement, the $2.0 million reduction must be accompanied by an appropriation in the same amount for expenses directly attributable to the Department (for example, retirement costs and health care benefits).

C. Program(s)/Positions to be Transferred

Not applicable

D. Program(s)/Positions to be Eliminated

To be determined

E. Implementation Plan

1. Include a $2.0 million reduction in the 2011-12 Proposed Budget
2. Identify expenses directly attributable to Department expenses that are currently being paid for by the General Fund
3. Require the Department to reimburse the General Fund for such expenses

DEPARTMENT OF RECREATION AND PARKS
REIMBURSEMENT OF TRASH SERVICES GENERAL FUND COSTS

Objective: Reduce the fiscal impact of the Department of Recreation and Parks' (RAP) operations on the General Fund by requiring reimbursement of $3.7 million trash services costs funded by the General Fund

	General Fund	Other
Maximum Savings/Revenue[1]	**$3.7 million**	
Value of Proposal (Savings/Revenue)	**$3.7 million**	

(1) Basis for Maximum Savings/Revenue: Historical costs

Recommendation:

Transfer the $3.7 million appropriation in the General City Purposes for Department trash services into the Department operating budget

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Charter Section 593 requires an annual appropriation to the Recreation and Parks Fund of an amount not less than 0.0325 percent of the assessed value of all property as assessed for City taxes. In addition to this Charter-mandated appropriation, the Mayor and Council may provide appropriations from the General Fund to the Recreation and Parks Fund. The Charter-mandated appropriation and any additional appropriations provided from the General Fund are to be used only for the financial support of RAP.

The City General Fund is not obligated to pay for RAP's operating expenses, such as utilities. However, the Mayor and Council may choose to pay all or part of these expenses as they have done in previous years when resources are available. Conversely, during periods of reduced resources, it appears that there is nothing in the Charter that prohibits the Mayor and Council from requiring RAP to pay for costs funded by the General Fund that are associated with RAP's operations, provided the Board of Recreation and Park Commissioners elects to incur those costs (Charter Section 591(b)).

Since 2007-08, RAP has reimbursed (or is expected to reimburse) the General Fund for a portion of the total direct costs attributable to its operations, as follows:

FY 2007-08	$1.0 million water and electricity (golf operations)
FY 2008-09	$3.144 million for water and electricity

FY 2009-10	$19.5 million for water and electricity and other utilities
FY 2010-11	$37.8 million for water and electricity, retirement costs and health benefits, and Early Retirement Incentive Program payout

For 2011-12, the estimated costs for water and electricity, retirement costs, healthcare benefits and other direct costs attributable to the Department operations are as follows:

$16.0 million	Water and Electricity
$27.4 million	CERS/Medicare (29.16 percent of $94 million Sal General)
$16.4 million	Flex benefits (1,550 full-time positions @ $10,608/position)
$14.0 million	General Services Department (GSD)
$73.8 million	TOTAL

According to cost information provided by GSD, the $14.0 million in GSD services provided to the Department include natural gas, security services, supply, parking, mail, asset, building management, fleet and fuel.

The City Attorney has advised that any reimbursement from RAP should be auditable and verifiable to avoid any potential Charter challenges.

B. Service Impacts

The proposed reduction of $3.7 million is roughly equivalent to 44 full-time positions at the average direct salary cost of $58,000 and $29,000 indirect costs (50 percent of direct salary cost).

The impact of the $3.7 million GF reimbursement on RAP's operations could potentially be reduced by minimizing the actual cost of trash services. This could be achieved by issuing a request for bid or request for proposals to find the most cost effective service provider.

OPTION 1 - Clean and Safe Spaces (CLASS) Parks Program

This reduction could be offset by the elimination of 37 Recreation Coordinator positions dedicated to the CLASS Parks Program. The elimination of the dedicated full-time personnel would impact the effectiveness of the CLASS Parks Program. However, the Department could continue the program by utilizing part-time personnel under the direction of the overall facility director. The elimination of the 37 full-time positions could generate up to $3.2 million in salary and indirect cost savings.

OPTION 2 – Additional Clustering of Facilities

This reduction could be offset by the elimination of 40 recreation positions. The elimination of 40 full-time positions could generate up to $3.5 million in salary and indirect cost savings. The elimination of 40 recreation positions equates to a 12 percent reduction in recreation staffing. It should be noted that recreation staffing was reduced by 22 percent or 93 positions from 425 full-time positions in 2009-10 to 332 positions in the 2010-11 budget. This reduction would require the Department to increase the number of facilities that will be "clustered". This reduction could also potentially result in no recreation coverage for vacations, sick time or other absences at the various Department recreation facilities.

OPTION 3 – Reduce Maintenance Funding

This reduction could be offset by the elimination of 50 maintenance positions. The elimination of 50 full-time positions could generate $3.5 million in salary and indirect cost savings. The average salary cost for maintenance positions is approximately $46,000 direct salary costs or $69,000 with indirect costs. It should be noted that the maintenance staffing was reduced by 23 percent or 166 positions from 709 in 2009-10 to 543 positions in the 2010-11 budget. This reduction could result in park closures.

C. <u>Program(s)/Positions to be Transferred</u>

To be determined

D. <u>Program(s)/Positions to be Eliminated</u>

To be determined

E. <u>Implementation Plan</u>

Transfer the $3.7 million appropriation in the General City Purposes for Department trash services into the Department operating budget in the 2011-12 Budget

BUREAU OF SANITATION
WATERSHED PROTECTION AND CLEAN WATER PROGRAMS
MANDATORY FURLOUGH PROGRAM

Objective: Achieve salary cost reductions to recognizing fiscal challenges on the funding sources for the Watershed Protection and Clean Water programs, and to reduce pressure on rate/tax payers.

	General Fund	Other
Maximum Savings/Revenue[1]	$0	$10,527,375
Value of Proposal (Savings/Revenue)	$0	$7,337,031

(1) Basis for Maximum Savings/Revenue: Reflects salary savings if all classes in the Watershed Protection, Clean Water and General Administration and Support programs are furloughed.

Recommendation:

Implement a furlough program for the Clean Water and Watershed Protection programs beginning in FY 2011-12 recognizing fiscal challenges on funding sources for these programs.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Bureau of Sanitation is currently exempted from citywide furloughs. This package considers implementation of a 26-day furlough plan on the Clean Water and Watershed Protection programs in Fiscal Year 2011-12 to achieve approximately 10% in salary cost reductions.

Sewer Construction and Maintenance Fund

The Bureau is considering a multi-year rate package for the residential Sewer Service Charge (SSC) beginning in Fiscal Year 2011-12, which is the primary revenue source for the Sewer Construction and Maintenance Fund (SCM). Proposed fee increases are sought to address overall cost increases to operations, maintenance and repair of wastewater facilities, a planned phase in of new revenue to support the Clean Water capital program inclusive of Collection System Settlement Agreement (CSSA) requirements, obligations on debt service, and declining SSC receipts as a result of water conservation and other factors.

As economic conditions remain weak in the City, however, options for cost reductions to the Clean Water program must be considered to limit pressure on the rate base. Implementation of a furlough program in SCM for 2011-12 could potentially reduce the needed rate adjustment in the first year by approximately one percent and/or assist in funding additional one-time costs such as capital projects. Employees of other City departments that receive SCM funds would also be furloughed.

Stormwater Pollution Abatement Fund

The Stormwater Pollution Abatement Fund (SPA) supports the City's water quality initiatives for the protection of watersheds, waterways, oceans and beaches through its Watershed Protection Program. The SPA has not had any rate increases since 1992-93 from the current monthly level of approximately $1.92 monthly per typical single-family property. Because of this, revenues from the SPA fund are insufficient to address eligible activities, including but not limited to:

- Full costs of City program and administration costs (including related costs), such as watershed protection, street sweeping, etc., and escalation of future costs in terms of inflation.
- Capital needs – there is currently no capital improvement program other than the Proposition O voter approved water quality initiative.
- Operations and Maintenance (O&M) – there is minimal funding to support O&M costs for capital projects and Best Management Practices for Prop O projects and regulatory requirements, such as Regional Water Quality Board TMDLS.

Potential Savings

A furlough program is among the most immediately implementable options to provide limited financial relief for stressed funds. Furloughs would achieve approximately $10.5 million in salary savings in Sanitation (see table that follows) based on current employment levels in divisions utilizing SCM and SPA funding, including General Administration and Support (GASP) positions. GASP positions include approximately 65 percent SCM and 2 percent SPA funding.

An alternative would be to exempt critical classes with high vacancy rates from furlough. Exempted classes could include operators and collection workers to maintain uninterrupted coverage in the clean and storm water conveyance and treatment systems and would total approximately 421 positions. This would reduce estimated savings by $3.2 million, from $10.5 million to $7.3 million.

PROPOSED FURLOUGHS			
	Positions	Est. Furlough Reductions	Related (Fringe Excluded)
SCM	777	($6,128,864)	($922,394)
SPA	61	(511,014)	511,014
GASP	82	(697,153)	($104,922)
Total	920	($7,337,031)	($516,302)
PROPOSED FURLOUGH EXEMPTIONS			
SCM	376	($2,905,462)	($437,272)
SPA	45	(284,882)	284,882
Total	421	($3,190,344)	($152,390)
TOTAL IF ALL CLASSES FURLOUGHED			
SCM	1,153	($9,034,326)	($1,359,666)
SPA	106	($795,896)	$795,896
GASP	82	($697,153)	($104,922)
Total	1,341	($10,527,375)	($668,691)

B. Service Impacts

The Bureau is already operating with a 16 percent vacancy rate in the Clean Water program and 22.6 percent in Watershed Protection. This has necessitated above normal overtime, as-needed and hiring hall expenditures to maintain operations. A furlough program may add additional burden on these accounts particularly during peak operating conditions or unanticipated events (storms, sewer backflows, etc.) that cannot be entirely accommodated through staggered scheduling, offsetting some portion of the anticipated salary savings. Given this, exempting certain critical operations staff would be warranted.

C. Program(s)/Positions to be Transferred

None

D. Program(s)/Positions to be Eliminated

None

E. Implementation Plan

The Bureau prepared a furlough plan in June 2009 pursuant to the Emergency Resolution and Reduced Work Schedule Ordinance No. 180696 issued on May 18, 2009. The plan was structured to achieve 26 furlough days per employee in a fiscal year while minimizing disruption to City services. This included all employees and involved a combination of standard and staggered furlough placements to maintain coverage on core services and administrative functions. Many of those elements could still apply to any single Bureau program considered for furloughs. However, there are significantly more vacancies in the Bureau now from the time this was prepared, which supports the case for exempting some service-direct classes. As such, an updated furlough plan may be warranted by the Bureau for Fiscal Year 2011-12.

CITYWIDE
CAPITAL AND INFRASTRUCTURE FUNDING POLICY

Objective:

Suspend the City's Capital and Infrastructure Funding Policy for the next three fiscal years, beginning July 1, 2011 through June 30, 2014.

	General Fund	Other
Maximum Savings/Revenue[1]	$43 million	
Value of Proposal (Savings/Revenue)	$37 million	

(1) Basis for Maximum Savings/Revenue: This would reduce the forecasted deficit in our five-year look outlook by $37 million. To comply with the policy, the City would need to set aside approximately $43 million annually in order to meet the City's one percent requirement. For 2010-11, the City's financial situation allowed a set aside of only $6.3 million or $37 million less than the recommended amount.

Recommendation:

Suspend the City's Capital and Infrastructure Funding Policy for three years from FY 11-12 through FY 13-14.

Background/Discussion:

In accordance with the City's Financial Policies adopted by the Mayor and Council on April 19, 2005, (C.F. 04-1822), the City was to annually budget one percent of General Fund revenue to fund infrastructure or other capital improvements to the extent possible. Since the policy was implemented in 2005-06, the City has budgeted an average of .55 percent annually for infrastructure or other capital improvements as follows:

- 2005-06 – 0.76%
- 2006-07 – 1.13%
- 2007-08 – 0.30%
- 2008-09 – 0.54%
- 2009-10 – 0.21%
- 2010-11 – 0.15%

A. <u>Findings/Issues</u> (including cost savings/revenue)

Since the policy was adopted, with the exception of 2006-07, the City has not been able to meet its goal of budgeting one percent of its General Fund revenue for capital or infrastructure improvements. In 2010-11, the one percent set aside requirement totaled $43.7 million. The City was able to budget 15% of this amount ($6,346,500). These monies were budgeted in the Capital Improvement

Expenditure Program to fund critical city-wide programs such as building hazard mitigation, contaminated soil removal and citywide infrastructure improvements.

Given the General Fund outlook for the next several years, it is unlikely that the City will be able to provide one percent of its General Fund revenue for capital or infrastructure projects. However, we do recommend that the City continue to provide funding for critical infrastructure maintenance and estimate that the annual funding requirement for this will be about $6 million. Elimination of the one percent requirement would reduce our overall deficit by at least $37 million in 2011-12. This deferral of the Capital and Infrastructure Funding Policy is intended only as a temporary measure. We recognize that the City would face increased long-term costs if the policy is suspended permanently. As soon as feasible, the City should reinstate the policy. In the interim, the City should develop a capital policy and funding strategy that identifies needed capital improvements, prioritizes those needed capital improvements on a city-wide basis and finances projects in priority order.

B. Service Impacts

If the City does not budget at least one percent of its General Fund revenue for capital or infrastructure improvements, deferred maintenance at City facilities will increase. As a result, preventative repairs will become costlier. In addition, the City has added numerous new facilities through its bond programs and failing to adequate budget for preventative capital repair will accelerate wear and tear on these buildings.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

City facilities deferred maintenance funded through the Capital Improvement Expenditure Program. However, minimum funding for critical infrastructure maintenance would be provided.

E. Implementation Plan

Include a resolution in the 2011-12 Budget to suspend the City's Capital and Infrastructure Funding Policy for three years from FY 11-12 through FY 13-14.

CITYWIDE
A NEW STREET/TRANSPORTATION PROJECT OVERSIGHT COMMITTEE

Objectives

Improve the delivery of physical plant capital projects, in particular street/transportation related projects by:

- Strengthening the current infrastructure for the delivery of projects by providing focused support of City management (CAO, CLA and Mayor), similar to the successful oversight model used by the City for municipal facilities and for General Obligation Bond Programs;
- Ensuring sufficient resources and managerial strategies are in use to successfully complete projects in a timely manner;
- Assisting with removing obstacles to project completion;
- Minimizing the number and amount of funded projects pending completion;
- Ensuring that the maximum number of local jobs are created in completing these projects;
- Guiding the prioritization of existing projects and the strategic development of future projects;
- Facilitating the dissemination of accurate information regarding projects; and,
- Advising the Council and Mayor on project related issues.

	General Fund	Other
Maximum Savings/Revenue(1)	**Not Applicable**	**Not Applicable**
Value of Proposal (Savings/Revenue)	**Not Applicable**	**Not Applicable**

(1) Basis for Maximum Savings/Revenue: This is about timely project completion. The faster funded capital projects are completed, the more likely the City is to save money. However, that savings can not be estimated at this time.

Recommendation:

It is recommended that the Council and Mayor:

- Approve the establishment of a Street/Transportation Project Oversight Committee that is comprised of the Chief Legislative Analyst, City Administrative Officer and Mayor;

- Similar to the other existing City capital project oversight committees, instruct the City Administrative Officer to Chair the Street/Transportation Project Oversight Committee and to provide staff support to the Committee;

- Instruct all City departments, in particular the Departments of Transportation, Public Works and General Services, to cooperate fully with the Street/Transportation Project Oversight Committee and to submit all future projects to the Committee for review prior to requesting the review and approval of the Council; and,

- Instruct the City Administrative Officer, as Chair of the Street/Transportation Project Oversight Committee, to report as needed to the Council and the Mayor with recommendations from the Committee.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The City is currently fortunate to have a large number of transportation/street related projects funded from non-General Fund sources. However, there is growing concern that from year to year, while progress may be made on projects, the large number of funded projects in the pipeline does not seem to diminish.

The Department of Transportation's (DOT) latest list shows 165 total projects worth $454.3 million in queue. The Department of Public Works, Bureau of Street Services (BSS) has a list showing 72 projects worth $133 million in queue. There may be some overlap between the lists but the point is made.

Examples of the types of projects include streetscapes, sidewalks, street resurfacing, alleys, pedestrian projects, bicycle projects medians, cross walks, guard rails, traffic control and safety improvements, road widening and repair, grade separations, transit projects including transit stop improvements, retaining walls and other slope stabilization methods, bulkheads, and railroad crossing improvements.

On top of that, we have nine large Measure R projects worth several billion dollars coming forward. The South Los Angeles Transportation Master Plan has identified 43 projects recommended to improve conditions in South LA. Recent negotiations with developers such as the Wilshire Grand, have created street projects. Recent storms have created 19 more street projects worth approximately $7 million. We have more street projects proposed for funding in the 2011-12 Gas Tax and 2010-11 Measure R Budgets. The Bicycle Master Plan will help define more bicycle focused street projects. Funds have been set aside in Measure R to provide for additional pedestrian projects. DOT has been instructed to apply for more MTA Call Projects and Safe Routes to School projects.

We have had concerns over the progress of street/transportation projects for a couple of years. As a result, we have initiated conversations with each City department involved in the completion of these projects. While department management have cooperated with our inquiries, there is a growing perception that projects are not being completed in a timely manner. Whether this perception is accurate or not is almost immaterial. The City is currently experiencing a significant reduction in City staff due to the serious fiscal challenges. As a result, there is a need to provide focused effort to ensure that projects are still able to be completed in a timely manner.

Specific concerns regarding having significant amounts of funded projects that are not yet completed include:

- Projects are not on the street improving the quality of life within the City and providing sorely needed jobs for our residents;
- Delays in implementing these projects will increase their costs and cause funding gaps that will need to be addressed by adding funding or downscoping the project;
- A potential erosion in the confidence of our grantors of the City's ability to deliver upon promised projects; and,
- A large existing workload could potentially interfere with the City's ability to successfully deliver forthcoming projects such as the Measure R regional projects, City Bicycle Master Plan projects, City Pedestrian Plan projects, Storm Damage Projects and South Los Angeles Transportation Master Plan projects.

In the struggle to achieve a balanced budget in an era of declining revenues, an issue of this nature could easily be set aside. However, even in this important time of crisis, the issue of project completion is worthy of a significant amount of attention.

Something must be done to ensure that street projects are moving forward in a timely manner, and if possible can be expedited. In addition, improvements must be made, local job creation must be maximized, work must be bid while construction pricing is favorable, every effort must be made to maintain the confidence of grantors and keep project lists and workload from growing exponentially.

This Office recommends that the management oversight for these street/transportation projects be strengthened by establishing an oversight committee function for street/transportation related projects. This would be similar to the other existing capital oversight bodies (Bond Oversight Committees and Municipal Facilities Committee) and would create accountability for DOT, BSS, the Bureau of Street Lighting and the Bureau of Engineering. Committee members would be the CAO, the CLA and the Mayor. This would also be a forum for resolving coordination issues and for implementing strategic approaches to project implementation that City staff may hesitate to support otherwise.

The committee could initially meet once a month and adjust meeting frequency as the situation improved. An initial task would be to get a handle on all the current projects, their scope, their funding needs (including front and match funding) and their progress. A second task would be to outline a path to expedite the completion of the projects and the creation of local jobs. This could include helping the departments to overcome obstacles with outside parties or issues with other City departments. A third task may be to prioritize those projects remaining, to reset expectations as to their implementation and to design a strategy for implementation of future projects.

We have discussed this with the General Managers of DOT and GSD and the Directors of the Bureaus of Engineering, Contract Administration and Street Services. All have agreed with this recommendation.

B. Service Impacts

Closer management attention, stronger management oversight and better coordination should result in faster completion of street/transportation related projects. This should ensure that beneficial community impacts are received sooner and that more local jobs are provided earlier. Minimizing the potential growth of project costs will allow tax dollars to be used more efficiently to provide more community benefits.

C. Programs/Positions to be Transferred

None.

D. Programs/Positions to be Eliminated

None.

E. Implementation Plan

Approve and implement the new Project Oversight Committee as quickly as possible.

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
		Projects in Right-of-Way																		
2001 Call	1	8063 RIVERSIDE DR. VIADUCT WIDENING & REPLACEMENT	BOE	Design and ROW completed. In bid process.	1	RSTI	2,335 ROW = 534 CON = 7,939	6,225	78	PC25	1,078	14	Measure R 636							
2001 Call 2006 Supp	2	8058 LA TIJERA BLVD BRIDGE WIDENING OVER 405 FWY (Ph. II)	BOE	ROW- 37% Completed.	6	RSTI	PSE = 1,200 ROW = 1,500 CON = 11,814 8,515	5,534	65	PC25	2,981	35		6,000	3,250	54	RSTP	2,750	46	
2001 Call 2006 Supp	3	8037 SOTO ST. BRIDGE OVER MISSION RD. & HUNTINGTON DR. (PS&E+ROW+Constr.)	BOE	MOU extension needed by Nov. 2009 ROW	1,14	RSTI	ROW = 648 CON = 6,289 4,298	2,241	52	PC25	716	17	AB3090 1,341	3,600	3,000	83	RSTP	600	17	HBP/ PG+FEMA
1999 Call	4	6418 SEPULVEDA BLVD. / BURBANK BLVD. WIDENING (ROW + Construction)	BOE	LOA extension needed by Nov. 2009 ROW	5,11	RSTI	PSE = 360 ROW = 1,000 CON = 1,299 2,659	1,728	65	PC25 + (RSTP+RIP)	731	27	Earmarked 200							
Safetea-Lu	5	HPLUL-5006( ) BALBOA BLVD. AND SAN FERNANDO RD. INTERSECTION IMPROVEMENTS	DOT	ROW	12	n/a	PSE = 85 ROW = 0 CON = 660 745	385	52	Federal Earmark	360	48								
		TOTAL ROW					*24,156*	*16,113*	67		*5,866*	24	*2,177*	*9,600*	*6,250*	65		*3,350*	35	*0*
		Projects in Design/ PSE																		
2001 Call	1	8086 NORTH SPRING ST. BRIDGE WIDENING & REHABILITATION	BOE	Design 12% completed. EIR completed. Historical perservation discussions.	1	RSTI	PSE = 1,250 ROW = 2,184 CON = 7,483 10,917	9,098	83	RSTP/ STIP	1,319	12	Measur R 500							
2001 Call	2	8052 SAN FERNANDO RD. WIDENING - AVE. 26/ UNION PAC. DRIVE NEAR ELM (EAGLE ROCK)	DOT	MOU extension needed by Nov. 2009 Design	1	RSTI	PSE = 1,991 ROW = 1,000 CON = 5,450 8,441	1,131	13	PC25	2,150	25	SAFETEA-LU 5,160							
Safetea-Lu	3	HPLUL-5006(641) LANI IV-BLQ NORMANDIE/ PICO & HOOVER/ PICO	DOT	Program Supplement (design $80,000) received 1/26/10.	1	n/a	PSE = 100 CON = 418 518	360	69	Federal Earmark	23	4	TDA 135							
2007 Call	4	F1662 SOLANO CANYON-ZANJA MADRE-CHINATOWN-BROADWAY BUS STOP IMPROVEMENTS	BSS	Preliminary Engineering & environmental.	1	TE	PSE = 191 CON = 924 1,115	892	80	CMAQ	175	16	Measur R 48							
2007 Call	5	F1130 SAN FERNANDO RD. - FLETCHER DR. TO SR-2, ELM ST. TO I-5 FWY	DOT	Scope change issues and community inputs.	1	RSTI	PSE = 1,500 ROW = 9,211	5,987	65	PC25	2,709	29	Measur R 515							
2007 Call	6	F1845 ANGELS WALK HIGHLAND PARK	BSS	MOU in progress/ due Dec. 2009. No new action.	1	TEA	783	626	80	STIP TE	42	5	Measur R 115							
Safetea-Lu	7	HPLUL-5006( ) IMPLEMENT STREETSCAPE IMPROVEMENTS ON SEGMENT OF LAUREL CANYON BLVD. AND VICTORY BLVD. IN N. HOLLYWOOD	BSS	Project on hold per Council Dist; Design is 5% complete.	2	n/a	1,200	960	80	Federal Earmark	0	0	GT 240							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
SR2S/ 7	8	SR2SL-5006( ) REED MIDDLE SCHOOL	DOT	Going into design June 2010.	2	n/a	PSE = 75 CON = 219 294	265	90	State	29	10								
Safetea-Lu	9	HPLUL-5006( ) REHABILITATE STREET SURFACE OF CEDROS AVE. BETWEEN BURBANK BLVD. AND MAGNOLIA BLVD.	BSS	Construction to start by FY 10/11.	2	n/a	43	34	79	Federal Earmark	0	0	GT 9							
Safetea-Lu	10	HPLUL-5006( ) REHABILITATE STREET SURFACE OF ADDISON ST. BETWEEN KESTER AVE. AND LEMONA AVE.	BSS	Construction to start by FY 10/11.	2	n/a	47	38	81	Federal Earmark	0	0	GT 9							
2001 Call	11	8087 MAGNOLIA BL. WIDENING - CAHUENGA BL. TO VINELAND AVE.	BOE	MOU extension needed by Nov. 2009. Design 100% completed. DWP delays. Project will be advertised in Dec. 2010.	4	RSTI	PSE = 1,000 ROW = 100 CON = 2,931 4,031	2,620	65	PC25	925	23	Measure R 486							
2007 Call	12	F1846 ANGELS WALK - NORTH HOLLYWOOD	BSS	Design (Received E-76 approval). 100% completed. Awaiting E-76 approval for construction.	4	TE	PSE = 364 CON = 350 714	571	80	STIP TE	73	10	Measure R 70							
2001 Call	13	8048 CAHUENGA BLVD. WIDENING - RIVERSIDE / MAGNOLIA BLVD. TO LANKERSHIM BLVD.	DOT	Design completed. E-76 for construction has been obtained. Preparing bid and Award package.	4	RSTI	PSE = 473 CON = 3,602 4,075	2,648	65	CMAQ	915	22	Measure R 512							
2001 Call	14	8050 WILSHIRE BL. CORRIDOR IMPROVE. - SELBY AVE. TO COMSTOCK AVE.	BOE	MOU extension needed by Nov. 2009. Design on hold. City's is awaiting amended MOU from Metro.	5	RSTI	PSE = 640 CON = 6,839 6,779	4,161	61	PC25	2,264	33	Measure R 354							Westwood 700
2001 Call	15	8055 MOORPARK AVE. WIDENING - WOODMAN AVE. TO MURIETTA AVE.	BOE	MOU extension needed by Nov. 2009. Design completed. The City has made an offer to all the properties that require acquisition.	5	RSTI	PSE = 710 ROW = 2,065 CON = 3,720 6,495	4,237	65	PC25	1,558	24	Measure R 700							
2007 Call	16	F1612 CENTURY CITY URBAN DESIGN & PEDESTRIAN CONNECTION	DOT	MOU ON FILE Working on the master schedule and scop	5	PI	PSE = 580 CON = 2,764 2,006	1,605	80	CMAQ	281	14	Measure R 120							Developer 1,338
SR2S/ 6	17	SR2SL-5006( ) BASSETT ELEMENTARY SCHOOL	BSS	DESIGN	6	n/a	PSE = 50 CON = 450 500	450	90	State	50	10								
2009 Call	18	F3168 / HPLUL-5006(643) BURBANK BLVD. WIDENING AT HAYVENHURST AVE.	DOT	FY 11-12 project	6	RSTI	PSE = 80 CON = 1,001 761	464	61	PC25	286	38	Measure R 11							SAFETEA-LU 320
HSIP/ 0709	19	HSIPL-5006(551) TRAFFIC SIGNALS @ ROXFORD ST. & I-5 ON-OFF RAMPS	DOT	E-76 was approved in October 2009. Received Program Supplement (design $18,000) through BSS on 1/26/10. Prepared TCR for East Valley to sign off before design begins. Design to begin June 2010 and construction October 2011.	7	n/a	PSE = 20 CON = 189 209	188	90	Federal	21	10								

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
SR2S/ 7	20	SR2SL-5006(652) SPEED HUMPS & CURB RAMP INSTALLATIONS (8 locations)	BSS/DOT	Request for SR2S funding allocation was submitted to Caltrans on Jan. 7, 2010, the authorization to start the work on all phases was received on Feb. 8, 2010. CD7, DOT and BSS staff are in conference to finalize the project delivery concept. Design is due to be completed by July 2010. Construction is scheduled to start and finish in FY 11.	7	n/a	PSE = 13 CON = 237 250	225	90	State	25	10								
2009 Call	21	F3144 FOOTHILL BLVD. & SIERRA HWY INTERSECTION IMPROVEMENT	DOT	FY 13-14 project	7	RSTI	PSE = 370 CON = 1,860	1,209	65	PC25	617	33	Measure R 34							Caltrans ?
HSIP/ 0709	22	HSIPL-5006(553) TRAFFIC SIGNAL @ 11TH ST & SLAUSON	DOT	E-76 and CEQA/NEPA determinations have been approved by Caltrans on Oct. 15, 2009 and Jan. 7, 2010. Program Supplement (design $9,000) received through BSS on 1/26/10. Design is to be completed by July 2010 and construction is due to start and finish in FY 11.	8	n/a	PSE = 10 CON = 210 220	198	90	Federal	22	10								
2007 Call	23	F1609 MAIN ST. BUS STOP & PEDESTRIAN IMPROVEMENT	DOT	LOA in progress/ Dec. 2009	9	PI	PSE = 82 CON = 741 823	658	80	CMAQ	160	19	Measure R 5							
1999 Call 2006 Supp	24	6385 101 FWY CROSSING AT N. MAIN ST. - PHASE II	BOE	Design (95%)	9	PI	PSE = 994 CON = 2,125 1,619	1,295	80	STIP TE	324	20		1,500	1,200	80	STIP TE	300	20	
SR2S/ 6	25	SR2SL-5006( ) ASCOT ELEMENTARY SCHOOL	DOT	DESIGN	9	n/a	PSE = 50 CON = 350 400	360	90	State	40	10								
SRTS/2 Non-Inf.	26	SR2SL-5006( ) SOUTH LOS ANGELES PEDESTRIAN SAFETY PROGRAM (WATCH THE ROAD) - 25 ELEMENTARY SCHOOLS	DOT	DESIGN	9	n/a	PSE = 250 250	250	100	Federal	0	0	GF							
2007 Call	27	F1451 OLIVE/ PICO BUS STOP IMPROVEMENTS	DOT	Design (concept)/ BOE & BSS	9	TC	424	339	80	CMAQ	33	8	Measure R 52							
2007 Call	28	F1630 WASHINGTON BLVD. TRANSIT ENHANCEMENTS	CRA	Caltrans review conceptual design (BSS & BSL)	9	PI	2,089	1,671	80	CMAQ	72	3	Measure R 346							
SR2S/ 6	29	SR2SL-5006( ) HOOPER ELEMENTARY SCHOOL	DOT	Going into design in January 2009.	9	n/a	PSE = 50 CON = 400 450	405	90	State	45	10								
Safetea-Lu	30	HPLUL-5006( ) ENHANCE PEDESTRIAN ENVIRONMENT AND INCREASE SAFETY ALONG OLYMPIC BLVD. BETWEEN VERMONT AND WESTERN AVE., LOS ANGELES	BSS	Design is 55% complete and to be 100% completed by June 2010.	10	n/a	2,000	1,600	80	Federal Earmark	0	0	GT 400							
Safetea-Lu	31	HPLUL-5006(642) LANI IV KOREATOWN (Olympic - Normandie/Iroio)	DOT	Program Supplement (design $40,000) received 1/26/10.	10	n/a	PSE = 50 CON = 240 290	180	62	Federal Earmark	43	15	TDA 67							
2007 Call	32	F1844 ANGELS WALK CRENSHAW	BSS	LOA in progress/Dec. 2009	10	TEA	PSE = 237 CON = 527 764	611	80	STIP TE	61	8	Measure R 92							
2007 Call	33	F1163 NORTH VENICE BLVD. WIDENING AT LA CIENEGA BLVD.	DOT	MOU in progress/due Dec. 2009	10	RSTI	PSE = 153 CON = 904 1,057	687	65	PC25	222	21	Measure R 148							
2001 Call	34	8032 SEPULVEDA BL. TUNNEL UNDER MULHOLLAND DR. WIDENING	BOE	MOU extension needed by Nov. 2009 DESIGN STUDY	11	RSTI	PSE = 931 931	652	70	PC25	279	30								
2007 Call	35	F1206 LINCOLN BLVD. WIDENING AT VENICE BLVD.	DOT	MOU in progress/due Dec. 2009	11	RSTI	PSE = 175 CON = 875 1,050	683	65	PC25	229	22	Measure R 138							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
2007 Call	36	F1520 IMPERIAL HIGHWAY BIKE LANES	DOT	LOA in progress/Dec. 2009	11	BI	PSE = 439 CON = 1,883 2,322	1,858	80	STIP TE	406	17	Measure R 58							
2007 Call	37	F1527 MANCHESTER AVE BIKE LANES & ISLAND REDUCTION	DOT	LOA in progress/Dec. 2009	11	BI	PSE = 246 CON = 2,082 2,328	1,862	80	STIP TE	436	19	Measure R 30							
2007 Call	38	F1128 BALBOA BLVD. WIDENING AT RINALDI ST.	BOE	ROW acquisition scope is being finalized.	12	RSTI	PSE = 205 ROW = 450 CON = 783 1,438	935	65	PC25	439	31	Measur R 64							
2007 Call	39	F1129 SAN FERNANDO RD. WIDENING AT BALBOA RD.	DOT	Program Supplement (Design $172,000) Rec. 1/26/10.	12	RSTI	PSE = 265 ROW = 60 CON = 1,307 1,632	1,061	65	CMAQ	513	31	Measur R 56							
2009 Call	40	F3169 / HPLUL-5006(638) BURBANK BLVD. & WOODLEY AVE. INTERSECTION IMPROVEMENT	DOT	FY 11-12 project	12	RSTI	PSE = 40 CON = 455 380	227	60	PC25	142	37	Measur R 11							SAFETEA-LU 115
2007 Call	41	F1204 118 FREEWAY WESTBOUND OFF-RAMP AT TAMPA AVE.	DOT	MOU in progress/due Dec. 2009	12	RSTI	PSE = 235 CON = 816 1,051	683	65	PC25	309	29	Measur R 59							
Safetea-Lu	42	HPLUL-5006( ) CONSTRUCT CROSSWALK BUMP-OUTS AND RELATED STREETSCAPE IMPROVEMENTS ON TEMPLE ST. BETWEEN HOOVER ST. AND GLENDALE BLVD., LOS ANGELES	BSS	Design is 80% done and to be completed by May 2010.	13	n/a	500	400	80	Federal Earmark	0	0	GT 100							
Safetea-Lu	43	HPLUL-5006(512) RIVERSIDE DR. IMPROVEMENTS - VAN NUYS BLVD. TO TILDEN AVE.	DOT	Civil Design 85% complete. E-76 for design was approved by Caltrans using Safetea Lu funds. Geo and signal plans nearly complete. PES form submitted to Caltrans in August 2009. Looking for additional funding for construction. Design to be completed July 2, 2010.	13	n/a	PSE = 80 CON = 320 400	320	80	Federal Earmark	80	20								
2001 Call 2007 Supp	44	8090/ F1135 VERMONT AVE. BRIDGE WIDENING AT N/B ACCESS TO 101 FWY	BOE	Design 65% completed.	13	RSTI	PSE = 1,958 ROW = 525 CON = 8,626 5,128	3,343	65	PC25	1,785	35		5,981	3,554	59	PC25	1,410	24	Measure R 1,017
2001 Call	45	8036 HYPERION AVE. UNDER WAVERLY DR. BRIDGE REPLACEMENT	DOT	MOU extension needed by Nov. 2009. 265 design completed. Currently designing the off-ramp realignment with Caltrans oversight.	13	RSTI	PSE = 2,000 CON = 2,647 4,647	3,770	81	PC25	469	10	Measure R 408							
1999 Call	46	6257 (rescored) L.A. RIVER BIKE PATH - PHASE 3 (Design)	DOT	Design (47% completed)	13	BI	PSE = 1,045 209		0	TEA	209	100								
2007 Call	47	F1663 SUNSET JUNCTION TRANSIT PLAZA	BSS	Preliminary engineering & design	13	TE	PSE = 286 CON = 1,385 1,671	1,337	80	CMAQ	296	18	Measure R 38							
1999 Call	48	6256 HOLLYWOOD PEDESTRIAN/ TRANSIT CROSSROADS	CRA	Construction planns completed.	13	PI	1,602	1,032	64	TEA	205	13	CRA 365							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
2001 Call 2007 Supp	49	8075 CESAR CHAVEZ AVE/ LORENA ST/ INDIANA ST INTERSECTION IMPROV.	DOT	Design scheduled to be completed by Dec. 2009. Draft initial environmental assessment issued in Sept. 2010. City is planning to hire a consultant for civil design.	14	RSTI	PSE = 921 ROW = 5,822 CON = 4,190 7,912	5,143	65	PC25	2,769	35	County = $957k	3,021	1,964	65	PC25	382	13	Measur R 675
2007 Call	50	F1615 EASTSIDE LIGHT RAIL PEDESTRIAN LINKAGE	BSS	Preliminary engineering & design	14	TE	PSE = 400 CON = 2,590 2,990	2,392	80	CMAQ	446	15	Measur R 152							
2007 Call	51	F1205 OLYMPIC BLVD. & MATEO ST. GOOD MOVEMENT IMPROVEMENT	DOT	Signal design near completion, DOT and BOE staff negotiating the street lighting design.	14	RSTI	PSE = 248 ROW = 2,703 CON = 1,471 4,422	2,874	65	PC25	597	14	Measur R 951							
SR2S/ 6	52	SR2SL-5006( ) GOMPERS ELEMENTARY SCHOOL	DOT	Design	15	n/a	PSE = 50 CON = 450 500	450	90	State	50	10								
2007 Call	53	F1335 HARBOR - GATEWAY 2 - ATSAC/ATCS PROJECT	DOT	Design	15	SSBSI	PSE = 992 CON = 8,929 9,921	734	7	PC25	258	3	Prop 1B 8,929							
	54	ECHO PARK / SILVER LAKE - ATCS PROJECT	DOT	Design	1,4,13	n/a	PSE = 826 CON = 4,504 5,330	4,504	85	Prop 1B	165	3	PC25 661							
	55	SANTA MONICA FWY PH. 1 - ATCS PROJECT	DOT	MOU ON FILE Design	1,5,9,10, 11,14	n/a	PSE = 992 CON = 7,277 8,269	7,277	88	Prop 1B	198	2	PC25 794							
	56	SANTA MONICA FWY PH. 2 - ATCS PROJECT	DOT	MOU ON FILE Design	1,5,9,10, 11,14	n/a	PSE = 999 CON = 7,321 8,320	7,321	88	Prop 1B	200	2	PC25 799							
2007 Call	57	F1617 LOS ANGELES NEIGHBORHOOD INITIATIVE (LANI) WEST ADAMS ENHANCEMENT	DOT	MOU in progress/due Dec. 2009	1,8	TE	PSE = 62 CON = 840 991	330	33	CMAQ	+ TDA 311	31	CRA+SAFETEA-LU 350							
2007 Call	58	F1704 DOWNTOWN LA ALTERNATIVE GREEN TRANSIT MODES TRIAL PROGRAM	CRA		1,9,14	PI	1,027	821	80	CMAQ	144	14	Measure R 62							
2007 Call	59	F1725 WIFI ON THE GOLD LINE	CRA	Design (Env/ E-76)	1,9,14	TDM	1,213	970	80	CMAQ	204	17	Measure R 39							
2007 Call	60	F1611 CESAR CHAVEZ TRANSIT CORRIDOR - 110 FWY TO ALAMEDA ST	CRA/BSS	MOU in progress/due Dec. 2009	1,14	PI	2,115	1,692	80	CMAQ	423	20								
Safetea-Lu	61	HPLUL-5006(513) TRAFFIC SIGNAL UPGRADES / 101 FWY RAMPS - WINNETKA AVE. TO VAN NUYS BLVD	DOT	Striping and signal plans are being prepared by our design division to modify striping at White Oak Ave and installation of overhead guide signs. E-76 for design has been approved by Caltrans. Haskell Avenue off-ramp has been identified for a proposed scope.	2,3,5,6, 12	n/a	PSE = 80 CON = 320 400	320	80	Federal Earmark	80	20								
2001 Call	62	8046 BURBANK BL. WIDENING - LANKERSHIM BL. TO CLEON AVE.	BOE	MOU extension needed by Nov. 2009. Design to be completed by Nov. 2009. Awaiting enviornmental Clearance from state to finish 1005 design.	2,4	RSTI	PSE = 2,217 ROW = 4,500 CON = 8,700 15,417	10,021	65	PC25	4,817	31	Measur R 579							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

							Original Budget ($ 000's)							Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls						
Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
2007 Call	63	F1340 PACIFIC PALISADES/CANYONS - ATSAC/ATCS PROJECT	DOT	Design	2,5,11	SSBSI	PSE = 626 CON = 7,696 8,322	467	6	PC25	159	2	Prop 1B 7,696							
2001 Call	64	8166 SF RD. METROLINK BIKE PATH PH. III DESIGN	DOT	Design (65% completed)	2,6	BI	PSE = 1,148 1,148	918	80	TEA	230	20								
HSIP/ 0709	65	HSIPL-5006(554) TRAFFIC SIGNAL UPGRADES @ Coldwater Canyon & Sherman Way, Crenshaw & Jefferson, Vanowen & Woodman, Balboa & Sherman Way	DOT	Program Supplement signed by Caltrans on January 27, 2010. Design to be completed by July 2010 and construction is due to start and finish in FY11. These projects were built by City forces on accelerated basis.	2,6,10,12	n/a	PSE = 0 CON = 250 470	423	90	Federal	47	10								
	66	FOOTHILL CORRIDOR - ATSAC PROJECT	DOT	MOU ON FILE	2,7	n/a	PSE = 623 CON = 6,899	6,276	91	Prop 1B	125	2	PC25 498							
2001 Call	67	8122 / F1900 CANOGA PARK Ph. 1 & 2 - ATSAC/ATCS PROJECT	DOT	Design	3,12	SSBSI	PSE = 1,429 CON 23,351	972	4	PC25	458	2	Prop 1B 21,921							
SR2S/ 6	68	BRADDOCK ELEMENTARY SCHOOL	DOT	DESIGN	4,11,14	n/a	PSE = 150 CON = 350 500	450	90	State	50	10	TDA							
SRTS/1 Non-Inf.	69	SRTS-5006(531) WEST LA WATCH THE ROAD	DOT	DESIGN ($129,685.19)	5,11	n/a	PSE = 499 499	499	100	Federal	0	0	GF							
Safetea-Lu	70	HPLUL-5006( ) NORTHWEST SAN FERNANDO VALLEY ROADWAY LIGHTING	BSL	Project in design. Based on the request of congressman Brad Sherman's office BSL is trying to get Prop 218 passed for another area within the general boundary of the project to complete design and move to the construction phase.	6,7	n/a	1,000	800	80	Federal Earmark	200	20								
2001 Call 2009 Call	71	8164/F3514 EXPOSITION BL. ROW BIKE PATH - WESTSIDE EXTENSION - CENTINELA SEGMENT	DOT	Project will be designed and built by Metro. The City will reimburse Metro for work.	6,11	BI	2,377		0	No grant	1,751	74	Measur R 626							
HSIP/ 0607	72	HSIPL-5006(532) HIGHWAY SAFETY IMPROVEMENT PROGRAM CYCLE 1 - 6 Locations - Traffic Signal Upgrades @ Camarillo, Riverside & Tujunga, Victory & Woodman, Hazeltine & Sherman Way, Van Nuys & Victory, MLK & Normandie, and Parthenia & Tampa intersections	DOT	Design has been completed ($63,000). E-76 for construction was submitted to Caltrans on 8/13/2009. Caltrans has requested revised PIF to approve the construction. Due to the work overload DOT has decided to re-submit construction authorization request for outside contracting.	6,8,12	n/a	PSE = 70 CON = 732 802	589	73	Federal	213	27								
HSIP/ 0607	73	HSIPL-5006(533) TRAFFIC SIGNAL UPGRADES @ HIGHWAY-RAIL GRADE CROSSING - Woodley & De Soto	DOT	20% design completed ($1,9884.3).	6,12	n/a	PSE = 165 CON = 684 849	764	90	Federal	85	10								
2007 Call	74	F1613 EXPO LINE STATION STREETSCAPE PROJECT - EAST CRENSHAW TO JEFFERSON	BSS	Preliminary engineering and design	8,9	TE	PSE = 548 CON = 2,714 3,262	2,609	80	CMAQ	553	17	Measur R 100							
2007 Call	75	F1336 COLISEUM-FLORENCE PH 1 & 2 - ATSAC/ATCS PROJECT	DOT	MOU ON FILE Design	8,9,14	SSBSI	PSE = 1,801 CON = 16,383 18,184	1,322	7	PC25	479	3	Prop 1B 16,383							
2007 Call	76	F1639 FASHION DISTRICT STREETSCAPE PH II	BSS	MOU in progress/due Dec. 2009	9,14	PI	1,960	1,568	80	CMAQ	392	20								
SRTS/2 Non-Inf.	77	SR2SL-5006( ) SAFE ROUTES TO SCHOOL - LAUSD (45 ELEMENT. & 15 MID. SCHOOLS)	DOT	Contract preparation.	CW	n/a	500	500	100	Federal	0	0								

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's)							Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls						
							TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
2007 Call	78	F1818 BRANCHING OUT	EAD	MOU ON FILE	CW	TEA	1,194	889	74	STIP TE	200	17	DWP 105							
	79	LOS ANGELES - ATCS PROJECT	DOT	MOU ON FILE	CW	n/a	PSE = 2,499 CON = 11,528 14,027	11,528	82	Prop 1B	500	4	PC25 1,999							
2007 Call	80	F1535 BICYCLE WAYFINDING SIGNAGE PROGRAM	DOT	MOU ON FILE	CW	BI	504	403	80	CMAQ	63	13	Measur R 38							
2007 Call	81	F1720 EXPERIENCE LA.COM WEB 2.0 INTERCEPTIVE TRANSIT MAPPING	CRA	Design (Env/ E-76)	CW	TDM	338	270	80	CMAQ	33	10	Measur R 35							
2007 Call	82	F1338 HIGHWAY-RAIL GRADE CROSSING IMPROVEMENT SYSTEM (40 locations)	DOT	Design/ Construction	CW	SSBSI	1,605 ROW = 192 CON = 8,706	6,338	68	PC25	1,473	26	Measur R 895							
		TOTAL DESIGN					*259,643*	*146,620*	56		*37,954*	15	*75,069*	*10,502*	*6,718*	64		*2,092*	20	*4,165*
		Projects in Pre-Design																		
2009 Call	1	F3148 NORTH MAIN ST. GRADE SEPARATION (Ph. 1/ Design & ROW)	BOE	FY 13-14 project	1	RSTI	5,950		0	CMAQ	5,950	100								
2009 Call	2	F3631 WESTLAKE MACARTHUR PARK PEDESTRIAN IMPROVEMENT PROJECT	DOT	FY 13-14 project	1	PI	335		0	CMAQ	335	100								
2009 Call	3	F3653 PASADENA AVE PED CONNECTION TO GOLD LINE HERITAGE SQ STATION	BSS	FY 12-13 project	1	PI	514		0	CMAQ	514	100								
2001 Call	4	8165 L.A. RIVER BIKE PATH - PHASE 3A CONSTRUCTION	DOT	LOA will be executed by Dec. 30, 2010.	1	BI	341		0	TEA	170	50	Measur R 171							
SR2S/8	5	LATONA ELEMENTARY SCHOOL	BSS	To obligate funds in FY10/11.	1	n/a	517	446	86	State	0	0	GF 71							
HSIP/ 0709	6	Highway Safety Improvement Program ORO VISTA AVE SIDEWALK IMPROVEMENTS - FOOTHILL BLVD TO HILLROSE ST	BSS	To obligate funds in FY 09/10.	2	n/a	650	585	90	State	65	10								
HSIP/ 0910	7	HSIP3-07-048 TRAFFIC IMPROVEMENTS @ HIGHWAY-RAIL GRADE CROSSING - Clybourn Ave. & Vanowen St.	DOT	To obligate funds in FY 11/12.	2	n/a	483	435	90	State	48	10								
2007 Call	8	F1141 VICTORY BLVD. WIDENING - TOPANGA CYN. BLVD. TO DE SOTO AVE.	DOT	MOU in progress / due Dec. 2009	3	RSTI	11,655	7,576	65	PC25	3,888	33	Measur R 191							
SRTS/2	9	WILBUR & PORTOIA ELEMENTARY SCHOOLS	BSS	To obligate funds in FY 2010.	3	n/a	435	435	100	Federal	0	0	GF							
Safetea-Lu	10	HPLUL-5006( ) LA RIVER BICYCLE & PEDESTRIAN PATH IN SAN FERNANDO VALLEY (Prop. K)	DEPT TBD		3	n/a	575	460	80	Federal Earmark	115	20								
Safetea-Lu	11	HPLUL-5006( ) CONSTRUCTION OF A TRAFFIC SIGNAL AT THE INTERSECTION OF INDEPENDENCE AVE. AND SHERMAN WAY	DOT		3	n/a	125	100	80	Federal Earmark	25	20								
Safetea-Lu	12	HPLUL-5006( ) CONSTRUCTION OF A TRAFFIC SIGNAL AT THE INTERSECTION OF HAMLIN ST. AND CORBIN AVE.	Assigned		3	n/a	125	100	80	Federal Earmark	25	20								
Safetea-Lu	13	HPLUL-5006( ) CONSTRUCTION OF A SMART CROSSWALK SYSTEM AT THE INTERSECTION OF TOPANGA CANYON BLVD. AND GAULT ST.	DOT		3	n/a	50	40	80	Federal Earmark	10	20								
2001 Call	14	8089 BARHAM/ CAHUENGA CORRIDOR TRANSP. IMPROVEMENTS PH. IV	BOE	MOU extension needed by Nov. 2009 Design concept	4	RSTI	2,412	1,495	62	PC25	631	26	Burbank 286							
2009 Call	15	F3146 HIGHLAND AVENUE WIDENING - ODIN STREET TO FRANKLIN	BOE	FY 13-14 project	4	RSTI	2,031		0	CMAQ	2,031	100								
2009 Call	16	F3516 LOS ANGELES RIVER BIKE PATH PHASE IV - CONSTRUCTION	DOT	FY 13-14 project	4	BI	457		0	STIP TE	457	100								
2009 Call	17	F3838 LARCHMONT MEDIAN PHASE 2	BSS	FY 11-12 project	4	TEA	328		0	STIP TE	0	0	BID 328							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

							Original Budget ($ 000's)							Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls						
Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
HSIP/ 0910	18	HSIP3-07-039 TRAFFIC IMPROVEMENTS @ HIGHWAY-RAIL GRADE CROSSING - Broadway/ Brazil St. & San Fernando Rd.	DOT	Caltrans to include the project in the FTIP. LADOT to manage the design and obligate funds (CTC ?) in FY 11/12.	4	n/a	7,500	900	12	State	100	1	Glendale, SCRRA, Caltrans, etc. 6,500							
2009 Call	19	F3635 WEST THIRD STREET PEDESTRIAN IMPROVEMENT PROJECT	DOT	FY 12-13 project	5	PI	795		0	STIP TE	150	19	Private+In-Kind 645							
2001 Call	20	8171 GAYLEY AVE. BIKE LANES & STREET WIDENING	DOT	Project will be deobligated	5	BI	870	696	80	TEA	174	20								
2007 Call	21	F1450 ENCINO PARK-AND-RIDE FACILITY RENOVATION PROJECT	DOT		5	TC	1,295	1,036	80	CMAQ	259	20	FTA							
2009 Call	22	F3515 SAN FERNANDO RD. BIKE PATH PH. IIIB CONSTRUCTION	DOT	FY 12-13 project	6	BI	2,143		0	CMAQ	2,143	100								
HSIP/ 0910	23	HSIP3-07-057 TRAFFIC SIGNAL INSTALLATION - Lankershim Blvd. & Valerio St.	DOT	Caltrans to include the project in the FTIP. City will obligate funds (CTC ?) in FY 11/12.	6	n/a	180	162	90	State	18	10								
Safetea-Lu	24	HPLUL-5006( ) SAN FERNANDO ROAD NORTH WIDENING : ASTORIA ST. TO SEYERE ST. (Sylmar)	BSS		7	n/a	1,060	848	80	Federal Earmark	212	20								
Safetea-Lu	25	HPLUL-5006( ) HANSEN DAM RECREATION AREA ACCESS IMPROVEMENTS	DOT	Project will be deobligated	7	n/a	6,500	5,200	80	Federal Earmark	1,300	20								
2001 Call	26	8064 SAN FERNANDO MISSION BLVD. BETWEEN SEPULVEDA BLVD. & I-	BOE	Not PC eligible ?	7	RSTI	2,469	1,605	65	PC25	864	35								
2009 Call	27	F3647 MENLO AVE/ MLK VERMONT EXPO STATION PEDESTRIAN IMPROVEMENT	CRA	FY 12-13 project	8	PI	1,615		0	CMAQ	101	6	Prop. 1C 1,514							
2009 Call	28	F3650 WESTERN AVE EXPO LINE STATION LINKAGE (SOUTH)	BSS	FY 12-13 project	8	PI	172		0	CMAQ	172	100								
HSIP/ 0910	29	HSIP3-07-055 TRAFFIC SIGNAL INSTALLATION - Western Ave. & 37th Place	DOT	Caltrans to include the project in the FTIP. City will obligate funds (CTC ?) in FY 11/12.	8	n/a	200	180	90	State	20	10								
SRTS/2	30	RICARDO LIZARRAGA ELEMENTARY SCHOOL	CRA		9	n/a	910	910	100	Federal	0	0	GF							
Safetea-Lu	31	HPLUL-5006( ) INSTALL CENTRAL AVE. HISTORIC CORRIDOR COMPREHENSIVE STREETSCAPE IMPROVEMENTS, LOS ANGELES	CRA		9	n/a	2,070	1,656	80	Federal Earmark	414	20								
2009 Call	32	F3656 CENTRAL AVENUE HISTORIC CORRIDOR STREETSCAPE	CRA	FY 12-13 project	9	PI	891		0	STIP TE	338	38	CRA 553							
2009 Call	33	F3646 ARTS DISTRICT/ LITTLE TOKYO GOLD LINE STATION	CRA	FY 12-13 project	9	PI	1,296		0	CMAQ	80	6	CRA+MR 1,216							
SR2S/8	34	NEVIN AVENUE ELEMENTARY SCHOOL	CRA	To obligate funds in FY10/11.	9	n/a	1,100	855	78	State	0	0	CRA 245							
	35	WEST ADAMS - ATCS PROJECT	DOT	MOU in progress / due Dec. 2009	10	n/a	PSE = 619 CON = 4,452 5,071	4,452	88	Prop 1B	124	2	PC25 495							
2009 Call	36	F3409 STOCKER/ MLK CRENSHAW ACCESS TO EXPO LRT STATION	CRA	FY 13-14 project	10	TC	782		0	PC 10	348	45	CRA 434							
SRTS/2	37	WESTMINSTER ELEMENTARY SCHOOL	BSS	To obligate funds in FY10.	11	n/a	622	622	100	Federal	0	0	GF							
SRTS/2	38	ORVILLE WRIGHT ELEMENTARY SCHOOL	BSS	To obligate funds in FY10.	11	n/a	625	625	100	Federal	0	0	GF							
Safetea-Lu	39	HPLUL-5006( ) BUNDY DR. WIDENING - WILSHIRE BLVD. TO SANTA MONICA BLVD.	BOE	Shortfall. Tried for 2009 Call and failed. Trying for 2011 Call again.	11	n/a	4,250	3,400	80	Federal Earmark	850	20								
HSIP/ 0709	40	DEVONSHIRE ST SIDEWALK IMPROVEMENTS - TOPANGA CYN. BLVD TO HANNA AVE	BSS	To obligate funds in FY 09/10.	12	n/a	430	387	90	State	43	10								
2009 Call	41	F3171 DE SOTO AVE. WIDENING - RONALD REGAN FWY TO DEVONSHIRE	DOT	FY 11-12 project	12	RSTI	11,536	7,498	65	PC25	4,038	35								
HSIP/ 0910	42	HSIP3-07-051 TRAFFIC SIGNAL INSTALLATION - Dearborn St. & Reseda Blvd.	DOT	Caltrans to include the project in the FTIP. City will obligate funds (CTC ?) in FY 11/12.	12	n/a	271	244	90	State	27	10								
2007 Call	43	F1617 HOLLYWOOD PEDESTRIAN TRANSIT CROSSROADS PH II	CRA		13	PI	774	619	80	STIP TE		0	Tax 155							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	Original Budget ($ 000's) TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
2007 Call	44	F1708 HOLLYWOOD INTEGRATED MODAL INFORMATION SYSTEM	CRA		13	TDM	2,102	1,682	80	CMAQ		0	Tax 420							
2009 Call	45	F3850 EAST HOLLYWOOD VERMONT MEDIANS	DOT	FY 12-13 project	13	TEA	252		0	STIP TE	202	80	CRA+EH BID 50							
2009 Call	46	F3844 SUNSET JUNCTION PHASE 2	BSS	FY 12-13 project	13	TEA	227		0	STIP TE	227	100								
2009 Call	47	F3419 SUNSET JUNCTION PHASE 2	BSS	FY 14-15 project	13	TC	920		0	STIP TE	920	100								
2009 Call	48	F3643 BOYLE HEIGHTS CHAVEZ AVE STREETSCAPE/ PEDESTRIAN IMPROVEMENTS	CRA	FY 13-14 project	14	PI	2,440		0	STIP TEA	440	18	CRA 2,000							
2009 Call	49	F3651 EASTSIDE LIGHT RAIL PEDESTRIAN LINKAGE PHASE II	CRA	FY 13-14 project	14	PI	2,170		0	CMAQ	0	0	CRA + MR 2,170							
2009 Call	50	F3640 LANI- EVERGREEN PARK STREET ENHANCEMENT PROJECT	DOT	FY 12-13 project	14	PI	232		0	CMAQ	222	96	CD 14 10							
2009 Call	51	F3644 BROADWAY HISTORIC THEATER DIST PED ENHANCEMENT (4TH TO 6TH)	CRA	FY 12-13 project	14	PI	565		0	STIP TE	65	12	CRA 500							
2009 Call	52	F3731 DOWNTOWN LA INTER-MODAL TRANSIT INFORMATION & WAYFINDING	CRA	FY 11-12 project	14	TDM	322		0	CMAQ-Flex	322	100								
2009 Call	53	F3722 ANGELS WALK BOYLE HEIGHTS	BSS	FY 11-12 project	14	TDM	164		0	CMAQ- Flex	164	100								
HSIP/ 0709	54	Highway Safety Improvement Program INSTALL METAL BEAM GUARDRAILS	BSS	To obligate funds in FY 09/10.	15	n/a	470	423	90	State	47	10								
2009 Call	55	F3842 WATTS STREETSCAPE ENHANCEMENT	BSS	FY 12-13 project	15	TEA	225		0	STIP TE	225	100								
2009 Call	56	F3657 BEVERLY BOULEVARD TRANSPORTATION ENHANCEMENT	BSS	FY 13-14 project	1,13	PI	275		0	STIP TE	275	100								
	57	WILSHIRE EAST - ATCS PROJECT	DOT		1,13	n/a	PSE = 720 CON = 5,276 5,996	5,276	88	Prop 1B	144	2	PC25 576							
2009 Call	58	F3845 DOWNTOWN CESAR CHAVEZ MEDIANS	CRA	FY 11-12 project	1,14	TEA	157		0	STIP TE	0	0	Developer 157							
2009 Call	59	F3410 COMMUTER EXPRESS FLEET UPGRADE TO ALTERNATIVE FUEL (CNG)	DOT	FY 12-13 project Prop. A	2,3,4,5,6,8,9, 13	TC	465		0	CMAQ	465	100	PROP A							
2007 Call	60	F1524 SAN FERNANDO RD. BIKE PATH PH. IIIA/IIIB - CONSTRUCTION	DOT	FY 10-11 project	2,6	BI	10,462	8,370	80	CMAQ	2,092	20								
2009 Call	61	F3414 DASH CLEAN FUEL - HIGHER CAPACITY VEHICLES	DOT	FY 13-14 project Prop. A	2,6,7,8,9	TC	800		0	CMAQ	800	100	PROP A							
Safetea-Lu	62	HPLUL-5006( ) IMPLEMENT STREETSCAPE IMPROVEMENTS ALONG WILBUR AVE. TO ENHANCE TRAFFIC AND PEDESTRIAN SAFETY	BSS		3,12	n/a	100	80	80	Federal Earmark	0	0	GT 20							
2009 Call	63	F3721 ANGELS WALK SILVERLAKE	BSS	FY 12-13 project	4,13	TDM	169		0	CMAQ- Flex	169	100								
	64	WESTWOOD / WEST LA - ATCS PROJECT	DOT	MOU ON FILE	5,11	n/a	- PSE = 525 CON = 3,850 4,375	3,850	88	Prop 1B	105	2	PC25 420							
2009 Call	65	8164, F3513 EXPOSITION BL. ROW BIKE PATH - WESTSIDE EXTENSION - NORTHVALE SEGMENT	DOT		6,11	BI	4,415		0	TEA	1371	31	LRTP 2009 3044							
2009 Call	66	F3142 EXPOSITION PARK TRAFFIC CIRCULATION IMPROVEMENTS	DOT	FY 11-12 project	8,9	RSTI	1,566		0	CMAQ	1,566	100								
2009 Call	67	F3510 FIGUEROA CORRIDOR BIKE STATION & CYCLING ENHANCEMENT	DOT	FY 12-13 project	8,9	BI	451		0	STIP TE	251	56	CRA 200							
2009 Call	68	F3632 WESTERN AVE BUS STOP & PEDESTRIAN IMPROVEMENT PROJECT	DOT	FY 11-12 project	8,10	PI	295		0	CMAQ	295	100								
2007 Call	69	FA143 DASH DOWNTOWN FLEET CAPACITY INCREASE	DOT	MOU ON FILE Prop. A	9,14	TC	4,900	3,920	80	RIP		0	PROP A 980							

ACTIVE GRANT FUNDED TRANSPORTATION PROJECTS (CALL YRS. 1997-2009) - STATUS REPORT

							Original Budget ($ 000's)							Additional Budget ($ 000's) 2006 & 2007 Supplemental Calls						
Fund Prog.	No	Project Title	Dept	Project Status (as of 9/30/10)	City Council District	Metro Modal Categ.	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds	TOTAL	Grant	%	Grant Source	City Prop C	%	Other Match Funds
	70	CENTRAL BUSINESS DISTRICT - ATCS PROJECT	DOT	MOU in progress	9,14	n/a	PSE = 1,106 CON = 8,109 9,215	747	8	Prop 1B	1,694	18	PC25 6,774							
	71	CENTRAL CITY EAST - ATSAC PROJECT	DOT	MOU in progress	9,14	n/a	4,885	3,908	80	PC25	906	19	Measur R 71							
2007 Call	72	F1442 COMMUTER EXPRESS FLEET UPGRADE	DOT	FY 10-11 project Prop. A	CW	TC	4,918	3,934	80	CMAQ		0	PROP A 984							
2009 Call	73	F3726 FIRST & LAST MILE TRANSIT CONNECTIVITY OPTIONS	DOT	FY 11-12 project	CW	TDM	328		0	CMAQ	328	100								
SRTS/2 Non-Inf.	74	SAFE ROUTES TO SCHOOL - Watts (9 ELEMENT. & 2 MID. SCHOOLS)	CCYF		CW	n/a	250	250	100	Federal	0	0								
2009 Call	75	F3846 WHAT A RE-LEAF	EAD	FY 11-12 project	CW	TEA	270		0	STIP TE	214	79	MTLA 56							
2007 Call	76	F1522 BIKE SAFE ROADWAY GRATES	BOE		CW	BI	844	404	48	CMAQ	0	0	SPAF 440							
2009 Call	77	F3314 INTELLIGENT TRANSPORTATION SYSTEM (ITS) COMMUNICATION SYSTEM	DOT	FY 12-13 project	CW	SSBSI	1,099		0	CMAQ	1,099	100								
2009 Call	78	F3315 CITY/ COUNTY TRAFFIC MANAGEMENT INTEGRATION PH. 2 PROJECT	DOT	FY 12-13 project	CW	SSBSI	1,673	1,338	80	PC25	335	20								
		TOTAL PRE-DESIGN					*150,407*	*77,749*	52		*40,982*	27	*31,676*	*0*	*0*			*0*		*0*
							434,206	240,482	175	0	84,802	66	108,922	20,102	12,968	129	0	5,442	55	4,165

BUREAU OF STREET SERVICES: "OFF-BUDGET" PROGRAM PROJECT LIST

(Updated February 2011)

Line #	Project Title	CD	Funding Source(s)	Remarks	PROJECT COST ($000s)
	AMERICAN RECOVERY & REINVESTMENT ACT (ARRA):				
1	City of Los Angeles All Regions Resurfacing Phase I	VAR	ARRA	In Const.	$15,588
2	City of Los Angeles Bay Harbor Region Resurfacing Phase 2	VAR	ARRA	In Const.	$7,275
3	City of Los Angeles East Valley Region Resurfacing Phase 2	VAR	ARRA	In Const.	$7,275
4	City of Los Angeles North Central Region Resurfacing Phase 2	VAR	ARRA	In Const.	$7,275
5	City of Los Angeles West Valley Region Resurfacing Phase 2	VAR	ARRA	In Const.	$7,275
6	LAX Hospitality Zone Street and Sidewalk Rehabilitation	11	ARRA	In Const.	$7,000
7	LAUSD Region Valley High School #4	12	ARRA	Proj. Mgmt by BSS, Const. by Contract	$20
8	CDBG-R Pacoima Public Improvements	7	CDBG-R	In Const.	$460
9	CDBG-R California Hospital Medial Center	9	CDBG-R	In Design	$1,000
				SUBTOTAL:	$53,168
	METRO CALL FOR PROJECTS:				
10	Angels Walk Noho	4	2007 Metro CFP	In Design	$139
11	Eastside Light Rail Pedestrian Linkage Phase I (See Line #s 59 & 62 for 2nd and 3rd phases of this project)	14	2007 Metro CFP	In Design	$3,112
12	Expo Line Stn Streetscape Project - East	8,9	2007 Metro CFP	In Design	$3,402
13	Solano Cyn-Zanja Madre-Chinatown-Broadway Bus Stop Impr	1	2007 Metro CFP	In Design	$700
14	Sunset Junction Transit Plaza (Phase 1)	13	2007 Metro CFP	In Design	$1,668
15	Angels Walk Crenshaw	8	2007 Metro CFP	In Design	$139
16	Angels Walk Highland Park	1	2007 Metro CFP	LOA Executed	$145
17	Cesar Chavez Transit Corridor (I-110 to Alameda)	1	2007 Metro CFP	Programmed in future FY	$2,350
18	Downtown Cesar Chavez Medians	1	2007 Metro CFP	To submit to Caltrans authorization to proceed.	$580
19	Fashion District Streetscape Phase II	9,14	2007 Metro CFP	LOA Executed	$1,971
20	Angels Walk - Boyle Heights	1	2009 Metro CFP	Programmed in future FY	$655
21	Angels Walk - Silverlake	4	2009 Metro CFP	Programmed in future FY	$674
22	Beverly Bl Transportation Enhancements	1,13	2009 Metro CFP	Programmed in future FY	$1,098
23	Larchmont Median Phase 2	4	2009 Metro CFP	Programmed in future FY	$435
24	Pasadena Ave Ped Connection to Gold Line	1	2009 Metro CFP	Programmed in future FY	$2,054
25	Sunset Junction Phase 2	13	2009 Metro CFP	Programmed in future FY	$3,786
26	Watts Streetscape Enhancements	15	2009 Metro CFP	Programmed in future FY	$899
27	Western Ave Expo Line Station Linkage South	8	2009 Metro CFP	Programmed in future FY	$686
				SUBTOTAL:	$24,493

BUREAU OF STREET SERVICES: "OFF-BUDGET" PROGRAM PROJECT LIST

(Updated February 2011)

Line #	Project Title	CD	Funding Source(s)	Remarks	PROJECT COST ($000s)
	SAFETEA-LU HIGH PRIORITY PROGRAM:				
28	Northeast SF Valley Rd & Safety Imprv.	7	SAFETEA-LU HPP	In Const.	$200
29	Northwest SF Valley Rd & Safety Imprv.	12	SAFETEA-LU HPP	In Const.	$3,056
30	Southwest SF Valley Rd & Safety Imprv.	3	SAFETEA-LU HPP	In Const.	$2,300
31	Van Nuys Rd & Safety Imprv.	6	SAFETEA-LU HPP	In Const.	$500
32	Laurel Cyn Bl - Hamlin to Victory	2	SAFETEA-LU HPP	On-Hold	$1,200
33	Olympic Bl - Vermont to Western	10	SAFETEA-LU HPP, CRA	In Const.	$3,600
34	San Fernando Rd North Widening (Sayre to Astoria)	7	SAFETEA-LU HPP	In Design	$848
35	Temple St - Hoover to Glendale	13	SAFETEA-LU HPP	Awaiting NEPA approval	$500
36	Rehabilitate Addison - Kester to Lemona	2	SAFETEA-LU HPP	To submit to Caltrans authorization to proceed.	$47
37	Sherman Oaks	2	SAFETEA-LU HPP	To submit to Caltrans authorization to proceed.	$124
				SUBTOTAL:	$12,375
	SAFE ROUTES TO SCHOOL (STATE & FEDERAL):				
38	State SR2S Cycle 7 - King Middle School	4,13	SR2S	In Const.	$900
39	State SR2S Cycle 7 -Monroe Span School, Valley Region #6	7	SR2S,LAUSD	In Const.	$786
40	State SR2S Cycle 5 - Smart Crosswalk Package 1	4,9	SR2S	In Const.	$150
41	State SR2S Cycle 5 - Smart Crosswalk Package 2	8,9,10	SR2S	In Const.	$219
42	State SR2S Cycle 5 - Smart Crosswalk Package 3	5,9,15	SR2S	In Const.	$300
43	State SR2S Cycle 5 - Smart Crosswalk Package 4	5,9,15	SR2S	In Const.	$101
44	State SR2S Cycle 6 - Ascot Ave Elem. School	9	SR2S	Awaiting LADOT to complete work.	$200
45	State SR2S Cycle 6 - Bassett Elem. School	6	SR2S	Awaiting LADOT to complete work.	$300
46	State SR2S Cycle 6 - Hooper Elem. School	9	SR2S	Awaiting LADOT to complete work.	$200
47	State SR2S Cycle 6 - Smart Crosswalk Package 1	4,11,14	SR2S	Awaiting LADOT to complete work.	$200
48	State SR2S Cycle 6 -Gompers High School and Locke Middle School	15	SR2S	Awaiting LADOT to complete work.	$200
49	State SR2S Cycle 7 - Valley Region Maclay Elementary School	7	SR2S,LAUSD	In Design	$839
50	Federal SRTS Cycle 2 - Westminster Elem. School	11	SRTS	To submit to Caltrans authorization to proceed.	$650
51	Federal SRTS Cycle 2 - Wilbur Elem. School	3	SRTS	To submit to Caltrans authorization to proceed.	$400
52	Federal SRTS Cycle 2 - Wright Middle School	11	SRTS	In Design	$622
53	State SR2S Cycle 8 - Latona Elem. School	1	SR2S	To submit to Caltrans authorization to proceed.	$516
54	State SR2S Cycle 9 - Micheltorena Elem. School	13	SR2S	Programmed in future FY	$300

BUREAU OF STREET SERVICES: "OFF-BUDGET" PROGRAM PROJECT LIST

(Updated February 2011)

Line #	Project Title	CD	Funding Source(s)	Remarks	PROJECT COST ($000s)
				SUBTOTAL:	$6,883

BUREAU OF STREET SERVICES: "OFF-BUDGET" PROGRAM PROJECT LIST

(Updated February 2011)

Line #	Project Title	CD	Funding Source(s)	Remarks	PROJECT COST ($000s)
	HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP):				
55	Anaheim St Guardrail - Vermont Ave to Figueroa Pl	15	HSIP	Awaiting Caltrans authorization for Prelim. Eng.	$300
56	Devonshire St Pedestrian Safety Improvement, Topanga Canyon Rd to Hanna Ave	12	HSIP	Awaiting Caltrans authorization for Prelim. Eng.	$400
57	Oro Vista St Pedestrian Safety Improvement, Foothill Bl to Hillrose St	2	HSIP	Awaiting Caltrans authorization for Prelim. Eng.	$600
				SUBTOTAL:	$1,300
	OTHER FUNDING SOURCES:				
58	Alameda Corridor Transit Improvements	VAR	ACTA	On-Hold	$1,000
59	CD 10 Median - Washington Bl (Redondo to La Brea & Crenshaw to Western)	10	CDBG, FPTF, CRA	Awaiting for CDD approval to proceed construction	$865
60	CD 10 Median- Pico Bl Phases 1 & 2	10	CDBG	In Const.	$667
61	CD 10 Median- Pico Bl Phase 4	10	CDBG	In Design	$1,000
62	CRA - Various Projects (CONTRACT No. 503526)	CW	CRA	In progress	$10,000
63	Eastside Light Rail Pedestrian Linkage Phase II	14	CRA	Awaiting LOA from Metro	$2,700
64	Fenton/Terra Bella St Improvements	7	TBD	Awaiting design from BOE	$400
65	Huntington Dr. at El Sereno	14	CRA	In Const.	$792
66	Metro Gold Line Eastside Access Project	14	Measure R, CD14	Design consultant contract in progress by Metro	$12,000
67	North Hollywood Alley Retrofit BMP	4	DWP	Awaiting agreement	$600
68	San Fernando Rd Bike Path Phase 2	7	LADOT	In Const.	$2,660
69	Santa Monica Bl NTM (Neighborhood Traffic Management)	5	LADOT	Awaiting LADOT	$500
70	Vista Street Improvements (Melose to Clinton)	5	NE Trees	Awaiting MOU	$500
71	Wilmington Landscape Gateway @ E St and Alameda	15	CRA	In Const.	$440
72	Wilton Pl Traffic Triangle @ 1st and 2nd Sts	4	CRA	In Const.	$389
				SUBTOTAL:	$34,513
				TOTAL:	$132,732

FUNDING SOURCES:

ARRA = 2009 AMERICAN RECOVERY & REINVESTMENT ACT (ECONOMIC STIMULUS)

ACTA = ALAMEDA CORRIDOR TRANSIT AUTHORITY

MEASURE R = MEASURE R LOCAL RETURN

NE TREES = NORTHEAST TREES GRANT FUNDS

BUREAU OF STREET SERVICES: "OFF-BUDGET" PROGRAM PROJECT LIST

(Updated February 2011)

Line #	Project Title	CD	Funding Source(s)	Remarks	PROJECT COST ($000s)

2001 MTA CFP = 2001 MTA CALL FOR PROJECTS

2007 METRO CFP = 2007 METRO CALL FOR PROJECTS

2009 METRO CFP = 2009 METRO CALL FOR PROJECTS

BOS = BUREAU OF SANITATION

CDBG = COMMUNITY DEVELOPMENT BLOCK GRANT

CRA = COMMUNITY REDEVELOPMENT AGENCY

DWP = DEPARTMENT OF WATER AND POWER

FPTF = FRANCHISE PIPELINE TRUST FUND

FTA VSS = FEDERAL TRANSIT ADMINISTRATION VERY SMALL STARTS

HSIP = HIGHWAY SAFETY IMPROVEMENT PROGRAM

LADOT = LOS ANGELES DEPT. OF TRANSPORTATION FUNDS

LA & SG WSC = LOS ANGELES AND SAN GABRIEL WATERSHED COUNCIL

LAUSD = LOS ANGELES UNIFIED SCHOOL DISTRICT

SAFETEA-LU 2008 CAA = SAFETEA-LU 2008 CONSOLIDATED APPROPRIATIONS ACT, SECT. 129

SAFETEA-LU HPP = SAFETEA-LU HIGH PRIORITY PROGRAM

SFRF = STREET FURNITURE REVENUE FUND

SR2S = STATE SAFE ROUTES TO SCHOOL PROGRAM

SRTS = FEDERAL SAFE ROUTES TO SCHOOL PROGRAM

TBD = TO BE DETERMINED

2010 List of Storm Damage Projects

JANUARY AND FEBRUARY 2010 STORM DAMAGE - BOE STREET STORM DAMAGE REPAIR PROGRAM
CONTACT NAME AND PHONE NUMBER: Gene N. Edwards, P.E. 213-847-0463 / Craig Kunesh 213-847-0504

ITEM #	LOCATION	WHO TO CONSTRUCT?	DESCRIPTION OF DAMAGE AND SCOPE OF WORK	COST ESTIMATE
1	Ed Davis Emergency Vehicle Operations Center (EVOC), 12001 Blucher Avenue	BOE ON-CALL	Erosion has created a development of a sinkhole in a drainage channel and a washout in an adjacent earthen embankment Repairs to the Vehicle Center Facility will include a slope and channel repair, and storm drain devices. Provide temporary erosion and safety protection. Remove and recompact sinkhole and washed out slope. Hydromulch finished regraded slope.	$39,343.00
2	1506 & 1510 N. Killarney Avenue	BSS?	New wash-out caused a loss of street pavement and shoulder. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices.	$116,044.00
3	8400-8416 Grand View Dr BULKHEADS #1 & #2	BSS?	Two washouts have developed on the northern or downslope side of Grand View Drive near the intersection of Grand View Drive and Cole Crest Drive. Provide temporary erosion and safety protection. Construct two bulkheads.	$364,634.00
4	Oro Vista Avenue at Tujunga Wash Crossing - COMPLETED BY	COMPLETED BY BSS ALREADY	The January rains have pushed debris in the channel that has redirected wet flow from underneath the Oro Vista Ave. bridg to flow over the on-grade crossing, undermining the street and creating a safety hazard by cutting-off traffic to a large residential area for which Oro Vista Avenue is the only means of ingress and egress for emergency vehicles and residents. Remove debris and remove and recompact clean wash rubble in order to redirct wet flow underneath the bridge.	$219,000.00
5	Paseo Del Mar W/O Weymouth Site #1	BOE ON-CALL	Erosion of a side-hill bridge/retaining structure has caused a loss of street support. The repair will include a structural design of a new retaining element to re-establish structural support. Provide temporary erosion and safety protection. Rrepair to the 140-long x 12-foot high retaining structure that supports the street.	$1,215,638.00
6	7691 Mulholland Drive	WORK BY ADJACENT OWNER	A new wash-out occurred next to an existing bulkhead, causing erosion of street support and loss of street pavement. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection. Replace failing bulkhead	$518,405.00
7	Vista Del Mar S/O Napoleon Street SITE #1	BSS?	An erosion gully washout has developed approximately 75 feet south of the catch basin, causing a loss of street support. The erosion gully is approximately 10 feet wide and has started to undermine the curb. A second erosion gully has developed at approx 60 feet away. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection. Construct 3 new bulkheads due to the 2010 storm.	$183,195.00
	Vista Del Mar S/O Napoleon Street SITE #2		An erosion gully washout has developed approximately 75 feet south of the catch basin, causing a loss of street support. The erosion gully is approximately 10 feet wide and has started to undermine the curb. A second erosion gully has developed at approx 60 feet away. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection. Construct 3 new bulkheads due to the 2010 storm.	$183,195.00
	Vista Del Mar S/O Napoleon Street SITE #3		An erosion gully washout has developed approximately 75 feet south of the catch basin, causing a loss of street support. The erosion gully is approximately 10 feet wide and has started to undermine the curb. A second erosion gully has developed at approx 60 feet away. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection. Construct 3 new bulkheads due to the 2010 storm.	$183,195.00
8	Mulholland Drive E/O Coldwater Canyon - COMPLETED BY BSS	COMPLETED BY BSS ALREADY	A washout developed on Mulholland Dr 7/10ths of a mile E/O Coldwater Canyon, needing a new bulkhead. As measured from the edge of the roadway, the washout is approximately 35 feet wide,10 feet deep, and extends down the slope, which has a gradient of approximately 1.5:1 (H:V), an indeterminate distance. Based on the City's preliminary estimates, the site will require a bulkhead approximately 90 feet long in order to restore lateral support to the street. Provide road closure and detour, temporary erosion and safety protection. Construct new bulkhead.	$335,280.00
9	7300 Block of Mulholland Drive S/E of Woodrow Wilson Street - DONE	BSS?	A washout developed on Mulholland Dr, at the location of an existing wooden bulkhead. The street requires a repair by fixing and/or replacing the existing bulkhead and extending it with a new portion, where the washout occurred. Provide temporary erosion and safety protection. Extend existing bulkhead.	$183,195.00
10	Foothill Blvd N/O Wentworth St.	BSS?	New wash-out caused a loss of the street shoulder. The City's standard repair for wash-outs include a new bulkhead to support street, pavement repair, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection. Construct bulkhead.	$183,195.00
11	Mulholland Hwy/Mt. Lee @ Study Site #9 - New Bulkhead	BSS?	A washout developed on Mulholland Hwy/Mt Lee access road. Based on the City's assessment stated in the Field Investigation, the site will require a bulkhead to restore lateral support to the street.	$305,000.00
			TOTAL:	$4,029,319.00

State of California
California Emergency Management Agency

List of Projects

Page ____ of____

Disaster Number ________

DECEMBER 2010 STORM DAMAGE - BOE STREET STORM DAMAGE REPAIR PROGRAM
CONTACT NAME AND PHONE NUMBER: Gene N. Edwards, P.E. 213-847-0463 / Craig Kunesh 213-847-0504

	ITEM #	LOCATION		DESCRIPTION OF DAMAGE AND SCOPE OF WORK	COST ESTIMATE
FEMA JURISDICTION	1	9304 Reverie Road & 9330 Reverie Road SITE 1 & SITE 2 - 2 washouts (TB 503-J6, CD 2)	BSS?	Due to heavy flows during December 2010 sever winter storm, washouts have occurred at two separate locations near 9304 Reverie Road & 9330 Reverie Road, referred to as SITE 1 & SITE 2. The washouts have created a loss of street support, causing the road almost inaccessible to emergency service vehicles. The City's standard repair for wash-outs requires a **bulkhead** to support street (one 40LF and the other 16LF), street restoration, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection.	$ 400,000
	2	7717 Verdugo Crestline Dr (east of 7717) SITE 1 & SITE 2 - 2 washouts (TB 503-J5, CD 2)	BSS?	Due to heavy flows during December 2010 sever winter storm, washouts have occurred at two separate locations near 7717 Verdugo Crestline Dr (east of 7717), referred to as SITE 1 & SITE 2. The washouts have created a loss of street support, causing the road almost inaccessible to emergency service vehicles. The City's standard repair for wash-outs requires a **bulkhead** to support street (one 40LF and the other 20LF), street restoration, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection.	$ 400,000
	3	9192 Crescent Drive SITE 1 & SITE 2 - 2 washouts (TB 592-H3, CD 5)	BSS?	Due to heavy flows during December 2010 sever winter storm, sinkhole/washouts have occurred at two separate locations near 9192 Crescent Drive, referred to as SITE 1 & SITE 2. The washouts have created a loss of street support, causing the road almost inaccessible to emergency service vehicles. The City's standard repair for wash-outs requires a **bulkhead** to support street (16LF each), street restoration, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection.	$ 200,000
	4	827 Montline Drive - rockfall ((TB 592 B6, CD 5)	BOE On-call	Due to heavy flows during December 2010 sever winter storm, soil and rock originating from the cut slope has been deposited near 827 Montline Drive. The repairs require to scale or remove the boulders from the cut slope in order to alleviate the rockfall hazard and that the over-steepened cut slope, approximately 200lf x 40ft high, be surficially stabilized or supported with a retaining structure.	$ 400,000
	5	10442 Oletha Lane - washout (TB 592-A3, CD 5)	BSS?	Due to heavy flows during December 2010 sever winter storm, a large tree was toppled near 10442 Oletha Lane. The hole from the root-bulb has created a loss of street support, causing the road almost inaccessible to emergency service vehicles. The City's standard repair for loss of street support requires a **bulkhead** to support street (16LF), street restoration, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection.	$ 200,000
	6	Temescal Canyon Rd Park Mudflow (TB 630-J6, CD 11)	BOE On-call	Due to heavy flows during December 2010 sever winter storm, soil and rock has been deposited in the Temescal Canyon Road park, blocking and adversely diverting the natural drainage course. The repairs require to scale or remove the boulders from the cut slope in order to alleviate the rockfall hazard and to remove the debris, approximately 200 CY of material, in order to restore the natural drainage course..	$ 200,000
	7	2003 N. Marianna St. between Seigneur Av between & O'Sullivan Dr - 2 washouts (TB 635-E2, CD 14)	BSS?	Due to heavy flows during December 2010 sever winter storm, soil and rock originating from the slope has been deposited at 2003 N. Marianna St. between Seigneur Av between & O'Sullivan Dr. The repairs require to scale or remove loose soil and debris from the slope and to construct **asphalt berms** at the intersection of O'Sullivan Drive and Seigneur Avenue. The proposed berms would direct the run-off water to an existing catch basin located approximately 80 feet to the south in a topographic low spot along the developed south side of Seigneur Ave.	$ 100,000
FHWA JURISDICTION	8	Soto St Between Huntington Dr. & Multnomah St Rockslide (TB 635-C1, CD 1)	BOE On-call	Due to heavy flows during December 2010 sever winter storm, soil and rock originating from the cut slope has been deposited primarily in the two north-bound lanes of Soto Street and boulder was deposited across the street into the #2 southbound lane. The repairs require to scale or remove the boulders from the cut slope in order to alleviate the rockfall hazard and that the over-steepened cut slope, approximately 500lf x 45ft high, be surficially stabilized or supported with a retaining structure.	$ 500,000
	9	Glendale Bl, s/o Riverside Dr Rockslide (TB 594-D3, CD 4)	BOE On-call	Due to heavy flows during December 2010 sever winter storm, soil and rock originating from the cut slope has been deposited in Glendale Boulevard. The repairs require to scale or remove the boulders from the cut slope in order to alleviate the rockfall hazard and that the over-steepened cut slope, approximately 50lf x 20ft high, be surficially stabilized or supported with a retaining structure.	$ 200,000
	10	Vista Del Mar, north of Kilgore Parking Lot - Washout/Collapsed Roadway (TB 702-C6, CD 11)	BSS?	Due to heavy flows during December 2010 sever winter storm, a washout has occurred at near Vista Del Mar, north of Kilgore Parking Lot. The washout created a collapse of the roadway. To prevent vehicles from surcharging the undermined street, the parking lane and a traffic lane have been barricaded closed. The City's standard repair for wash-out requires a **bulkhead** to support street (80LF needed) street restoration, curb, vehicular rail and storm drain devices. Provide temporary erosion and safety protection.	$ 600,000

SPECIAL PARKING REVENUE FUND
ONGOING SURPLUS TRANSFER TO THE GENERAL FUND

Objectives
Examine the benefits of establishing an annual ongoing transfer of funds from the Special Parking Revenue Fund to the General Fund.

	General Fund	Other
Maximum Savings/Revenue(1)	**$25 million**	
Value of Proposal (Savings/Revenue)	**$25 million**	

(1) Basis for Maximum Savings/Revenue: This is the minimum amount projected from a 2010-11 surplus transfer from the SPRF ($14 million) and a 2011-12 transfer ($11 million) as of March 15, 2011. Actual maximum will vary by year and will be based on the priorities of the Mayor and Council.

Recommendation
It is not recommended that the General Fund or Reserve Fund carry the burden of having to set aside funding to repay the Special Parking Revenue Fund for any surplus funds transferred. This unnecessarily burdens the General Fund at a time when the City can least afford it.

It is recommended that the loan language be eliminated from the SPRF ordinance, but that a sunset clause for transfers to the Reserve Fund be reinstated. The Mayor and Council would then have two opportunities per year to decide on a surplus transfer, assuming that the General Fund needs assistance to cover a shortfall:

- During development of the next fiscal year's Budget, when an ordinance change would be required to extend the surplus sunset date and continue to allow the possibility of a surplus transfer; and,
- During the fiscal year when the CAO releases a report recommending a surplus transfer.

Background/Discussion

A. <u>Findings/Issues</u>
   - ***Surplus Terms – General.*** By ordinance originally established in 2008-09, the SPRF can currently only transfer "surplus" funds to the Reserve Fund (and anywhere after that) after setting aside sufficient funding for debt service and for operations and maintenance of the parking system.
     - o City Attorney opined in 2008-09 that a direct appropriation to DOT or elsewhere was unacceptable due to:
       - Bond restrictions – Outstanding parking revenue bond covenants on Hollywood & Highland and Mangrove specifically identify the uses of the SPRF; expenditures cannot be loosely combined with non-parking

related functions. In addition, the fund must keep an annual positive net revenue-to-debt service ratio of 1.25.

    - Prior lawsuit on the use of SPRF – Special funds by law are established to generate revenue from a specific source and are to be used for a specific function, in this case the parking system. The City has been challenged before on its use of SPRF. Even though the City did not misuse any SPRF funds, the use of the funds was not clearly recorded. Therefore, the City Attorney advises that use of a direct appropriation must be supported by detailed documentation relating to appropriate uses of the SPRF.
  - Under the current ordinance, the CAO works with DOT to identify available cash and a CAO Report is presented to Council in the 4th Quarter of the fiscal year recommending an amount for surplus transfer.
- ***Surplus Terms – New.*** In 2010-11, the Council amended the ordinance to also require, in terms of declaring a surplus:
  - Funding necessary for operations and maintenance of the parking system in accordance with a 5-year plan submitted by DOT and approved by Council; and,
  - That all funds declared "surplus" after the first $10 million in 2010-11 were to be considered loans and must be returned within 2 years. This must be done even if funds were required to be repaid from the General Fund or Reserve Fund.
- ***Surplus Transfer History***
  A total of $129.05 million of surplus funds have been transferred from the SPRF to the Reserve Fund since 2007-08 as follows:
  - 2007-08: $56.26 million (C.F. 08-0600-S33), consisting of eliminated capital improvement program appropriations from prior years (mainly parking structure projects that stalled or were only conceptual).
  - 2008-09: $39.33 million (C.F. 09-2815), consisting of:
    - eliminating excess appropriations from stalled or completed capital projects;
    - financing the construction of the Vine Street Garage through MICLA instead of SPRF; and,
    - additional revenue generated from the increasing parking meter rates and extending meter hours.
  - 2009-10: $23.46 million (C.F. 09-0600-S209), consisting of:
    - eliminating excess operations and maintenance appropriations from prior years; and,
    - budgeting no new funds for capital improvement projects.
  - 2010-11 proposed: $10 million (minimum adopted by Council), consisting of:
    - increased revenue generated from parking meters; and,
    - budgeting no funds for capital projects.
- ***Considerations for an Ongoing Annual SPRF Transfer***
  Decisions on two major points must be made if an SPRF surplus is to be sought on an annual basis:
  1. Address "loan" language in the current ordinance. Options include:

   a. Eliminate all loan language; or,
   b. Modify loan language to suspend repayment under certain circumstances.
2. Address the need for capital and capital improvement funding. The SPRF was set up in part to fund construction of off-street parking facilities, which require significant capital investment. Off-street parking is still needed in areas of the City, and while solutions should not be limited to building new structures, commitment to investment in new and/or better public parking must still be made.

B. Service/Revenue Impacts

There is sufficient funding in the SPRF as currently structured to provide for funding of the annual operation, maintenance, and periodic upgrade of the existing meter and off-street parking infrastructure. Additional investment in upgrading systems and parts should be reviewed individually to ensure that benefits will meet or exceed costs.

The 2010-11 Adopted Budget provided no funding for new, off-street infrastructure projects. Loaned funds returned to the SPRF would presumably go towards funding these types of projects. While parking structure proposals in various stages of development have surfaced, DOT has identified possible alternative proposals to improve parking and transit without building new structures in its five-year report to Council (C.F. 10-0596). These types of strategic alternatives should be given consideration, and investment should be made in order to implement the proposals that are warranted by needs studies.

C. Implementation Plan

- Request the City Attorney, through a report in 2010-11 or the 2011-12 Budget, to draft an ordinance to remove loan provisions and reinstate a sunset clause on surplus transfers from the SPRF;
- Continue to consider the DOT five-year parking operations and maintenance plan during development of the annual City Budget, including funding for parking needs and alternative parking studies;
- Work with DOT and the Council during the year to identify need-based parking projects;
- Make an annual recommendation for a surplus transfer from the SPRF based on the parking needs determined during the year and the economic need of the General Fund.

II. Focus on Core Services

DEPARTMENT OF ANIMAL SERVICES
NEW SOUTH LOS ANGELES CARE CENTER

Objective:

To maintain effective and efficient animal services in South Los Angeles.

	General Fund	Other
Maximum Savings/Revenue(1)	**$2,106,300**	
Value of Proposal (Savings/Revenue)	**$2,106,300**	

(1) Basis for Maximum Savings/Revenue: Total estimated cost avoidance of closing the existing South Los Angeles Care Center and exclusively operating the new South Los Angeles Care Center is $2,106,300 which consists of salary savings of $1,642,588, related cost savings of $477,336, expense savings of $185,285, and one-time costs to open the new facility of $198,909.

Recommendation:

Consolidate the existing South Los Angeles Animal Care Center into the new South Los Angeles Care Center.

Objectives

Transfer all personnel and equipment appropriations from the existing South Los Angeles Care Center located in Councilmember Wesson's District (CD #10) to the new South Los Angeles Care Center located in Councilmember Parks' District (CD #8). The new care center is scheduled to be completed in the third quarter of Fiscal Year 2011-12; funding will need to be identified to secure the existing care center.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The final new facility directed by the Proposition F Animal Facilities Bond (2000) is under construction in South Los Angeles and scheduled for completion in January of 2012. The Department estimates the new care center will be ready to open in April 2012 which accounts for time to train staff on the operation of the new facility, as well as, time to purchase equipment and furniture for the new facility. The one-time opening cost of the new South Los Angeles Care Center is $198,909.

The cost to open the new facility is $2,504,118 which consists of salaries of $1,642,588, related costs of $477,336, on-going expense costs of $185,285, and one-time expense costs of $198,909. The FY 2011-12 General Fund cost to run both South Los Angeles Animal Care Centers is $4,809,327 which consists of salaries of $3,285,176, related costs of $954,672, on-going expense costs of $370,570, and one-time expense costs of $198,909. Operating both shelters will increase the Department's General Fund appropriation by $2,318,833 which is the cost to open the new care center, $2,504,118, less related costs of $477,336. The new South Los Angeles Care Center will be the biggest care center in the system and will require about the same staff and annual expense funding as the current South Los Angeles and Annex complex.

Based on the proposal submitted by the Department, the current facility and Annex will be closed, requiring securing both facilities and the new facility must be properly equipped. With the current budget constraints, this action will allow the new facility to be staffed. Total estimated cost avoidance of closing the existing South Los Angeles Care Center and exclusively operating the new South Los Angeles Care Center is $2,106,300 which consists of salary savings of $1,642,588, related cost savings of $477,336, expense savings of $185,285, and one-time costs to open the new facility of $198,909.

The Proposition F Animal Facilities Bond was approved based on an animal care system of eight animal care centers. Currently only six of the seven facilities are in full operation. The present South LA was completed in 2001 and constructed with Seismic Bond funding. The Annex was substantially refurbished in 2006 with Prop F funding.

B. <u>Service Impacts</u>

The existing South Los Angeles Care Center located in Councilmember Wesson's District (CD #10) would be closed and constituents would need to travel to the new South Los Angeles Care Center located in Councilmember Parks' District (CD #8). Hours of operation for the animal care center will remain the same. Currently care centers are open to the public as follows:

Monday	Closed	Friday	8AM – 5PM
Tuesday	8AM – 5PM	Saturday	8AM – 5PM
Wednesday	8AM – 5PM	Sunday	11AM – 5PM
Thursday	8AM – 5PM		

C. <u>Program(s)/Positions to be Transferred</u>

N/A

D. <u>Program(s)/Positions to be Eliminated</u>

N/A

E. <u>Implementation Plan</u>

- Funding to facilitate the closure of the existing South Los Angeles Care Center will need to be identified.
- In April 2012, transfer animals housed at the existing care center to the new care center.

If implemented, the existing care center will be closed in April of 2012 and the new care center would be opened at the same time.

DEPARTMENT OF AGING
REDUCE GCP FUNDING TO ADULT DAY CARE CENTERS

Objective: Transition funding of Adult Day Care Centers from the General Fund to grants.

	General Fund	Other
Maximum Savings/Revenue(1)	**$732,686**	
Value of Proposal (Savings/Revenue)	**$256,440**	

(1) Basis for Maximum Savings/Revenue: Immediate elimination of all GCP funding for Adult Day Care Centers.

Recommendation: Reduce the General City Purposes (GCP) funding for the Adult Day Care Program by 35% for 2011-12.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The Department of Aging (Aging) receives GCP funds in support of its Adult Day Care Programs (ADP) and senior legal services. Reducing the GCP funding for the Adult Day Care Program by 35% in 2011-12 will result in reduction of $256,440 from the prior year. The funding will be reduced by 35% in 2012-13 and 30% in 2013-14 until all GCP funding for the program is eliminated.

	2010-11	2011-12	2012-13	2013-14
Reduction		($ 256,440)	($ 256,440)	($ 219,806)
Funding Level	$ 732,686	$ 476,246	$ 219,806	$ 0

Based on 2009-10 service levels, the Adult Day Care Program serves 363 seniors and 225 family caregivers. Aging is transitioning its Adult Day Program contractors to evidence-based models to position them to take advantage of emerging Federal funding streams and become independent of the GCP funding. Evidenced-based models provide outcomes with measurable impacts which can be evaluated in terms of healthcare. The transition should be done gradually to allow contractors the time to establish and demonstrate a successful program to qualify for new funding.

The GCP funding also includes support for a legal services contract. Bet Tsedek Legal Services provides legal services and presentations to low income seniors on their rights concerning housing, employment, and public benefits. Aging will work with its senior legal services provider in identifying new grant funding opportunities to offset the eventual CGP funding elimination.

B. Service Impacts

Recently the Department had 12 ADP Centers; however they are in the process of restoring three sites using evidence-based models for a total of 15 centers. Reducing the GCP funding by 35 percent should have a minimal impact on the contractors providing services through the Adult Day Care Program.

The immediate elimination of all GCP funding could potentially result in the closure of all 15 day care centers and terminate the legal program. The total proposed funding for the 2011-12 ADP would consist of the GCP funding ($476,246) and Community Development Block Grant (CDBG) funds ($1,251,909). The proposed CDBG funding is includes a reduction of eight percent from 2010-11 levels (-$108,862).

C. Program(s)/Positions to be Transferred

None

D. Program(s)/Positions to be Eliminated

None

E. Implementation Plan

Reduce the General City Purposes (GCP) funding for the Adult Day Care Program by 35% for 2011-12.

CITY RESTRUCTURING PROPOSAL
TO CONSOLIDATE THE CODE ENFORCEMENT FUNCTIONS OF THE DEPARTMENT OF BUILDING AND SAFETY AND THE HOUSING DEPARTMENT

Objective:

To evaluate the feasibility of consolidating a portion or all of the Code Enforcement functions of the Department of Building and Safety (LADBS) and the Housing Department (LAHD).

	General Fund	Other
Maximum Savings/Revenue[1]	Not yet Available	Not yet Available
Value of Proposal (Savings/Revenue)	Not yet Available	Not yet Available

(1) Basis for Maximum Savings/Revenue:

Recommendation:

Recommendations will be provided at the conclusion of the study.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

- The LADBS is responsible for conducting inspections for code compliance of all residential and commercial construction and land use projects (new and additions/remodel projects). Their commercial and single family code enforcement operations are complaint-driven activities.
- The LADBS is seeking efficiencies and/or potential areas of consolidation regarding code enforcement between LADBS and LAHD.
- The LAHD is responsible for implementing the Systematic Code Enforcement Program (SCEP) (pursuant to the LAMC's Housing Code), which mandates a three year inspection of all residential rental properties with two or more housing units. These are code enforcement inspections for habitability, health and safety, and maintenance code compliance on all multifamily rental properties. Based on current resources, the inspections occur on a four-year cycle.
- Both LADBS and LAHD are preparing a proposal for consolidating a comprehensive code enforcement into their respective departments. For LAHD, this includes initiating a systematic code enforcement program to inspect single family rental dwellings (i.e., condominiums).

B. Service Impacts

Unknown at this time.

C. Program(s)/Positions to be Transferred

Unknown at this time.

D. Program(s)/Positions to be Eliminated

Unknown at this time.

E. Implementation Plan

The CAO coordinated a meeting between LADBS, LAHD and the City Attorney to be held on Thursday, March 17, 2011 to discuss how a comprehensive code enforcement program could be organized and to ascertain what financial savings and operational efficiencies could be realized through a consolidation. Issues to be discussed include:

- Whether significant savings are achievable from consolidating inspection activities. This will require analysis of workload (type, amount, distribution and resource requirements), classifications and desired service levels.
- Implementing a systematic inspection program for single-family and/or commercial facilities will require instituting a new fee.
- If there is a potential for a commercial and/or single-family code enforcement cost recovery program, similar to LAHD's SCEP, would it require voter approval?
- Identification of efficiencies that may be found in consolidating administrative support, accounting, information technology and personnel functions.
- Is LADBS code enforcement a legal requirement of the City?
- Could LADBS maintain oversight of all commercial activities and LAHD assume all residential work?
- How would mixed-use projects, which involves both commercial and residential components, be impacted by future changes?

F. Central Questions

- Should the decision be made to change inspection of commercial and single family code enforcement from a complaint-driven to a systematic inspection system?
- If approved, a policy decision would need to be made to require a new fee for such an inspection system. This new system would impose additional costs to both commercial and single family properties.

PLANNING DEPARTMENT
PROVIDE TEMPORARY STAFF THROUGH 120-DAY HIRES

Objective:

The Planning Department will be able to hire former City employees for 120 days per year, rather than 90 days per year, to allow economic development to continue without increasing the number of full-time positions in the Department.

	General Fund	Other
Maximum Savings/Revenue(1)	N/A	N/A
Value of Proposal (Savings/ Revenue)	N/A	N/A

(1) Basis for Maximum Savings/Revenue:

Recommendation:

The Planning Department will be able to hire former City employees for 120 days per year.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Planning Department states that due to budget reductions over the last several years, the Department is not able to provide enough resources to ensure the timely and thorough review of Planning cases, Community Plans, Major Projects, Environmental Impact Reports, and other actions related to land use and economic development in the City. In addition, 37 Planning employees took advantage of ERIP two years ago; consequently, there are fewer staff with long-time experience in the Department to guide and train newer employees.

The Department has a history of hiring retired employees for 90 days to provide services that could not be managed by existing staff due to high workloads. However, the limitation of 90 days per year impacted the continuity of the projects that these temporary employees were assigned to, especially some of the longer term zoning cases.

Charter Amendment Q was approved by a majority of voters on March 8, 2011, which allows retired City employees to work 120 days in a year without increasing pension benefits instead of the 90 days that are currently permitted. Under Amendment Q, the Planning Department could hire former staff who are familiar with City operations for a longer period of time within the one-year limit. The language of the ballot measure is attached.

The following classifications would be considered by the Planning Department for inclusion on the list of 120-day hires:

- Associate Zoning Administrator
- Principal City Planner
- Senior City Planner
- City Planner
- City Planning Associate
- Accountant
- Accounting Clerk
- Commission Executive Assistant

If hired, these temporary employees could hold hearings, process Planning cases, develop Community Plans, review Environmental Impact Reports, collect fees and process billings, work on Major Projects, plan and staff Commission meetings, prepare ordinances, and provide other Planning services.

Since Planning does not have very many vacancies left, the City may need to create special position authorizations to allow departments to hire temporary employees. The City is not required to hire a former employee at the same level at which he or she retired. The 120-day employees would be paid by fees or through special funds. There would be no additional impact to the General Fund.

B. Service Impacts

If Planning is able to hire former employees for 120 days per year, it is possible that services to the public and economic development in the City would increase. The additional time would also allow the Department flexibility to address existing and future workload without further burdening the General Fund.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

N/A

E. Implementation Plan

To hire employees for 120 days, the Planning Department would need to receive approval through the Managed Hiring Committee. The Department would also need to show that the source of funding is a special fund or fee and not the General Fund. In addition, Planning would need a mechanism, either through holding a position vacant or through another process, to hire the temporary staff. The transactions would be processed in PaySR.

From the March 8, 2011 City of Los Angeles Election Ballot

City of Los Angeles Charter Amendment Q

Sec. 6. Subsection (b) of Section 1164 of the Charter of the City of Los Angeles is amended to read:

(b) Exception for Temporary Service. The Mayor may, at the request of the appointing authority, authorize employment of a Retired Member to a vacant position in a class in which he or she has been employed or, subject to the civil service provisions of the Charter, in any other position, for a period not to exceed ~~90~~ 120 days in any fiscal year when such Member's services are required for an emergency or to prevent a stoppage of public business or when his or her special skills are needed to perform work of a limited duration. While so employed, the Retired Member will continue to receive his or her retirement allowance as a Retired Member, but will make no further contribution to the System, and will not be subject to any change in benefits from the System as the result of the employment.

City Attorney Outside Counsel
Reductions for Fiscal Year 2011-2012

Objective: Reduce outside counsel contract referrals within the City Attorney's Office to preserve positions in the City Attorney's Office.

	General Fund	Other
Maximum Savings/Revenue[1]	$ 1 million	**n/a**
Value of Proposal (Savings/Revenue)	$1 million	**n/a**

(1) Basis for Maximum Savings/Revenue: Based on City Attorney's estimate of funding needs.

Recommendation:

Reduce the fiscal impact of the General Fund in the Unappropriated Balance, Worker's Compensation line item.

Background/Discussion:

A. Findings/Issues

The Unappropriated Balance, Outside Counsel including Workers' Compensation line item provides funding for Outside Counsel law firms to assist the City Attorney's Office in litigation matters which cannot be handled by in-house staff.

The 2010-11 Adopted Budget currently provides $3,250,000 for Outside Counsel services, including Workers' Compensation. The City Attorney refers matters to Outside Counsel for litigation which requires specialized expertise, or for matters which cannot be handled due to limited staffing availability, workload issues or potential conflicts of interest. The City Attorney has reduced Outside Counsel expenditures over the past year and has reduced referrals to outside agencies, thereby requiring City Attorney staff to develop expertise as necessary. The City Attorney's 2009-10 Year-End Outside Counsel Expenditure Report (C.F. 09-0600-S217) states that expenditures were reduced by 44 percent over a two year period.

As part of these reductions, the City Attorney's Office further anticipates a surplus in the current year relative to the Outside Counsel line item and has recommended that $1.2 million be transferred to offset their Litigation Expense shortfall.

The City Attorney's Proposed Budget for 2011-12 states that less funding is needed for Outside Counsel due to reduced referrals and increased monitoring. However, funding for Outside Counsel is still needed for Fair Labor Standards Act (FLSA) cases, which account for more than 75 percent of expenditures, in addition to other legal case work such as bond litigation. Estimated appropriation requested is $2,250,000.

B. Service Impacts

Not applicable

C. Program(s)/Positions to be Transferred

Not applicable

D. Program(s)/Positions to be Eliminated

Not applicable

RESTRUCTURING OR ELIMINATION OF CULTURAL AFFAIRS DEPARTMENT AND SPECIAL APPROPRIATIONS I, II AND III

Objective: Support and generate cultural activities and experiences for the residents of and visitors to the City of Los Angeles

	General Fund	Other
Maximum Savings/Revenue[1]		**$10,708,000**
Value of Proposal (Savings/Revenue)		**$10,708,000**

(1) Basis for Maximum Savings/Revenue: Estimated Value of an amount equivalent to a one percent Transient Occupancy Tax for 2011-2012

Recommendation:

Suspend the Special Appropriations I,II and III in 2011-2012 or

Eliminate the Department of Cultural Affairs and transfer the Public Arts Program to Public Works.

Central Questions:

- Is Cultural Affairs a core service for the City of Los Angeles?
- Should the City maintain both grants and Cultural Facilities?
- Should one percent of Transient Occupancy Tax revenues continue to serve as a dedicated revenue stream to support cultural activities?
- Should the Public Art Program and the Arts Development Fee be continued?

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Option 1 Suspension of Special Appropriations I,II and III

The 2010-11 adopted Budget includes $3,953,412 for Special Appropriations I, II and III to fund grants and special events throughout the City. The Department of Cultural Affairs Grant Program, has funded various public, private and non-profit organizations through grant awards to provide free or low-cost local events such as dance and music concerts and classes, film festivals, museum programs and theatrical plays and workshop events for youths and adults.

It is recommended that the Cultural Affairs Grants Program be suspended for the 2011-12 fiscal year. This would result in potential savings of approximately $3.9 million. Cultural Affairs should also be instructed to notify all present and potential grant recipients of the planned elimination of the Cultural Affairs Grants Program in 2011.

The Cultural Affairs Grants Program is assigned four support staff: one Arts Manager III, one Arts Manager II and two Arts Associate positions. Two of the positions are currently unauthorized and unfunded. The Department has funded the positions through salary savings from vacancies. Full year direct salary costs for the four positions are: $302,000. If the grant program is eliminated, the Department's salary account should also be reduced by this amount.

Service Impacts

The elimination of the grant program will impact the ability of Arts organizations to provide cultural programming for the residents of Los Angeles. It will also result in the elimination of the Council Civic Funds, funding for partnered Cultural Facilities and Watts Tower Conservation.

C. Program/Positions to be Transferred

None

D. Program/Positions to be Eliminated

One Arts Manager III, One Arts Manager II and two Arts Associates positions.

The Special Appropriations to the Department include Council discretionary funds ($270,000), Funding for the Public-Private Partnership facilities ($182,000), Watts Tower Conservation ($150,000) and programming for festivals and Heritage month celebrations ($175,000).

E. Implementation Plan

- Cultural Affairs shall immediately notify all grantees and potential grantees that the Grant program is suspended.
- Cultural Affairs to identify any funds already obligated for expenditure and encumber only those funds.

Option 2—Elimination of the Department and Transfer of Public Art Function

The Department of Cultural Affairs is funded through an amount equal to a one percent Transient Occupancy Tax and a General Fund subsidy for related costs. If the Department is eliminated in 2011-12, the General Fund savings will be $10.7 million. This would result in the elimination of the grants program, as well as the elimination of Department supported operations.

The Department is also charged with administering the Public Art Program funded from the Arts Development Fee. The purpose of the Arts Development Fee is to provide cultural and artistic services for non-residential development projects over $500,000. Use of the Arts Development Fee is highly restricted. If the program is canceled, approximately $6 million will need to be refunded to developers who paid the fee.

If the Public Art program is not eliminated, the program should be transferred to Public Works. The direct cost for the three positions that support the Public Art Division is $242,500.The Commission on Cultural Affairs would also be transferred to the Public Works. There is currently one funded position (Architecture Associate) that supports the Commission at a cost of $91,000 and an unfunded clerical support position ($59,700) which is funded through salary savings. An appropriation would need to be made to the Public Works to support these positions.

Proposition K has provided funding for seven cultural facilities within the Department's purview. Three of the projects are currently operated by the Department (Watts, Canoga and Sun Valley Junior Art Centers), one project is completed, but not operational (Lincoln Heights Junior Art Center), one project is under construction (Manchester Junior Arts Center) and two projects are in development (Vera Bradley and Highland Park Junior Art Centers). If the Department is eliminated, the City still has an obligation to the taxpayers to provide services at these facilities. The facilities need not be operated by the City. Programming can be provided by a contractor.

In addition, the Department has an operating agreement with a non-profit for the Nate Holden Performing Arts Center and currently partners the operation of six art centers. The contracts for the six partnered facilities have expired and the City Attorney has previously advised the Department to release a Request for Proposals (RFP) for these facilities. The process is expected to be completed by January 2012. In the interim, the facilities are operating on a month-to-month basis.

If the City elects keep the facilities open, partnering the facilities is a viable option. This Office is currently developing an RFP to continue and expand partnering at Cultural Affairs facilities. The model that is being developed provides non-profits the opportunity to provide cultural and art programming using City facilities. The contractors would be required to pay certain expenses, such as custodial and utilities, while the City would provide the facility and a stipend. The savings would include the salary and related costs of the employees working in the art centers. In 2009-10, the City eliminated 15 positions at the 15 facilities proposed for partnering. Positions that were eliminated through ERIP were also eliminated for a savings of $1.1 million in direct salary costs. However, Council has authorized the removal of five facilities from the RFP. Funding will need to be identified through the budget process for these facilities. The City received the majority of savings from the elimination of positions at Barnsdall Park. Funding in the amount of $750,000 is has been requested from the Department to continue operations at the five facilities that were removed from the RFP.

B. Service Impacts

Closure of 20 cultural facilities, including art centers and theaters.

C. Program(s)/Positions to be Transferred

Transfer the Public Art program staff of One Arts Manager III, One Arts Manager II, One Arts Manager I and an Architecture Associate to Board of Public Works or the Bureau of Engineering. Positions are partially funded by the Arts Development Fee.

Transfer support for the Cultural Affairs Commission to the Board of Public Works. Staffing to be provided by Public Art staff. There is currently one Architectural Associate position and an unfunded Senior Clerk Typist supporting the Commission.

Transfer the Community Art Partners program to the Recreation and Parks Department to coordinate the seven facilities currently partnered and the Proposition K funded projects. The Program is currently overseen by an Art Manager III. The position is currently not funded and paid for with salary savings.

D. Program(s)/Positions to be Eliminated

The elimination of the Department would result in:

- The deletion of 38 positions, 34 if the Public Art program is transferred.
- The elimination of the City's Community Art Program

E. Implementation Plan

- Ordinance change to eliminate one percent of Transient Occupancy Tax funding for the Arts and Cultural Facilities and Services Trust Fund
- Ordinance change to eliminate Arts Development Fee requirement or Ordinance change to effectuate transfer to the Board of Public Works
- Approval of deletion of either 34 or 38 positions.
- Approval of closure of up to 20 cultural facilities
- Development of an operational plan for the seven Proposition K facilities and six Art Centers which are currently partnered.

CONSOLIDATION OF DEPARTMENT ON DISABILITY INTO THE COMMUNITY DEVELOPMENT DEPARTMENT

Objective: Maintain Disability services and programming for City residents and departments

	General Fund	Other
Maximum Savings/Revenue(1)	**$371,044**	
Value of Proposal (Savings/Revenue)	**$371,044**	

(1) Basis for Maximum Savings/Revenue: The elimination of four positions, Printing and Office and Administrative expenses ($362,878) plus the reduction of $172,669 in related costs and transfer of $164,503 to CDD to cover GASP.

Recommendation: Maintain Disability services and programming for City residents and departments by consolidation the Department on Disability into the Community Development Department.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Department on Disability (DOD) was established in 1998 and provides legally mandated Americans with Disability Act (ADA) Compliance and other services such as close-captioning, equipment and sign language interpretation. These functions had previously been handled by the Personnel Department. In addition, it administers the Community Development Block Grant (CDBG) funded AIDS Coordination and Computerized Information Center (CIC) Programs. The AIDS Coordination function was moved from the CDD to DOD in 2000. This Office recommends the consolidation of the Department into the Community Development Department. Placing all of the functions in one department will allow for the least disruption in services to City residents and City departments.

The City Attorney's Office has previously indicated that there is potential for an increased number of lawsuits based on the perception of reduced services and discontinuation of programs. Continuing legally-mandated services, the Disability Commission and ensuring that the City has an ADA Compliance Officer will help address these concerns.

Four General-Funded and one CDBG funded position associated with the Department's General Administration and Support would be eliminated in accordance with this proposal. The DOD has an ERIP obligation of $38,068 for

2011-12. Although the Department may be eliminated, the payment to the two ERIP participants will need to be made in 2012.

The elimination of the Department will generate $50,000 in salary savings for 2010-11 and $198,375 in savings for 2011-12.

B. Service Impacts

Perception of reduced services for disabled constituents and a reduced profile for issues related to the disabled community.

C. Program(s)/Positions to be Transferred

No.	Code	Class Title	DOD Program	Funding
1	1358	Clerk Typist	AIDS Coordination	$49,019
1	1538	Senior Project Coordinator	AIDS Coordination	$92,739
3	9184-1	Management Analyst I	AIDS Coordination/CIC	$210,156
2	9184-2	Management Analyst II	AIDS Coordination/CIC	$167,500
7	**Totals**		**CDBG Funded**	**$519,414**
1	9171-2	Sr. Management Analyst II	Community Services	$122,524
1	9171-2	Sr. Management Analyst II*	ADA Compliance	$130,625
1	9184	Management Analyst II	ADA Compliance	$83,750
1	1537	Project Coordinator	ADA Compliance	$78,363
4	**Totals**		**General Fund**	**$415,262**

*The Executive Director will function as Division head. Classification is pending.

CDD requires that a percentage of grant funds and General Fund be designated to fund the General Administration Support Program (GASP) based on direct salaries. The percentage may be altered based on whether the duties of the employees transferred would be absorbed by CDD staff (for example, accounting staff) Based on the current GASP expenditure level, on average, the percentages would be:

- GASP Salaries = 14.4% of Direct Salaries ($134,593)
- GASP Expenses = 3.2% of Direct Salaries ($29,910)
- GASP Related Costs = The General Fund would continue to fund the related costs for the transferred positions.

CDD would also require a percentage of salaries for leasing should the employees be relocated to the Garland Building; however this percentage is yet to be determined.

The DOD is located at 201 N. Figueroa Street in Figueroa Plaza. The moving costs from those locations to the Garland Building and the current leasing obligations of these Departments are yet to be determined.

D. <u>Program(s)/Positions to be Eliminated</u>

Three General-Funded and one partially-funded CDBG positions are recommended for elimination as follows:

- one Accounting Clerk I,
- one Senior Accountant I,
- one Management Analyst I,
- one Senior Management Analyst I

Upon the completion of the consolidation, the current Executive Director will function as the Division Head and will assume the responsibilities of the vacant ADA Compliance Officer.

E. <u>Implementation Plan</u>

- Approval of an Ordinance to effectuate the consolidation of the Department on Disability into the Community Development Department.

Fire Department
New Deployment Plan to Replace the Modified Coverage Plan

Objective:

To explore the feasibility of replacing the Modified Coverage Plan with the new Deployment Plan.

	General Fund	Other
Maximum Savings/Revenue(1)	--	**NA**
Value of Proposal (Savings/Revenue)	**$54,134,000**	**NA**

(1) Basis for Maximum Savings/Revenue:

Recommendation:

Implement the new Deployment Model and discontinue the Modified Coverage Plan (MCP).

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

In August 2009, the Fire Department initiated the MCP to address a portion of their 2009-10 Shared Sacrifice. The initial MCP generated $39 million in Constant Staffing Overtime savings by closing resources on a rotational basis and utilizing 87 daily sworn platoon duty positions as a pool of firefighters to fill a portion of the 250 daily positions on average in need of backfill due to vacation, sick-time and other absences. This plan closed ten Engine Companies, five Light Forces, one Battalion Command Team, three Emergency Medical Service Captains and nine Basic Life Support (BLS) ambulances daily.

On July 1, 2010, MCP savings was expanded by $2.2 million by including one Division Command Team and a second Battalion Command Team (four daily positions) to the rotating resource closures.

On January 2, 2011, the Enhanced MCP expanded the daily pool of sworn platoon duty by 34 daily positions, closing an additional four Engine Companies and three Light Forces on a rotating basis. For six months, this will generate an additional $7.65 million savings in Constant Staffing Overtime expense.

In March 2011, the Department completed an extensive analysis of dispatch data from 2007 through 2010 using Computer Aided Dispatch (CAD) Analysis and Apparatus Deployment Analysis Module (ADAM) software. The expectations of the new Deployment Plan include:

- Minimal increase in response times for the first response on the scene;

- That there will be a City-wide, district by district, minimum staffing threshold; and
- That it will provide the process and ability to augment staffing levels based on vulnerability and risk.

The Department responds to an average of 1,100 emergency incidents daily, with 83% of those incidents being Emergency Medical Service calls. The proposed Deployment Plan focuses response capability on these incidents while maintaining the ability to respond rapidly to all other hazard types.

Replacing the current rotating closures of the MCP with the structural change of company closures stabilizes the Department's deployment, provides greater consistency of command and minimizes fire company continuity issues.

The Deployment Plan will close seven Light Forces, eleven Engines, ten daily Staff Assistant positions, one Division Office and two Battalion Offices (105 daily/315 total positions for the three platoons). This will create a pool of 105 personnel daily to be used to fill vacancies and offset overtime cost. Two Light Forces will be reassigned to different fire stations, five BLS ambulances will be redeployed, one EMS Captain will be added to bring the daily total to seven EMS Captains and 20 additional fire companies will be redeployed as Paramedic Assessment resources. This will expand Paramedic Assessment resources from 62 to 82. This change will reduce the response time from dispatch to the first paramedic on the scene. The remaining two Division Staff Assistants and seven Battalion Staff Assistants will be redeployed as Emergency Incident Technicians (EIT). The seven EMS Captains will be realigned with the remaining seven Battalion Commanders and function as part of the Battalion Command Team.

This will be an elimination of 315 sworn positions over a three year period from the Fire Department budget.

B. Service Impacts
The intent of the new plan is to replace the MCP with a new deployment of resources to better match the needs of the City.

C. Program(s)/Positions to be Transferred
None

D. Program(s)/Positions to be Eliminated
315 total firefighter positions (105 daily) to be eliminated from the Department budget.

E. Implementation Plan
The new deployment model will stabilize the field duty staffing after almost two year of rotational staff movement and resource closures.

Fire Department
Civilianization of the Operations Control Dispatch Center (OCD)

Objective:
To explore the feasibility of replacing sworn positions with civilian positions assigned to the Fire Dispatch Center.

	General Fund	Other
Maximum Savings/Revenue[(1)]	**TBD**	
Value of Proposal (Savings/Revenue)	**TBD**	

(1) Basis for Maximum Savings/Revenue:

Recommendation:
Set up a task force with Personnel Department, CAO, CLA and Fire Department to explore short-term and long-term staffing options.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)
In 2006-07, an analysis of the civilianization of the Fire Department's OCD was completed by an outside consultant for the Controller's Office (C.F. 06-0996). The consultant's analysis determined that a cost savings of $1.35 million in 2007 dollars could be realized by replacing sworn dispatchers with civilians. Based upon the findings, a subsequent CAO report recommended the Department to report back after conducting a time and task study of the OCD call data, in addition to reporting on a feasibility and efficiency study on the replacement of platoon duty shifts with regular duty shifts. The report also recommended the Personnel Department conduct a classification study to determine whether or not a new civilian classification and salary scale would be required for the civilianization initiative. No further action was taken, as the Council File currently resides in the Audits and Governmental Efficiency Committee. There are approximately 75 firefighter dispatchers currently assigned to the OCD.

B. Service Impacts
Although civilian dispatchers are in use serving other fire departments across the country, the Department had expressed concerns in the past with this initiative, particularly with the decrease or elimination of a sworn presence in the OCD. The Department felt strongly that having fully trained firefighter/paramedics staffing the OCD provides the best possible service in handling the broad range of 9-1-1 EMS and fire calls. However, more recently the Department may be amenable to revisiting

this overall concept, with regard to exploring other options including a modified shift strategy in lieu of a platoon duty deployment in the OCD.

C. Program(s)/Positions to be Transferred
Approximately 50 of the 75 firefighter positions could be redeployed within the Department.

D. Program(s)/Positions to be Eliminated
None

E. Implementation Plan
A new overall analysis would need to be undertaken, including updated salary and cost comparisons, a time and task call data analysis, a shift schedule study and a civilian classification study, in order to fully examine the feasibility of implementing a civilianization plan for the OCD.

INFORMATION TECHNOLOGY AGENCY
ALTERNATIVE FUNDING FOR 3-1-1

Objective
To provide Los Angeles residents access to City services.

	General Fund	Other
Maximum Savings/Revenue[1]	**$2,500,000**	**$500,000**
Value of Proposal (Savings/Revenue)	**$1,490,000**	**$100,000**

(1) Basis for Maximum Savings/Revenue: Elimination of the 3-1-1 Call Center (Option 1).

Recommendation
Due to the City's fiscal constraints, the approximately $3 million required to pay for the 3-1-1 system is no longer available. Therefore, if the Information Technology Agency (ITA) is to continue to provide this critical service Option 3 below is recommended. In that Option, the hours of operation would be reduced to regular work hours. In addition, the costs of 3-1-1 would be offset by reducing funding in each City department proportionate to the number of 3-1-1 calls received on their behalf.

Central Questions
- Is 3-1-1 a core City function?
- Can funding be identified to maintain this service?
- Can automation be used to make this system more accessible and cost effective?

Option 1: Elimination of 3-1-1 Call Center

A. Findings/Issues. The 3-1-1 Call Center would be eliminated at a savings of approximately $3 million ($2.5 million General Fund, $500,000 Special Fund). ITA would be asked to evaluate the possibility of retaining the 3-1-1 number and establishing an automated system to route calls to the appropriate department.

B. Service Impacts. Service impacts would include:
   - Departments that provide services that generate a significant number of calls may have to expand or establish call centers to handle the higher volume.
   - The City would lose the economies of scale and efficiencies gained through a centralized call center operation.
   - The number of non-emergency calls to 9-1-1 would increase, increasing the pressure on that system.
   - Accessing City services would become more complicated for the public.

C. Program(s)/Positions to be Transferred. None.

D. Program(s)/Positions to be Eliminated. The 3-1-1 program and the associated 45 positions would be eliminated.

E. Implementation Plan. Funding and positions for 3-1-1 would be eliminated in the 2011-12 Proposed Budget. ITA would evaluate opportunities to implement an automated call forwarding system to route future call into 3-1-1 to departmental staff or call centers.

Option 2: Reduce Hours of Operation to Normal Business Hours

A. Findings/Issues. The current hours of the 3-1-1 Call Center are 7:00 a.m. to 10:00 p.m. daily. Through this approach, the hours of operation are reduced to normal business hours daily. This reduction would result in total savings of approximately $600,000 ($500,000 General Fund and $100,000 Special Fund).

B. Service Impacts. Approximately 80 percent of all 3-1-1 calls are received during the proposed hours of operation. Nonetheless, reducing the hours of operation could potentially double average wait times to approximately 8-10 minutes, and double the number of dropped calls. As a second phase to this project, and in an effort to address the reduced service levels, ITA will seek opportunities to increase the level of automation used by 3-1-1 to allow callers to make their service requests without speaking to a representative. ITA is currently providing input to the Bureau of Sanitation in its efforts to procure such a system.

C. Program(s)/Positions to be Transferred. None.

D. Program(s)/Positions to be Eliminated. Eleven positions would be eliminated that currently staff and support the 3-1-1 Call Center.

E. Implementation Plan. Funding and positions for 3-1-1 would be reduced in the 2011-12 Proposed Budget.

Option 3 (Recommended): Alternative Funding, Reduced Hours of Operation

A. Findings/Issues. Curtailing the hours of operation would reduce the cost of the Call Center by approximately $600,000 to approximately $2.4 million (see Option 2 above).

The cost of 3-1-1 would be offset by reducing funding in each City department proportionate to the number of 3-1-1 calls received on their behalf. Departmental reduction amounts would be in $5,000 increments based on the number of calls regarding the services provided by each department. Special funds currently pay for their portion of 3-1-1 through reimbursements to the General Fund of related costs. Therefore, no offsetting reduction is recommended for services that receive special funds. After the proposed reduction in funding to $2.4 million, approximately $990,000 of the cost of 3-1-1 is for services funded by the General Fund, with the remaining amount recovered from special funds.

B. Service Impacts. The impacts of reducing the hours of operation are discussed in Option 2, above.

Departments that are required to pay their portion of the 3-1-1 costs would experience a funding reduction that could impact services. Departments would be responsible for identifying the service reduction with the lowest impact. Among these departments, the six experiencing the largest impact are the Police Department ($300,000), Transportation ($120,000), the Board of Public Works ($85,000), Building and Safety ($75,000), Finance ($55,000), and Fire ($50,000).

C. Program(s)/Positions to be Transferred. None

D. Program(s)/Positions to be Eliminated. Eleven positions would be eliminated that currently staff and support the 3-1-1 Call Center.

E. Implementation Plan. The reductions would be included in the 2011-12 Proposed Budget.

2011-12 General Fund Reduction in Each Department Required to Offset the Cost of the 3-1-1 Call Center

Department	Approximate Call Volume Portion - General Funded Services	Proposed 2011-12 Reduction to Pay for 3-1-1
Aging	<0.5%	$ 5,000
Animal Services	4.5%	$ 45,000
Building and Safety	7.5%	$ 75,000
City Administrative Officer	<0.5%	$ 5,000
City Attorney	1.0%	$ 10,000
City Clerk	1.5%	$ 15,000
Community Development Department	0.0%	$ -
Community Redevelopment Agency	<0.5%	$ 5,000
Controller	<0.5%	$ 5,000
Convention Center	<0.5%	$ 5,000
Council	2.0%	$ 20,000
Cultural Affairs Department	<0.5%	$ 5,000
Disability	<0.5%	$ 5,000
El Pueblo	<0.5%	$ 5,000
Emergency Management	<0.5%	$ 5,000
Employee Relations Board	<0.5%	$ 5,000
Ethics Commission	<0.5%	$ 5,000
Finance	5.5%	$ 55,000
Fire and Police Pensions	<0.5%	$ 5,000
Fire Department	5.0%	$ 50,000
General Services	<0.5%	$ 5,000
Harbor Department	0.0%	$ -
Housing	0.0%	$ -
Housing Authority of City of Los Angeles	1.0%	$ 10,000
Information Technology Agency	3.5%	$ 35,000
Library	<0.5%	$ 5,000
Los Angeles City Employees Retirement System	<0.5%	$ 5,000
Los Angeles Homeless Services Authority	<0.5%	$ 5,000
Los Angeles World Airports	0.0%	$ -
Mayor	2.0%	$ 20,000
Neighborhood Empowerment	<0.5%	$ 5,000
Personnel	1.0%	$ 10,000
Planning	<0.5%	$ 5,000
Police Department	>30%	$ 300,000
PW/Board of Public Works	8.5%	$ 85,000
PW/Bureau of Contract Administration	<0.5%	$ 5,000
PW/Bureau of Engineering	<0.5%	$ 5,000
PW/Bureau of Sanitation	0.0%	$ -
PW/Bureau of Street Lighting	0.0%	$ -
PW/Bureau of Street Services	1.5%	$ 15,000
Recreation and Parks	1.5%	$ 15,000
Transportation	12.0%	$ 120,000
Treasurer	<0.5%	$ 5,000
Water and Power	0.0%	$ -
Zoo	<0.5%	$ 5,000
Total		***$ 990,000***

CONCEPT PAPER
POLICE DEPARTMENT
SUSPEND POLICE HIRING IN FY 2010-11

OBJECTIVE

Reduce the City's Fiscal Year (FY) 2010-11 deficit by suspending police hiring for the remainder of fiscal year 2010-11.

	General Fund	Other
Maximum Savings [1]	**$13 Million Savings**	
Value of Proposal (Savings/Revenue)	**$3.3 Million Savings**	

(1) **Basis for Maximum Savings/Revenue:** If hiring is suspended in FY 2010-11 and FY 2011-12, the General Fund will save $13 million and projected deployment on June 30, 2012, assuming no additional classes, will be 9,634.

RECOMMENDATION

Suspend police hiring for the remainder of FY 2010-11 and direct the LAPD to work with the CAO to report back on the various variables not considered in this preliminary assessment.

BACKGROUND

- In FY 2010-11 police hiring is funded to offset projected attrition at a cost of $7.4 million (direct costs: $5.9 million and related costs: $1.5 million). The hiring plan is six classes of 40 plus one additional class in May to reconcile hiring to actual attrition (current estimate is 46). Total planned hiring is 296, to graduate 229 to offset projected officer attrition of 229.
- During its consideration of the CAO report on the Alternative Plan to P3, Council authorized the suspension of the March police hiring class and increasing the size for April, May and June to account for one less class. This action generated cost savings of $200,000.
- Current active payroll level is 9,934 officers; 9,832 POST certified officers and 102 Academy recruits.
- Budgeted attrition for the remainder of FY 2010-11 is 50 officers.
- Projected deployment on June 30, 2011, assuming no additional classes, will be 9,923.
- Suspending police hiring for the remainder of FY 2010-11 will generate General Fund cost savings of $725,263 in the current fiscal year and a General Fund cost avoidance of approximately $3.6 million in FY 2011-12.
- Suspending police hiring until the Police and Fire Pension Tier 6 is implemented will generate pension savings of $3,434 per officer per year. This number increases throughout a 30-year career, and our Office estimates a total savings of $173,000 per officer over a 30-year career. Assuming police hiring is suspended until Tier 6 is implemented and deployment is 9,923 (40 officers less than 9,963) on June 30, 2011, the City would realize $6.9 million in pension savings over the career of the 40 deferred officers.
- If the remaining FY 2010-11 classes are suspended, the LAPD could still hire to 9,963 in FY 2011-12.

FINDINGS

The CAO asked the LAPD to indicate the impact of deferring hiring for the remainder of this fiscal year, and then hiring to attrition of 9,963 next fiscal year. In order to maintain 9,963 officers next fiscal year, LAPD states that they would need to have a hiring plan of 515 recruit officers to graduate 412 officers. The General Fund impact of this hiring plan is approximately $15.6 million. This projection assumes that the first recruit class will start on pay period five (August 15, 2011). In addition, there are 11 recruit classes (seven classes with 45 recruit officers and four classes with 50 recruit officers).

The LAPD estimates that the 515 recruits will translate to an additional 3,500 applicants that LAPD's Recruitment and Employment Division and the Personnel Department would need to process in a short period of time. Only one out every 25 applicants receives job offers and makes it into the Police Academy. Having a hiring plan of 515 recruit officers would put a strain on LAPD's resources, and it is assumed that it would also adversely impact the Personnel Department.

LAPD also states that suspending the hiring plan for the remainder of FY 2010-11 would cause the LAPD to end the fiscal year with approximately 9,923 officers. This would have a short-term impact on LAPD's ability to deploy officers to specialized programs such as the CLEAR Program.

Our Office projects that the Department will need to have a hiring plan of 355 recruit officers to graduate 315 officers. The primary reason for the difference is that LAPD's number assumes making up for the Academy attrition of the suspended classes. The General Fund impact of this hiring plan is approximately $9.7 million. This projection assumes that the first recruit class will start on pay period five (August 15, 2011). In addition, there are seven recruit classes (six classes with 50 recruit officers and one class with 55 recruit officers).

Our Office met with the Personnel Department and confirmed that they have the existing resources to recruit 355 officers for the Academy next fiscal year.

ANALYSIS

For the following analysis, our Office assumes that sworn hiring is suspended for the remainder of FY 2010-11 and the LAPD ends the current fiscal year with 9,923 officers. As illustrated in Table 1, suspending the remaining classes in FY 2010-11 will save the General Fund $4.3 million; $725,000 for the remainder of this fiscal year and $3.6 million in avoided costs for next fiscal year.

Scenario 1 - Suspend police hiring in FY 2010-11 and in FY 2011-12:

POST certified attrition is projected to be 275 officers in FY 2011-12. As illustrated in Table 2, the General Fund cost to hire to offset projected attrition will cost $8.7 million (direct costs: $6.7 million and related costs: $2 million). The proposed hiring plan consists of six classes 45 recruits plus one additional class in May to reconcile hiring to actual attrition (current estimate is 41). Total planned hiring is 311, to graduate 275 to offset projected officer attrition of 275.

If hiring is suspended in FY 2010-11 and FY 2011-12, the General Fund will save $13 million and projected deployment on June 30, 2012, assuming no additional classes, will be 9,644.

Savings from 2010-11 hiring plan:	$4.3 million
Savings from 2011-12 hiring plan:	$8.7 million
Total General Fund Savings	$13 million

Scenario 2 - Suspend police hiring in FY 2010-11 and hire to attrition in FY 2011-12:

POST certified attrition is projected to be 275 officers in FY 2011-12. As illustrated in Table 2, the General Fund cost to hire to offset projected attrition will cost $8.7 million (direct costs: $6.7 million and related costs: $2 million). The proposed hiring plan consists of six classes 45 recruits plus one additional class in May to reconcile hiring to actual attrition (current estimate is 41). Total planned hiring is 311, to graduate 275 to offset projected officer attrition of 275.

If hiring is suspended in FY 2010-11 and the Department hires to attrition in FY 2011-12, the General Fund will save $4.3 million and projected deployment on June 30, 2012, will be 9,923.

Savings from 2010-11 hiring plan:	$4.3 million
Savings from 2011-12 hiring plan:	$0
Total General Fund Savings	$4.3 million

Scenario 3 - Suspend police hiring in FY 2010-11 and hire to 9,963 in FY 2011-12:

If the Department hires the remaining Academy classes in FY 2010-11 the cost is $4.3 million; $725,000 for the remainder of this fiscal year and $3.6 million for next fiscal year. The projected cost of the FY 2011-12 sworn hiring plan (hire to attrition) is $8.7 million (direct costs: $6.7 million and related costs: $2 million). The total cost to maintain 9,963, if hiring is not suspended, is $13 million.

Alternatively, if hiring is suspended in FY 2010-11, the Department will need to hire an additional 44 officers in FY 2011-12 because projected deployment on June 30, 2011, assuming no additional classes, will be 9,923. The revised FY 2011-12 police hiring plan, which includes the additional 44 officers, will cost $9.7 million (direct costs: $7.5 million and related costs: $2.2 million). The hiring plan would consist of six classes of 50 recruits plus one additional class in May to reconcile hiring to 9,963 (estimate is 55). Total planned hiring is 355, to graduate 315 to offset projected officer attrition of 275 and hire the 44 officers deferred in FY 2010-11.

If hiring is suspended in FY 2010-11 and the Department hires to 9,963 in FY 2011-12, the General Fund will save $3.3 million and projected deployment on June 30, 2012, will be 9,963.

Cost to maintain 9,963 in FY 2010-11and FY 2011-12:	$13 million
Cost to Suspend Sworn Hiring in 2010-11 & Hire to 9,963 in 2011-12:	$9.7 million
Difference in Cost (Representation of General Fund Savings):	$3.3 million

TABLE 1: The FY 2010-11 and FY 2011-12 Costs for the Remaining FY 2010-11 Hiring Plan

FY 2010-11 Cost of the Remaining FY 2010-11 Hiring Plan

Pay Period (PP)	*No. of Officers Hired*	*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pension*	*Related Costs Subtotal*	*Total*
4/25/2011	50	$355,224	$262,000	$617,224	$92,054	$15,985	$108,039	$725,263
5/23/2011	0	$0	$0	$0	$0	$0	$0	$0
Total No. of Officers Hired		*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pensions*	*Related Costs Subtotal*	*Fully Loaded Cost*
50		*$355,224*	*$262,000*	*$617,224*	*$92,054*	*$15,985*	*$108,039*	*$725,263*

FY 2011-12 Cost of the Remaining FY 2010-11 Hiring Plan

Net No. of Officers Hired	*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pension*	*Related Costs Subtotal*	*Fully Loaded Cost (Direct + Related)*
50	*$2,324,292*	*$0*	*$2,324,292*	*$629,600*	*$668,652*	*$1,298,252*	*$3,622,544*

TABLE 2: The FY 2011-12 Costs for the FY 2011-12 Hiring Plan – Hire to Attrition

Pay Period (PP)	*No. of Officers Hired*	*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pension*	*Related Costs Subtotal*	*Total*
8/15/2011	45	$1,754,903	$235,800	$1,990,703	$479,799	$362,247	$842,045	$2,832,748
10/10/2011	45	$1,430,471	$235,800	$1,666,271	$392,957	$235,459	$628,416	$2,294,687
1/2/2012	45	$943,823	$235,800	$1,179,623	$262,695	$45,277	$307,972	$1,487,595
2/27/2012	45	$631,606	$235,800	$867,406	$175,854	$28,422	$204,276	$1,071,682
3/26/2012	45	$475,654	$235,800	$711,454	$132,433	$21,404	$153,838	$865,291
4/23/2012	45	$319,702	$235,800	$555,502	$89,012	$14,387	$103,399	$658,901
5/21/2012	41	$149,194	$214,840	$364,034	$41,539	$6,714	$48,253	$412,287
Total No. of Officers Hired		*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pensions*	*Related Costs Subtotal*	*Fully Loaded Cost*
311		*$5,705,351*	*$1,629,640*	*$7,334,991*	*$1,574,289*	*$713,909*	*$2,288,199*	*$9,623,190*
Academy Attrition		*Salary Savings*	*Equipment*	*Direct Savings Subtotal*	*Health and Welfare Savings*	*Pension Savings*	*Related Savings Subtotal*	*Attrition Savings*
36		*$660,310*	*$0*	*$660,310*	*$181,874*	*$93,122*	*$274,996*	*$935,307*
Net Officers Hired		*Salaries Funded*	*Equipment Funded*	*Direct Costs Funded*	*Health and Welfare Funded*	*Pension Funded*	*Related Savings Subtotal*	*Total Funding Provided*
275		*$5,045,041*	*$1,629,640*	*$6,674,681*	*$1,392,415*	*$620,787*	*$2,013,202*	*$8,687,883*

TABLE 3: The FY 2011-12 Costs for the FY 2011-12 Hiring Plan – Hire to 9,963

Pay Period (PP)	*No. of Officers Hired*	*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pension*	*Related Costs Subtotal*	*Total*
8/15/2011	50	$1,949,892	$262,000	$2,211,892	$533,110	$402,496	$935,606	$3,147,498
10/10/2011	50	$1,589,412	$262,000	$1,851,412	$436,619	$261,621	$698,240	$2,549,652
1/2/2012	50	$1,048,692	$262,000	$1,310,692	$291,884	$50,307	$342,191	$1,652,883
2/27/2012	50	$701,784	$262,000	$963,784	$195,393	$31,580	$226,973	$1,190,757
3/26/2012	50	$528,504	$262,000	$790,504	$147,148	$23,783	$170,931	$961,435
4/23/2012	50	$355,224	$262,000	$617,224	$98,903	$15,985	$114,888	$732,112
5/21/2012	55	$200,138	$288,200	$488,338	$55,723	$9,006	$64,729	$553,068
Total No. of Officers Hired		*Salaries*	*Equipment*	*Direct Costs Subtotal*	*Health and Welfare*	*Pensions*	*Related Costs Subtotal*	*Fully Loaded Cost*
355		*$6,373,646*	*$1,860,200*	*$8,233,846*	*$1,758,779*	*$794,779*	*$2,553,558*	*$10,787,405*
Academy Attrition		*Salary Savings*	*Equipment*	*Direct Savings Subtotal*	*Health and Welfare Savings*	*Pension Savings*	*Related Savings Subtotal*	*Attrition Savings*
40		*$733,678*	*$0*	*$733,678*	*$202,083*	*$103,469*	*$305,552*	*$1,039,230*
Net Officers Hired		*Salaries Funded*	*Equipment Funded*	*Direct Costs Funded*	*Health and Welfare Funded*	*Pension Funded*	*Related Savings Subtotal*	*Total Funding Provided*
315		*$5,639,968*	*$1,860,200*	*$7,500,168*	*$1,556,696*	*$691,310*	*$2,248,007*	*$9,748,175*

Neighborhood Council Funding Program

Objective: To promote neighborhood empowerment and access to City government

	General Fund	Other
Maximum Savings/Revenue[1]	**$6,600,000**	
Value of Proposal (Savings/Revenue)	**$3,400,000**	

(1) **Basis for Maximum Savings/Revenue: Funding in the amount of $4.2 million for 93 Neighborhood Councils to continue annual appropriation of $45,000 per NC. Also includes elimination of estimated $2.4 million in rollover funds.**

Recommendation: Consistent with other discretionary programs reduce the Neighborhood Councils' (NCs) annual allocation by 25 percent in 2011-2012 and suspend the rollover policy as a means of ensuring the continuation of the Department.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

In November 2002, Council created the Funding Program (C.F. 02-0699) to provide support for certified NCs for operation and neighborhood improvement purposes designated by each NC and within City guidelines. The Funding Program provided an annual allocation of $50,000 for each certified NC and allowed each NC to rollover fund balances, not to exceed three years of funding.

In the 2009-10 Adopted Budget, the annual allocation provided to each certified NC was reduced by 10 percent, from $50,000 to $45,000. Assuming that the current annual allocation of $45,000 per NC continues, the estimated GF obligation for 93 certified NCs in 2011-12 is $4.2 million.

A 25 percent reduction to the annual allocation provided to each NC from $45,000 to $33,750 would reduce the General Fund obligation for NCs in 2011-12 by $1.0 million from $4.2 to $3.2 million.

In accordance with Council rollover policy (C.F. 02-0699), NCs are expected to carry forward $2.4 million into the 2011-12 appropriation accounts. Any discussion of eliminating or reducing NC funding could increase the NC rate of spending and reduce the estimated carry forward balance. The Department would need to diligently reconcile existing balances to ensure that all projected expenditures are accounted for and not included in the carry forward balance.

Additionally, there is a projected cash shortfall in the Neighborhood Empowerment Fund in the amount of $1.2 million. This shortfall is the result of various transfers from the Neighborhood Empowerment Fund to the General Fund in 2009-10 that were not reflected in the 2010-11 Adopted Budget. The elimination of the rollover policy would eliminate the projected cash shortfall.

Approval of the 25 percent reduction and suspension of the roll over policy would reduce the 2011-12 General Fund obligation to the Neighborhood Empowerment Fund by $3.4 million.

B. Service Impacts

Reduces the ability of Neighborhood Councils to provide funding for various programs.

C. Program(s)/Positions to be Transferred

Not Applicable

D. Program(s)/Positions to be Eliminated

Suspend the Council rollover policy that allows NCs to carry forward unspent funds. NCs are expected to carry forward $2.4 million into 2011-12. This option would offset the existing cash shortfall within the Neighborhood Empowerment Fund, and facilitate the Department's ability to manage the Funding Program long term by eliminating accounting errors related to prior year fund balances and expenditures.

E. Implementation Plan

Recommend that Council adopt modifications to the existing rollover policy (C.F. 02-0699) which will suspend the rollover of NC fund balances.

Instruct the Department to reconcile existing NC balances, pending expenditures and encumbrances for the current fiscal year.

Reduce the annual appropriation to NCs by 25 percent from $45,000 to $33,750 in the 2011-12 Proposed Budget.

DEPARTMENT OF RECREATION AND PARKS
REDUCTION OF AS-NEEDED FUNDING

Objective: Reduce the fiscal impact of the Department of Recreation and Parks (Department) operations on the General Fund by reducing as-needed funding by $2.0 million

	General Fund	Other
Maximum Savings/Revenue(1)	**$2.0 million**	
Value of Proposal (Savings/Revenue)	**$2.0 million**	

(1) Basis for Maximum Savings/Revenue: Budgetary appropriations

Recommendation:

Reduce the annual appropriation to the Department Salaries As-Needed account by $2.0 million in the 2011-12 fiscal year.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The 2010-11 Adopted Budget includes $29.7 million in as-needed funding, or $9.2 million (24 percent) less than the $38.9 million provided in 2009-10. The Department uses as-needed staff to supplement full-time staff providing maintenance as well as recreation services.

The $29.7 million in as-needed funding for the current fiscal year includes $2.0 million added by Council for the Clean and Safe Spaces (CLASS) Parks Program. The $2.0 million added by Council was over and above the 2010-11 Charter-mandated annual appropriation to the Recreation and Parks Fund. Although the Mayor did not propose any direct reduction to the CLASS Parks Program in the current fiscal year, the Department reports that the $2.0 million provided by Council is needed to offset the budget reductions at the recreation facilities designated as CLASS Parks sites. Staffing and resources at these recreation facilities have been impacted by budget reductions and the Early Retirement Incentive Program. These staffing and resources serve as the framework for the delivery of the CLASS Parks program.

It should be noted that, due to budget reductions, the Department reduced the number of CLASS Parks sites from 47 in 2008-09 to 37 sites in 2009-10.

B. Service Impacts

The $2.0 million reduction equates to 130 half-time positions at $14.80 per hour with an annual maximum of 1,040 hours per employee. The $2.0 million reduction would reduce the CLASS Parks Program 2010-11 as-needed funding by 70 percent from $2.8 million to $800,000.

The impact of the $2.0 million reduction in the Department's As-Needed account would be compounded by the anticipated reduction in the as-needed hours due to salary cost adjustments. The estimated total cost of the salary adjustments for 2011-12 is $1.9 million. To offset the salary adjustments, the Department must reduce as-needed hours by approximately 128,000 hours (123 part-time employees at 1,040 hours each).

C. Program(s)/Positions to be Transferred

Not applicable

D. Program(s)/Positions to be Eliminated

Not applicable

E. Implementation Plan

Include in the 2011-12 Proposed Budget

BOARD OF PUBLIC WORKS
REDUCE GENERAL FUND SUPPORT FOR
CLEAN AND GREEN PROGRAM BY 25 PERCENT

Objectives

Achieve General Fund savings by reducing support for contractual service agreements.

	General Fund	Other
Maximum Savings/Revenue[1]	$1,204,971	$1,034,045
Value of Proposal (Savings/Revenue)	$301,243	$0

(1) Basis for Maximum Savings/Revenue: Reflects total funding for Clean and Green program in Fiscal Year 2010-11

Recommendation

Reduce General Fund support for the Clean and Green program by 25 percent ($301,243), which represents an overall 13.5 percent reduction to the program.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The Clean and Green program is administered by the Los Angeles Conservation Corps (LACC) to employ at-risk youth to provide clean up, tree planting and community services. The Board reports that according to the LACC, about 1,100 youth are employed per year. The Clean and Green program is supported by the General Fund through the General City Purposes (GCP) budget in the amount of $1,204,971. Funding is transferred to the Board of Public Works during the fiscal year. Additional support for the Clean and Green program is also provided through Community Development Block Grant (CDBG) in the amount of $1,034,045, for a total program budget of $2,239,016.

A 25 percent reduction ($301,243) to the General Fund portion of the Clean and Green program would reduce the overall program budget from $2,239,016 to $1,937,772 (13.5 percent reduction).

	General Fund	CDBG	Total
Current level	$1,204,971	$1,034,045	$2,239,016
Proposed Reductions	($301,243)	$0	($301,243)
Total	$903,728	$1,034,045	$1,937,773

B. Service Impacts

The Board reports that according to the LACC, the impact of reducing General Fund support for the Clean and Program by 25 percent would include:

- 150 out-of-school, at-risk youth would not be employed and trained
- Remaining program participants work hours would be reduced from 20 hours a week to 10 hours a week
- Approximately four staff would be laid off because of insufficient funding. The LACC previously reported that a total of 16 full time staff members (field, warehouse, and administrative staff) support the Clean and Green program. We will work with the Board to more clearly identify the impact on LACC employees of the proposed reductions.
- 1,022 streets and alleys would not be maintained.
- 603 trees would not be planted or maintained.
- 54,000 square feet of graffiti would not be removed and would now be visible to the public.
- 4,681 gardens would not be maintained
- There would be limited access to Clean and Green crews for community and other public events.
- 1,464 hours of environmental education would be lost on the youth in the program.
- 247,564 linear feet of street sidewalks and alleys would not be cleaned for the year

In addition, since this program is also supported by CDBG, we will work with the Board to determine the level of services that can still be provided by the LACC with the remaining CDBG funds.

C. Program(s)/Positions to be Transferred

n/a

D. Program(s)/Positions to be Eliminated

No City staff positions will be eliminated but may impact up to four contractor staff positions.

E. Implementation Plan

Reducing General Fund support for the Clean and Green program would be effective July 1, 2011.

BOARD OF PUBLIC WORKS
REDUCE GENERAL FUND SUPPORT FOR
GRAFFITI REMOVAL PROGRAM BY 25 PERCENT

Objectives

To maintain an effective graffiti removal program.

	General Fund	Other
Maximum Savings/Revenue[1]	$6,533,539	$1,090,727
Value of Proposal (Savings/Revenue)	$1,633,385	$0

(1) Basis for Maximum Savings/Revenue: Reflects total funding for graffiti removal contracts in Fiscal Year 2010-11

Recommendation

Reduce General Fund support for the graffiti removal program by 25 percent ($1,633,385), which represents an overall 21 percent reduction to the program.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The Board of Public Works contracts with 13 community-based organizations and one private organization to provide graffiti abatement services. There are about 87 crews deployed Citywide on a daily basis, each made up of one to two people. The contractors are compensated based upon a flat rate, which includes salaries, insurance, vehicles, vehicle insurance, gas, supplies, rent and other administrative costs. Funding for the contracts in Fiscal Year 2010-11 is provided as follows:

Graffiti Service	General Fund	SLMAF	CDBG	Total
Basic Graffiti removal	5,853,539	275,000	815,727	6,944,266
Specialized Graffiti removal	180,000			180,000
UNTAG Strike Force	500,000			500,000
Total	6,533,539	275,000	815,727	7,624,266

Reducing the General Fund portion of the program ($6,533,539) by 25 percent totals $1,633,385. This would represent an overall 21 percent reduction to the program.

B. Service Impacts

If General Fund support for the program is reduced by 25 percent, the impact on the graffiti abatement program would include:

- Increased response time from 24 to 48 hours to 4 to 5 days
- Reduction in frequency the graffiti is removed
- Approximately 8 million square feet of graffiti not removed (decrease from 32.7 million to 24.7 million). This really reflects the reduction in frequency. The graffiti will still be removed, just less frequently.
- Potential loss of 35 to 40 contractor jobs (reduction from 109 field workers to 69 to 74)

The proposed reduction in graffiti removal could also impact the ability of contractors to quickly enter information into the graffiti removal database, which is used as documentation to claim restitution on behalf of the City in graffiti related cases.

According to the Board of Public Works, only 20 percent of graffiti removal is in response to request for service. 80 percent of graffiti removed is from contractors proactively driving major corridors and hotspots in Los Angeles. A reduction to the program could impact the frequency that contractors are able to monitor the major corridors and hotspots.

C. Program(s)/Positions to be Transferred

n/a

D. Program(s)/Positions to be Eliminated

n/a

E. Implementation Plan

Eliminating General Fund support for the Graffiti Abatement program would be effective July 1, 2011. The spread of the $1,633,385 by contractor has not yet been determined. The reduction could be spread in proportion to the contractors' current funding level.

BOARD OF PUBLIC WORKS
ESTABLISH A NEW HEAD OF THE DEPARTMENT OF PUBLIC WORKS

Objectives

Create a consolidated, more closely knit Department of Public Works under one Head of the Department and achieve General Fund savings

	General Fund	Other
Maximum Savings/Revenue(1)	$747,880	$523,869
Value of Proposal (Savings/Revenue)	$697,781	$480,968

(1) Basis for Maximum Savings/Revenue: Three options are considered for appointing a new head of the Department of Public Works. This reflects the option which would generate the most savings.

Recommendation

Establish a new head of the Department of Public Works by designating a current Bureau Director as the General Manager, convert Board of Public Works Commissioners to part-time status, and eliminate a net total of eight positions currently providing support to the Board of Public Works.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

Discussion

Charter Section 500 creates the Department of Public Works (DPW), among the departments which shall be under the control and management of a board of commissioners that shall be the head of the department.

According to Charter Section 506, as the head of the Department, the Board of Public Works shall have the power to supervise, control, regulate and manage the Department. Charter Section 581 establishes the BPW as full-time. However, the DPW could be overseen by a part-time Commission and a General Manager, similar to other City departments.

Charter Section 582 provides for a Chief Administrative Officer of the Department of Public Works, known as the Director of Public Works. There is currently no Director of Public Works, although the responsibility is bestowed upon the vacant Executive Officer of the Board of Public Works.

Both General Manager of Public Works and the City Administrative Officer responsibilities:

- Make recommendations about short- and long-range public works plans and programs to the Mayor and Council; and,
- Annually present to the Council at its meeting in the second week of July, a report for the previous fiscal year stating the amount of proceeds from the sale of bonds, the purposes for which those proceeds have been expended, the amount expended, the balance in each bond fund and other information and suggestions as it deems appropriate.

City Engineer responsibility:

- Approve specifications for public works construction projects.

City Administrative Officer, Personnel Department, City Controller, City Attorney, City Ethics Commission and the Office of the Mayor – Consistent with Existing Authorities for each entity

- On its own initiative or upon complaint, investigate departmental operations and acts of employees and report findings to the Director of Public Works, the Mayor and the Council.

Potential Savings

As a part-time Public Works Commission, the members would be compensated per meeting instead of salaried. By ordinance, compensation for other Commissioners shall not exceed $250 per month, totaling $3,000 annually. Since each Board of Public Works member is compensated $123,317 annually, compensating each Public Works Commission member no more than $250 per month could generate approximately $120,317 in savings per member, totaling $601,585 for five Board members. The current Board members' salaries are partially supported by the General Fund, the Sewer Construction and Maintenance Fund, and the Street Lighting Maintenance Assessment Fund – all of which would achieve much needed savings.

Depending on how the General Manager of the Department is selected, the net savings in appointing a new head of the Department of Public Works and converting the Board of Public Works to a part-time Public Works Commission ranges from approximately $339,000 to $602,000.

Executive Officer and Executive Assistant

One Chief Management Analyst is currently serving as the Executive Officer, who is supported by a Senior Clerk Typist. Since the responsibilities of the Executive Officer will be transferred to the General Manager of Public Works, the Chief Management Analyst position, and the Senior Clerk Typist supporting that position, could be eliminated. This would generate salary savings of approximately $208,777

In addition, the Board of Public Works is currently supported by an Executive Administrative Assistant II. If a General Manager of Public Works is appointed, an Executive Administrative Assistant III would be appointed, and the current Executive Administrative Assistant II position could be deleted. Since the incumbent currently receives a salary at the second premium level rate (about 5.5 percent above step 5 salary rate) for supporting the Board of Public Works, the deletion of the Executive Administrative Assistant II position and the addition of the Executive Administrative Assistant III position would generate net salary savings of approximately $5,951.

Administrative Services

One Senior Management Analyst II, one Management Analyst II, and one Accounting Clerk II are responsible for administrative services for the Office of Management and Employment Services, Office of Accounting, Office of Community Beautification, and Project Restore within the Board of Public Works. This includes preparation of the Board's budget and financial management of the Board's funds, including procurement and transfer of funds. Since the conversion of the Board of Public Works to a part-time Public Works Commission would disperse the other Offices to other Bureaus or Departments, these positions could be deleted. This would generate salary savings of approximately $269,316.

Agendas and Minutes

One Principal Clerk and two Senior Clerk Typists are responsible for preparing, posting, and publishing agendas, journals, orders, resolutions, and notices, processing subcontractor stop notice claims, releases of stop notices, and related legal filings. Since the part-time Public Works Commission would still be responsible for approving construction contracts, some clerical staff would be maintained to support the Commission. A Commission Executive Assistant would be substituted for the Principal Clerk at the same salary. Consideration will be given to eliminating or downgrading the other two positions based upon the new, reduced workload and the staffing levels of other City Commissions.

This would also result in the elimination of the following ten positions in the Board Secretariat:

- One Chief Management Analyst
- One Executive Administrative Assistant II
- One Senior Management Analyst II
- One Management Analyst II
- One Accounting Clerk II
- Three Senior Clerk Typists
- Two Principal Clerks

However, it should be two of these positions will be reallocated, for a net change of eight positions.

The elimination of the five full-time Commissioner positions and the ten positions in the Board Secretariat, and the addition of the General Manager position and two support positions results in a net change of 12 positions.

E. Implementation Plan

The City Attorney has advised that Charter Section 514 may be utilized. According to Charter Section 514:

- The Mayor may propose the transfer of powers, duties, and functions of a Charter created entity to another department, office or board. The transfer shall be effective if approved by ordinance adopted by a two-thirds vote of the Council or if the Council fails to disapprove the matter within 45 days after submittal by the Mayor of all documents necessary to accomplish the transfer.

- The Council on its own initiative may, by ordinance, adopted by a two-thirds vote of the Council, subject to the veto of the Mayor or by a three-fourths vote of the Council over the veto of the Mayor, make any such transfer.

The estimated cost savings for the other two options is as follows:

OPTION 1

Proposed Action	Position Change	Direct Costs: Total Savings	Direct Costs: General Fund	Direct Costs: Special Fund	Related Cost
Add new General Manager*	1	263,000	141,578	121,322	31,728
Part-time Commissioners	(5)	(601,585)	(324,074)	(277,511)	(157,375)
Eliminate Executive Officer and clerical support, add Executive Administrative Assistant III	(2)	(214,728)	(132,919)	(81,809)	(21,401)
Eliminate three administrative support positions	(3)	(269,316)	(172,012)	(97,304)	(25,455)
Eliminate one Principal Clerk position processing Board agendas and minutes, add Commission Executive Assistant	-	-	-	-	-
Eliminate three clerical positions processing contracts and insurance	(3)	(186,120)	(118,875)	(67,245)	(17,591)
TOTAL	**(12)**	**(1,008,749)**	**(606,302)**	**(402,547)**	**(190,094)**

OPTION 3

Proposed Action	Position Change	Direct Costs: Total Savings	Direct Costs: General Fund	Direct Costs: Special Fund	Related Cost
No General Manager	0	0	0	0	0
Part-time Commissioners	(5)	(601,585)	(324,074)	(277,511)	(157,375)
Eliminate Executive Officer and clerical support, add Executive Administrative Assistant III	(2)	(214,728)	(132,919)	(81,809)	(21,401)
Eliminate three administrative support positions	(3)	(269,316)	(172,012)	(97,304)	(25,455)
Eliminate one Principal Clerk position processing Board agendas and minutes, add Commission Executive Assistant	-	-	-	-	-
Eliminate three clerical positions processing contracts and insurance	(3)	(186,120)	(118,875)	(67,245)	(17,591)
TOTAL	**(12)**	**(1,271,749)**	**(747,880)**	**(523,869)**	**(221,822)**

BOARD OF PUBLIC WORKS
TRANSFER OFFICE OF COMMUNITY BEAUTIFICATION FROM BOARD OF PUBLIC WORKS TO BUREAU OF STREET SERVICES

Objectives

Maintain and improve service level by combining functions that share common missions. This proposal transfers the Office of Community Beautification from the Board of Public Works to the Bureau of Street Services.

	General Fund	Other
Maximum Savings/Revenue[1]	$7,151,264	$2,026,951
Value of Proposal (Savings/Revenue)	$0	$0

(1) Basis for Maximum Savings/Revenue: Reflects total funding for the Office of Community Beautification in Fiscal Year 2010-11, including staff salaries, expense funding, and graffiti removal contracts. It should be noted that a proposal to reduce funding for the graffiti removal contracts is submitted under a separate cover.

Recommendation

Transfer the Office of Community Beautification and resources to the Bureau of Street Services.

Background/Discussion

A. Findings/Issues

The mission of the Office of Community Beautification (OCB) is "to beautify Los Angeles through graffiti abatement and clean up programs." To achieve this mission, the OCB works with community volunteers and non-profit community based organizations to organize community beautification efforts citywide. The OCB administers contracts with 13 community-based organizations and one private organization to provide graffiti abatement services citywide. The OCB also coordinates clean up and beautification efforts citywide.

The OCB staff is responsible for administering and monitoring the graffiti contracts, providing support to the Police Department and City Attorney to apprehend and prosecute graffiti vandals, coordinating community beautification and clean up projects, and operating a warehouse which loans equipment and supplies to support community beautification projects.

According to the Board of Public Works, graffiti removal, litter abatement, removal of weeds and debris, and general clean up of the community is an essential ingredient towards reducing crime and increasing economic development in Los Angeles.

The OCB is comprised of nine position authorities:

- One Senior Management Analyst II (Director of OCB)
- Two Senior Management Analyst I
- Two Management Analyst I
- One Project Coordinator
- One Management Assistant
- One Senior Clerk Typist
- One Storekeeper II

It should be noted that one Senior Management Analyst I position is currently vacant and will be proposed for deletion.

Funding for the OCB in Fiscal Year 2010-11 is supported by the following source of funds:

Source of Fund	Total
General Fund	7,151,264
Community Development Trust Fund (CDBG)	1,146,951
Street Lighting Maintenance Assessment Fund (SLMAF)	330,000
Council District 15 Real Property Trust Fund (CD 15)*	500,000
Integrated Solid Waste Management Fund (ISWMF)*	50,000
Total	**9,178,215**

**Reflects one-time funding and may not be available in Fiscal Year 2011-12*

The OCB also received off-budget funding for the following programs:

Program	Source of Fund	Amount
Clean and Green	General Fund (General City Purposes)	1,204,971
Clean and Green	CDBG	1,034,045
Clean Streets Clean Neighborhoods	CDBG	100,000
River Rangers	CDBG	250,000
City Trees	CDBG	300,000

In addition, the OCB receives interim appropriations from Council Offices and the Community Redevelopment Agency (CRA) for various clean up projects. This provides additional funding for the contractors.

Reorganization Opportunity

The City Charter establishes the Board of Public Works as the head of the Department of Public Works. In the past, the Board of Public Works has assumed direct oversight of certain functions in an effort to "incubate" them, giving them a higher profile and a better opportunity to become established City functions. The success of these efforts have been varied. However, once established, consideration is then given to moving them out of the Board in an attempt to further enhance the success of the programs. For example, the Integrated Solid Waste Management Office and Hazardous and Toxic Materials Office were moved to the Bureau of Sanitation and the former Department of Environmental Affairs because their missions were closely aligned. In addition, the Motion Picture Coordination Office was eliminated in favor of an alternative service delivery model that today pairs the efforts of Los Angeles Police Department and FilmLA.

With significant reductions in resources occurring throughout the City, it is appropriate to consider relocating or combining functions to take advantage of common missions and to maintain or improve service levels. At this time, we believe that consideration should be given to moving the Office of Community Beautification out of the Board of Public Works and into the Bureau of Street Services (BSS).

The BSS manages, maintains, repairs and cleans improved roadways, bridges, tunnels, sidewalks, pedestrian walkways, and related structures. The BSS' Street Services Investigation and Enforcement Division (SSIED) mission is similar to that of the OCB. SSIED's mission statement includes a commitment to protect public property and reducing blight, and using innovative techniques to ensure the community's right to a safe and clean environment. The SSIED focuses on establishing proactive enforcement programs that prevent blight and address community concerns before they become large problems.

SSIED personnel are responsible for enforcing public health and safety laws that protect public property and reduce blight. Examples include defacement of public property, illegal dumping, illegal signage, obstructions in the public right-of-way, illegal vending, encroachments into the public right-of-way, and newsrack enforcement. SSIED does not simply focus on mitigation of blight but also on preventing or reducing blight through active enforcement. The mission and focus of SSIED appears to be consistent with that of the Office of Community Beautification and the effectiveness of both could be enhanced by combining them.

B. Service Impacts

- The BSS is responsible for maintaining City streets and the public right-of-way. The OCB could supplement and support BSS efforts by organizing targeted clean ups utilizing volunteers.

- Investigators in the field are in position to support and enhance anti-graffiti efforts.

- Having investigators take on this additional responsibility represents a minimal increase in workload (BSS field would only have to report and photograph the tagging). Yet moving the graffiti abatement function to BSS provides an opportunity to consolidate activities that protect property and reduce blight. This consolidation may result in more efficient and effective service delivery.

C. Program(s)/Positions to be Transferred

There are currently nine position authorities assigned to the Office of Community Beautification. One position is currently vacant and will be proposed for deletion. The following eight position authorities will be transferred:

- One Senior Management Analyst II (Director of OCB)
- One Senior Management Analyst I
- Two Management Analyst I
- One Project Coordinator
- One Management Assistant
- One Senior Clerk Typist
- One Storekeeper II

D. Program(s)/Positions to be Eliminated

One Senior Management Analyst I position is currently vacant and will be proposed for deletion (salary savings of approximately $98,909).

E. Implementation Plan

- Proceed with a functional transfer of the program and resources in the Fiscal Year 2011-12.

- Request the City Attorney, with the assistance of BPW, BSS, and CAO as necessary, to prepare any ordinances required to effectuate the transfer of this program to BSS.

BUREAU OF SANITATION
RESTRUCTURING AS AN INDEPENDENT DEPARTMENT

Objective:

Establish self-sufficiency in the organizational structure for delivery of core services while maintaining accountability to stakeholders through the Mayor and Council leadership. This proposal would transition the Bureau of Sanitation from a Board of Public Works (BPW)-controlled bureau to a department under control of a chief administrative officer.

	General Fund	Other
Maximum Savings/Revenue(1)	**Unknown at this time**	**Unknown at this time**
Value of Proposal (Savings/Revenue)	**Unknown at this time**	**Unknown at this time**

(1) Basis for Maximum Savings/Revenue: Unknown at this time. Much will depend on consolidation opportunities with support departments and bureaus, such as the Office of Accounting and Office of Management & Employment Services.

Recommendation:

Support restructuring of the Bureau of Sanitation as a department independent of the Department of Public Works and under control of its chief administrative officer, working with DPW and the appropriate bureaus, and other offices as necessary inclusive of the City Attorney, on specific details and requirements of any functional transfers or consolidation opportunities.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The Bureau of Sanitation (BOS) is the largest Bureau under the direction of the Board of Public Works. Its mission is to "protect public health and the environment" through its three core programs:

- Solid Resources - collection, recycling and disposal;
- Clean Water – wastewater collection, conveyance, treatment and disposal; and
- Watershed Protection;

The Bureau's mission has evolved from that solely focused on public health to expanded responsibilities supporting environmental sustainability and resource conservation, including but not limited to solid resources recycling and landfill diversion, wastewater recycling and beneficial reuse, alternative technologies, and water quality initiatives for the protection of watersheds, waterways, oceans and beaches. The Bureau reports to the Energy and Environment Council Committee and not Public Works Committee, as the other Bureaus do.

The Bureau believes that its mission and directives may be better served as an independent department than as a Public Works Bureau, with a name change to reflect its current vision and organizational culture.

The Charter establishes Public Works as a department under the control and management of a board of commissioners that serves as head of the department, and essentially the bureaus under it. Separation of BOS from the Public Works structure may provide for more management flexibility in the administration of programs and would establish more accountability from the department head to the Mayor, Council and other stakeholders as the single, direct voice of the department. We believe that ongoing review will be required to evaluate the potential benefits to taxpayers/ratepayers of a change in organizational structure.

B. Service Impacts

The Bureau expects that transitioning to an independent department will enhance service quality, particularly in the following areas:

- Responsiveness to City residents and customers;
- Fiscal prudence and sustainability (notwithstanding any program consolidations that may require General Fund support, such as debris removal and trash receptacle programs);
- Accountability to constituency through elected leadership and stakeholders;
- Innovation, creativity and commitment to purpose;
- Maintaining effective labor/management partnerships;
- Exploring alternate models for further delivery of core programs (e.g., sanitation district, consolidated programs, etc.).

In addition, administrative functions such as accounting and personnel management currently in Public Works would be completely centralized within the department, eliminating bifurcation in the current process between BOS and Public Works. The department would consolidate accounting functions into its Financial Management Division. Consolidated personnel functions currently performed by OMES include, but are not limited to, employment change transactions in PaySr (Form 41), discipline and grievance procedures, and reasonable accommodations.

Consideration should be given relative to the impact on delivery of capital projects that Sanitation works closely on with the bureaus of Engineering and Contract Administration.

C. Program(s)/Positions to be Transferred

The Bureau has 2,888 position authorities and a budget of $1.2 billion. Approximately 2,480 positions are currently filled. Approximately 24 positions in Public Works' Office of Accounting and OMES provide support to the clean water and solid resources programs, which includes BOS and the other implementing bureaus. The BOS has its own staffing for personnel administration, with duties essentially divided between BOS and BPW. Consolidation opportunities will need to be evaluated and reported on.

D. Program(s)/Positions to be Eliminated

Further analysis is required.

E. Implementation Plan

- To establish the Bureau of Sanitation as a department independent of the Department of Public Works and under control of its chief administrative officer (per Charter Section 510), a transfer under Charter Section 514 would be appropriate, wherein:
    - The Mayor may propose the transfer of power, duties and functions of a Charter created identity to another department, office of board. The transfer shall be effective if approved by ordinance adopted by a two-thirds vote of the Council or if the Council fails to disapprove the matter within 45 days after submittal by the Mayor of all documents necessary to accomplish the transfer.
    - The Council on its own initiative may, by ordinance adopted by a two-thirds vote of the Council, subject to the veto of the Mayor or by a three-fourths vote of the Council over the veto of the Mayor, make any such transfer.
- The CAO would work with the Department/Board of Public Works on the identification of resources, including but not limited to, labor, expenses, equipment and support services, for administrative support currently provided to the Bureau of Sanitation, and identify within that process efficiency and consolidation opportunities.
- The City Attorney, with the assistance of the Bureau and the CAO as necessary, would prepare any ordinances required to effectuate the establishment of the Bureau as an independent department.
- The CAO, City Attorney and Personnel Department would work on issues affecting employee rights.

BUREAU OF STREET SERVICES AND SANITATION
ILLEGAL DUMPING AND BULKY ITEM DEBRIS REMOVAL PROGRAM

Objective:

Consolidate City-operated refuse collection services for streamlined alignment and delivery of core services. This proposal transfers the illegal dumping and bulky item debris removal program from the Bureau of Street Services (BSS) to the Bureau of Sanitation (BOS).

	General Fund	Other
Maximum Savings/Revenue[1]	$3.9 million	N/A
Value of Proposal (Savings/Revenue)	$0	N/A

(1) Basis for Maximum Savings/Revenue: General Fund savings from the functional transfer of this program is contingent on the number of positions or staff equivalents assigned to lot clearance (weed abatement) that would not be transferred to Sanitation, assuming a citation model of lot clearance is employed. This information is yet to be determined. The Bureau of Sanitation's special funds are not eligible for this purpose.

Recommendation:

Proceed with the transfer of this program to the Bureau of Sanitation as per Implementation comments herein.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The BSS' Lot Cleaning Division handles clearing, cleaning, and removing illegally dumped materials and bulky items, weeds, dirt and waste on privately and publicly owned parcels. Most work is performed on unimproved vacant properties, streets and median islands, alleys, and grade separations using power equipment and/or hand labor.

The Lot Cleaning Division deploys mechanized crews for debris removal from parcels with safe accessibility and "hand" crews for difficult to access parcels. The Division is responsible for abatement work on approximately 12,000 private parcels. Each year the Division must present for approval by the City Council, a Weed Abatement Ordinance which identifies parcels that are subject to abatement operations during the calendar year. The Lot Cleaning Division also clears blocked or impassable alleys and roadways, including non-landscaped median islands, of weeds, trash, debris or other materials posing a hazard to neighboring properties or that are detrimental to the health and welfare of the local community. The BSS also carries out street investigations and enforcement duties relative to these activities.

The BOS conducts bulky item pickup as part of its residential curbside program for homeowners and Multifamily Bulky Item (MBIF) Program for apartment buildings. These services are fee supported from the Solid Waste and MBIF funds. Bulky item collections occur in residential neighborhoods throughout the City's six wastesheds. Street investigations for the MBIF are currently performed by BSS.

The BSS' illegal dumping/bulky item program is consistent with BOS' core mission of protecting public health and the environment. It directly supports BOS' refuse collection functions by keeping trash out of streets and other publicly accessible areas and adhering to appropriate disposal requirements, including recycling and disposal of hazardous materials. Street cleanliness is also integral to the City's stormwater pollution abatement strategy by addressing water quality issues in the stormwater infrastructure, such as illegally disposed of used oil, paint and other contaminants that can make their way to gutters, eventually reaching local water bodies.

Moving the collection function to BOS also provides a central referral point that would significantly improve customer service by eliminating redundancies and miscommunications associated with the current division of the function among two agencies.

BOS' special funds cannot supplant the General Fund currently allocated to BSS' debris removal programs. The Solid Waste Fee and Multifamily Bulky Item funds are used to the extent that they provide a benefit to rate payers, which is limited to single- and multifamily neighborhoods. In the absence of other eligible sources, debris removal in non-residential areas and roadways and all administration costs associated with it would require General Fund support.

Given this would be a functional transfer of General Funded positions, there is no anticipated change in the base level of special funded positions in Sanitation, and therefore no related cost impacts. There may be revenue potential in citation related fines. We are currently evaluating this opportunity.

B. Service Impacts

Centralizing bulky item and illegal dumping services addresses inherent confusion among city residents on the agency responsible for collection. Currently, residents contact call centers for BOS, BSS or 311. If the service request does not correspond to the proper agency, the referral is often delayed if not misdirected altogether. BOS would integrate service requests and deployments to its current customer information and routing systems.

The President of the Board of Public Works has led an effort to streamline illegal dumping response activity. The Board President has indicated to us that this transfer is the next logistical step in improving service.

C. Program(s)/Positions to be Transferred

The Lot Cleaning Division has 52 regular authorities and is 100 percent General Funded ($3.3 million in salaries and $610,000 in expenses, for a total budget of $3.9 million – See Attachment). The share of staff performing illegal dumping/bulky item pick up versus weed abatement and other Division activities is driven largely by demand in each of these areas. Illegal dumping/bulky item pickup may receive support from other divisions, as well. Therefore, it has been difficult in obtaining from BSS a clear sense of staff equivalents and resources dedicated to this activity.

The illegal dumping/bulky item program would be folded into the BOS' Solid Resources Collection Divisions. BSS fleet and equipment assets should be included as part of the consolidation. Since weed abatement is not part of Sanitation's core mission, that function is proposed to follow the lot cleaning model employed by the Los Angeles Fire Department (LAFD). The LAFD reminds property owners to clean their properties through a written notice. If this is unsuccessful, the LAFD sends private contractors to clean the lot, and the property owner is billed through property tax liens. (The street investigations function would remain with BSS.)

The BOS indicates that its existing administrative and divisional management structure can absorb oversight of these services assuming that direct supervisory staff are included in the transfer of resources. The labor supporting this program is consistent with MOUs already in place at BOS. BOS also has a robust safety and training program in the Human Resources Development Division to address occupational safety and risk management issues associated with bulky item debris removal and the hazards associated with it.

Both BOS and BSS also have contracts for waste disposal that could be streamlined or consolidated. Contracts for routine and emergency hazardous waste management, for instance, are with the same providers for both bureaus.

There are right-of-way issues to be considered. Currently, BSS' Lot Cleaning Division has authority to enter upon private property and abate public nuisances from the State Government Code, City ordinances and other jurisdictions. Ordinance changes may be required to grant BOS similar authorities for debris removal.

D. Program(s)/Positions to be Eliminated

Savings would be realized with the elimination of positions (or staff equivalents) currently performing weed abatement that would not be functionally transferred to Sanitation which remain to be identified. Inspections of the abatement status of the property will be conducted by the street investigations function and therefore remain with BSS.

E. Implementation Plan

- Continue working with BSS on the identification of resources, including but not limited to labor, expenses, equipment and support services, directly attributed to the illegal dumping and bulky item debris removal program.

- Proceed with a functional transfer of program resources in the Fiscal Year 2011-12 or 2012-13 Budgets.

- Request the City Attorney, with the assistance of BSS, BOS and CAO as necessary, to prepare any ordinances required to effectuate the transfer of this program to BOS and to establish the necessary authorities execute operations.

WEED ABATEMENT, BRUSH AND DEBRIS REMOVAL

No.	W.P.	Class	Title	W&C Salary	SubTotal	Sal Savings 4.3%	Total
1	AF8601	1201	Principal Clerk	66,451	66,451	2,857	63,594
2	AF8601	1141	Clerk Typist	66,451	132,902	5,715	127,187
1	AF8601	1368	Senior Clerk Typist	66,451	66,451	2,857	63,594
19	AF8601	3112	Maintenance Laborer	48,480	921,120	39,608	881,512
2	AF8601	3523	Light Equipment Operator	59,019	118,038	5,076	112,962
4	AF8601	3525	Equipment Operator	85,292	341,168	14,670	326,498
8	AF8601	3583	Truck Operator	58,538	468,304	20,137	448,167
1	AF8601	3584	Heavy Duty Truck Operator	63,158	63,158	2,716	60,442
1	AF8601	3773-2	Mechanical Repairer II	75,835	75,835	3,261	72,574
11	AF8601	4280	Lot Cleaning Supervisor I	93,724	1,030,964	44,331	986,633
2	AF8601	4280-2	Lot Cleaning Supervisor II	99,331	198,662	8,542	190,120
52			Total Salaries	782,730	3,483,053	149,771	3,333,282

Class	Expenses	Total
1070	Salaries As-Needed	-
1090	Salaries Overtime	-
1100	Hiring Hall Salaries	-
1120	Benefits Hiring Hall	-
2120	Printing and Binding	-
2130	Travel Expense	-
3030	Construction Materials	-
3040	Contractual Services	27,126
3090	Field Equipment Expense	20,458
3310	Transportation	54,340
4430	Uniforms	7,920
6010	Office and Admin	37,327
6020	Operating Supplies	462,673
7300	Furniture, Office & Tech Eq	-
	Total Expenses	609,844
	Total Direct	**$ 3,943,126**
29.16%	Related or Overhead Costs	971,985

BUREAUS OF STREET SERVICES AND SANITATION
TRANSFERRING STREET SWEEPING TO SANITATION

Objective: Centralize accountability for Total Maximum Daily Load compliance by transferring the Bureau of Street Services' street-sweeping function to the Bureau of Sanitation.

	General Fund	Other
Maximum Savings/Revenue[(1)]	$850,000	None likely; transfer entails moving existing staff to other department
Value of Proposal (Savings/Revenue)	$850,000	TBD

(1) Basis for Maximum Savings/Revenue: For 2010-11, the Street Cleaning program has $1.2 million in General Funds. Of this amount, about 30 percent, or $350,000, is for the pick up of 3,000 waste receptacles, which is <u>not</u> a street sweeping function. This leaves about $850,000 for street sweeping. If the Stormwater Pollution Abatement (SPA) Fund can be used instead of $850,000 in General Funds, then there would be savings. [*Note: Even if SPA is used in lieu of GF, SPA does not fully recover its direct and indirect cost, so there would still be a negative impact on the GF.*]

Recommendation:

Direct the CAO to study the proposal of moving street sweeping to the Bureau of Sanitation.

Background/Discussion:

A. <u>Findings/Issues</u> (including cost savings/revenue)

BSS provides motor sweeping of streets in commercial, industrial, and residential areas. They also provide special cleaning before and after parades and special civic events; cleaning of pedestrian tunnels and public stairways; and, special daily cleaning of homeless areas within the public right-of-way.

The objectives of street sweeping are to: 1) Remove trash; 2) Assist in flood control (ridding streets of debris before trash clogs storm drains); 3) Improve air quality by removing dust/debris; and, 4) Improve the quality of life.

There are 4,721 curb miles within the restricted (no-parking) route program. Streets are posted with no-parking signs that state the day of the week and time of day the street will be swept. The Department of Transportation issues parking citations enforcing the no-parking time restrictions. (These citations generate $30 to $40 million.) The Bureau emphasizes restricted parking routes and aims to sweep 97 percent of posted routes at target frequency.

"Open routes" are not enforced by DOT and parking is allowed on the street. There are a total of 8,058 non-posted curb miles divided into routes averaging around 31 miles each. The Bureau's goal is to maintain a six-week frequency on these routes. However, this frequency will vary upon the location.

B. Service Impacts

In the BOS proposal, Sanitation would not only pick up trash, but any "flyaway" trash created during this process would be swept by BOS personnel. Combining waste collection and sweeping may result in efficiencies and improved service. Moreover, joining these two functions may have a beneficial effect on the Total Maximum Daily Load, or TMDL. Total Maximum Daily Load (TMDL) is a term in the U.S. Clean Water Act (CWA), describing a value of the maximum amount of a pollutant that a body of water can receive while still meeting water quality standards. TMDLs have been used extensively by the United States Environmental Protection Agency (EPA) and state environmental agencies in implementing the CWA by establishing maximum pollution limits. If street sweepers follow trash trucks, the trash entering storm drains and into the ocean should be reduced. Combining refuse collection and street sweeping may also allow the latter function to be paid for using BOS special funds, though that has yet to be determined.

While an alternative model would be to transfer BOS special funds to the Bureau of Street Services to perform street sweeping, BOS reports that other jurisdictions are using the combined refuse collection-street sweeping model successfully. We want to study this combined model further with a tentative goal of implementing this in 12 months, if appropriate. We will also be exploring other alternative service delivery models.

C. Program(s)/Positions to be Transferred

Ninety-four Motor Sweeper Operator authorities would be transferred to BOS.

D. Program(s)/Positions to be Eliminated

None.

E. Implementation Plan

None.

BUREAU OF STREET SERVICES AND SANITATION
TRASH RECEPTACLE PROGRAM

Objective:

Consolidate City-operated refuse collection services for streamlined alignment and delivery of core services. This proposal transfers the trash receptacle program from the Bureau of Street Services (BSS) to the Bureau of Sanitation (BOS).

	General Fund	Other
Maximum Savings/Revenue(1)	**$365,104**	**N/A**
Value of Proposal (Savings/Revenue)	**$0**	

(1) Basis for Maximum Savings/Revenue: There are no anticipated General Fund savings from the transfer of this program. The Bureau of Sanitation's special funds are not eligible for this purpose with exception of the Stormwater Pollution Abatement (SPA) Fund. However, there is no additional SPA revenue to offset the General Fund cost under the current charge structure.

Recommendation:

Proceed with the transfer of this program to the Bureau of Sanitation as per Implementation comments herein.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The BSS installs litter receptacles on public property at major intersections, bus stops and crosswalks where heavy pedestrian traffic generates considerable litter. There are approximately 3,000 trash receptacles serviced by BSS citywide, which includes trash removal and maintenance. Trash receptacles at bus stops are serviced by the Metropolitan Transit Authority and City contracted bus stop franchises. BSS also operates the Adopt-A-Basket program, which allows individuals, businesses and organizations to request the installation of green trash receptacles that will be serviced by the requestor.

The trash receptacle program has been scaled back significantly. In 2007-08, it was staffed with 19 positions and approximately $980,000 in salaries funding. It is currently staffed with only five truck operators. The program is funded by the General Fund.

The trash receptacle program is consistent with the BOS' core mission of protecting public health and the environment. It directly supports the Bureau's refuse collection functions by keeping trash out of streets and other publicly accessible areas and adhering to appropriate disposal requirements, including recycling and disposal of potentially hazardous materials. Street cleanliness is also integral to the City's stormwater pollution abatement strategy. Proper servicing of trash receptacles contributes to Regional Water Quality Board Trash Total Maximum Daily Load (TMDL) compliance for water quality improvement.

Consolidating the trash receptacle program with BOS' refuse collection operations provides opportunities for efficiencies with regard to the management and deployment of labor and equipment. In the absence of available special fund sources for this activity, such as the Stormwater Pollution Abatement Fund, there are no significant General Fund savings anticipated. The program and all administration costs associated with it would continue to require General Fund support. Also, given this would be a functional transfer of General Funded positions, there is no anticipated change in the base level of special funded positions in BOS, and therefore no related cost impacts.

B. Service Impacts

Even though there is no immediate budgetary relief, a consolidation may be value added in terms of BOS' current operational structure, that is, centralized scheduling and route management, customer service delivery, container procurement, roll-out and maintenance, and personnel and fleet resources management. As an example, BOS' automated collection system may be expanded to trash receptacles where appropriate through the use of "Toter" model receptacles that are designed for side loader collection and limit scavenging.

There is also opportunity for the integration of recycling efforts at trash receptacle locations, as feasible. BOS currently provides blue bins to accompany BSS' trash receptacles at various City office locations through the City Facilities Recycling Program, in addition to blue bins provided to participating LAUSD schools.

Since trash receptacles are generally located along commercial corridors, many of which may be outside of BOS' residential routes, contracting for this service with private waste haulers is also an option.

C. Program(s)/Positions to be Transferred

The trash receptacle program would be folded into the Bureau's Solid Resources Collection Divisions. BSS' fleet and equipment assets should be included as part of the consolidation. Support from other departments, such as General Services, Office of Accounting, etc., would be re-directed as well.

The BOS indicates that its existing administrative and divisional management structure can absorb oversight of these services. The labor supporting this program is consistent with MOUs already in place at BOS. BOS also has a robust safety and training program in the Human Resources Development Division to address occupational safety and risk management issues associated with waste collection in the public right-of-way and the hazards associated with it.

Both BOS and BSS also have contracts for waste disposal that could be streamlined or consolidated. Contracts for routine and emergency hazardous waste management, for instance, are with the same providers for both bureaus.

D. Program(s)/Positions to be Eliminated

At the current staffing level of three positions, which is likely insufficient to address citywide needs, there are no reduction opportunities from a consolidation of this function.

E. Implementation Plan

- Continue working with BSS on the identification of resources, including but not limited to labor, expenses, equipment and support services, directly attributed to the trash receptacle program.

- Proceed with a functional transfer of program resources in the Fiscal Year 2011-12 Budget or sooner if feasible.

- Request the City Attorney, with the assistance of BSS, BOS and CAO as necessary, to prepare any ordinances required to effectuate the transfer of this program to BOS.

BUREAU OF STREET SERVICES
GENERAL FUND BUDGET REDUCTION

Objective: Minimize the impact on services and reduce the BSS budget.

	General Fund	Other
Maximum Savings/Revenue[1]	**$19 million**	**N/A**
Value of Proposal (Savings/Revenue)	**$2.75 million**	**N/A**

(1) Basis for Maximum Savings/Revenue:

For 2010-11, BSS has $19 million in General Funds. Of this amount, BSS was directed to reduce next year's budget by $2.75 million.

Recommendation:

Reduce BSS' 2011-12 budget by $2.75 million.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

After discussion with our Office, BSS submitted the following proposal:

1	Eliminate 20 funded vacancies in Street Cleaning, Street Tree and Parkway Maintenance, and Maintaining Streets programs	$1,197,228
2	Reduce Overtime in Street Improvement	950,126
3	Reduce Operating Supplies in Weed Abatement and Street Improvement programs	602,646
	TOTAL	**$2,750,000**

B. Service Impacts

BSS' tree-trimming function was reduced by nearly 50% in 2010-11. As a result of these cuts, the Urban Forestry Division can only provide as-needed, emergency tree trimming. No regularly scheduled tree-trimming is being done. The elimination of these funded vacancies means that next year, BSS will maintain its current level of service (emergency, as-needed tree-trimming).

Reducing overtime would have little impact on BSS. Their appropriation was $5,815,818 and the Bureau has only used 26% of this amount, or $1,515,818. Since all of BSS is on furlough, working "extra" days ordinarily results in straight-time compensation.

C. Program(s)/Positions to be Transferred

None.

D. Program(s)/Positions to be Eliminated

Seventeen Tree Surgeons, one Tree Surgeon Assistant, and two Warehouse Toolroom Workers I.

E. Implementation Plan

Upon execution of the 2011-12 budget.

BUREAU OF STREET SERVICES AND THE DEPARTMENT OF TRANSPORATION CONSOLIDATION OF STREET AND TRANSPORTATION SERVICES

Objective: Improve the delivery of service to the public and provide quantifiable cost savings.

	General Fund	Other
Maximum Savings/Revenue[1]	**TBD**	**TBD**
Value of Proposal (Savings/Revenue)	**TBD**	**TBD**

(1) Basis for Maximum Savings/Revenue: Further analysis is needed to determine possible savings. If consolidation does not yield savings, our Office is unlikely to recommend this unless there is significant improvement in service delivery.

Recommendation:

Direct the CAO to research and report back on efforts to consolidate street and transportation services.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Some work programs require critical inter-departmental coordination. For example, street resurfacing requires GSD, DOT, BOE and BSS to provide material and human resources. This required coordination merits reviewing current processes - including reorganization/consolidating opportunities – to determine ways to improve operations.

Other reasons to consider reorganization/consolidation are to:

- Align a smaller workforce with the current workload;
- Create short- and long-term General Fund savings;
- Maintain/improve service quality.

The initial review, due to limited staff, will be a *triage* effort, focusing on high-level activities with more obvious consolidation opportunities. A more in-depth study will follow, with a review of alternative organizational structures for a more global reorganization, and, if warranted, an implementation plan.

Once we have identified a list – using feedback from affected departments -- of those activities or functions where we believe there is a benefit to the City of consolidation or reorganization, we will then identify the appropriate strategies for implementation.

Some items to address include the following:

1) Is there a need to reorganize/consolidate? If so,
2) How much will be saved by consolidating?
3) What are the operational efficiencies?
4) Will these efforts result in improved service quality?

B. <u>Service Impacts</u>

If our review does not show that either service delivery improvement or cost savings are likely, we will recommend against organizational change at this time.

C. <u>Program(s)/Positions to be Transferred</u>

Some of the functions we will review include, but are not limited to, the following:

- BSS Resurfacing with DOT Striping and GSD Materials Testing
- BSS, DOT, BSL, BPW Support - Admin/Budget/Accounting/HR/Systems
- BSS Street Sweeping moving to BOS
- BSL Street Lighting and DOT Traffic Signal Maintenance
- BSS trash receptacles moving to BOS
- BSS, BOS illegal dumping activities
- BSS, DOT role in Special Events and moving Special Events to DOT or LAPD
- BSS, DOT transfer of street-related permits (Road Closures, Lane Closures, Move, Overload)
- BSS, DOT investigation and enforcement (street, meters, taxis)
- BSS, BOS Multi-Family Bulky Item enforcement
- BSS, LAFD lot cleaning/brush abatement
- BSS, DOT, BCA peak-hour traffic enforcement
- BPW graffiti eradication moving to BSS
- DOT, RAP, GSD sign shops
- DOT Parking Enforcement moving to LAPD
- BSS, DOT, BOE capital project management

D. <u>Program(s)/Positions to be Eliminated</u>

None at this time.

E. <u>Implementation Plan</u>

The consolidation concept was part of last year's three-year plan. We will update our efforts and direction in future reports.

DEPARTMENT OF TRANSPORTATION
CHANGE IN CROSSING GUARDS SERVICES

Objective:

To provide expenditure relief to the Traffic Safety Fund in order to allow for maintenance of the City's transportation infrastructure. Any available funding in the Traffic Safety Fund may be redirected to traffic signal and traffic control maintenance or installations. Currently, these operations are funded through the General Fund. Therefore, the overall savings through changes in Crossing Guards service would relieve the General Fund.

	General Fund	Other
Maximum Savings/Revenue[(1)]	**$7.7 million**	--
Value of Proposal (Savings/Revenue)	**$2.9 million**	--

(1) Basis for Maximum Savings/Revenue: Elimination of the entire Crossing Guard Program would result in $7.7 million in General Fund savings.

Recommendation:

It is recommended that the Department of Transportation (DOT) remove Crossing Guards at all signalized and tunnel locations and immediately begin to resurvey all locations with stop signs and uncontrolled intersections to ascertain if these locations still meet State warrants. DOT may also eliminate the use of Supplemental Staffing Warrants, which were created in order to increase the number of qualified locations. The savings resulting from this implementation plan would be approximately $2.9 million, or about one-third of the total direct cost of the program. After the resurveying is complete, it is recommended that DOT, with the CAO, look at the possibility of supplementing Crossing Guard staff, if required, via contract.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Traffic Safety Fund provides for the full cost of the City's Crossing Guard Program. Traffic Safety Fund revenue is comprised of the City's share of fines and forfeitures collected from persons charged with State Vehicle Code misdemeanors or infractions. Eligible uses of Traffic Safety Funds include traffic signs, signals and other traffic control and safety devices, traffic law enforcement and accident prevention, and the maintenance, improvement or construction of public streets and infrastructure within the City.

The City's Crossing Guard Program is administered by DOT. This program currently employs between 400 and 500 Crossing Guards and alternate Crossing Guards throughout the fiscal year. These Crossing Guards staff about 491 corners at 308 schools throughout the City. Schools may have multiple crossing guard locations that are staffed by one or more Crossing Guards. Of the 491 locations, 459 locations are intersections, and can be detailed as such:

- 128 locations are intersections with traffic signals
- 185 locations are intersections with stop signs
- 15 locations are tunnel locations
- 131 locations are intersections without traffic control devices

In 2009-10, the total cost of the Crossing Guard Program was approximately $7.7 million. Of this $7.7 million, only $3.8 million was paid for actual hours worked. The remaining $3.9 million of the program costs were paid bonuses, paid vacation and holiday hours, a variety of other paid leave costs and mileage. (See Attachment, Crossing Guard Program Costs, detailing costs for the previous two fiscal years.)

In addition to the direct program costs, DOT provides a variety of administrative support to this program. This General Funded support includes personnel to perform:

- Applicant Processing – maintain applicant listing, interview questions and rating criteria, interview schedules, hiring notifications, medical screenings and work fitness evaluations, fingerprinting, photo identifications, and orientation training.

- Data Entry Transactions – new hires, work schedule changes, departures, employee information updates, LACERS eligibility, Lead Guard appointments, leave of absence requests, open corner awards, and return to duty.

- Reviews – coordinates the investigation of employee and public complaints, serves as JLMC Chair and prepare minutes, evaluates employees with close personal associations, and reviews outside employment requests, and processes disciplinary actions.

- Responds To – arrest/conviction notices, temporary/permanent work restrictions, reasonable accommodations, worker's compensation claims, disability retirements, employment verifications, job analyses, and unemployment claims.

- Supervision – Traffic Officer Supervisors perform supervisory functions for the Crossing Guards.

B. Service Impacts

If the recommendation is implemented, Crossing Guards would staff locations where there are no traffic safety devices and also meet State warrant requirements.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

Elimination of the Program is not recommended. As the number of locations to staff is reduced, DOT may reduce the number of the Crossing Guards used from the As-Needed pool. If there is a shortage of available Crossing Guards in the pool, it is recommended that the City look to contracting out for supplemental Crossing Guard staff when needed.

E. Implementation Plan

- Remove Crossing Guards at all signalized and tunnel locations.

- Resurvey all locations with stop signs and uncontrolled intersections to ascertain if these locations still meet State warrants.

- Eliminate the use of Supplemental Staffing Warrants, which were created in order to increase the number of qualified locations.

- DOT and CAO to study the possibility of contracting out the Crossing Guard Program that will employ the current City Crossing Guard employees, while supplementing contracted out staff. The contract could be paid through the Traffic Safety Fund. The savings will include administrative support and the incremental difference in new Crossing Guards employed. However, over time, as City Crossing Guard leave City service, the number of contract Crossing Guards will increase. Thus, over time, savings to the Traffic Safety Fund will increase.

CROSSING GUARD PROGRAM COSTS

VARIATION CODE	DESCRIPTION	FY 2008-09	FY 2009-10
HW	HOURS WORKED ON THE JOB	$4,233,118	$3,764,895
GB	CROSSING GUARDS BONUS	2,213,722	3,251,258
VC	VACATION	236,517	253,634
HO	HOLIDAY HOURS	180,316	167,455
SK	100% SICK TIME	94,831	113,754
IS	INJURY ON DUTY - NET	50,081	24,197
CS	CASH-IN-LIEU PAYMENT	30,611	26,339
SS	75% SICK TIME	14,671	13,898
83	VACATION BALANCE PAID AT TERMINATION/RETIREMENT	14,251	26,319
87	50% SICK TIME BALANCE PAID AT RETIREMENT	5,913	8,323
BL	BEREAVEMENT LEAVE	5,796	4,941
86	100% SICK TIME BALANCE PAID AT RETIREMENT	4,478	21,031
80	PAYOUT OF SICK LEAVE>800 HOURS	1,655	1,577
JD	JURY DUTY	1,617	4,475
PA	OVERTIME (1.5) WORKED AND PAID	1,370	495
FI	FAMILY ILLNESS	1,069	1,449
AR	HOURS WORKED AT ADJUSTED RATE	303	22,907
PM	PREVENTATIVE MEDICINE	119	0
XA	CURRENT YEAR IOD CONVERSION ADJUSTMENT	102	196
60	COALITION DEFERRED PAYMENT OF EXCESS 100% SICK	0	-1,577
63	ERIP PAYOUT (SK/VC/OT) DEFERRED	0	-35,230
	TOTAL SALARY COSTS	**$7,090,540**	**$7,670,336**
MI	MILEAGE	116,418	98,913
	TOTAL SALARY AND MILEAGE COSTS	**$7,206,958**	**$7,769,249**

DEPARTMENTS OF PUBLIC WORKS AND TRANSPORTATION
PUBLIC RIGHT OF WAY CONSTRUCTION ENFORCEMENT PROGRAM

Objective:

To evaluate the feasibility of consolidating the administration of the Public Right-of-Way Construction Enforcement Program with the goal of improving the delivery of services or achieving cost savings or operational efficiencies.

	General Fund	Other
Maximum Savings/Revenue[(1)]	$0	$0
Value of Proposal (Savings/Revenue)	$0	$0

(1) Basis for Maximum Savings/Revenue:

Recommendation:

No action is recommended at this time.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

In August 2005, the Mayor issued Executive Directive No. 2 that prohibited construction on major roads during the peak traffic hours of 6:00 a.m. to 9:00 a.m. and 3:30 p.m. to 6:00 p.m., Monday through Friday. At the same time, the Council adopted the Public Right-of-Way Construction Enforcement Program (C.F. 05-0524) and instructed the Department of Transportation (DOT) and Bureaus of Contract Administration (BCA) and Street Services (BSS) to report back on a staffing plan to implement the Council action. In December 2006, the Council adopted operational procedures for administering the Program and approved partial funding and resolution authority for four Street Services Investigator and seven Construction Inspector positions. In addition, Council adopted two Ordinances to establish Sections 62.61 and 80.06.1 in the Los Angeles Municipal Code (LAMC) to implement the Program and provide administrative procedures for violations of Section 62.61.

In addition to prohibiting peak hour construction, LAMC Section 62.61 requires persons or entities performing any work within or on any public street or right-of-way to apply in writing and obtain a permit from the Board of Public Works as well as request inspection services before construction begins. Prior to Section 62.61, excavations of less than 100 square feet were exempt from the permitting process and inspections were usually performed after the job had been completed. The BCA reports that to circumvent the permitting process, contractors would often perform excavations that were slightly less than 100 square feet. Since permits were not required for this type of excavation, the BCA was unaware of the work and was unable to provide inspection services to ensure that the contractor properly backfilled and resurfaced the street after construction was completed. Therefore, Section 62.61 was established to eliminate the exemption for excavations less than 100 square feet and to require contractors to request for inspection services prior to construction. The seven BCA Construction Inspectors cite illegal construction activity during peak traffic hours and provide inspection services to utility companies performing work within or on public streets during non-peak traffic hours. These positions protect the structural integrity of public streets and ensure that excavations receive proper backfill, compaction, and resurfacing.

BSS Street Services Investigators cite and enforce various LAMC regulations and Board of Public Works regulations that pertain to the use of public streets. BSS Street Services Investigators are classified as "Public Officers" pursuant to Section 836.5 of the California Penal Code and have the authority to issue citations and make misdemeanor arrests for violations. The role of the BSS Investigator in the Peak Hour Enforcement Program is to cite and remove obstructions in the public right-of-way to relieve traffic congestion. The most common violations include illegal dumping, trash cans, moving trucks, and parking of oversized equipment on public streets during peak traffic hours. The BSS Investigators actively patrol the City to identify violations of illegal street use and will refer suspected illegal construction activity in the public right-of-way to BCA Inspectors for further investigation.

LAMC Section 80.06.1 establishes an administrative hearing and appeals process for citations and violations of LAMC Section 62.61. DOT has an adjudication system for its parking citations and it is through this system that persons or entities can also appeal citations or violations of Section 62.61. In addition to this role, DOT is also responsible for reviewing and approving traffic mitigation plans which are submitted by persons or entities seeking an exemption from the peak hour construction ban for non-emergency work. Lastly, in June 2006, the Mayor announced the deployment of DOT Anti-Gridlock Tiger Teams, which are comprised of DOT Traffic Officers, throughout the City to cite and remove illegally parked vehicles along the City's busiest streets during peak traffic hours. These teams are used to supplement the work of the BCA Inspectors and BSS Investigators and promote the Mayor's overall initiative to relieve traffic congestion and gridlock along the City's busiest transportation corridors.

After speaking with representatives from BCA, BSS, and DOT and observing BCA field inspection crews, this Office finds that there are minimal opportunities for cost savings or operational efficiencies from consolidating the functions. At an initial glance, it may have appeared that the work of the DOT Traffic Officer, BCA Construction Inspector, and BSS Street Services Investigator overlapped and there were opportunities to consolidate the duties into one classification or consolidate the positions into one department. However, it appears that there are clear divisions of duties and it is not feasible for any one classification to absorb the duties of the other two classifications. For example, during off-peak traffic hours, DOT Traffic Officers and BSS Investigators actively patrol City streets while BCA Inspectors are required to remain at specific work sites to ensure that excavations are properly performed and backfilled. In addition, each classification possesses expertise or certifications that cannot be obtained or transferred in a timely manner to implement an effective consolidation. For example, to perform the duties of a BCA Construction Inspector, a person must possess a minimum of three years of paid experience in the construction inspection industry, which DOT Traffic Officers and BSS Street Services Investigators lack. On the other hand, POST (Peace Officer Standards and Training) certification is required to perform the duties of a BSS Investigator, which BCA Inspectors and DOT Traffic Officers lack.

Furthermore, the transfer of the seven BCA Inspectors and four BSS Investigators into a large department, such as DOT, would not generate significant cost savings. Generally, consolidations present opportunities to eliminate duplicate services and realize savings from economies of scale. However, in this case, there are no additional savings from economies of scale since the City's purchasing efforts are currently consolidated and the current level of administrative resources supporting the 11 positions, which could be eliminated, are at a minimum level. The transfer of the 11 positions would also have a negative impact at the operational level as the receiving department would be unable to provide the appropriate level of oversight and supervision. In effect, these employees would be reporting to and receiving direction from a supervisor who may not have the expertise or experience in their field of work and could not assist in resolving conflicts or problems.

B. Service Impacts

No service impacts are identified at this time.

C. Program(s)/Positions to be Transferred

No programs or positions are recommended to be transferred.

D. Program(s)/Positions to be Eliminated

No programs or positions are recommended for elimination.

E. Implementation Plan

No action is recommended at this time.

DEPARTMENT OF TRANSPORTATION, GENERAL SERVICES DEPARTMENT PARKING MANAGEMENT RESTRUCTURING

OBJECTIVES

The Parking Management Restructuring Proposal was submitted as part of the City Administrative Officer's Three Year Plan to Fiscal Sustainability in 2010 (C.F. 09-0600-S159, CAO File No. 0590-00098-3842, Item 33d). This report is an update of that recommendation.

Consider the consolidation and/or alternative administration of parking facilities management, onsite operations, and maintenance and landscaping functions between the General Services Department (GSD) and the Department of Transportation (DOT). Evaluate development opportunities for underutilized parking facilities.

RECOMMENDATION

Evaluate the current management of parking facilities to remain under the responsibility of DOT and GSD and make recommendations in order to increase efficiency in operations, produce cost savings, facilitate alternative uses, and/or increase revenue to the City:

- Use data from the parking system consultant study, completed as part of the proposal for the concession of City parking assets, to examine savings or revenue opportunities for the administration of DOT and GSD parking facility management, operations, and maintenance.
- Explore automation of currently operated City facilities and determine whether savings in labor and/or maintenance can be found.
- Explore development opportunities for the remaining surface parking lots and structures owned by the City.
- Establish a working group with DOT, GSD, the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and the Mayor's Office to examine options and feasibility over the next 90 days.

BACKGROUND/DISCUSSION

The Department of Transportation (DOT) manages 115 public surface parking lots and structures and leases spaces for public parking in two additional privately owned parking structures. DOT utilizes contracts and MOU agreements to operate and maintain its parking facilities (see Attachment 1).

The General Services Department (GSD) manages and operates five public surface parking lots and structures and four additional employee-only parking structures. GSD also provides facility operating services for parking lots and structures managed by DOT (15), El Pueblo (5), Library (3), and Recreation and Parks (1). See Attachment 2.

Other City departments that manage revenue generating public parking facilities as part of their operations include Airports (LAWA), Harbor, and LADWP. LAWA utilizes separate three- to five-year contracts to operate and maintain its parking facilities, but employs City forces to provide landscape maintenance.

A. Findings/Issues

Consolidation of DOT and GSD Parking Facilities Management

- DOT employs 13 administrative positions for facilities management.
- GSD employs five administrative positions for facilities management.
- Consolidation could eliminate the need for some of these positions.
- Should Management services be consolidated under DOT, GSD would still have to retain staff to manage GSD lot operations for other departments.

Consolidation of DOT and GSD Onsite Operations

- DOT does not provide any personnel for onsite parking facility operations.
- DOT currently contracts with GSD to operate 15 of their facilities and with two private companies to operate seven of their facilities.
- Current DOT operations contracts have expired as of October 2010 and are being extended on a month-to-month basis.
- GSD utilizes 60 City staff for onsite parking facility operations in their six lots.

Alternative Administration of DOT and GSD Onsite Operations

- DOT contracted operators are responsible for lot maintenance, landscaping, and marketing of the facilities.
- The table below shows the 2008-09 approximate post-tax revenues and expenditures of all attendant-operated DOT parking facilities:

Operator	2008-09 Revenue	2008-09 Expenditure	Profit Percentage
GSD	$ 3,360,000	$ 2,130,000	36%
Contractor	$ 10,336,000	$ 6,115,000	41%

- Some GSD parking facilities need additional security measures because they are controlled access City employee lots and are adjacent to secure areas, such as the Automated Traffic Surveillance and Control (ATSAC) Center in City Hall East.
- Departments that currently utilize GSD lot operations (El Pueblo, Library, RAP) require that lot revenue is placed in their respective funds.
- DOT has 93 non-operated parking facilities that will be the focus of development and alternative use opportunities.

Consolidation of DOT and GSD Landscaping and Maintenance

- DOT currently utilizes Memoranda of Understanding (MOUs) with the Bureau of Street Services and RAP to perform general landscaping and maintenance on its non-privately operated facilities, and utilizes Citywide contracts administered by GSD to request non-recurring maintenance. The department will be issuing a new Request for Proposals (RFP) for the landscape, maintenance, and operations of all of their lots within the next six months.

- GSD employs seven Custodians to perform lot cleaning. GSD parking facilities do not require landscaping maintenance.

Alternative Administration of DOT and GSD Landscaping and Maintenance

- GSD administers contracts for Citywide services such as specialized landscaping and non-recurring maintenance needs.
- DOT issued a RFP for landscaping and maintenance in October 2008. The CAO made a 1022 determination that the proposed contractor could provide service more economically than City forces. BOSS submitted a quote of $1.7 million in direct costs. The lowest responsible bidder submitted a total cost under $1.0 million.
- The City could explore alternative service delivery models to minimize the need for the City to maintain separate landscaping and maintenance staff or contracts.

B. Service Impacts

To be determined

C. Program(s)/Positions to be Transferred

To be determined

D. Program(s)/Positions to be Eliminated

To be determined

E. Implementation Plan

Establish a working group consisting of the Mayor's Office, DOT, GSD, CAO, and CLA to evaluate the efficiencies and savings created by consolidation and/or alternative administration and develop a plan to begin implementation of any proposed changes by July 1, 2011. Task the working group with evaluating development and alternative use opportunities for underutilized parking facilities and develop a timeline for implementation.

CONSOLIDATION OF OFFICE OF FINANCE AND TREASURER'S OFFICE

Objectives

To maintain effective and efficient finance and treasury functions in the City in accordance with the City Charter and the Controller's Treasury Audit.

	General Fund	Other
Maximum Savings/Revenue[1]	$1,068,690 *($753,498 in direct costs and $315,192 in related costs)*	
Value of Proposal (Savings/Revenue)	Same as above.	

(1) Basis for Maximum Savings/Revenue: Anticipated cost of nine positions (net) recommended for deletion plus proposed position reallocations and additions. Positions are identified in Section D.

Recommendation

Conceptually approve the consolidation of the Office of Finance and the Treasurer's Office into one department to create a more comprehensive approach to the management of the City's funds as well as achieve cost savings and administrative and operational efficiencies. An implementation plan is included herein.

Background/Discussion

The creation of one department to perform the Treasury and Tax Collection function is not unprecedented. The Office of Finance was created in July 2000 under the new Charter adopted by City voters on June 8, 1999. The Office was created from various functions transferred from other City departments to include tax and permit processing, revenue collection, treasury as well as other duties. However, at the time the Office of Finance was established, a management structure was set up (consisting of both a Director of Finance and City Treasurer) whereby the top executive of the Office of Finance could not manage the functions of the Treasury as the City Attorney opined that under the Charter, the Treasurer is solely responsible for the receipt and deposit of City monies, custody of City securities, and the deposit of City funds. Since both incumbents (i.e., the Director of Finance and the City Treasurer) had separate reporting responsibilities and duties, this created an organizational problem.

To address the conflict of having two general managers/executives in the Office of Finance, the Treasurer was transferred from the Office of Finance and restored to its own operating department status in the 2003-04 Budget. However, given the City's current economic realities, it is now necessary to re-examine this structure.

In the 2010-11 Proposed Budget submittal to the Mayor, the previous City Treasurer noted that the original goal of creating one finance department, if properly organized, is a pragmatic goal that should be reconsidered, given today's budgetary constraints and operational needs. As part of its 2010-11 Proposed Budget submittal, the Treasurer proposed consolidating the Office of Finance and Treasury to create the new Office of the Treasurer and Finance. This Office did not recommend the consolidation as part of the 2010-11 budget deliberations because additional time was needed to assess the proposal.

On February 15, 2011, the City Controller released a follow-up management audit of the Office of the Treasurer (C.F. 11-0239). The Controller concluded that aligning finance related functions in one office would increase the efficiency and effectiveness of financial operations in the City. Specifically, the Controller finds that:

- Seven of the 10 largest cities in the United States, including New York, San Diego and Atlanta, have both their treasury and revenue management divisions in one office. Consequently, the Controller states that consolidation makes good business sense and recommends that the Treasurer's Office be consolidated with the City's revenue functions in the Office of Finance immediately, bringing Los Angeles in line with the majority of major cities in the country; and,

- There is a need to conduct a financial feasibility assessment to modernize and integrate Treasury systems as the Treasurer's Office still has several outdated and stand-alone systems.

The Controller believes that the City should consider combining the debt management functions (currently within the Office of the CAO and the Treasurer's Office) into one office to achieve greater coordination of financial activities and increased accountability. However, the Controller recommends a phased-in approach to consolidating citywide debt functions to occur after the consolidated office is fully operational. This Office does not agree with the consolidation of citywide debt due to the unique relationship between debt management, budget information, and disclosure.

This Office concurs with the Controller that treasury and revenue functions should be consolidated. The vacancy created by the departure of the City Treasurer (there is currently an Interim City Treasurer in the position) creates an opportunity to streamline the Finance and Treasurer functions by consolidating both departments and eliminating one department head in order to avoid the organizational challenges that existed in the earlier Finance-Treasury organization in Fiscal Year 2000. Consolidation of the separate City Treasurer and Director of Finance positions would in effect make the incumbent Director of Finance the new Treasurer and Finance Director and allow that position to manage the entire organization and assign staff in the most effective manner. This Office believes that consolidation provides significant opportunities for ongoing costs savings and administrative and operational efficiencies.

Both the Office of Finance and the Treasurer's Office provide citywide financial services. Their current core departmental functions are described below.

Office of the Treasurer	Office of Finance
Receives and is the custodian of all funds of the City and affiliated entities and disburses these funds pursuant to the City Charter and other provisions; causes interest to be earned on funds that are not immediately needed; receives and is the custodian of securities of the City and affiliated entities; and upon the sale of any bonds by the City, delivers bonds and receives and credits proceeds to proper fund and accounts.	Responsible for the collection of over $2.5 billion in annual revenue. Its Charter mandate is to collect City taxes and revenue from licenses, permits and fees not collected by other departments. Other mandates include the development and implementation of the City's revenue policy including the development of guidelines for the collection of outstanding receivables, and making recommendations to the Mayor and Council concerning the efficient organization of the revenue collection functions performed by City offices and departments.
Core program areas:	**Core program areas:**
Investments: This program consists of actively managing the City's Multi-billion dollar investment portfolio. These portfolios include the General Fund and several special funds. The Investment staff is responsible for developing strategies designed to maintain target levels of safety, liquidity and return as directed by the City's Investment Policy and the State of California Government Code.	Field Enforcement, Discovery, Audit, Billing and Collection: This program is responsible for direct and focused efforts to ensure revenue generation and processing.
Cash Management: This program provides for the receipt of all City cash and electronic disbursement of funds, the management of banking relationships and the implementation of citywide banking services.	Citywide Billing: This program is responsible for maximizing the City's revenue, evaluating methods for improving the City's billing, accounts receivable, and collection efforts, establishing measurable revenue collection goals and evaluating progress toward fulfillment of these responsibilities. This includes monitoring contracted collection agencies, and ensuring adherence to Citywide Guidelines and the Mayor's Executive Directive No. 5.
Debt Management: This program provides for the City debt payment, issuance and administration of assessment district bonds. This program also includes the processing of escheatments of unclaimed monies and the preparation of the Treasury's emergency management and business continuity plan.	

A. Findings/Issues (including cost savings/revenue)

- **Ongoing General Fund Savings:** The 2010-11 Budget provides a total of 356 positions for the Office of Finance (337 regular and 19 resolution) and 35 positions (all regular and no resolution authorities) for the Treasurer's Office. The consolidation of the Office of Finance and Treasurer's Office would result in the elimination of a net of 9 positions consisting of 8 positions in the Treasurer's Office (with 27 Treasury positions remaining) and one position in the Office of Finance. The positions are identified in Section C below. The elimination of these positions would generate ongoing General Fund savings of at least $1,068,690 ($753,498 in direct costs and $315,192 in related costs). Additional savings can be achieved by reducing expense accounts commensurate with staff reductions. These reductions will be identified at a later date.

- **Director of Finance-Treasurer Combination:** In a previous legal opinion, the City Attorney addressed the issue of whether one individual can serve as both the Treasurer and the Director of Finance. According to the City Attorney, nothing in the Charter expressly prohibits the appointment of the same person to both positions. The City Attorney further opines that that the Mayor and Council have a great deal of flexibility in reorganizing the Charter granted powers and duties of City departments and offices.

- **Appointment and Removal:** Both the Treasurer and Director of Finance are appointed by the Mayor, subject to confirmation by the Council. Under the City Charter, the Mayor can remove the Director of Finance by written notice *without Council confirmation*. If appealed, the Director of Finance can be reinstated with a two-thirds vote of the Council. In the case of the City Treasurer, pursuant to Charter Section 508(e), the Mayor's removal of the City Treasurer is *subject to approval by the Council.*

- **Debt Consolidation:** While the Treasurer's debt management functions should be consolidated with the Office of Finance, this Office does not recommend consolidating citywide debt functions due to current organizational challenges. For example, the new consolidated office would not include citywide budgeting functions and consequently, may not have adequate knowledge of the City's overall fiscal condition to develop accurate disclosure information for every bond issuance. However, there are other potential efficiencies within the Treasurer's debt functions that can be pursued at this time, such as in the area of assessment financing. Assessment bonds are used to help finance a relatively broad range of local public improvements. Property owners are given an opportunity to repay assessments without interest, or to pay assessments equal to debt service on bonds over a period of time.

  In a 2006 study of the City's practices and procedures for issuing assessment bonds, the City's General Financial Advisor, Kelling, Northcross & Nobriga concluded that the City should abandon its current practice of creating assessments under a 1911 (State) Act and issuing 1911 Act bonds. According to the Financial Advisor, reliance on a 1911 Act to issue assessment bonds merits reconsideration as the interest rate on the bonds is probably several full percentage points above the current market and most assessment bonds in California utilize the 1915 Act to issue bonds. Further, the ongoing administration is very cumbersome, placing significant burden on the Treasurer and not amenable to contracting out. For example, the Treasurer has expressed concern that the Department is not fully reimbursed for all costs in connection with the Street Improvement Bond Program.

The Financial Advisor recommended that the City experiment with a conventional assessment (utilizing 1913 Act proceedings and 1915 Act bonds) to be able to evaluate the difference between the City's current methods and those commonly used elsewhere throughout the State. Also, as an alternative to issuing bonds to the public, the City could create a revolving fund to directly purchase assessments pending their repayment by taxpayers or their refunding through a pooled bond issue. This Office recommends the later as the former would be too expensive.

B. Service Impacts

The combined organization is expected to reduce ongoing staffing costs and overhead and create a more comprehensive approach to the management of City funds. It is important to note that during this time of fiscal austerity and staffing shortages throughout the City, it is necessary to take immediate action to ensure service continuity with minimal service impacts. The combination of classifications and positions is expected to improve the level of administrative and support services provided to the new department when combined as opposed to separate. For example, as previously noted above, the Controller finds that the Treasurer's Office still has several outdated and stand-alone systems, however, the integration of Treasury systems with the Office of Finance is expected to partially address this issue through collaboration, coordination, and mutual expertise.

C. Program(s)/Positions to be Transferred

The attached organizational chart identifies the proposed structure of the new Office of the Treasurer and Finance (See attachment). However, it should be noted that the proposed organizational structure is subject to the discretion of the general manager of the consolidated department. As part of the consolidation proposal, the following changes are recommended:

- Consolidate all accounting functions within the Office of Finance and Treasurer into a new Accounting Division, to include escheatment and existing debt functions currently within the Treasurer's Cash Management and Departmental Administration Division.

- Consolidate all system functions within the Office of Finance and Treasurer into a new Systems Division. All systems-related functions in the Treasurer's Office, including management of CashWiz and the Financial Business Continuity Plan would be transferred to the new Systems Division, formerly the LATAX Systems Division in the Office of Finance.

- Consolidate all administrative functions to include budget and personnel under the Administration Division.

D. Program(s)/Positions to be Eliminated

The proposed consolidation would result in the elimination of a net total of 9 positions resulting in total savings of $1,068,690 (i.e., $753,498 in direct costs and $315,192 in related costs). The proposed changes which include eliminations, additions and reallocations in the respective departments are noted below.

Job Class	No.	Current Division/Program	Estimated Service Impact	Status
Delete-Treasurer's Office				
Treasurer	-1	Management	Workload to be absorbed by Director of Finance.	Filled with *Interim* Treasurer
Executive Admin. Assistant III	-1	Executive Office	None, due to deletion of Treasurer position.	Filled
Systems Analyst II	-1	Systems	Workload to be absorbed by new Systems Division.	Anticipated Vacancy
Sr. Personnel Analyst I	-1	Personnel Admin.	Workload to be absorbed by Finance.	Filled
Management Analyst I	-1	Cash Management & Dept. Admin	None, position has already been vacant for extended period of time. Existing service levels continued.	Vacant position deleted as part of the Alternative to P3 actions.
Sr. Clerk Typist	-1	Cash Management & Dept. Admin	Minimal impact. Contingent on pending automation of wire transfer system.	Filled in lieu w/Accounting Clerk II
Treasury Accountant I	-2	Treasury Accounting & Compliance	None.	One vacant; One anticipated vacancy.
Delete-Office of Finance				
Accounting Clerk II	-1	TBD	Workload absorbed by Treasurer transfer.	Vacant
Add/Delete-Treasurer				
Financial Manager I	-1	Cash Management & Departmental Admin.	None position has been filled by in lieu.	Filled in lieu w/ MA II.
Management Analyst II	1	Cash Management & Departmental Admin.	Continues existing service levels.	Current Financial Mgr I position in lieu.
Reallocations-Treasurer				
Dept. Chief Accountant IV	-1	Treasury Accounting & Compliance	No service impact.	Vacant
Dept. Chief Accountant III	1	Treasury Accounting & Compliance	Realigns position with anticipated workload.	Vacant
Treasury Accountant II	-1	Treasury Accounting & Compliance	No service impact.	Filled
Treasury Accountant III	1	Treasury Accounting & Compliance	Realigns position with anticipated workload.	N/A
Total Eliminations	**9**			

E. Implementation Plan

1. Conceptually approve the consolidation of the Office of Finance and Treasurer's Office as part of the Mid Year Financial Status Report. The actual consolidation would occur as part of the 2011-12 Budget actions and would be effective on July 1, 2011.

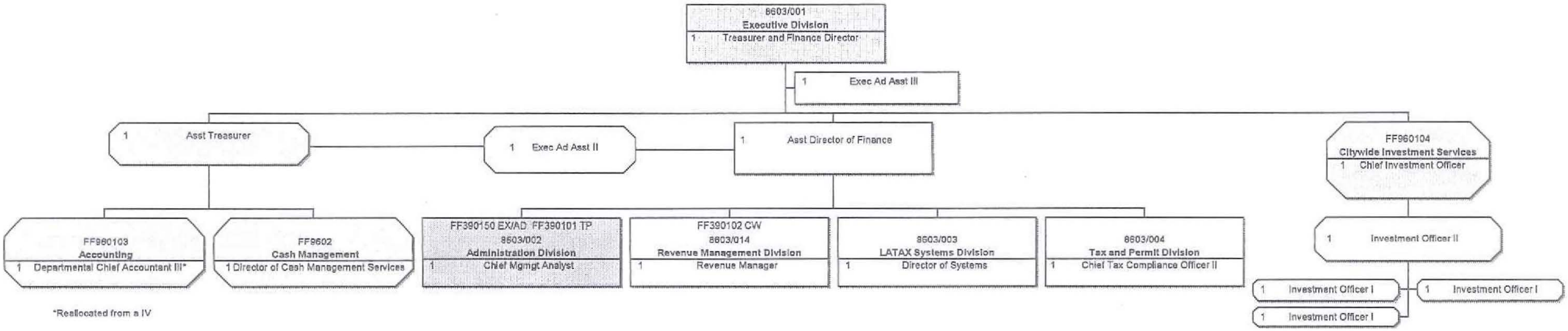
2. Request the City Attorney to prepare and present an Ordinance to transfer the duties of the Treasurer to the Director of Finance and to rename the position "Treasurer and Finance Director" and rename the Office "Office of the Treasurer and Finance" effective July 1, 2011.

3. Instruct the City Administrative Officer to provide recommendations for Mayor and Council action to transfer position authorities and appropriations from the Treasurer's Office to the Office of Finance.

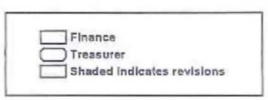
4. Instruct the City Administrative Officer to report back on: 1) the creation of a revolving fund to directly purchase assessments pending their repayment by taxpayers or their refunding through a pooled bond issue as an alternative to issuing bonds to the public; and, 2) the feasibility of experimenting with a conventional assessment (utilizing 1913 Act proceedings and 1915 Act bonds) to be able to evaluate the difference between the City's current methods and those commonly used elsewhere throughout the State.

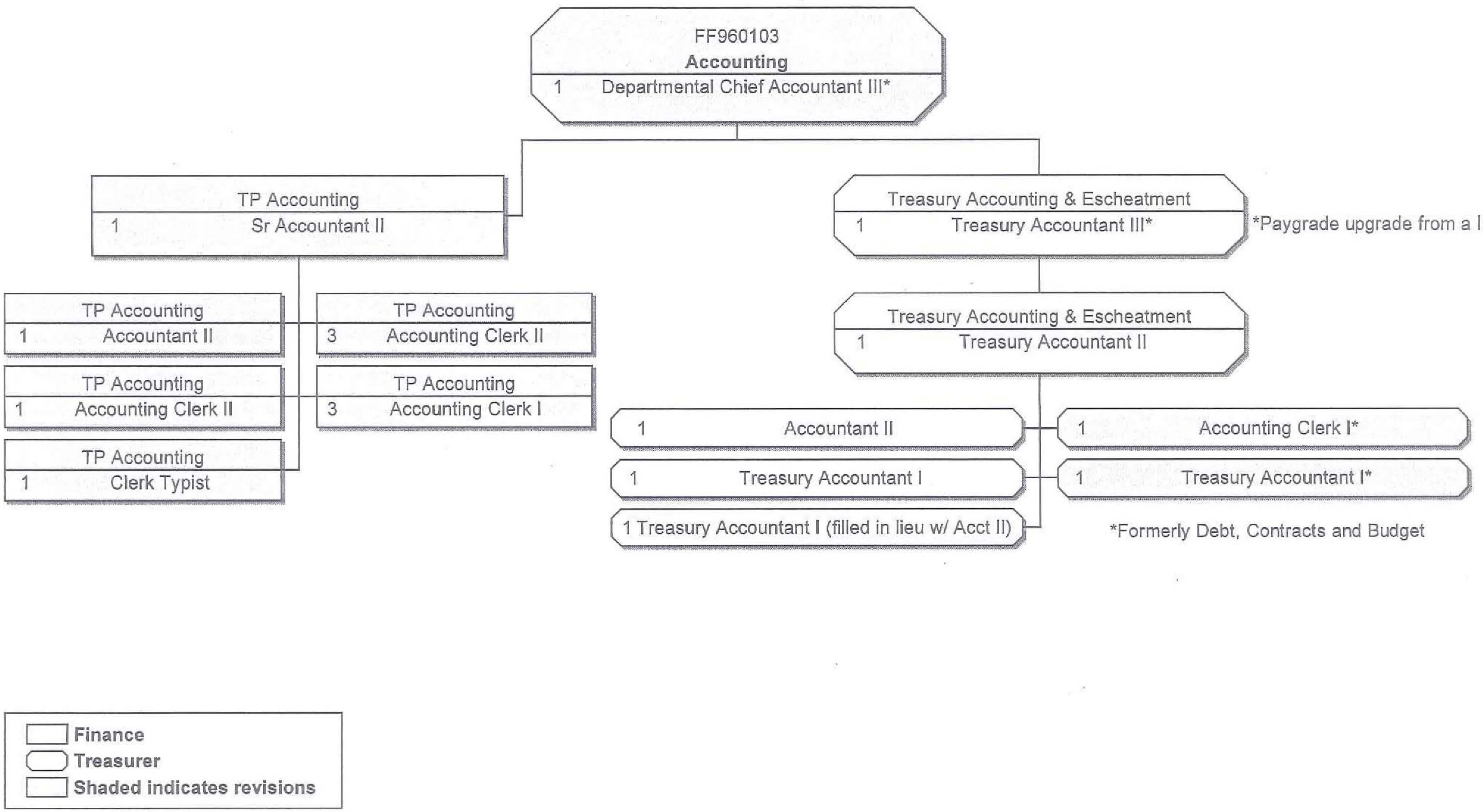
5. If the Council and Mayor approve proceeding with the consolidation of the Offices of the Treasurer and Finance, immediately establish a transition team to facilitate the proposed consolidation consisting of, but not limited to, the following Offices/Departments: Treasurer, Finance, City Administrative Officer, Chief Legislative Analyst, Personnel, Mayor, Controller, General Services, and Information Technology Agency.

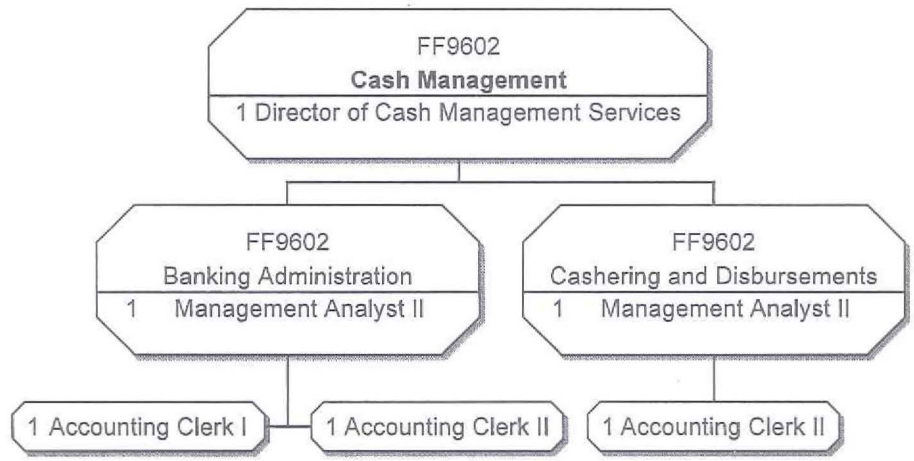
Office of Finance/ Treasurer
New Dept Proposal



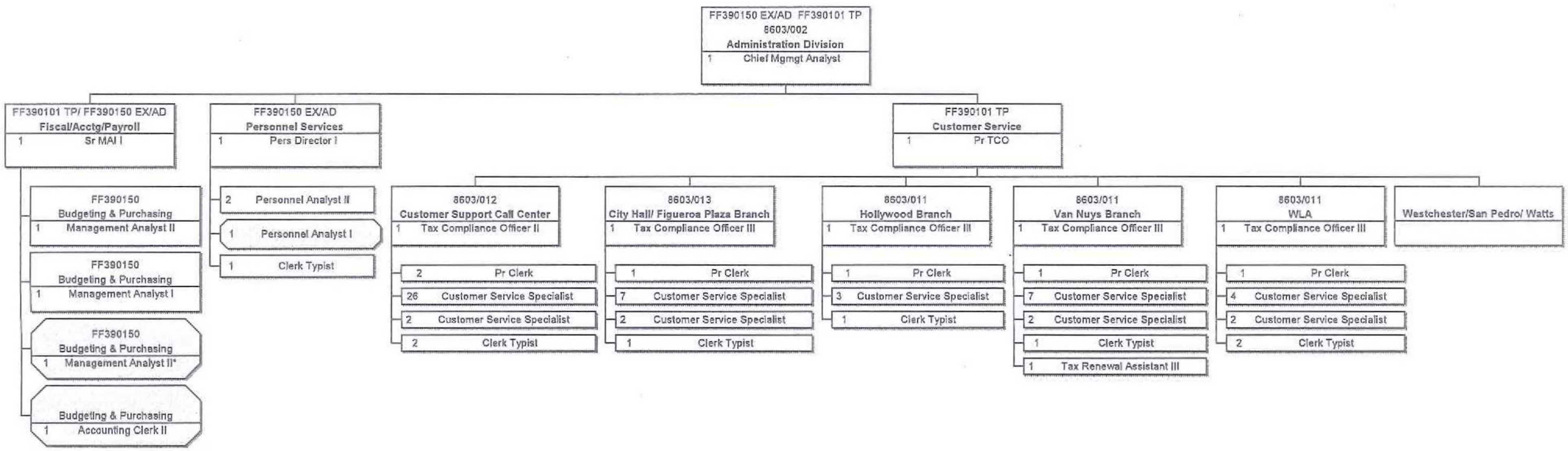
*Reallocated from a IV




FF960103
Accounting
1 Departmental Chief Accountant III*
TP Accounting
1 Sr Accountant II
Treasury Accounting & Escheatment
1 Treasury Accountant III*
*Paygrade upgrade from a II
TP Accounting
1 Accountant II
TP Accounting
3 Accounting Clerk II
Treasury Accounting & Escheatment
1 Treasury Accountant II
TP Accounting
1 Accounting Clerk II
TP Accounting
3 Accounting Clerk I
TP Accounting
1 Clerk Typist
1 Accountant II
1 Accounting Clerk I*
1 Treasury Accountant I
1 Treasury Accountant I*
1 Treasury Accountant I (filled in lieu w/ Acct II)
*Formerly Debt, Contracts and Budget
Finance
Treasurer
Shaded indicates revisions

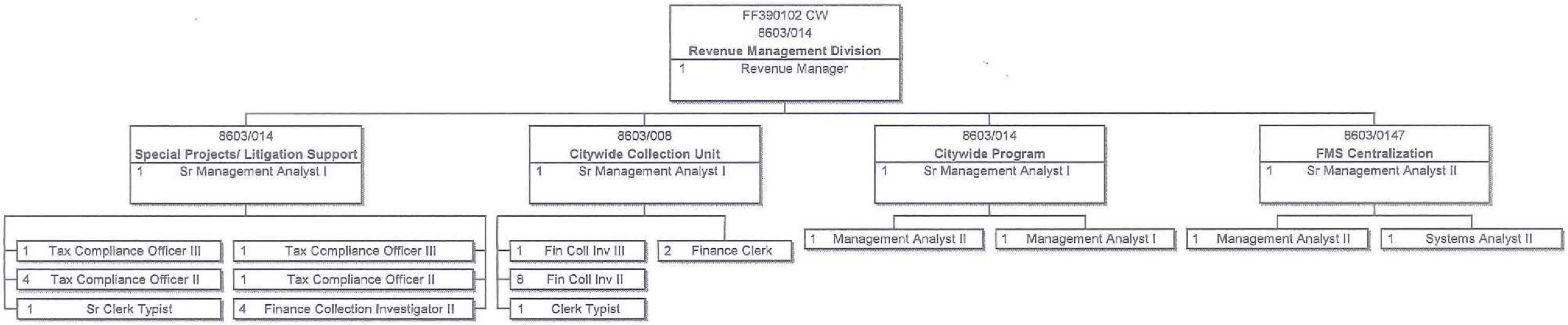


Finance
Treasurer
Shaded indicates revisions

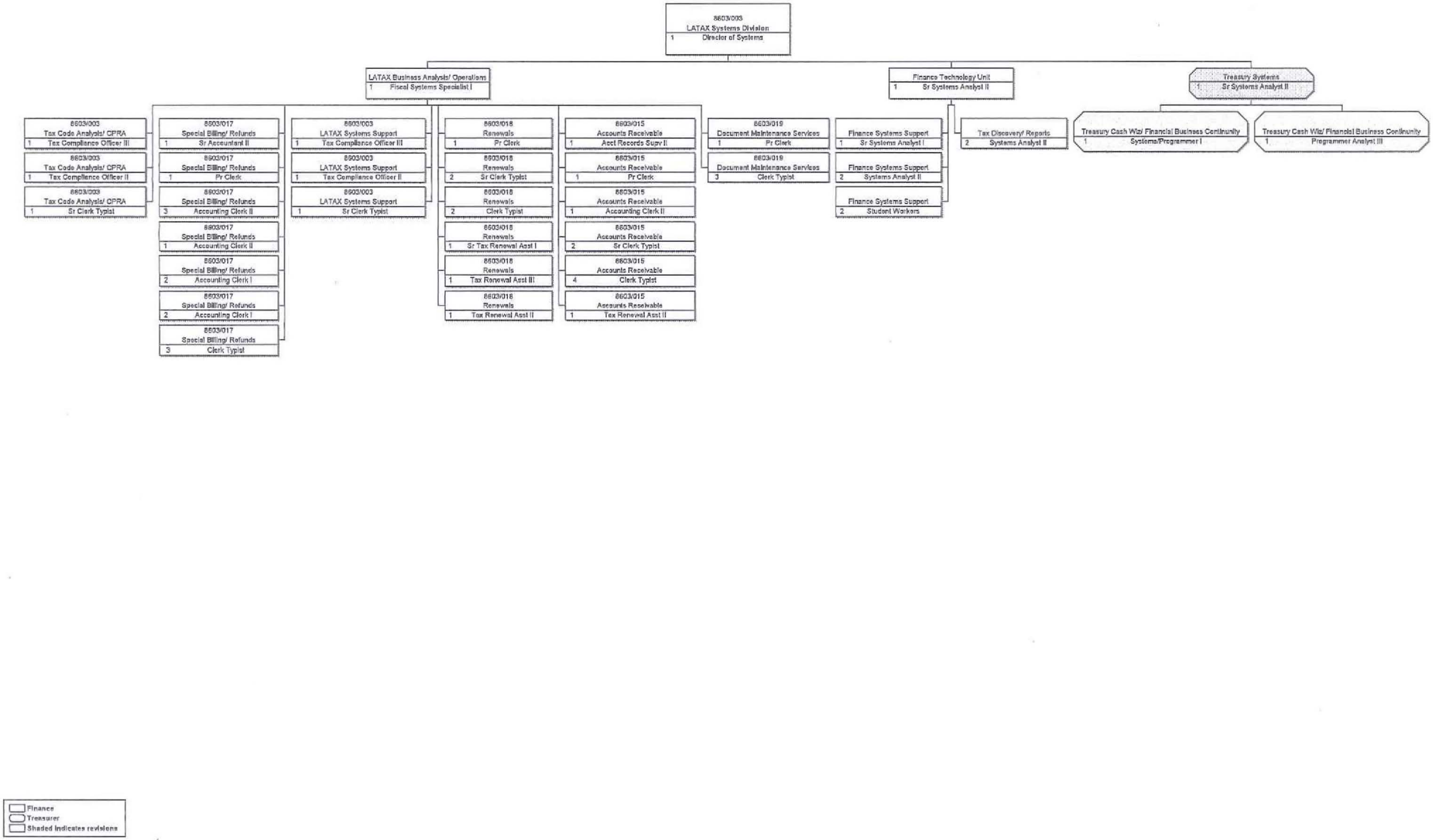


* Currently in lieu of Financial Manager I

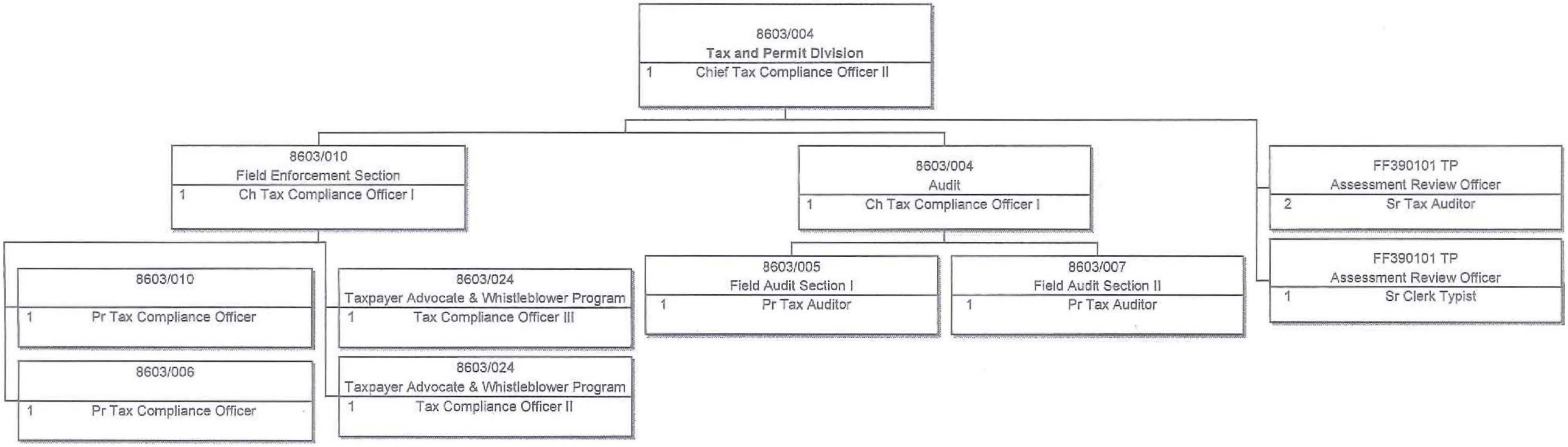
Finance
Treasurer
Shaded Indicates revisions



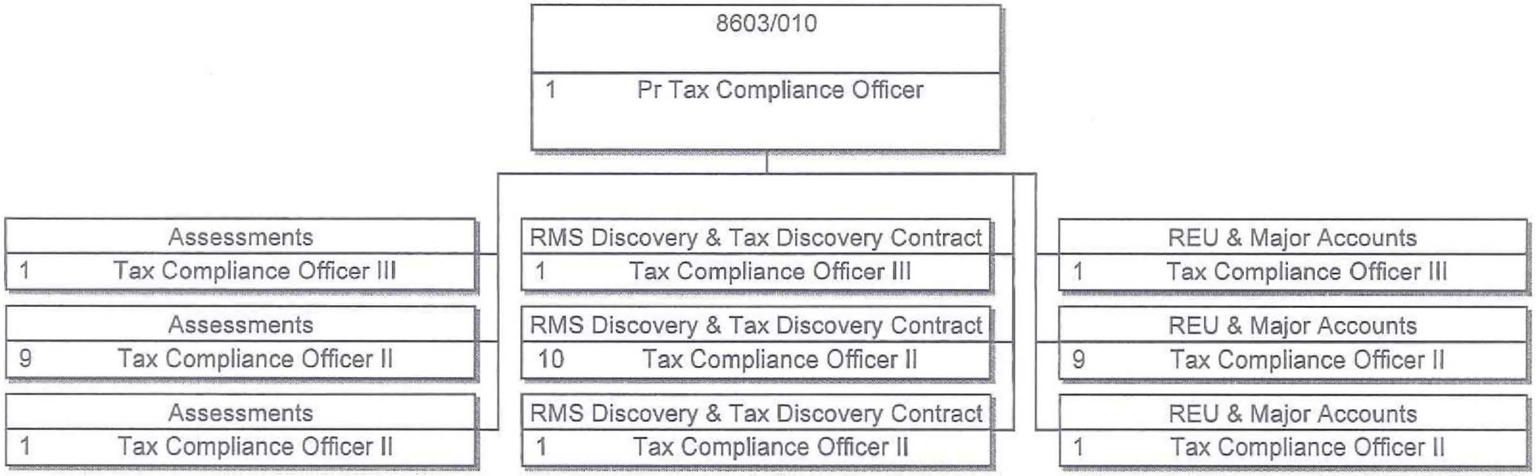
Finance
Treasurer
Shaded indicates revisions



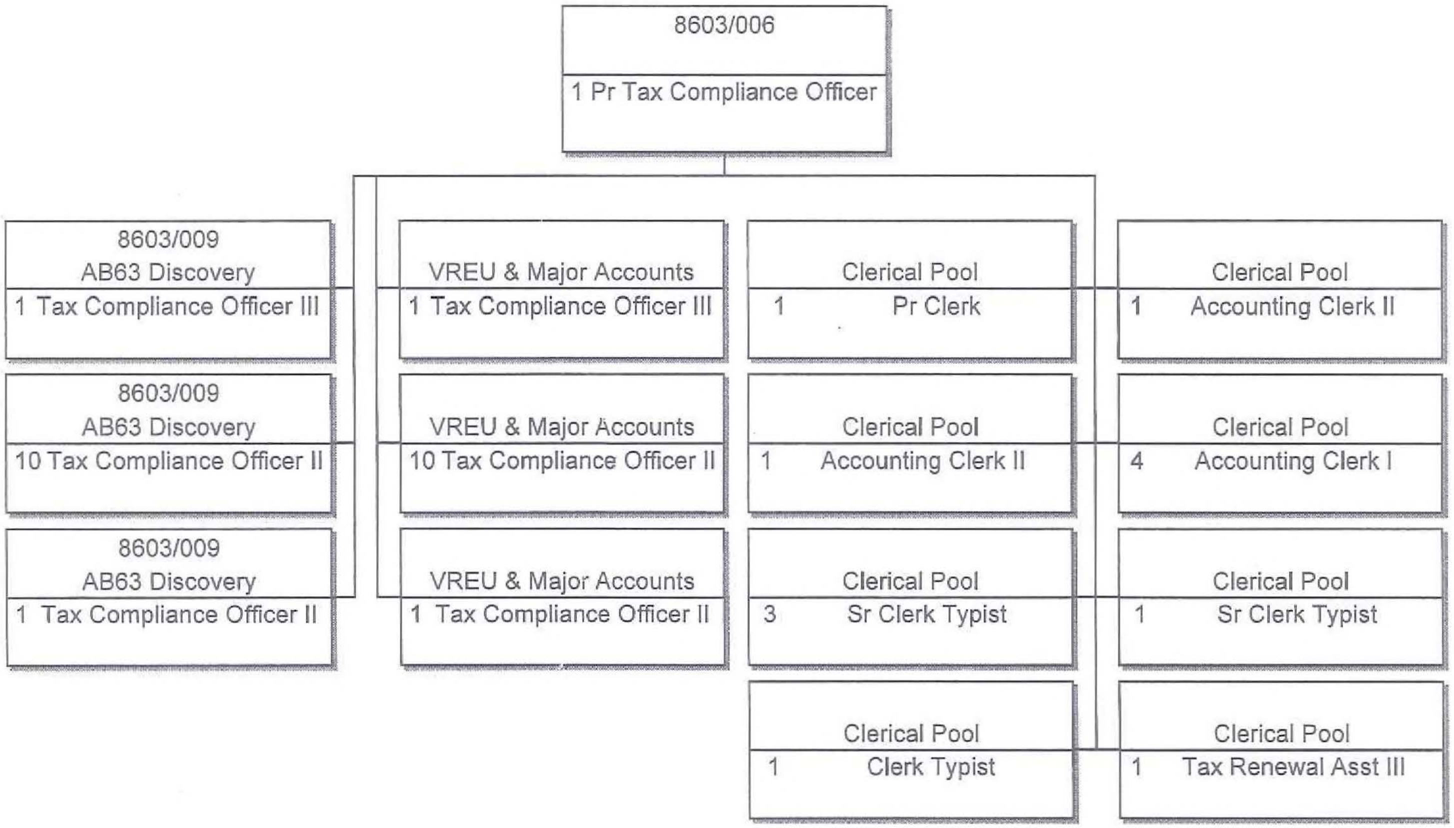
8603/003
LATAX Systems Division
1 Director of Systems
LATAX Business Analysis/ Operations
1 Fiscal Systems Specialist I
Finance Technology Unit
1 Sr Systems Analyst II
Treasury Systems
1 Sr Systems Analyst II
8603/003
Tax Code Analysis/ CPRA
1 Tax Compliance Officer III
8603/003
Tax Code Analysis/ CPRA
1 Tax Compliance Officer II
8603/003
Tax Code Analysis/ CPRA
1 Sr Clerk Typist
8603/017
Special Billing/ Refunds
1 Sr Accountant II
8603/017
Special Billing/ Refunds
1 Pr Clerk
8603/017
Special Billing/ Refunds
3 Accounting Clerk II
8603/017
Special Billing/ Refunds
1 Accounting Clerk II
8603/017
Special Billing/ Refunds
2 Accounting Clerk I
8603/017
Special Billing/ Refunds
2 Accounting Clerk I
8603/017
Special Billing/ Refunds
3 Clerk Typist
8603/003
LATAX Systems Support
1 Tax Compliance Officer III
8603/003
LATAX Systems Support
1 Tax Compliance Officer II
8603/003
LATAX Systems Support
1 Sr Clerk Typist
8603/018
Renewals
1 Pr Clerk
8603/018
Renewals
2 Sr Clerk Typist
8603/018
Renewals
2 Clerk Typist
8603/018
Renewals
1 Sr Tax Renewal Asst I
8603/018
Renewals
1 Tax Renewal Asst III
8603/018
Renewals
1 Tax Renewal Asst II
8603/015
Accounts Receivable
1 Acct Records Supv II
8603/015
Accounts Receivable
1 Pr Clerk
8603/015
Accounts Receivable
1 Accounting Clerk II
8603/015
Accounts Receivable
2 Sr Clerk Typist
8603/015
Accounts Receivable
4 Clerk Typist
8603/015
Accounts Receivable
1 Tax Renewal Asst II
8603/019
Document Maintenance Services
1 Pr Clerk
8603/019
Document Maintenance Services
3 Clerk Typist
Finance Systems Support
1 Sr Systems Analyst I
Finance Systems Support
2 Systems Analyst II
Finance Systems Support
2 Student Workers
Tax Discovery/ Reports
2 Systems Analyst II
Treasury Cash Wiz/ Financial Business Continuity
1 Systems/Programmer I
Treasury Cash Wiz/ Financial Business Continuity
1 Programmer Analyst III
Finance
Treasurer
Shaded indicates revisions



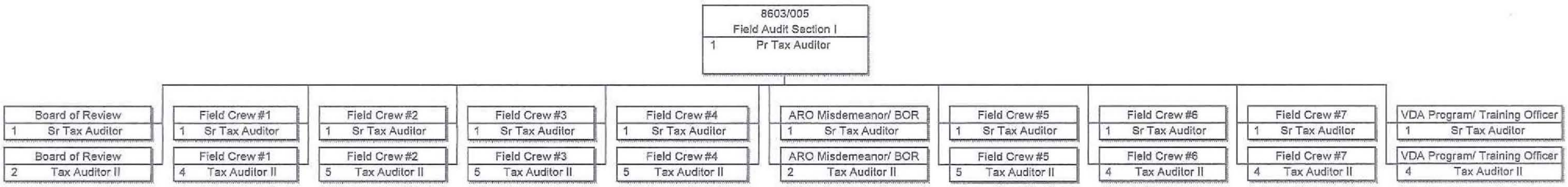
Finance
Treasurer
Shaded Indicates revisions



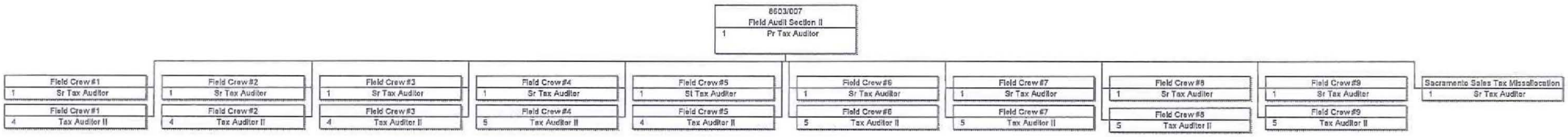
Finance
Treasurer
Shaded indicates revisions

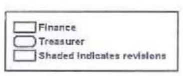


Finance
Treasurer
Shaded indicates revisions



Finance
Treasurer
Shaded indicates revisions


8603/007
Field Audit Section II
1 Pr Tax Auditor
Field Crew #1
1 Sr Tax Auditor
Field Crew #1
4 Tax Auditor II
Field Crew #2
1 Sr Tax Auditor
Field Crew #2
4 Tax Auditor II
Field Crew #3
1 Sr Tax Auditor
Field Crew #3
4 Tax Auditor II
Field Crew #4
1 Sr Tax Auditor
Field Crew #4
5 Tax Auditor II
Field Crew #5
1 St Tax Auditor
Field Crew #5
4 Tax Auditor II
Field Crew #6
1 Sr Tax Auditor
Field Crew #6
5 Tax Auditor II
Field Crew #7
1 Sr Tax Auditor
Field Crew #7
5 Tax Auditor II
Field Crew #8
1 Sr Tax Auditor
Field Crew #8
5 Tax Auditor II
Field Crew #9
1 Sr Tax Auditor
Field Crew #9
5 Tax Auditor II
Sacramento Sales Tax Missallocation
1 Sr Tax Auditor


Finance
Treasurer
Shaded indicates revisions

III. Alternative Service Delivery Models

DEPARTMENT OF ANIMAL SERVICES
NORTHEAST CARE CENTER PUBLIC-PRIVATE PARTNERSHIP

Objective:

Expand services at the Northeast Care Center through a partnership with a non-profit provider while reducing costs to the General Fund.

	General Fund	Other
Maximum Savings/Revenue[1]	**$1,184,811 Savings**	
Value of Proposal (Savings/Revenue)	**$1,184,811 Savings**	

(1) Basis for Maximum Savings/Revenue: Total estimated savings/cost avoidance is $1,184,811 which consists of salary savings of $779,669, related cost savings of $356,792, and expense costs of $48,350.

Recommendation:

1) Negotiate a three-year management contract with Best Friends Animal Society for the operation of the Northeast Animal Care Center effective July 1, 2011.

2) Prepare the Northeast Care Center for temporary closure effective, no later than, July 1, 2011, and secure it with funding provided in the Fiscal Year 2010-11 Adopted Budget.

3) Eliminate and discontinue funding for the 16 resolution positions associated with the Care Center.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Northeast Animal Care Center, located in Mission Hills on Brand near Sepulveda (CD 7) typically holds 150-200 animals, mostly dogs and cats. The dogs include some nursing mothers, but most dogs are long-term holds for such legally-mandated reasons as: evidence, owner in jail, cruelty investigations, and dangerous animal hearings. Some cats are held for similar legally-mandated reasons, but the majority of cats held are nursing mothers while their litters grow to adoptable age. Closing this center will result in the euthanasia of 2,500-4,000 more pets per year.

Originally these positions were deleted as part of the 2010-11 Proposed Budget (Northeast Care Center Closure Blue Book line item). The Budget and Finance Committee (Report No. 19) restored the positions as resolution authorities with six months funding. Later, Council restored funding to keep all Care Centers open for the

E. Implementation Plan

The Department was allocated $97,546 in Account No. 3040 - Contractual Services to facilitate the closure of the Northeast Care Center and reimburse GSD for the security costs associated with closing the Northeast Animal Care Center during FY 2010-11.

Transfer animals housed at the Northeast Care Center and staff to other care centers. Eliminate the 16 positions assigned to the Northeast Care Center and begin the layoff process.

Request GSD clean and secure the facility; funding was provided for these purposes.

Building Maintenance - $8,385
Maintenance cost includes board up, fencing, graffiti abatement, grass/weed/debris removal. This would be a continuing annual maintenance cost for as long as the City owns the property, even if it is vacant.

Custodial - $7,161
Custodial cost is for one-time cleaning and pressure washing.

Install a camera security system; funding was provided for this purpose.

Camera System - $82,000

If implemented by May 1, 2011, the Northeast Care Center could be closed and secured before July 1, 2011 which would allow the City to realize a full year's salary savings on the eliminated positions.

CITYWIDE
LOS ANGELES CHILDREN'S MUSEUM

Objective:

Avoid General Fund liabilities of:

- $4-6 million annually in operations & maintenance expenses for a minimum of 30 years; or,
- $19 million in one-time repayment of City, State and Federal monies used to fund construction of the Children's Museum of Los Angeles (CMLA) facility located at Hansen Dam.

	General Fund	Other
Maximum Savings/Revenue[1]	N/A	N/A
Value of Proposal (Savings/Revenue)	N/A	N/A

(1) Basis for Maximum Savings/Revenue: Recommendations are for cost avoidance of up to $25 million

Recommendation:

Enter into a public-private partnership for the operation of the City's CMLA facility. At this point, the City has selected the Discovery Science Center as the operator, contingent on receipt of a $7 million State grant for this project.

Background/Discussion:

- The City selected the Hansen Dam Regional Park located in the San Fernando Valley as the new site for the CMLA replacement facility in 1998.
- Construction of the 58,000 square foot, two-story museum facility is substantially complete at a total public investment of $19 million.
- The project's original non-profit operator filed for bankruptcy in April 2009 leaving the City without an operator.
- The City recently entered into a partnership with the Discovery Science Center of Orange County to develop the exhibit program and operate museum facility, contingent upon award of a $7 million State grant for the exhibit program.

A. Findings/Issues (including cost savings/revenue)

- The City is obligated to operate the CMLA facility for a 30 year period or repay $19 million in public funds that were used to construct the museum. Facility operations must begin by 2014 and continue for 30 years.
- By selecting an independent operator for the museum, the City can avoid $4-6 million in annual operations and maintenance expenses.
- There are currently no dedicated funds for the museum exhibit program, which would costs between $16-21 million for a fully developed and integrated program.

B. Service Impacts

Failure to open the CMLA by the deadlines in effect for the respective funding sources used to construct the facility will result in a General Fund repayment obligations totaling $19 million over a 13 year period beginning March 2014, as follows:

Funding Source	Deadline to Open Facility	Repayment Obligation	Cumulative Repayments
State Proposition 40, RZH	3/30/14	$ 3,257,284	$ 3,257,284
State Proposition 40, PC	3/30/15	1,742,716	5,000,000
State Proposition 40, AB716	3/30/17	2,547,000	7,547,000
Federal SAFETEA-LU Transportation grant	TBD	960,000	8,507,000
City Proposition K	3/30/27	10,505,427	19,012,427
Total:		**$19,012,427**	**$19,012,427**

Direct operation of the facility by City staff would result in annual costs ranging between $4-6 million annually for programming expenses, overhead and facility maintenance. The City would need to operate the facility for a minimum of 30 years in order to satisfy State grant terms and avoid repayment of those monies.

C. Program(s)/Positions to be Transferred N/A

D. Program(s)/Positions to be Eliminated N/A

E. Implementation Plan

- In October 2010, Council approved a Memorandum of Understanding between the Department of Recreation and Park Commissioners and the

Discovery Science Center (C.F. 10-1658), which defines terms for development of the exhibit program and assuming facility operations, contingent on receipt of $7 million in State Proposition 84 grant funds. If awarded, these funds will make a significant contribution towards the capital needed to fund the full exhibit program. The Prop 84 award notification is expected by April 2011.

- The City is actively working with the Discovery Science Center to obtain funding commitments totaling $18.6 million, from the following sources:

  - State Proposition 84 Grant
  - First 5 LA
  - Proposition K Competitive Funds, 8th Cycle
  - Los Angeles Bureau of Sanitation
  - New Market Tax Credits
  - Private Foundations

- Milestones developed for the project are as follows:

No.	Milestone	Date
1	Submission of draft lease & operating agreement to the State to supplement the Prop 84 application.	February 11, 2011
2	State notification of Prop 84 awards	April 2011
3	Execution of Lease/Operating Agreement between the City and the Discovery Science Center	July 7, 2011
4	City receipt of final operational plan.	June 30, 2011
5	City receipt of final detailed exhibit plan.	June 30, 2012
6	Deadline for execution of State Prop 84 contract	June 30, 2012
7	Start of exhibit fabrication	September 30, 2012
8	Completion of exhibit installation	December 31, 2013
9	Grand opening of the museum to the public	March 1, 2014

CONVENTION CENTER, FUND 725
ALTERNATIVE SERVICE DELIVERY MODEL

Objective:

To maximize the competitiveness of the Los Angeles Convention Center within the convention market.

To increase General Fund revenue as a result of generating incremental hotel room nights.

To maximize the efficiency of Convention Center operations.

	General Fund	Other
Maximum Savings/Revenue(1)	**To be negotiated**	**To be negotiated**
Value of Proposal (Savings/Revenue)	**To be negotiated**	**To be negotiated**

(1) Basis for Maximum Savings/Revenue:

Recommendation: This Office's recommendations will be presented to the City Council for consideration in a report to be released in the following weeks.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

As a result of a recent market sounding study, this Office has learned that private management has the potential to operate the Convention Center facility more efficiently and at a reduced cost. The flexibility of private management allows the operator to manage independent of certain public policy considerations. Further, some private operators offer the same level of service at a more cost efficient rate. For example certain ancillary services would be provided by in house versus contracted resources.

We have learned that there is a competitive market for private management of convention center facilities. The most recent activity of a convention center undergoing a similar process is McCormick Place located in Chicago, which began its search for a private management firm in 2010. Several applicants are being considered. The selection process is expected to conclude by the summer of 2011.

The Convention Center facility is a General Fund asset and was built and expanded for the purposes of attracting more conventions to the City, and generating TOT revenue. As part of the Convention Center expansion, a portion of the TOT is dedicated to offsetting debt service costs. As a result, the City has adopted operating policies as a measure to secure priority bookings such as conventions since these types of events have the most General Fund impact. This Office will discuss how budget conditions have impacted operations and whether the original economic model created to support the Convention Center expansion has been maintained.

The City currently has the following outstanding debt on the facility as of 03/01/2011:

Series 1993	$ 26,335,000
Series 1998	33,980,000 (taxable)
Series 2003A	137,590,000
Series 2008	253,060,000
	$450,965,000

The bonds are tax-exempt, and to maintain such status, the operation of the facility must comply with federal tax laws. Safe harbor exceptions to tax laws allow for private use subject to a maximum of $15M (in private security or payments) or 10 percent of the amount of bonds issued (with this calculation being based on cost and square footage). The Convention Center is at the federal maximum as a result of the approval of the Signage Agreement with AEG. The analysis for private management must address the potential impacts associated with the outstanding debt.

B. Program(s)/Positions to be Transferred or Eliminated

There are approximately 115 filled regular or resolution authority positions that will be impacted if operations are privately managed. The Department also hires as-needed employees to perform services requested by Convention Center clients. The CAO's report will address how these positions may be affected and possible transition plans.

C. Implementation Plan

As part of the 2009-10 Mid-Year Financial Status Report and Three-Year Plan to Fiscal Sustainability, the Council authorized the development and release of the Request for Proposal (RFP) for the management and operations of the Convention Center facility. Since the adoption of the report, this Office has been working with financial advisors, the CLA and the Mayor's Office on this project. The Convention Center Department and LA Inc. have also been consulted for their input. As part of the report, a draft Request for Proposal will be included for the City Council's consideration. The report will also include recommendations addressing operating policies. The issues relating to the proposed stadium and new West Hall should be considered as part of this project.

Parking Facilities – Options

Objectives

To identify optimization opportunities for the City's parking assets.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

Analysis conducted as part of the public-private partnership (P3) project with respect to the City's parking structures confirms that the City does not manage its parking assets as effectively or efficiently as the private sector. Options available for the improved management of the City's parking facilities include:

- Concession: Long-term agreement with a concessionaire to assume management of the parking facilities in exchange for an upfront payment and/or revenue sharing.

- Sale: Sell individual assets to highest bidder for upfront payment with no guarantee as to the future use of the asset as a public parking facility.

- Lease/leaseback: Private entity provides City with upfront cash in exchange for annual payments by the City from parking revenues and general funds of the City.

- Securitize: Sale of securities backed solely by parking revenue stream; must defease debt to securitize; proceeds can be used for General Fund relief. City retains management or contract with private operator.

- Management contract: City contracts the management and operation of off-street, on-street or both types of parking assets to a single operator. No upfront payment received, debt is not defeased, assets subject to private use restrictions applicable to tax-exempt bonds that will remain outstanding.

- 63-20 Corporation: A non-profit entity created to acquire the parking assets. Entity obtains financing from private sources for the acquisition, proceeds paid to the City for those assets. City hires a private operator.

The CAO received a number of unsolicited offers which fall under the options listed above and recommends that further discussions be held in closed session if there is an interest to pursue further.

B. All other issues (service impacts, programs/positions to be transferred or eliminated, and implementation plan) to be determined.

INFORMATION TECHNOLOGY AGENCY
OUTSOURCING INFORMATION TECHNOLOGY INFRASTRUCTURE

Objective

Maintain critical information technology (IT) infrastructure support. Recognizing that the City does not have the resources to continue to meet the growing demand for IT infrastructure in an adequate manner, initiate an evaluation of alternative options for accessing those services.

	General Fund	Other
Maximum Savings/Revenue[1]	**TBD**	**TBD**
Value of Proposal (Savings/Revenue)	**TBD**	**TBD**

(1) Basis for Maximum Savings/Revenue:

Recommendation

Authorize the Information Technology Oversight Committee (ITOC), with the assistance of City departments as necessary, to develop and release a request for information regarding outsourcing the City's IT infrastructure.

Background / Discussion

A. Findings/Issues. As part of its adoption of the Three Year Plan to Fiscal Sustainability in February 2010, the City Council requested an evaluation of opportunities for outsourcing the City's IT infrastructure, including data centers, data storage, network, and helpdesk. The City no longer has adequate resources to replace, maintain, or support this infrastructure in a manner that ensures a high level of access to the City's critical systems and data. Further, due to the decentralized nature of portions of the City's IT infrastructure, it has been difficult to take advantage of all available economies of scale, driving costs up. Finally, there is an active market that provides outsourced IT infrastructure services that may present opportunities for higher quality of service at a price below the City's current costs. Therefore, outsourcing may provide the City with a guaranteed level of service at a consistent price.

B. Service Impacts. In order to determine service impacts, it will be necessary to test the market for outsourced IT infrastructure services through a request for information. Responses will identify impacts on costs and data security, availability, and access.

C. Program/Positions to be Transferred. None.

D. Program/Positions to be Eliminated. Positions that support the City's IT infrastructure might be eliminated if the service is outsourced.

E. Implementation Plan.
   1. The Information Technology Oversight Committee (ITOC), as the executive sponsor, with the assistance of potentially impacted City departments, will develop a request for information regarding outsourcing IT infrastructure services.
   2. Following that process, the ITOC will report on opportunities for outsourcing the IT infrastructure services.

Parking Facilities – Options

Objectives

To identify optimization opportunities for the City's parking assets.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

Analysis conducted as part of the public-private partnership (P3) project with respect to the City's parking structures confirms that the City does not manage its parking assets as effectively or efficiently as the private sector. Options available for the improved management of the City's parking facilities include:

- Concession: Long-term agreement with a concessionaire to assume management of the parking facilities in exchange for an upfront payment and/or revenue sharing.
- Sale: Sell individual assets to highest bidder for upfront payment with no guarantee as to the future use of the asset as a public parking facility.
- Lease/leaseback: Private entity provides City with upfront cash in exchange for annual payments by the City from parking revenues and general funds of the City.
- Securitize: Sale of securities backed solely by parking revenue stream; must defease debt to securitize; proceeds can be used for General Fund relief. City retains management or contract with private operator.
- Management contract: City contracts the management and operation of off-street, on-street or both types of parking assets to a single operator. No upfront payment received, debt is not defeased, assets subject to private use restrictions applicable to tax-exempt bonds that will remain outstanding.
- 63-20 Corporation: A non-profit entity created to acquire the parking assets. Entity obtains financing from private sources for the acquisition, proceeds paid to the City for those assets. City hires a private operator.

The CAO received a number of unsolicited offers which fall under the options listed above and recommends that further discussions be held in closed session if there is an interest to pursue further.

B. All other issues (service impacts, programs/positions to be transferred or eliminated, and implementation plan) to be determined.

BUREAU OF SANITATION
MULTIFAMILY FRANCHISE PROGRAM

Objective:

Augment the City's waste diversion and recycling programs, particularly in zero waste efforts, through creation of a franchise system for multifamily refuse collection and recycling.

	General Fund	Other
Maximum Savings/Revenue[1]	**$5,000,000**	
Value of Proposal (Savings/Revenue)	**$5,000,000**	

(1) Basis for Maximum Savings/Revenue: This is contingent on amount of the Franchise Fee which would be set in relation to administrative costs for a franchise program and waste industry market trends.

Recommendation:

That the Mayor and Council instruct the Bureau of Sanitation to present a status in efforts to develop of a Multifamily Franchise Program, including development of an implementation plan and development of a Request for Proposals, prior to or in conjunction with the 2011-12 Budget process.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Bureau of Sanitation is considering a non-exclusive franchise system of waste collection for multifamily residences in the City. This segment of the housing inventory includes over 541,000 units and is serviced by more than 140 private waste haulers on the open market.

In return for rights to service designated wastesheds, franchisees would be required to comply with terms and conditions set forth by the City, including diversion requirements and payment of a franchise fee. At minimum, recycling and green waste separation would be mandatory for a citywide program. Waste diversion in the multifamily sector is essential toward the City's ultimate goal of achieving zero waste status by 2025, as stated in the Council adopted RENEW LA plan.

A franchised program would carve out multifamily recycling from the City's current AB 939 Private Hauler Program and relieve the Citywide Recycling Trust Fund of the cost of private hauler multifamily contracts which amount to approximately $11 annually. Commercial recycling, for the time being, would remain subject to permit fees under the Private Hauler Program.

On July 7, 2006, the Bureau issued a notice to private haulers, in accordance with State law, indicating the City's intent to consider options for refuse and recycling collection for multifamily residential properties in the City, including a franchised program. Issued as a seven year notice, the City has the ability to exercise a change in multifamily refuse collection beginning in July 2013.

A franchise is expected to produce about $5 million annually in new revenue. The program would include a franchise fee, currently envisioned at between 10% and 12% of operator gross receipts under existing ordinances, and an administrative fee. The administrative fee would cover the cost of programs, including auditing, administration of recycling programs, etc. Use of the franchise fee is at the discretion of Mayor and Council but is a potential source of revenue to the General Fund.

B. Service Impacts

The City currently employs an open market permit system with private waste haulers for multifamily refuse collection and does not mandate recycling. A franchise program would expand recycling to all complexes in the City, significantly elevating recycling efforts from 430,000 units currently participating in the City's voluntary recycling program to the City's entire inventory of 541,000 units.

A franchise program will help address traffic congestion and related quality of life issues by reducing the number of haulers currently operating in the City for this sector from the current 140 operators.

The City can incorporate environmental standards for execution of a franchise program such as clean air fleets, efficiencies in routes, diversion and disposal requirements, etc.

C. Program(s)/Positions to be Transferred

The Bureau will reallocate staff from other work programs for development of a Multifamily Franchise Program unit, currently anticipated at between five and seven positions for program development; and re-evaluated for additional staffing needs, such as for auditing and enforcement functions, as the program becomes operational.

D. Program(s)/Positions to be Eliminated

The Multifamily Recycling component of the Bureau's AB 939 Private Hauler Program will be transitioned to the new franchise program. Private recycling contracts will be phased out with inception of franchise program.

E. Implementation Plan

The Multifamily Franchise Program will be approached over three phases. Phase I includes the completion of stakeholder meetings and release of a Request for Proposals. Beginning in FY 11-12, Phase II will include the following: review and evaluation of proposals; assessment and development of data collection needs; development of franchise agreements (and extension of current contracts through 2013); and the development of outreach programs. Phase III will include execution of franchise agreements and the transition phase.

The Bureau has held a series of stakeholder meetings to engage impacted communities, including but not limited to private waste haulers and recyclers operating in the City and apartment associations. Comments from this process are being taken into account in the Request for Proposals currently being drafted by the Bureau. The Bureau anticipates presenting contract recommendations to the Mayor and Council by May 2013 for a program start date of July 2013.

Staffing requirements for a Multifamily Franchise Program are being reviewed in connection with the 2011-12 Budget process.

BUREAU OF STREET SERVICES
MEDIAN ISLAND LANDSCAPE MAINTENANCE

Objective: Contract all median island work.

	General Fund	Other
Maximum Savings/Revenue[1]	**N/A**	**$850,000 Traffic Safety Fund**
Value of Proposal (Savings/Revenue)	**N/A**	**N/A**

(1) Basis for Maximum Savings/Revenue: This is the amount in Contractual Services used to pay contractors to do median island maintenance.

Last year, our Office submitted a White Paper regarding median island landscape maintenance. At that time, this maintenance was performed by City forces and by contract, and primarily funded through Traffic Safety Fund revenues. This is an update to last year's report:

Recommendation: None, inasmuch as all median island maintenance work is now being performed by contractors.

Background/Discussion:

The Bureau maintains over 200 acres of median islands throughout the City. The medians include irrigation systems, landscaping and other improvements. The majority of the median islands were installed in the 1960s with irrigation systems that have since deteriorated. Many of these systems have either completely failed or require constant repair. Maintenance requirements are dependent upon the make up of the median island. Turf requires a two- to three-week maintenance cycle, whereas, islands with shrubs and trees may require maintenance only a few times per year.

The Urban Forestry Division had one 20-person crew responsible for median island landscape maintenance. These positions were deleted in the 2010-11 budget.

A. Findings/Issues (including cost savings/revenue)

BSS divides the City into quadrants: Bay Harbor, East and West Valleys, and North-Central. Three of these quadrants were served by contractors; the fourth, by City staff. Every year, the quadrant served by City staff and contractors rotated.

In July 2010, BSS mailed letters to all the Council Districts informing them that effective July 1, 2010, the landscape maintenance program performed by City forces had been eliminated. For 2010-11, City staff was to maintain medians in the North-Central quadrant, which includes Council Districts 1,4,5,9,10,13, and 14. BSS informed those

Council Districts that they would get no service. However, Council Districts in Bay Harbor, East Valley and West Valley would be continued to serve by contractors.

B. Service Impacts

The lack of median island maintenance in North-Central created problems in those respective Council Districts. Median islands looked unkempt, turf died, and low-hanging branches in median islands posed a danger to vehicles. These needs were addressed by $400,000 in interim appropriations to the two existing contractors, who provided services in the North-Central Quadrant.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

N/A

E. Implementation Plan

The elimination of street maintenance staff occurred in the 2010-11 budget. All median island maintenance is being performed by contractors. The contractual budget amount is $850,000. No employees were laid off in this process. All were absorbed in City government.

BUREAU OF STREET SERVICES
CONTRACTING STREET RESURFACING, RECONSTRUCTION, IMPROVEMENTS

Objective: Contracting street resurfacing, reconstruction and improvements.

	General Fund	Other
Maximum Savings/Revenue(1)	**$3.5 million**	**$106.5 million**
Value of Proposal (Savings/Revenue)	**TBD**	**TBD**

(1) Basis for Maximum Savings/Revenue: For 2010-11, the Resurfacing and Reconstruction program is funded by $90 million in special funds; Street Improvement has $16.5 million in special funds.

Recommendation:

Direct the CAO to determine what functions and/or projects in the Street Resurfacing and Reconstruction and Street Improvement programs can be contracted out.

Background/Discussion:

The Bureau is responsible for the pavement preservation of 6,500 miles of roadways. The 2010-11 Budget provides for 235 miles of street resurfacing funded by the Special Gas Tax Street Improvement Fund, Proposition C Anti-Gridlock Transit Improvement Fund, American Recovery and Reinvestment Act (ARRA), and Proposition 1B. Certain funding sources are restricted to major streets/highways, while unrestricted funds are used for local (neighborhood) streets. The average cost per mile for street resurfacing is $350,000 with approximately $600,000 for street reconstruction.

The Street Improvement program also has a variety of special funds – Proposition C, Measure R, Traffic Safety, Gas Tax, Stormwater Pollution Abatement, and Proposition A. Using these funding sources, Street Improvement is responsible for:

- Making curb cuts in sidewalks to allow disabled access;
- Installing concrete bus pads and bus stops to prevent the roadway from deteriorating from bus use;
- Designing and building streetscapes, bikeways, and pedestrian facilities

Street Improvement is also responsible for the design and construction of a $135 million off-budget program. (For purposes of comparison, the entire BSS budget is $145 million.) Funding for these projects comes from a variety of different funding sources including: MTA, SAFETY-LU, Safe Routes to School, and CRA.

A. Findings/Issues (including cost savings/revenue)

Due to furloughs and attrition, the Bureau is unable to meet its goal of 235 miles of street resurfacing. BSS is expected to do only 180 miles.

The $135 million off-budget program requires significant program and construction management. It is expected to grow significantly as a result of recent CRA-related actions transferring those funds into the City's budget.

B. Service Impacts

The reduction in miles from 235 to 180 means that the City's streets will deteriorate.

All pavement preservation work is currently performed by City staff. The Bureau contracts trucking services for resurfacing and slurry seal to supplement City forces largely due to consistently high vacancy rates in Truck Operator and Heavy Duty Truck Operator classifications.

Nearly all governmental agencies contract a portion of their street resurfacing and slurry seal work and most, if not all, contract major street rehabilitation projects. The County of Los Angeles contracts large resurfacing and streetscape construction projects, and relies on its own forces to perform incidental, emergency repair work and to resurface roads in the outlying, northern regions of the County where it has been proven to be more economical. The County uses a combination of contracting and County forces for slurry seal.

Contracting out this work poses some challenges related to staff expertise to bid projects and administer contracts; bid processes of three to six months; fluctuating contract costs that vary according to market and economic conditions; quality control; and contract compliance and inspection. Moreover, laying off staff and then contracting this work is a violation of union MOUs.

However, contracting pavement preservation work is worth exploring to address the reduction of street resurfacing miles. Further research is required on whether this contracting be done on a pilot basis and which type of street projects are best suited for contracting out.

There is a growing list of funded projects pending completion. To address this effectively, we are recommending a new "Street/Transportation Projects Oversight Committee" in a separate White Paper.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

TBD

E. Implementation Plan

Research to be performed in 2010-11, with possible pilot project implementation in 2011-12.

LOS ANGELES ZOO
PUBLIC PRIVATE PARTNERSHIP

Objective:

Generate long-term General Fund savings by capping and eventually eliminating the General Fund subsidy to the Los Angeles Zoo and provide the Los Angeles Zoo with greater flexibility to enhance the visitor experience and maximize its ability to generate revenue

	General Fund	Other
Maximum Savings/Revenue[1]	**To be determined**	
Value of Proposal (Savings/Revenue)	**To be determined**	

(1) Basis for Maximum Savings/Revenue: to be determined

Recommendation:

Instruct the City Administrative Officer to release a request for proposal for the operation of the Los Angeles Zoo and report back to Mayor and Council with recommendations.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The Zoo opened in 1966 and was operated as a Division of the Department of Recreation and Parks until 1997 when the Zoo was established as a separate City Department (C.F. 94-0989-S1). The Zoo has an animal collection of approximately 1,100 mammals comprising of 250 different species, of which 29 are endangered. The Zoo's botanical collection comprises over 7,400 plants representing over 800 plant species.

A review of zoos across the country showed that nearly all zoos involve some form of public-private partnership, with a society or non-profit organization in charge of operations and policy setting, and the local government continuing to own the assets, such as grounds and buildings. The Tulsa Zoo, Dallas Zoo, and Denver Zoo recently shifted governance into some form of public-private partnership. The Woodland Park Zoo in Seattle, Fresno Chaffee Zoo, Houston Zoo, Lincoln Park Zoo in Chicago, Zoo Atlanta, Fort Worth Zoo and the Detroit Zoo shifted governance into some form of public-private partnership in the last decade or so. Other than Los Angeles, large zoos known to be fully owned and operated by a government entity include the Milwaukee County Zoo, Oregon Zoo (Metro Regional Government) and the Minnesota Zoo (State).

Current budgetary conditions have created the need to review both long- and short-term operational changes to address the City's structural deficit. Therefore, one of the primary goals of seeking a public-private partnership is to reduce the impact of the Los Angeles Zoo operational costs on the General Fund. A successful public-private partnership should also provide opportunities for improvements and enhancements to the Los Angeles Zoo operations.

According to the City Attorney, a competitive process is required for the selection of an entity to operate and maintain the Los Angeles Zoo. The City Attorney recommended conducting a request for proposal (RFP) process to maintain transparency and fairness in the selection process.

It appears that the following major deal points must be included in the RFP to protect the interest of the City:

1. The City will maintain ownership of the Los Angeles Zoo, its land and facilities, as well as the animal collection
2. The operator must maintain the integrity of the Los Angeles Zoo and commit to operate the Los Angeles Zoo as accredited by the Association of Zoos and Aquariums
3. The operator must commit to a transition plan that:
   a. comply with existing labor agreements
   b. address the City's current operating agreement with the Greater Los Angeles Zoo Association (GLAZA)
4. The operator must commit to a five-year capital program

The full implementation of the public-private partnership, through the RFP process, could take up to 180 days from the release of the RFP. Potential operators would be given 90 days to respond to the RFP. The review and evaluation of the responses, presentation of recommendations for Mayor and Council consideration, negotiations with the selected responder and execution of agreement and implementation of transition plan could take another 90 days.
The following chart shows the total appropriations for Zoo operations, including the General Fund contribution:

	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund Contribution	10,611,994	9,880,000	5,279,718	6,416,627	6,000,000
Other Sources	11,254,363	9,476,852	14,049,328	11,844,885	11,483,062
Total Appropriation	21,866,357	19,356,852	19,329,046	18,261,512	17,483,062

The 2010-11 Adopted Budget for the Zoo includes a General Fund appropriation in the amount of $6.0 million. The remaining $11.5 million in direct appropriation is offset by admission and concession fees. In addition to the $6.0 million General Fund appropriation, the Zoo receives an additional General Fund subsidy in the amount of $8.6 million for the following:

- $3.17 million for retirement and pension
- $2.24 million for health care benefits
- $2.7 million for utilities, technology support, and bank fees
- $0.5 million for capital financing

The City Administrative Officer (CAO) is currently in the process of engaging the services of a financial services consultant to determine the viability of potential cost savings that could be generated through a public-private partnership. The financial consultant is needed to analyze the current Los Angeles Zoo operations and determine the level of savings that could be generated from a public-private partnership. The CAO has collected and compiled financial and other information that might be required by the financial services consultant in the analysis of the Los Angeles Zoo operations.

An initial review indicated that other potential benefits could occur as a result of a public-private partnership. These potential benefits could generate revenues that could offset, or at least reduce, the current General Fund contributions.

The following potential benefits could result from a successful public-private partnership:

- Increased operational efficiencies
- Improved/expanded fundraising
- Improved marketing and advertising
- Greater operational flexibility
- Greater ability to pursue commercial activities
- Higher attendance and resultant higher revenue
- Improved concessions and resultant higher revenue

Various publications on public-private partnerships indicate that donors are significantly more willing to contribute funds to a non-profit organization rather than a facility operated by a government entity.

While the potential General Fund savings cannot be determined at this time and largely depend on responses to the RFP, it appears that the issuance of the RFP would be beneficial to the City because of the other potential benefits that could accrue from a public-private partnership.

B. Service Impacts

The following potential benefits could result from a successful public-private partnership:

- Increased operational efficiencies
- Improved/expanded fundraising

- Improved marketing and advertising
- Greater operational flexibility
- Greater ability to pursue commercial activities
- Higher attendance and resultant higher revenue
- Improved concessions and resultant higher revenue

Labor

The Department has 229 regular authority positions, one resolution authority position and one substitute authority position for a total of 231 positions. Of the 231 positions, 109 are in classifications that are unique to the Zoo. The remaining 122 positions are in classifications that are common among City departments and therefore could potentially be absorbed by other City departments.

Eighty-eight percent of the regular authority positions are represented by the Coalition. Ten percent are represented by the Engineers and Architects Association and the remaining two percent are non-represented.

To mitigate the impact of the public-private partnership on labor, the RFP would require the prospective operator to commit to a transition plan that complies with existing labor agreements. The current labor agreements with the Coalition specify job security. Therefore, current Zoo employees must be given the option of remaining in City service. The proposals from the prospective operators should include a transition plan that allows current Zoo employees to either remain City employees or become employees of the operator. This requirement could potentially limit the prospective operator's ability to reorganize staffing and generate labor savings.

To allow the prospective operator greater flexibility in staffing, current Zoo employees in classifications that are common among City Departments could be given the option of transferring to other City Departments. Additionally, all future hires would be employees of the operator. In order to retain personnel oversight of City staff, the Zoo General Manager will play a dual role as City employee and operator employee.

C. Program(s)/Positions to be Transferred

Not applicable

D. Program(s)/Positions to be Eliminated

To be determined

E. <u>Implementation Plan</u>

1. Include a recommendation in the Mid-Year report to instruct the City Administrative Officer to release a request for proposal for the operation of the Los Angeles Zoo with the following deal points:

   - The City will maintain ownership of the Los Angeles Zoo, its land and facilities, as well as the animal collection
   - The operator must maintain the integrity of the Los Angeles Zoo and commit to operate the Los Angeles Zoo as accredited by the Association of Zoos and Aquariums
   - The operator must commit to a transition plan that:
     i. comply with existing labor agreements
     ii. address the City's current operating agreement with the Greater Los Angeles Zoo Association (GLAZA)
   - The operator must commit to a five-year capital program

2. Instruct the CAO to report back and present recommendations for Mayor and Council consideration.

IV. Managing a Sustainable Workforce

CITYWIDE
COMPENSATION STRATEGY

Objectives

To develop policy aimed at mitigating increasing salary wages for the City workforce.

	General Fund	Other
Maximum Cost Avoidance(1)	**FY 11/12: $23.4 Million** **FY 12/13: $46.9 Million**	**FY 11/12: $22.5 Million** **FY 12/13: $45.1 Million**
Value of Proposal (Savings/Revenue)	**TBD**	**TBD**

(1) Basis for Maximum Savings/Revenue: N/A

Recommendation:

It is recommended that the City Council:

1) Direct the CAO to continue pursuing methods to mitigate employee salary costs for Fiscal Year 2011-12 and beyond; and,

2) Direct the CAO to develop and report back to the Executive Employee Relations Committee (EERC) with a 10-year compensation plan to restore equity among City civilian and sworn employees based on market demands and projected revenue growth.

Background/Discussion

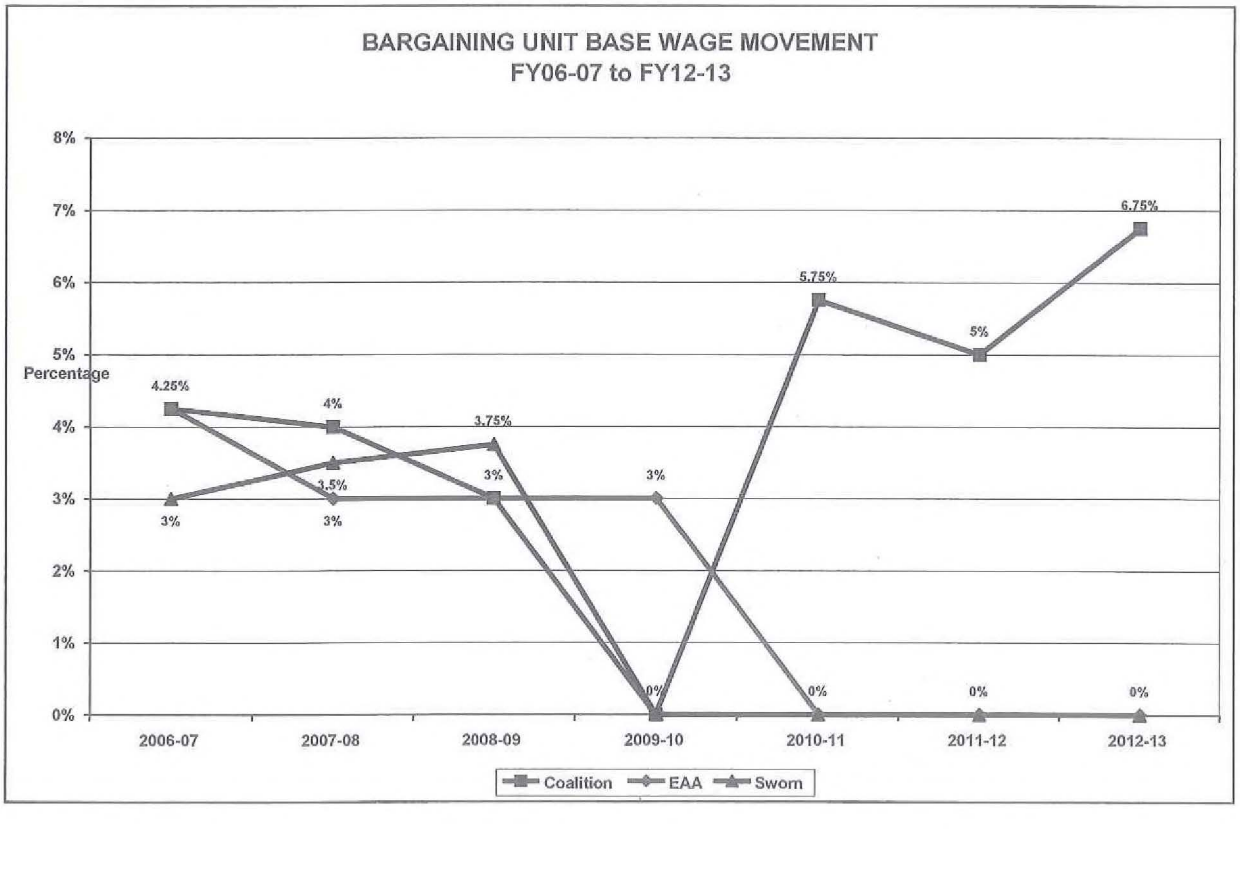
A. Findings/Issues (including cost savings/revenue)

The Coalition represents approximately 60% of the City's civilian workforce. Employee salaries are established in memoranda of understanding (MOUs) agreements between the City and Coalition bargaining units. The current Coalition MOUs were approved by the City Council to cover a time-frame from 2007 through 2012, and resulted in an overall increase to employee compensation of nearly 25%.

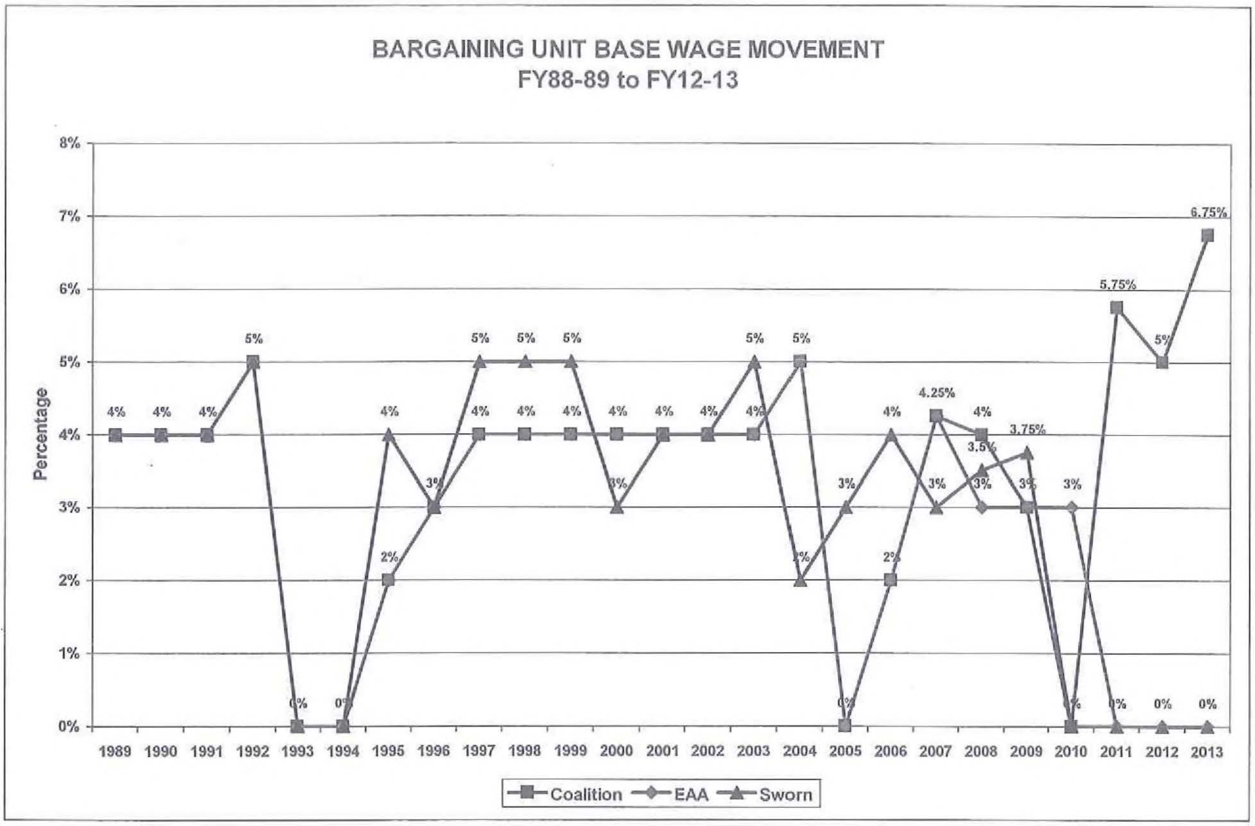
In 2009, an agreement was reached with the Coalition to defer two years worth of cost-of-living-adjustments (COLAs) and special salary adjustments. Last year, the City Council approved the use of layoffs to help balance the City's Fiscal Year 2010-11 budgetary deficit. This action triggered a provision in the Coalition agreement that resulted in a 3% COLA on July 1, 2010, and a 2.75% special salary adjustment on January 1, 2011. The modified Coalition agreement includes a series of cost-of-living adjustments (COLAs) and special salary adjustments that will result in a base wage movement for most employees of 24.5% over six years. The following table lists all of the wage movement for the modified Coalition agreement:

Implementation Date	Wage Movement
7/1/2007	2% COLA
1/1/2008	2% COLA
7/1/2008	3% COLA
7/1/2010	3% COLA
1/1/2011	2.75% Special Adjustment
7/1/2011	2.25% COLA
1/1/2012	2.75% Special Adjustment
7/1/2012	2.25% COLA & 1.75% COLA
11/1/2012	1.75% Cash Payment
1/1/2013	2.75% Special Adjustment

The current Coalition MOUs result in significant salary costs that the City is obligated to pay during the next two fiscal years, as most Coalition represented employees will receive a 5% raise in Fiscal Year 2011-12 and a 6.75% raise in Fiscal Year 2012-13. These raises will cost the City's General Fund approximately $23.4 million in Fiscal Year 2011-12 and $47 million in Fiscal Year 2012-13. The following graph illustrates the base wage movement of Coalition represented employees for the current contract term with other City employees:



The salary raises that Coalition employees will receive during the next two fiscal years are the highest annual salary percentage increases for all civilian employees for at least the last 22 years. The following graph illustrates the base wage movement for all City employees since Fiscal Year 1988-89:



As directed by the Executive Employee Relations Committee (EERC), the CAO continues to engage in discussions with the Coalition aimed at mitigating the Coalition salary costs for next fiscal year and beyond.

Policy Considerations

In light of the salary wage expenditures, it would be prudent to consider the following from a policy perspective:

1) An assessment of the current level of salary wages provided to civilian and sworn employees.
2) A determination of salary wages provided to civilian and sworn employees in other jurisdictions.
3) A determination if revising the City's existing salary structure would lead to increased service levels.

B. Service Impacts

Increased salary wages expenditures contribute towards the City's current budgetary deficit. If these costs are not mitigated, then current services provided by the City may be impacted. Conversely, mitigating expenditures will decrease the City's budgetary deficit and help to preserve City services.

C. Program(s)/Positions to be Transferred

None at this time.

D. Program(s)/Positions to be Eliminated

None at this time.

E. Implementation Plan

CAO staff is currently negotiating with the Coalition to consider changes to the existing salary wages with the intent of reducing the City's expenditures. Any changes to existing Memoranda of Understanding (MOU) agreements with labor unions would need to be negotiated with the appropriate bargaining unit.

CITYWIDE
ELIMINATING, REDUCING & AVOIDING FURLOUGHS
THROUGH LABOR CONCESSIONS

Objective:

To eliminate or reduce furloughs for those City employees currently subject to furloughs, and to avoid implementing furloughs for all other employees, through the negotiation of labor concessions.

	General Fund	Other
Maximum Savings/Revenue(1)	**$211 Million**	**N/A**
Value of Proposal (Savings/Revenue)	**$211 Million**	**N/A**

(1) Basis for Maximum Savings/Revenue: 36 furlough days for employees represented by the Coalition of City Unions and 26 furlough days for all other City employees.

Recommendation:

It is recommended that the City Council instruct the CAO to continue pursuing labor concessions through negotiations with employee organizations to eliminate or reduce the need to continue furloughs for those employees currently subject to furloughs, and to avoid the implementation of furloughs on all other City employees.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Through the first eighteen pay periods of Fiscal Year 2010-11, approximately $44.1 million in savings have been realized through the implementation of furloughs for General Fund employees. Based on this figure, $63.7 million in savings will accrue through the end of the fiscal year. Continuing a similar level of furloughs through Fiscal Year 2011-12 could yield an additional $60 million in savings. However, expanding the furlough program to 36 days for employees represented by the Coalition of City Unions and 26 days for all other employees would result in total savings of approximately $211 million. Replacing the one-time savings that result from this level of furloughs with labor concessions would minimize the service impacts inherent in a furlough program.

B. Service Impacts

Depending on the labor concessions that could be achieved through negotiations, it is likely that the negative impact on City services that result from furloughs would be minimized.

C. Program(s)/Positions to be Transferred

None at this time.

D. Program(s)/Positions to be Eliminated

None at this time.

E. Implementation Plan

Achieving savings through labor concessions can be accomplished in a number of ways, including, but not limited to, negotiating and implementing base pay reductions, eliminating or suspending bonuses, increasing employee contributions to active and retiree health benefits, deferring payments for excess sick leave and uniform allowances, and changing overtime calculation methodologies. These discussions are currently underway with some of the City's labor partners, and will be pursued with other organizations when discussions at the bargaining table commence.

CITYWIDE
HEALTHCARE BENEFITS

Objectives

To develop policy aimed at mitigating increasing healthcare benefit costs currently provided to civilian and sworn employees.

	General Fund	Other
Maximum Savings/Revenue(1)	**$65 Million**	**N/A**
Value of Proposal (Savings/Revenue)	**$65 Million**	**N/A**

(1) Basis for Maximum Savings/Revenue: Based on zero growth expenditures over the next three fiscal years.

Recommendation:

It is recommended that the City Council instructs the CAO to continue pursuing methods to mitigate rising healthcare costs resulting in no increased expenditures for the next three fiscal years.

Background/Discussion

A. Findings/Issues (including cost savings/revenue)

The 2010-11 Adopted Budget includes appropriations of approximately $365 million for healthcare benefits, which consists of the Civilian FLEX Program, Supplemental Civilian Union Benefits, Police Health and Welfare Program, and Fire Health and Welfare Program. The City's healthcare benefits costs historically increase on an annual basis. For example, the civilian healthcare expenditures have increased over the last decade by approximately 10% per year. The most recent General Fund Budget Outlook projects the City will be obligated to cover the following health and dental benefits over the next four fiscal years:

2010-11	2011-12	2012-13	2013-14	2014-15
$26.7 M	$12.6 M	$17.5 M	$34.9	$36.3 M

Source: Personnel Department

Healthcare benefits are provided to all full-time civilian and sworn employees and prorated benefits are provided to half-time employees. The City's healthcare benefits consist primarily of providing subsidies to cover medical and dental insurance premiums. The Personnel Department administers the civilian flexible benefits program (FLEX), which includes various medical and dental insurance plans available to civilian employees. The sworn healthcare benefits are administered through the Los Angeles Police Relief Association (LAPRA) for police officers and the Los Angeles Fire Relief Association (LAFRA) for firefighters. Sworn employees may select medical and dental insurance plans available from LAPRA or LAFRA. In addition, certain memoranda of understanding (MOUs) agreements with labor unions contain provisions for the funding of union sponsored supplemental benefits, in which the City contributes a fixed amount per bargaining unit member. The unit member is entitled to receive certain benefits by joining a union sponsored insurance plan.

The main mitigation measures to address rising healthcare benefits involve plan design changes, employee cost sharing, and premium reductions reached through negotiations with insurance providers. A number of policy considerations may be considered to mitigate the rising healthcare benefits expenditures.

Plan Design Changes

A Joint Labor-Management Benefits Committee (JLMBC) recommends plan design changes for the City's civilian FLEX program. Recently, the JLMBC recommended approximately $14.3 million in plan design changes that were ultimately approved by the City Council on January 26, 2011. These plan design changes provide annual ongoing savings to the City, will impact all civilian bargaining units, will become effective July 1, 2011, and consist of the following:

- Increase the HMO (Kaiser and Blue Cross) Office Visit Co-Pay to $15 (previously $10) and the PPO Office Visit to $30 (previously $20).
- Increase PPO Calendar Year Deductible by $250 for an individual and $500 for a family.
- Increase emergency room copay to $100 for all plans.
- Increase prescription drug copays.
- Designate the Flex City Sponsored Plan Dental Plan level at 85% of the Dental PPO Employee Only level.
- Eliminate the $7.50 per pay period Flex Credit

The JLMBC will continue exploring additional plan design changes that provide annual on-going expenditure reductions.

The City does not have a mechanism to directly enact plan design changes for healthcare benefits insurance plans administered by LAPRA and LAFRA. Both LAPRA and LAFRA are separate trust entities that administer the specific healthcare benefits insurance plans offered to police officers and firefighters. While the City may request each of these entities to consider plan design changes, the City does not have any direct authority to implement or approve such changes.

Employee Cost Sharing

Employee cost sharing will help mitigate costs of insurance premiums by having employees contribute towards a portion of the premium. Certain MOU agreements with the Engineers and Architects Association contain provisions for employees to contribute 5% towards the City's premium costs. Implementing a uniform mechanism for all employees to contribute towards the insurance plan premiums will result in significant savings for the City. It is estimated that if all City employees contributed 5% towards City premium costs, the City would save $10 million annually and $20 million annually for a 10% contribution.

An alternate way to consider employee cost sharing is to modify the existing City subsidy setting structure. The City subsidies are currently set as follows:

> The maximum City subsidy for civilian medical plans is directly tied to the Kaiser HMO family coverage rate, which is currently $1,133/month. The maximum City dental subsidy for civilian employees is currently $42.36/month.
>
> The maximum City subsidy for sworn police officers is $1,060/month and is (I don't think this is the case for MOU 24). The maximum City subsidy for sworn command police officers and firefighters is currently $978.18/month. The maximum City dental subsidy for sworn employees is between $70 and $73/month.

Insurance Providers

Negotiations with insurance providers may lead to cost containment of insurance plan premiums. For example, the JLMBC periodically issues a Request-for-Proposal (RFP) to receive new bids on healthcare benefits from insurance providers. In addition, healthcare consultants are utilized to assist in negotiating with insurance providers during this process.

Policy Considerations

In light of rising healthcare expenditures, it would be prudent to consider the following from a policy perspective:

1) An assessment of the current level of healthcare benefits provided to civilian and sworn employees.
2) A determination of healthcare benefits provided to civilian and sworn employees in other jurisdictions.

3) An assessment of whether any duplication of benefits within the current healthcare structure exists.
4) Consideration to no longer tie the civilian medical subsidy to the Kaiser HMO family rate.
5) Consideration for employees to contribute towards insurance plan premiums.
6) Consideration of additional plan design changes for all employees.
7) A request to the LAPRA and LAFRA to enact plan design changes for sworn insurance plans.

B. Service Impacts

Increased healthcare benefits expenditures contribute towards the City's current budgetary deficit. If these costs are not mitigated, then current services provided by the City may be impacted. Conversely, mitigating expenditures will decrease the City's budgetary deficit and help to preserve City services.

C. Program(s)/Positions to be Transferred

None at this time.

D. Program(s)/Positions to be Eliminated

None at this time.

E. Implementation Plan

CAO staff is currently negotiating with various labor unions to consider changes to the existing healthcare benefits with the intent of reducing the City's expenditures. Any changes to existing Memoranda of Understanding (MOU) agreements with labor unions would need to be negotiated with the appropriate bargaining unit.

Plan design changes for the civilian FLEX program and negotiations with insurance providers would go before the Joint Labor-Management Benefits Committee (JLMBC) for recommendation and the City Council for approval. Any plan design changes would normally go into effect on January 1st of each year.

Plan design changes for sworn healthcare benefits would go before the Los Angeles Police Relief Association (LAPRA) for police officers or Los Angeles Fire Relief Association (LAFRA) for firefighters. As previously indicated, the City does not have any direct authority to implement or approve such changes. Any plan design changes for LAPRA and LAFRA would normally go into effect on July 1st of each year.

CITYWIDE
PENSION REFORM

Objective:

To develop policy towards reforming the current pension benefits awarded to civilian and sworn employees.

	General Fund	Other
Maximum Savings/Revenue(1)	**New LACERS Tier - $260 Million over 30 years for every 1,000 new hires** **Freeze LACERS Medical Subsidy Indefinitely - $44 Million in FY11-12** **Freeze LAFPP Medical Subsidy Indefinitely - $68 Million in FY11-12**	**New LACERS Tier - $260 Million over 30 years for every 1,000 new hires** **Freeze LACERS Medical Subsidy Indefinitely - $42 Million in FY11-12**
Value of Proposal (Savings/Revenue)	**Same as Above**	**Same as Above**

(1) Basis for Maximum Savings/Revenue: Savings estimates developed based on Segal Company actuarial analysis.

Recommendation:

It is recommended that the City Council:

1) Adopt a new pension tier for new civilian hires requiring a total minimum contribution of 11% of salary for pension and retiree health care; and,

2) Amend the administrative code to freeze the current maximum medical subsidies indefinitely for LACERS and LAFPP members that retire after July 1, 2011.

3) Adopt an ordinance requiring the City to contribute no less than the normal cost of its pension systems.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

Pension costs continue to rise mainly due to the global financial market losses incurred in 2009. The City's contribution towards its civilian (LACERS) and sworn (LAFPP) retirement systems are projected to dramatically increase over the next several years. The following table lists the City's projected General Fund contribution towards its pension obligations, which reflect a significant portion of the City's budgetary deficit:

System	2011-12	2012-13	2013-14	2014-15
LACERS	$56.5 M	$72.9 M	$41.9 M	$37.0 M
LAFPP	$112.9 M	$71.5 M	$90.1 M	$55.4 M
TOTAL	**$169.4 M**	**$144.4 M**	**$132.0 M**	**$92.4 M**

Source: CAO FSR, December 2010

Pension benefits are funded by a combination of City contributions, employee contributions, and investment returns. Since employee contributions are fixed, when investment returns are not sufficient to cover the benefit costs, the City's contribution is obligated to make up for the difference. The City's actuary conducts an annual valuation, which sets the City's contribution rate. When the investment return assumptions are not realized, the City's contribution rates will likely increase.

Pension Tiers For New Hires

In California, pension benefits are vested rights of employees. Promises made in the form of pension benefits must be kept. This makes it difficult to alter or modify vested pension benefits without providing for a comparable advantage. The City Attorney has opined that pension benefits are not vested for future employees and therefore, the CAO has pursued under the direction of the Mayor and City Council retirement tiers for new employee hires.

On March 8, 2011, voters approved a new retirement tier (Tier VI) for new members of the sworn retirement system (LAFPP), which will become effective on July 1, 2011. Tier VI consists of the following major components:

- Retirement factors are restructured to incentivize employees to work longer: 40% of salary with 20 years of service and 90% of salary at 33 years of service.
- Employee contributions will increase to 11% of salary to cover pension costs (including retiree healthcare).
- Final compensation is based on a two-year average.
- Estimate $173 million savings for every 1,000 new hires during a 30-year period.
- Estimate $152 million savings during the first 10 years of implementation.

The CAO continues to pursue a new retirement tier for future members of LACERS. The proposed plan consists of the following major components:

- Retirement factors are restructured based on a sliding scale that ranges from Age 55 at 1.16% of salary to Age 65 at 2% of salary.
- Maximum retirement allowance is capped at 75% of final compensation.
- Employee contributions will increase to 11% of salary to cover pension costs (including retiree healthcare).
- Retiree health subsidies may only increase annually by the lowest cost health plan.
- Final compensation is based on a three-year average.
- Estimate $260 million savings for every 1,000 new hires during a 30-year period.

Retiree Medical Subsidies

It may also be prudent to consider freezing the current retiree maximum medical subsidy amounts provided for in LACERS and LAFPP. Members earn a medical subsidy after 10 years of service (40% subsidy) and age 55. For every year of service beyond 10 years, a member earns 4%. After 25 years of service, a members earns 100% of the maximum medical subsidy.

The following table lists the maximum medical subsidy amounts provided under LACERS and LAFPP since 2006:

FIRE AND POLICE PENSIONS (LAFPP)			LACERS		
Implementation	Subsidy Amount	Increase	Implementation	Subsidy Amount	Increase
7/1/06	$782/mo.	N/A	1/1/06	$928/mo.	N/A
7/1/07	$837/mo.	7%	1/1/07	$983/mo.	6%
7/1/08	$895/mo.	7%	1/1/08	$1,022/mo.	4%
7/1/09	$958/mo.	7%	1/1/09	$1,120/mo.	10%
7/1/10	$1,025/mo.	7%	1/1/10	$1,123/mo.	0.2%
7/1/11	$1,097/mo.	7%	1/1/11	$1,190/mo.	6%

Source: LACERS and LAFPP

While retiree healthcare is a vested benefit, the discretionary adjustment that increases the medical subsidy is not vested. The LACERS and LAFPP Boards of Administration currently have the authority to adjust the maximum medical subsidy amounts. This authority was granted to the respective Boards by the City Council via ordinance. The City Council may consider enacting an ordinance to freeze the current maximum medical subsidy amounts at their current levels. Doing so would have significant impacts on mitigating the City's pension contributions.

Actuarial results indicate the City's contribution would be reduced as follows if the medical subsidies are frozen for the next 3 years:

3 Year Freeze				
System	**2011-12**	**2012-13**	**2013-14**	**2014-15**
LACERS	$27.8 M	$30.1 M	$31.4 M	$32.7 M
LAFPP	$20.3 M	$22.0 M	$22.9 M	$23.9 M
TOTAL	**$48.1 M**	**$52.1 M**	**$54.3 M**	**$56.6 M**

Source: Segal Company

The savings are even more significant if the medical subsidies are frozen indefinitely, as indicated in the following table:

Indefinite Freeze				
System	**2011-12**	**2012-13**	**2013-14**	**2014-15**
LACERS	$86.4 M	$93.6 M	$97.5 M	$101.7 M
LAFPP	$68.2 M	$73.8 M	$76.9 M	$80.2 M
TOTAL	**$154.6 M**	**$167.4 M**	**$174.4 M**	**$181.9 M**

Source: Segal Company

Pension Stabilization

Pension system costs consist of the "Normal Cost" and amortization of the "Unfunded Accrued Actuarial Liability (UAAL)". The "Normal Cost" is the cost of pension benefits allocated to the current plan year. The UAAL is the difference between the actuarial accrued liability and the actuarial value of assets accumulated to cover future pension obligations. With fluctuating City contributions to the pension systems, it would be prudent to consider a funding policy to cover the "Normal Cost" of the retirement plan on an annual basis. The City's funding policy on pensions should specifically indicate that, at a minimum, sufficient funding to cover the "Normal Cost" of the retirement plan be made available through a combination of City contributions, employee contributions, and retirement system investment returns. This is necessary to avoid underfunding the retirement system during times when the funded ratio achieves a funded status of 100% or more.

Policy Considerations

In light of rising pension benefits expenditures, it would be prudent to consider the following from a policy perspective:

1) Consideration of a retirement tier for new hires of LACERS.
2) Consideration to freeze the current maximum medical subsidy for members that retire before July 1, 2011, for three years.
3) Consideration to freeze the current maximum medical subsidy for members that retire before July 1, 2011, indefinitely.

4) Consideration for the City to make annual contributions to its pension systems an amount of no less than the normal cost.

B. Service Impacts

Increased pension benefits expenditures contribute towards the City's current budgetary deficit. If these costs are not mitigated, then current services provided by the City may be impacted. Conversely, mitigating expenditures will decrease the City's budgetary deficit and help to preserve City services.

C. Program(s)/Positions to be Transferred

None at this time.

D. Program(s)/Positions to be Eliminated

None at this time.

E. Implementation Plan

The City Council may adopt an ordinance to freeze the current maximum retiree medical subsidies with an implementation date of July 1, 2011.

The City Council may adopt an ordinance for a new LACERS retirement tier with an implementation date of January 1, 2012.

The City Council may adopt an ordinance for a pension stabilization fund policy.

DEPARTMENT OF TRANSPORTATION
PART-TIME TRAFFIC OFFICER PROGRAM

Objective:

To supplement Traffic Officer staffing levels to ensure sufficient staffing to address quality of life issues (such as abandoned vehicles and traffic congestion) while maintaining sufficient resources to effectively enforce parking regulations without adding to the General Fund costs for pensions and health care.

	General Fund	Other
Maximum Savings/Revenue[1]	**$9 million**	--
Value of Proposal (Savings/Revenue)	**$9 million**	--

(1) Basis for Maximum Savings/Revenue: Assumes employment of 100 part-time Traffic Officers that work a maximum of 1,000 hours and general issuance and collection rates.

Recommendation:

It is recommended that the Department of Transportation (DOT) begin recruiting and hiring part-time Traffic Officers in order for them to have completed training and be deployed to the field prior to July 1, 2011.

Background/Discussion:

A. Findings/Issues (including cost savings/revenue)

The City may establish an exempt part-time Traffic Officer I classification. The deployment of part-time Traffic Officers can be administered as a one- or two-year program that will create jobs, minimize City costs, enhance services and revenue opportunities.

An exempt part-time Traffic Officer would be limited to 1,000 work hours, or 200 five-hour work days, and receive the same hourly rate of pay for the duration of the employment. An exempt part-time position would not receive fringe benefits and compensated time off.

Full-time Traffic Officers perform parking enforcement, traffic control and other ancillary duties throughout the year. Currently, a Traffic Officer patrols for 6.5 hours a day and issues an average of four citations per hour. The proposed Part-Time Traffic Officer Program would perform only parking enforcement through the year and would patrol for four hours per day. By having the part-time Traffic Officers focus on parking enforcement, full-time Traffic Officers will be able to improve traffic control services and be available for more ancillary duties.

The part-time Traffic Officers would be appropriately trained and deployed during peak enforcement periods, which are typically Monday through Friday from 10:30am to 2:30pm and 6:00pm to 10:00pm and some weekends. An example of a day's deployment for an exempt part-time Traffic Officer may be a five hour shift, with work during either the 4-hour morning peak period or the 4-hour evening peak period and one additional hour for equipment pick up and return at the area office.

The cost to employ 100 part-time Traffic Officers for 1,000 hours is approximately \$2.7 million. Assuming a training period of ten days of five hour sessions, one part-time Traffic Officer would have 190 five-hour deployment shifts. Of these 190 shifts, a part-time Traffic Officer would perform approximately 760 hours would be devoted to parking enforcement. If a trained part-time Traffic Officer performed similarly to a full-time Traffic Officer, it can be assumed that four or five citations will be issued per hour. At this rate, the potential gross revenue generated by part-time Traffic Officers would be approximately \$17.4 million. However, based on the average citation fine, delay in the time between issuance and payment, and DOT's collection rate, it is assumed that actual gross revenue collected would be approximately \$11.7 million.

Since it was estimated that the cost of employing 100 part-time Traffic Officers is estimated at \$2.7 million, the net revenue to the General Fund produced by the Program would be approximately \$9 million. However, it is likely that there will be instances of staffing shortages among the part-time Traffic Officers due to employee turnover or absences. Therefore, the \$9 million represents the maximum revenue that can be anticipated under the precise conditions described above.

B. Service Impacts

It is anticipated that parking enforcement, traffic control and other ancillary duties will be improved due to greater number of employees devoted to these services at a lower cost.

C. Program(s)/Positions to be Transferred

N/A

D. Program(s)/Positions to be Eliminated

None. DOT may use funding resulting from vacant full-time Traffic Officer positions. Position authorities are not recommended for deletion during the pilot program.

E. Implementation Plan

See above. If approved, DOT may begin recruiting and hiring part-time Traffic Officers immediately so that they are deployed prior to July 1, 2011. Additionally, DOT may use the Part-Time Traffic Officer Program as training for potential hiring to full-time status, as attrition in the full-time Traffic Officer position authorities occurs.