

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 2, 2011

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Council District: All

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

From: Miguel A. Santana, City Administrative Officer

RDC
for

Reference: 2011-12 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

SUMMARY

Pursuant to the City Charter Section 291, the Office of the City Administrative Officer (CAO) monitors the budget and transmits periodic reports to the Mayor and Council detailing the City's current financial condition. As such, this Office is transmitting the Second Financial Status Report (FSR) for this fiscal year. This report provides an update on the current-year budget—including the projected departmental deficits, trends in revenues, the Reserve Fund, and current issues of concern and their potential impact to the City. Recommendations totaling \$16.8 million for appropriations, transfers and other budgetary adjustments are included in this report.

At this time a Citywide deficit of \$72.0 million is projected, consisting of previously identified sworn and civilian salary deficits, new expense deficits and reevaluated sworn and civilian retirement contributions. In the First FSR, departmental deficits totaling \$13.3 million were reported, primarily attributed to new and deferred bargaining unit payouts, salary bonuses, sworn overtime, and civilian salary costs for the Police and Fire Departments. Their combined deficit has since increased to \$17.5 million and reflects operational plan solutions developed by both departments. Also for this reporting period, new expenditure deficits totaling \$26.8 million have been identified for petroleum, bank fees, and workers' compensation expenditures (\$9 million, \$2.8 million and \$15 million, respectively). Finally, the retiree health contribution for the sworn and civilian retirement systems have increased by \$14.2 million and \$13.5 million, respectively.

No deficit in Citywide revenue is currently projected; however, there are downside risks to economy-sensitive revenues, such as sales, business and utility tax revenues, associated with the latest economic indicators. Moreover, related cost reimbursements for City departments may be adversely affected by decreased employment levels and furloughs. The identification of surplus funds, new revenue, and department reductions would reduce the \$72.0 million deficit to \$21.4 million, if implemented as proposed.

2011-12 Projected Departmental and Non-Departmental Deficits

The City began the fiscal year with a balanced budget. In the First FSR, which reflected expenditures through August 2011, deficits in department accounts were estimated \$13.3 million. For this reporting period, the Citywide deficit is projected to be \$72.0 million, reflecting increased department deficits and new expense and pension benefit shortfalls. Please see Table 1 below for greater detail on the deficit.

Based on expenditure data through October, most departments are projecting to complete the year within budget. However, two departments—Fire Department and Police Department—are reporting sizable deficits estimated at \$19.2 million and \$8.7 million, respectively. Both deficits have increased since they were initially identified in the First FSR, attributed to a \$3.6 million salaries general shortfall from unrealized labor agreement savings (Police) and an \$11.2 million increase in constant staffing overtime costs (Fire). As instructed by Council in the First FSR (C.F. No. 11-0600-S145), the Police Department and Fire Department have developed operational plans to reduce their deficits to \$1.1 million and \$16.4 million, respectively.

Additionally, there are new shortfalls currently estimated at \$26.8 million that have been identified for the petroleum, bank fees, and workers' compensation expense items (\$9 million, \$2.8 million and \$15 million respectively). The budget provides approximately \$35 million for the General Services Department Petroleum account, for which a shortfall of \$13 million is projected due to rising fuel costs. Less the \$4 million set aside for petroleum costs in the Unappropriated Balance (UB), approximately \$9 million in additional funding is required. The budget provides \$9.2 million to the Office of Finance for the bank service fees. Year-end expenditures are estimated to be \$12 million resulting in a projected shortfall of \$2.8 million, due to increased credit card usage. The Human Resources Benefit Fund includes approximately \$162 million for workers' compensation costs. However, the combined increase of permanent disability settlements, medical costs, and sworn medical liens has resulted in \$15 million in expenditures above budget.

Finally, the cost of pension contributions for both sworn and civilian employees has increased by \$27.7 million (\$14.2 million and \$13.5 million, respectively) as described in greater detail below:

Los Angeles Fire and Police Pensions System (LAFPP): Earlier this year the City adopted an ordinance to freeze the medical subsidy for future retirees and reimbursements of members retiring or entering DROP on or after July 15, 2011, and for those employees who opt not to make a contribution for increases in the Maximum Medical Subsidy.

On July 15, 2011 the City made a payment of \$428 million to LAFPP in anticipation of \$44 million in expected savings from the health subsidy freeze and 2 percent opt-in contributions. The \$44 million in anticipated savings was based on a smaller portion (approximately 33 percent) of members electing the 2 percent contribution opt-in during the 45-day window period. The actual result at the conclusion of the window period was a significantly larger portion of members deciding to opt-in (approximately 66 percent). Based on a report released by the LAFPP actuary on November 22, 2011, the savings to the City as a result of the freeze and the opt-in were approximately \$31 million, leaving a City contribution

of approximately \$13.2 million owed to the system. The actual amount owed will be determined at the time the payment is made due to interest. According to the actuary, if the payment is made on June 27, 2012, the supplemental payment owed by the City will be about \$14.2 million. On December 1, 2011, the Board concurred with the actuary's revised savings calculations.

Los Angeles Employee's Retirement System (LACERS): On July 15, 2011 the City paid its 2011-12 contribution to LACERS in the amount of \$342 million. This paid amount reflected contribution rate adjustments for various bargaining units that reached Memoranda of Understanding (MOU) agreements for a 4 percent employee contribution towards retiree healthcare. As calculated by the actuary, the City's contribution rate would decrease from 27.66 percent to 24.01 percent, a reduction of 3.65 percent, for those bargaining units who agreed to pay the additional 4 percent of their pensionable compensation commencing July 1, 2011. To date, the majority of LACERS members (approximately 70 percent) are contributing towards retiree healthcare. However, some bargaining units have not agreed to the additional contribution because a tentative agreement has not been reached or the bargaining unit rejected the tentative agreement that was reached. As a result, absent any agreements to secure the additional employee contribution for the remainder of the bargaining units, the City owes a supplemental contribution of approximately \$13.5 million (prior to interest) to LACERS in 2011-12. The actual amount owed will be determined at the time the payment is made and adjusted if any additional agreements may be reached with other bargaining units.

Table 1 below provides a summary of changes to the Citywide deficit since the First FSR and the current reported deficit of \$72.0 million.

Table 1 - Citywide Deficit (millions)				
	First FSR	Change	Operational Plan	Reported deficit
Animal Services	\$0.3	(\$0.3)		\$0.0
Fire	\$8.0	\$11.2	(\$2.8)	\$16.4
Police	\$5.0	\$3.7	(\$7.6)	\$1.1
	\$13.3	\$14.6	(\$10.4)	\$17.5
Petroleum				\$9.0
Bank Fees				\$2.8
Workers Comp				\$15.0
				\$26.8
Sworn Retiree Health				\$14.2
Civilian Retiree Health				\$13.5
				\$27.7
Total Citywide Deficit				\$72.0

Approximately \$50.6 million in surplus funds, revenue solutions and department budget reductions may be used to partially address this deficit. Approximately \$17.6 million is available in the Unappropriated Balance that had been previously been set aside for reducing furloughs for

employees represented by the Engineers and Architects Association and the Los Angeles City Attorneys Association. Additionally, approximately \$8.1 million in the Health Benefits Trust may be available, pending the review of the Office of the City Attorney. Additional appropriations totaling \$4.1 million may be made upon the realization of proprietary department revenue identified by the Police and Fire Departments as part of their operational plans. Receipt of additional revenue identified by the Fire Department most likely will not be available until 2012-13 and is therefore not being considered at this time. Finally, it is recommended that departments be instructed to reduce their budget by an amount equivalent to the General Fund appropriation for Early Retirement Incentive Program (ERIP) retiree payouts (\$20.8 million) and report back to our Office by December 19th with operational plan on how the reduction will be absorbed or mitigated. Table 2 below summarizes the proposed solutions.

Surplus - Unappropriated Balance	\$17.6
Surplus - Health Benefits Trust	\$8.1
Revenue - Airport	\$1.1
Revenue - Water and Power	\$3.0
Reduction - ERIP Payout	<u>\$20.8</u>
	\$50.6
Remaining Deficit	<u>\$21.4</u>

As it is critical that the City preserve the Reserve Fund balance for unanticipated expenditures or revenue shortfalls, the City cannot rely on a transfer to address the estimated \$21.4 million deficit that remains unsolved. Thus, it is further recommended that our Office be instructed to report back with additional proposals to reduce the budget in the Mid-Year Financial Status Report.

2011-12 Projected Revenue

Receipts through October are close to budget plan. Excluding interest income, receipts are \$746.9 million; the budget plan is \$752.5 million – a difference of \$5.6 million or 0.7 percent. Please refer to Attachment 1 for greater detail.

Economic forecasts and leading indicators are mixed concerning the current economic recovery. City taxable sales in the second quarter of calendar year 2011 are 9.7 percent above the same period in 2010. The most recent results are encouraging, but underlying economic indicators suggest the second quarter results are not sustainable. The results of the third quarter taxable sales will be available in December and the fourth quarter, which includes holiday sales, will be available in April 2012. Nationwide employment increased slightly in the most recent month, but construction activity and real estate sales declined. Some economists believe the near-term outlook has improved slightly, but the European sovereign debt crisis could undermine growth in the United States.

In addition to the sales tax, the transient occupancy and utility users' taxes are ahead of plan. Property tax is slightly below plan due to a smaller carryover of fiscal year 2010-11 receipts; this

could be offset later in the fiscal year by higher-than-budgeted assessed values. Department revenue for licenses, permits, fees and fines is below plan due to lower-than-projected reimbursements from proprietary departments and overhead transfers; this cash-flow issue should be corrected later in the fiscal year.

Receipts-to-date for interest income are affected by the timing of allocations to special funds and proprietary departments. Delays in these allocations are not a basis to project fiscal year General Fund interest income.

While vehicle license fees are ahead of plan, recent state budget action eliminated further payments; the estimate for this account will be reduced by \$4.1 million to reflect that action. Tax relief for mutual funds anticipated to affect the current tax year are projected to reduce business tax receipts by \$2.5 million. These and other possibly offsetting adjustments will be made after December sales and property tax receipts are available.

Four Year Outlook

The Four-Year Outlook remains unchanged from the First FSR. It was updated in June 2011 to reflect new terms with bargaining units represented by the Coalition, and it reported a budget gap of \$196 million for 2012-13. As stated previously, this deficit is expected to increase to a figure between \$200 million and \$250 million. The Outlook will be updated after the adoption of new contribution rates by both the Los Angeles City Employees' Retirement System (LACERS) and the Los Angeles Fire and Police Pension (LAFPP) system, and will be included in the Mid-Year Financial Status Report.

Reserve Fund and Budget Stabilization Fund

The current Reserve Fund balance is \$194.4 million, after accounting for an additional \$2.3 million in loan repayments and other receipts and \$1.3 million in approved and proposed loans and transfers. The balance consists of a \$120.6 million Emergency Reserve and \$73.8 million Contingency Reserve. Please refer to Attachment 2 for greater detail on the Reserve Fund.

The current reserve fund balance represents 4.43 percent of the General Fund budget. Meeting the 5 percent requirement established by the City's Financial Policies would require a balance of \$219.3 million, or an increase of \$24.9 million. As explained within the Reserve Fund policy, the five percent requirement ensures that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls, so that the City remains in a strong fiscal position to weather periods of economic decline or slowdown, like the conditions the City is currently experiencing. As such, this Office recommends that we continue to build the Reserve and minimize its use towards offsetting deficits.

To supplement the Reserve Fund, the Budget Stabilization Fund (BSF) was established as part of the 2008-09 Budget to prevent overspending during prosperous years and to provide resources to help maintain service levels during lean years. The current balance is \$500,000, deposited in fiscal year 2009-10.

Issues of Concern

In addition to current department salary, expense, and pension shortfalls, the potential impact from an economic downturn, and the pressures on the growing budget gap, the following issues may adversely affect the City:

Occupy Los Angeles: The full cost of the overtime staffing, cleanup and repair associated with the Occupy Los Angeles encampment at City Hall is unknown at this time. Several departments, including the Recreation and Parks Department, General Services Department, Police Department, Department of Transportation, Bureau of Sanitation, and Bureau of Street Services have incurred expenditures that may adversely impact the Citywide deficit. This Office has requested information from all departments on any activities and costs incurred related to this event. This information is due back from departments by December 2, 2011.

December Windstorm: On December 1, 2011 the Emergency Operations Center (EOC) was activated at level 2 (selected activation of departments) in response to the problems created by the winds, including fires, downed power lines, and mass outages. This Office has requested information from all departments on any activities and costs incurred related to this event. This information is due back from departments by December 5, 2011.

Business Tax Elimination: Business tax revenue is about ten percent of General Fund revenue and six percent of the total budget. The Business Tax Advisory Committee (BTAC) recently recommended an irrevocable phase-out of the business tax by reducing business tax revenue over a five-year period. If adopted, the BTAC recommendation would reduce revenue by \$106 million in the first year and by another \$106 million in each of the next three years. Thereafter, the on-going fiscal impact would be a reduction of approximately \$425 million in business tax receipts. The BTAC recommendation believes elimination of the business tax would not only be revenue neutral to the City; it would actually result in additional property, sales, and utility taxes revenue from increased economic activity. This Office and the Chief Legislative Analyst, in consultation with the Office of Finance, released a report analyzing the impact of the proposed business tax relief (C.F. No 09-1914-S8).

Class Action Liability: As reported in the First FSR, California Supreme court ruled in *Ardon v. City of Los Angeles* that taxpayers may file a class action claim against a municipal government entity for the refund of local telephone use taxes, overturning an earlier Court of Appeal ruling. The Ardon lawsuit challenges the validity of the City's telephone users' tax that was previously based on a federal government interpretation of the federal excise tax. The Supreme Court concluded that class claims for tax refunds against a local governmental entity are permissible, and remanded the matter back to the trial court for consideration on the merits. If the plaintiffs prevail, the City's liability could potentially be as high as \$750 million, payable later this fiscal year or next.

State budget: The State Budget's impact to Motor Vehicle License Fee revenue, the Community Redevelopment Agency, Police Department and Library Department were reported in the First FSR. The 2011-12 State Budget assumed an additional \$4 billion in revenue to offset the State's deficit. To address the potential risk to the State's fiscal condition if the higher revenues did not materialize, the

Budget provided for trigger reductions. The State Department of Finance is required to project full-year revenue by December 15, 2011 to determine whether the State will meet revenue targets; however, based on recent revenue projections, it appears that trigger reductions will occur.

If revenues are projected to fall short by *more than \$1 billion*, Tier 1 triggers an additional \$500 million in cuts to higher education, health and human services, and public safety beginning in January 2012. Also included in Tier 1 reductions is a \$16 reduction in funding to state grants for local libraries. If revenues are projected to fall short by *more than \$2 billion*, Tier 2 triggers an additional \$1.9 billion in education reductions to include shortening the school year by 7 days, eliminating the home-to-school transportation program and reducing community college appointments.

- *Los Angeles Public Library*: The State has eliminated funding to the California Public Library Foundation (PLF). The Los Angeles Public Library (LAPL) has confirmed that it has received its 2011-12 share of funding from the PLF in the amount of \$1.4 million, as the funds were received during the prior fiscal year. However, the state budget reduction is expected to impact LAPL in fiscal year 2012-13. Additionally "trigger reductions" will now impact on state grant funding with reductions for the Library Services and Technology Act (LSTA) grant (\$300,000) and Literacy Program (CLLS) grant (\$200,000). The 2011-12 Library Budget assumed that this funding would not be received this year.

A detailed list of the trigger reductions was provided in the First FSR (C.F.No. 11-0600-S145), and additional information on the State Budget is included in Section 8 of this report.

- *Community Redevelopment Agency (CRA/LA)*: The State Budget eliminated Redevelopment Agencies unless cities and counties decide to participate in the Voluntary Alternative Redevelopment Program (VARP). The City has appealed the size of this year's payment (\$96.5 million in 2011-12 and \$25.5 million to \$28.4 million annually thereafter) to the State Director of Finance, who subsequently reduced the initial payment by \$1.9 million to \$94.6 million. The City is pursuing a second appeal to further reduce the initial payment by an additional \$17.5 million to \$77.1 million.

On November 10, 2011, the California Supreme Court heard a case by League of California Cities and the California Redevelopment Association challenging the constitutionality of redevelopment bills which eliminated the Redevelopment Agencies unless cities and counties elected to participate in the Voluntary Alternative Redevelopment Program and provide payments to the County Auditor-Controller. A decision is expected by January 15, 2012. As a result both the size of the City's payment and whether it will be due remains to be seen.

Federal annual budget appropriations: On November 18, 2011 President Barack Obama signed H.R. 2112, which provides fiscal year 2012 funding for the U.S. Department of Housing and Urban Development (HUD). The bill provides \$37.4 billion for HUD, representing a 9 percent reduction from last year's funding level. The bill includes a 38 percent cut to the HOME Investment Partnerships program and a 12 percent cut to the Community Development Block Grant (CDBG) program. If the City's share of HOME dollars is cut proportionately, the City's entitlement may be reduced \$14.5 million from \$38.3 million to \$23.8 million. If the City's share of CDBG dollars is cut proportionately, the City's entitlement may be reduced by \$7.9 million from \$65.2 million to \$57.3 million.

Joint Select Committee on Deficit Reduction: In addition to the annual appropriation discussions, Congress created a Joint Select Committee on Deficit Reduction which was charged with issuing formal recommendations on how to reduce the federal deficit by at least \$1.5 trillion over the next ten years. The deadline for the Committee to vote on a plan with \$1.5 trillion in deficit reductions was November 23. On November 21, the panel members conceded that the committee would miss its deadline of November 23. As a result, \$1.2 trillion in automatic spending cuts will be triggered beginning in January 2013. Of these cuts, half will come from defense programs. Medicaid and Medicare benefits are exempt, although provider payments could be reduced.

Budgetary Adjustments

Budgetary adjustments totaling approximately \$16.8 million are recommended in Sections 1 and 2 of this report which include:

- \$1.4 million in new appropriations;
- \$6.2 million for transfers between accounts within various departments and funds;
- \$2.4 million for transfers between departments and funds;
- \$4.4 million in appropriations from the Unappropriated Balance;
- \$2.4 million in reappropriations of encumbered and special funds; and
- \$40,000 in decreased appropriations to departments.

Additionally, to resolve the \$72.0 million Citywide deficit, it is recommended that departments be instructed to absorb approximately \$20.8 million in General Funds budgeted for ERIP retiree payouts. It is also recommended that our Office be instructed to report back on an additional \$21.4 million in deficit reduction solutions to balance the City budget.

Attachments

- 1 Fiscal Year 2011-12 General Fund Receipts
- 2 Current Status of the Reserve Fund
- 3 New Appropriations
- 4 Transfers between Accounts within Departments and Funds
- 5 Transfers between Departments and Funds
- 6 Appropriations from the Unappropriated Balance
- 7-A Status of the Unappropriated Balance – General Account
- 7-B Status of the Unappropriated Balance – non-General Accounts
- 8 Employment Level Report
- 9 Status of Voluntary Furlough Program
- 10 Status of Fee Increases in the 2010-11 Budget
- 11 GRYD Program Contracts and Organizational Chart
- 12 ERIP Account and Total General Fund Appropriations for Departments

FINANCIAL STATUS REPORT RECOMMENDATIONS

(Refer to Discussion Sections 1 and 2)

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

1. Appropriate \$1,376,003.82 to Department accounts as specified in Attachment 3;
2. Transfer \$6,220,007.63 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$2,371,811.88 between various departments and funds as specified in Attachment 5;
4. Appropriate \$4,440,097.00 from the Unappropriated Balance to various accounts within departments and funds as specified in Attachment 6;

Multiple Departments

5. Instruct all Council-controlled departments with General Fund ERIP Account appropriations (Account No. 008140), as specified below, to absorb retiree payouts using other available funds;

<u>Department</u>	<u>Account No. 008140</u>
Aging	65,106
Animal Services	236,288
Building and Safety	338,255
City Administrative Officer	227,144
City Attorney	1,711,789
City Clerk	519,077
Controller	554,319
Department on Disability	38,069
Emergency Management	12,324
Employee Relations Board	52,963
Finance	419,468
Fire	830,313
General Services	3,246,582
Information Technology Agency	1,507,078
Personnel	816,342
Planning	819,231
Police	4,045,940
Board of Public Works	323,036
Bureau of Contract Administration	684,216
Bureau of Engineering	1,295,884
Bureau of Street Services	1,293,102
Transportation	1,805,511
Total:	<u>\$20,842,037</u>

In accordance with Recommendation No. 5, direct identified Departments to report back to the Office of the City Administrative Officer by December 19, 2011 with an operational plan which details how the General Fund ERIP Account appropriation will be absorbed or mitigated;

City Administrative Officer

6. Direct the Office of the City Administrative Officer to report back with solutions to address the unresolved \$21.4 million Citywide budget deficit by Mid-Year Financial Status Report in January;

Clerk

7. Correct recommendation No. 5 in the First Financial Status Report (C.F. No. 11-0600-S145) that transfers \$1,043,618.04 to the General Fund to reimburse costs incurred from a memorial tribute to Michael Jackson, by increasing the appropriation from \$990,000 to \$1,000,000 as follows:
 - a) Increase the appropriation by \$1,000,000 in the Michael Jackson Memorial Trust Fund No. 51K/14, Account No. 140001;
 - b) Transfer \$1,043,618.04 from the Michael Jackson Memorial Trust Fund No. 51K/14, Account No. 140001, to the General Fund No.100/62, Revenue Source 5301, Reimbursement from Other Funds;

Finance

8. Instruct the Office of Finance and the Department of Building and Safety to report back in the Mid-Year FSR regarding the feasibility of reimbursing bank service fee expenditures from the Building and Safety Building Permit Enterprise Fund;
9. Instruct the Office of Finance to report back in the Mid-Year FSR regarding the status of the Merchant Card Convenience Fee Program including the steps that need to be taken to generate revenue from this program in the current fiscal year consistent with the 2011-12 Adopted Budget, and identify the City Departments that can participate in this program;

General Services

10. Direct the General Services Department to report back on each City department's fuel usage and cost data with specific recommendations to reduce usage and mitigate rising fuel costs;

Mayor

11. Reappropriate \$418,940.01 of encumbered fiscal year 2010-11 funds in Mayor Fund No. 100/46, Contractual Services Account No. 3040 to the current fiscal year in order to pay two prevention service provider contractors associated with the Gang Reduction and Youth Development Program;

Neighborhood Empowerment

12. Reappropriate \$25,813.39 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471111 Northridge South NC to FY 2011-12, Department of

Neighborhood Empowerment Fund No. 100/44B, Account No. 471111 Northridge South NC as part of the 2011-12 rollover approved by Council (C.F. 11-0600, Motion 26);

13. Reappropriate \$30,545.50 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471112 North Hills East NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471112 North Hills East NC as part of the 2011-12 rollover approved by Council (C.F. 11-0600, Motion 26);
14. Reappropriate \$11,250.00 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471113 North Hollywood West NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471113 North Hollywood West as part of the 2011-12 rollover approved by Council (C.F. 11-0600, Motion 26);
15. Reappropriate \$3,332.57 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471001 Wilmington NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471001 Wilmington NC to pay an outstanding demand warrant to Dekra-Lite for Holiday decorations;
16. Reappropriate \$3,823.46 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471004 Granada Hills North NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471004 Granada Hills North NC to pay for an item purchased on the NC credit card from Amgraph;
17. Reappropriate \$1,758.42 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471007 West Hills NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471007 West Hills NC to ensure that funds are available to pay any outstanding demand warrants;
18. Reappropriate \$3,750 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471008 Westside NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471008 Westside NC to pay an outstanding demand warrant to the Friends of the Palms Library for books purchased for Rancho Park Library;
19. Reappropriate \$2,420 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471020 Empowerment Congress North Area NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471020 Empowerment Congress North Area NC to pay an outstanding demand warrant to the 32nd Street Booster Club Association for graduation activities for the 8th grade class of 32nd Street School;
20. Reappropriate \$3,468.75 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471021 Empowerment Congress West Area Neighborhood District NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471021 Empowerment Congress West Area Neighborhood District NC to pay an outstanding

demand warrant to the LA Guerrilla Gardens for 2nd and final payment for the median improvement project;

21. Reappropriate \$2,500 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471024 Harbor City NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471024 Harbor City NC to pay for an outstanding demand warrant to Narbonne High School for band equipment;
22. Reappropriate \$2,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471041 Lincoln Heights NC to FY 2011-12, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471041 Lincoln Heights NC to pay an outstanding demand warrant to LA Conservation Corps for a community gardens project;
23. Reappropriate \$35,270 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471042 PICO NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471042 PICO NC to ensure that funds are available to pay an outstanding demand warrant to Los Angeles Neighborhood Initiative, LA Conservation Corps, landscaping and Board member reimbursement;
24. Reappropriate \$25,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471044 Historic Highland Park NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471044 Historic Highland Park NC to pay for a security camera system;
25. Reappropriate \$12,500 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471045 Historical Cultural NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471045 Historical Cultural NC to pay an outstanding demand warrant to Michael Amescua for the beautification of Chinatown Project;
26. Reappropriate \$3,600 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471048 Canoga Park NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471048 Canoga Park NC for requests to pay for outstanding demand warrants;
27. Reappropriate \$2,028.24 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471055 Greater Toluca Lake NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471055 Greater Toluca Lake NC to pay outstanding demand warrants for the baseball field beautification, Youth and Government Training and monthly phone bill;
28. Reappropriate \$5,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471067 Arleta NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471067 Arleta NC to pay for an outstanding demand warrant to Sharp Elementary School for supplies and equipment;

29. Reappropriate \$84.30 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471068 Watts NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471068 Watts NC to pay an outstanding demand warrant to AT&T for monthly phone bill;
30. Reappropriate \$3,941.13 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471071 Sherman Oaks NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471071 Sherman Oaks NC to pay the NC credit card from PC Mall GOV;
31. Reappropriate \$700 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471074 Atwater Village NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471074 Atwater Village NC Sherman to pay the an outstanding demand warrant to Rafael Escamilla for community beautification;
32. Reappropriate \$5,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471088 Winnetka NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471088 Winnetka NC for requests to pay for outstanding demand warrants;
33. Reappropriate \$5,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471091 Del Rey NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471091 Del Rey NC for requests to pay for outstanding demand warrants;
34. Reappropriate \$500 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471103 Granada Hills South NC to FY2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471103 Granada Hills South NC to pay an outstanding demand warrant to John F. Kennedy Senior High School for educational materials for the pre-school program;
35. Reappropriate \$20,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No. 100/44B, Account No. 471105 Hollywood Studio District NC to FY 2011-12, Department of Neighborhood Empowerment Fund 100/44B, Account No. 471105 Hollywood Studio District NC to pay an outstanding lease agreement and items purchased on the NC credit card;

Planning

36. Authorize the Controller to create Appropriation Unit No. 68498H, Expedited Permit Services, within Fund 52D, the Planning Case Processing Special Revenue Fund;
37. In conjunction with the above recommendation, authorize the Controller to appropriate on a continuous basis the amount billed and collected for Expedited Permit Services to Appropriation Unit No. 68498H for the reimbursement of costs incurred by departments;

Public Works Board

38. Decrease appropriations in the amount of \$39,747 within the Community Development Trust Fund No. 424/22, Account No. 22H174, Public Works – Board Office and decrease appropriations in Public Works – Board of Public Works Fund No. 100/74, Account No. 001010, Salaries General to adjust Board of Public Works' budget due to the reduction in the 37th year Community Development Block Grant Entitlement Amount;

Recreation and Parks

39. Instruct the Department of Recreation and Parks and Bureau of Engineering to develop a plan to refurbish the Police Administration Building grounds;

40. Instruct the Department of Recreation and Parks to prepare a cost estimate for the ongoing maintenance of the Police Administration Building grounds;

Liability Claims

41. Authorize the Controller's Office to disencumber Fiscal Year 2010-11 encumbrance in Liability Claims Fund No. 100/59, Account No. 009770, GAE59FMISCF1110147M, in the amount of \$1,750,000 and re-appropriate the same amount to Fund 100, Dept 59, Account 009770 for the combined settlement for the Awe, Cosham, Escobar litigation; and

Technical

42. Authorize the City Administrative Officer to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

FISCAL IMPACT STATEMENT

In the First Financial Status Report, a deficit of \$13.3 million was projected for departments. Based on expenditures through October, the Citywide budget deficit is estimated to be \$72.0 million, consisting of shortfalls for department accounts, non-departmental accounts, and pension benefit contributions. No adjustment to budgeted revenue is recommended at this time. Proposed solutions, including directing departments to absorb \$20.8 million in retiree payouts, would reduce the Citywide deficit to \$21.4 million. Transfers, appropriations and other adjustments totaling approximately \$16.8 million are recommended in Sections 1 and 2 of this report.

DISCUSSION

The Office of the City Administrative Officer (CAO) monitors the budget and transmits reports to the Mayor and Council detailing the City's current financial condition. This report provides an update on the current-year budget deficit, revenue projections, and reserve fund status, and it highlights current issues of concern and the potential impact to the City. In addition, it provides an update on department revenues and expenditures, which includes recommendations totaling \$16.8 million for

appropriations, transfers and other budgetary adjustments, and status reports on the City's spending and savings efforts.

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

Section 1. Status of Departmental Budgets	15
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1. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, provides preliminary projections for year-end deficits, and highlights issues of concern. Recommendations include new appropriations, reappropriations and transfers for operational needs.

Based on department expenditure data through October, a deficit \$17.5 million is projected for the Police and Fire Department for both sworn and civilian salary accounts. Although it reflects the implementation of the operational plans developed by the Police and Fire Departments, this deficit is an increase from the \$13.3 million deficit reported in the First FSR. Additionally, the General Services Department (GSD) and Office of Finance are reporting a combined \$11.8 million shortfall in Citywide expense items for petroleum and bank fees.

Table 1.A - Department Deficit (millions)

	First FSR	Change	Operational Plan	Reported deficit
Animal Services	\$0.3	(\$0.3)		\$0.0
Fire	\$8.0	\$11.2	(\$2.8)	\$16.4
Police	\$5.0	\$3.7	(\$7.6)	\$1.1
Petroleum (GSD)				\$9.0
Bank Fees (Finance)				\$2.8
	\$13.3	\$14.6	(\$10.4)	\$29.3

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

Department Salary Deficits: The Police and Fire Departments are both still reporting sizable deficits attributed to sworn and civilian labor costs. Council instructed both departments to develop operational plans to address their deficits with the adoption of the First FSR (C.F.No 11-0600-S145). The Police Department has proposed solutions for all but \$1.1 million of its deficit, which in turn may be offset by additional proprietary department revenue. The Fire Department deficit, however, has increased significantly, while its operational plan has identified only \$2.8 million in possible savings. Furthermore, this reported deficit already assumes the appropriation of approximately \$6.97 million in the Unappropriated Balance for the restoration of fire services. Additional proprietary department revenue of \$3 million may be available to offset a portion of the Fire Department deficit, while receipt of \$8 million in State revenue is less assured. The Fire Department's deficit is attributed primarily to increasing use of constant staffing overtime.

Department Salary Settlements: As mentioned in previous FSRs, a pending lawsuit settlement may require that the Fire Department pay up to several million in back pay to sworn personnel. The timing of the payout for the settlement is expected in the current fiscal year. Last year, funds totaling \$1.3 million were set aside to be recommended for reappropriation for the future payout of this and other smaller settlements.

Department Revenues: General Fund related cost revenues may be adversely affected by furloughs and decreasing employment levels. Additional data from pending related costs reimbursements is necessary before any recommendation for adjustment can be made.

As reported in the First FSR, the elimination of the photo red light traffic citation program will likely reduce current year receipts to the Traffic Safety Fund. The fiscal and service level impact is still being determined and should be available by the Mid-Year Financial Status Report.

Petroleum Costs: A \$9 million deficit is now projected by year-end and is attributed to rising fuel costs above the \$4 million set aside in the Unappropriated Balance. As fuel prices continue to fluctuate, it is possible that this deficit may continue to increase.

A. All Departments Recommendation Nos. 5, 6 and 7

The Citywide budget deficit is currently estimated at \$72.0 million. While \$17.5 million of this shortfall is directly attributable to the Fire and Police Departments, other costs including fuel costs, bank fees, workers' compensation costs, and retiree health costs are incurred across several departments. To address a portion of the Citywide deficit, it is recommended that departments absorb \$20.8 million in General Fund appropriations provided for Early Retirement Incentive Program (ERIP) retiree payouts. Departments should report back to this Office with an operational plan that details how the reduction will be absorbed or mitigated. Additionally, it is recommended that this Office identify additional solutions to resolve \$21.4 million of the deficit.

The following actions are recommended:

- Instruct all Council-controlled departments with General Fund ERIP Account appropriations to absorb retiree payouts using funding available in other department accounts.
- Direct the Departments to report back to the Office of the City Administrative Officer by December 19, 2011 with an operational plan detailing how the General Fund ERIP appropriation will be absorbed or mitigated.
- Direct the Office of the City Administrative Officer to report back with solutions to address the unresolved \$21.4 million Citywide budget deficit by Mid-Year Financial Status Report in January.

B. Aging

No Recommendations

In the First FSR, a year-end surplus in special funds of \$153,000 was projected for the Salaries, General account. A surplus of \$524,000 is now projected, due to the receipt of additional grant funding and vacancies currently held within the Department. The surplus is in grant funds and assumes the transfer of \$28,000 in a General Fund appropriation set aside for retiree payouts. Aging is in the process of filling six vacancies approved by the Managed Hiring Committee and will request to fill additional grant-funded positions through the Fiscal Year. The Department reports that any remaining grant surplus may be reallocated mid-year to increase services or activities. The department projects that it will meet budgeted revenue.

C. Animal Services

No Recommendations

In the First FSR, a deficit of \$305,000 was projected for the Department, attributed to shortfalls in the Salaries General account reflecting unfunded annual liabilities comprised of night, uniform and boot bonuses and a budget reduction recommended in the Budgetary Adjustment report (C.F. No. 11-0600-S104). At this time, the Salaries General account is projected to have a deficit which will be eliminated when offset by funds set aside for retiree payouts and savings in other accounts.

Year-to-date General Fund receipts of \$1.4 million were received for the first four months of the fiscal year or 31 percent of adopted revenue. The Omnibus Dog Licensing Ordinance that increases some licensing fees became effective on October 30, 2011. Collection of new fees for the sale of new dog licenses to senior/disabled individuals began on November 1, 2011. However, due to an amnesty period that will run through March 31, 2012 revenue from most fee increases will not be realized until April. Additionally, any revenue from the Department's participation in the Administrative Citation Enforcement (ACE) Program is pending Council approval of the program.

A Request for Proposals (RFP) is being developed seeking an outside non-profit organization to operate an existing shelter, such as the South LA shelter, when the new South LA shelter is opened in the spring of 2012. A supplemental budget request may be required to transition to a new operator depending on the success of the RFP and contracting processes.

D. Building and Safety
Attachment New – New Appropriations
Recommendation No. 1

It is projected that the Department's Salaries General account will finish the year within budget, assuming the transfer of funds set aside for retiree payouts (which includes \$338,000 in General Funds) and an additional appropriation of Community Development Block Grant funds. The Department is currently projecting a year-end deficit of \$400,000 in the Salaries Overtime account associated with increased customer demands for expedited services that are performed on an overtime basis. However, the Department has only expended approximately 35 percent of available overtime funding through October. This Office will monitor the Department's overtime expenditures and recommend a transfer of funds for overtime from the Building and Safety Building Permit Enterprise Fund (Enterprise Fund) in a future FSR if necessary.

The Department is currently projecting to meet their overall General Fund revenue target and has received approximately 42 percent of budgeted General Fund fee revenue and 25 percent of related cost reimbursements through October. As reported in the First FSR, the Department is currently estimating a shortfall of \$300,000 in the non-compliance revenue category due the implementation of the Code Violation Inspection Fee. However Local Enforcement Agency Fees (LEA) fees are anticipated to exceed budget by approximately \$700,000 due to a one-time payment of prior-year fees. Overall the Department anticipates meeting their revenue projections. The Department is also projecting to meet revenue targets for the Enterprise Fund and has received 33 percent of budgeted Enterprise Fund revenue through October.

The following transaction is recommended:

- Appropriate \$14,000 in Local Enforcement Agency fee revenue to the Department's overtime account to reimburse the Department for mandated off-hour inspections that are fully reimbursed by the Sunshine Canyon Landfill.

E. City Administrative Officer
Recommendation No. 7

As reported in the First FSR, it is projected that the Office will complete the fiscal year within budget after the transfer of funds set aside for retirees (\$227,000) and the reimbursement for staff costs associated with the American Recovery and Reinvestment Act (ARRA) program and other special fund activities.

In conjunction with reducing the Citywide deficit, a recommendation to this Office to identify \$21.4 million in budget reduction solutions is included in Section 1.A.

**F. City Attorney
No Recommendations**

At this time, it is projected that the Department will complete the year with an overall surplus of \$1.1 million, consisting of a \$4.1 million surplus in the Salaries, General account, a \$660,000 shortfall in the Salaries, Grant Reimbursed account, and a \$2.3 million shortfall in the Salaries, Proprietary account. This surplus assumes a future transfer of \$1.7 million in funds set aside for retiree payouts. Without the transfer, an overall year-end deficit of \$550,000 is projected in the Salaries General account. At this time no shortfalls are anticipated in the expense accounts, however we will continue to closely monitor.

The Department projects to meet budgeted revenue. Approximately six percent of budgeted General Fund revenue has been received to date with anticipated reimbursements from 1st quarter billings to be received soon.

**G. City Clerk
Recommendation No. 8**

As reported in the First FSR, a surplus is projected for the Department's Salaries, General account, which assumes a future transfer of \$528,000 of funds set aside for retiree payouts. If this transfer does not take place, the Department projects a year-end deficit of \$413,000 in the Salaries, General account.

The Department projects a revenue shortfall of \$2 million as a result of a delay in billing the Los Angeles Unified School District for election related expenses. The Department anticipates that the reimbursements will be received in the next Fiscal Year.

The following correction is recommended:

- Correct recommendation no. 5 in the First Financial Status Report (C.F. No. 11-0600-S145) to increase the appropriation in the Michael Jackson Trust Fund by \$10,000 from \$990,000 to \$1,000,000 to properly effectuate the transfer of \$1,043,618 to the Reserve Fund as previously instructed (C.F.No. 10-1077).

**H. Community Development Department
Attachment 3 – New Appropriations
Attachment 5 – Transfers between Department and Funds
Recommendation Nos. 1 and 3**

The Department is projected to complete the year within budgeted funding from grant resources and without the transfer of General Fund ERIP funds. The Department is authorized to fill 308 positions (197 regular and 111 resolution authorities). As of October 2011, 281 positions are filled (including one position on loan) and 28 positions are vacant. The Department is in the process of filling two of the 28 vacant positions. The projected total direct cost for 281 positions is approximately \$20 million and the related cost obligation is approximately \$8 million. The funding sources for the Department

include the Community Development Block Grant (CDBG), the Community Services Block Grant, the Workforce Investment Act (WIA), WIA-American Recovery and Reinvestment Act (ARRA), CDBG-ARRA, the Energy Efficiency Conservation Block Grant – ARRA, General Fund and various other grants. As of November 25, 2011, the Department has transferred approximately \$2.7 million to the General Fund for related costs incurred for the period of July 1, 2011 through October 31, 2011. The Department projects that it will meet its projected revenue of \$8.8 million.

During the consideration of the First FSR (C.F. No. 11-0600-S145), our Office was instructed to report back relative to the General Fund impact of the approximately \$2.9 million allocation to the Community Development Department at the end of 2010-11. The \$2.9 million represents required adjustments to the 2010-11 Adopted Budget Revenue to compensate for CDD's overpayments for related costs incurred in 2009-10, due to the change in the Cost Allocation Plan (CAP) for 2009-10. The Department paid these related costs in June 2010 based on the CAP 31 rate and recalculated these costs at the CAP 32 rate in compliance with the requirements for the various grants. The Council and Mayor took action to approve this adjustment in the 2010-11 Year-End FSR (C.F.No. 10 0600-S72). In light of the reduction in the City's entitlement amounts for the 37th Year Consolidation Plan (PY37), \$2.7 million of this amount was reprogrammed to mitigate the impact of the reduction of the City's entitlement amount for PY37 (C.F.No. 10-2440). It should be noted that in order to ensure consistency across departments and compliance with any applicable HUD regulations, the Chief Legislative Analyst and CAO were instructed to include any best practices regarding budgeting, billing and application of CAP rates relative to CDBG in their joint report with recommendations relative to the 38th Program Year CDBG Budget (C.F. No. 10-0600-S51). It is anticipated that this report will be released in March 2012.

The following actions are recommended:

- Appropriate and transfer \$135,790 (\$76,648 for salary costs and \$59,143 for related costs) within the Section 108 Trust Fund to the City Attorney's operating budget and the related cost account within the special fund for City Attorney support to the Department.
- Transfer \$90,000 within the Department's operating budget from Salaries, General to Contractual Services for outside programmers to support the Consolidated Plan Application System for the 38th Year Consolidated Plan.
- Transfer \$19,082 within the Department's operating budget from As Needed Salaries to Contractual Services and Utilities for the Vera Davis Center operations pursuant to C.F. No. 11-1370.
- Appropriate and transfer \$12,900 within the Enterprise Zone Tax Credit (EZTC) Fund to the Department's operating budget to allow the Department to pay operating costs associated with the administration of the EZTC Program with fees collected.
- Appropriate and transfer \$6,475 within the Real Property Trust Fund to re appropriate funds to the Department's operating budget and carry forward funds previously approved by Council and Mayor (C.F. 10-2279) for operating costs for the Lucille Beserra Roybal FamilySource Center.
- Appropriate and transfer a total \$1,304,551 within the CDBG Trust Fund to the Public Works Board's operating budget for contractual services associated with the City Trees (\$250,000), Clean

Streets Clean Neighborhoods (\$100,000) and Clean and Green (\$954,551) programs pursuant to C.F.No. 10-2440.

I. Controller
No Recommendations

With the transfer of \$554,000 set aside for payouts to retired employees to the Salaries General account, it is projected that the Department would complete the year within budget. Without the transfer, the account would have a deficit of \$55,000. As reported in the First FSR, the Department is expected to meet all adopted budget revenue projections. No transactions are recommended at this time.

J. Convention Center
No Recommendation

As reported in the First FSR, it is projected the department will complete the year within budget. An update on security services provided to the Convention Center by the General Services Department is provided in Section 1.S.

K. Cultural Affairs
No Recommendation

As reported in the First FSR, it is projected that the department will complete the year within budget and that revenue may exceed the adopted budget.

L. Disability
No Recommendation

As reported in the First FSR, a surplus of \$40,000 in the Salaries General account is projected by year end, which is in addition to \$38,000 set aside in a separate account for payouts to retired employees. Also reported in the First FSR, budgeted General Fund revenue of \$27,000 will not be met.

M. El Pueblo
No Recommendations

As reported in the First FSR, it is projected that the Department will have a \$100,000 deficit in its salaries general account from a filled, unfunded position and unrealized salary savings due to full employment in the Department. A report requesting a substitute authority for the unfunded position is still pending Council approval (C.F. No. 11-1226). Projected surpluses in other accounts may be utilized to offset the deficit. The Department projects to meet adopted budget revenue, and any additional revenue resulting from rent increases could also be used to offset the projected deficit.

**N. Emergency Management
No Recommendations**

At this time a salary deficit of \$667,000 is projected for the Department. The deficit will be eliminated upon receipt of Regional Catastrophic Preparedness Grant Program appropriations. The Department states that adopted budget revenue will be met upon receipt of grant and related cost reimbursements.

**O. Employee Relations Board
No Recommendations**

It is projected that the Board will complete the fiscal year within budget, assuming the transfer of funds set aside for retiree payouts. Without the transfer, a \$25,000 deficit would exist.

**P. Ethics Commission
Attachment 4 – Transfers between Accounts within Departments and Funds
Recommendation No. 2**

It is projected that the department will complete the year within budget and that adopted budget revenue targets will be met.

The following transaction is recommended:

- Transfer \$15,000 from the Contractual Services Account, Special Prosecutor allocation to a new Salaries-As-Needed Account to hire a clerk to assist with workload demands associated with upcoming elections. The special Council District 15 elections and the regular 2013 elections, combined with a comprehensive review of the campaign finance laws, will have staff resource implications that cannot be absorbed at current staffing levels.

**Q. Finance
Recommendation Nos. 9 and 10**

Excluding bank service fee expenditures, the Office of Finance is projected to remain within budget through year-end based on current employment levels and the transfer of funds set aside for retiree payouts. A shortfall of \$2.8 million is projected in the Bank Services Fees account. The 2011-12 Budget provides a \$9.2 million appropriation for the account; however, based on average monthly expenditures for the first quarter of the current fiscal year, the Department estimates year-end expenditures at \$12 million. The shortfall is due to increased credit card usage which impacts bank fees. The Department anticipates that it will need a supplemental appropriation to the account in the Mid-Year FSR. The Department reports that it is currently working toward reducing merchant fee costs, and shifting responsibility for payments directly to the proprietary and special funded departments to offset the deficit.

It is possible that a portion of the bank fee account deficit may be offset by a projected \$818,000 increase in reimbursements for bank services fees from proprietary departments and special funds.

Additionally, the Department will be requesting reimbursements of up to \$1 million from the Department of Building and Safety (DBS) in 2011-12. DBS is currently assessing whether the fee is an eligible cost that can be reimbursed from the DBS Building Permit Enterprise Fund.

The Department expects to meet budgeted revenue, of which twenty-two percent has been collected. The projected increase in bank fee reimbursements has been offset by shortfalls totaling \$850,000 projected for various revenue sources, including escheatments (\$100,000), delinquent account collections (\$250,000), and merchant card convenience fees (\$500,000). The Delinquent Account Collection Fee consists of revenue from the \$300 collection fee charged per account processed by the Finance Citywide Collection Unit (CCU). Fewer cases are being referred to the CCU due to the increase of the referral threshold from \$1,000 to \$5,000 and the diverting of cases to the City Attorney and the lien program. The Merchant Card Convenience Fee would be revenue generated from online and telephone credit card transactions that is in addition to the original amount for the convenience of using an alternate payment method. Program implementation was anticipated for January 2012.

During the consideration of the First FSR (C.F. No.11-0600-S145), the Office of Finance was instructed to report back on the status of pending Request for Proposals (RFPs) related to specific collection efforts for documentary transfer tax, sales tax, etc. The following provides a status of these items:

- Documentary Transfer Tax (new program): The Documentary Transfer Tax RFP was released on November 21, 2011. The proposers' conference was held on November 30, 2011, and the deadline for proposal responses is January 4, 2012.
- Sales Tax Discovery Program (expired 6-9-10): (MuniServices) This contract is currently in negotiation and under review by the City Attorney. According to the Department, the contract is interconnected with another vendor's services contract and it is necessary to ensure that the contract language prevents overlapping services. Multiple drafts of the contract have been sent to City Attorney and revisions are underway. Finance staff and City Attorney staff continue to meet to resolve legal concerns regarding contract language and terms.
- Business Tax Discovery Program (expired 11-7-10): (CGI) This draft contract has required review by the City Attorney due to the vendor's request for changes to Standard Contract Provisions and prior litigation. At the direction of City Attorney, Finance is in the process of rewriting the draft contract to resolve legal concerns regarding contract language and terms.
- Utility Tax Revenue Enhancement (expired 1-17-11): (MuniServices) This contract is in negotiation with the selected contractor but has not yet been referred to City Attorney. A draft contract has been provided to the vendor and Finance has conducted an extensive meeting with the vendor to discuss contract language and terms. Finance is in the process of revising the draft contract based on discussions with vendor. The draft contract was to be referred to the City Attorney the week of November 21, 2011.
- Transient Occupancy Tax Audit programs (expired 1-17-11): (MuniServices) This contract was referred to City Attorney the week of November 14, 2011.

The following actions are recommended:

- Instruct the Office of Finance and the Department of Building and Safety to report back in the Mid-Year FSR regarding the feasibility of reimbursing bank service fee expenditures from the Building Permit Enterprise Fund.
- Instruct the Office of Finance to report back in the Mid-Year FSR regarding the status of the Merchant Card Convenience Fee program including the steps that need to be taken to generate revenue from this program in the current fiscal year consistent with the 2011-12 Adopted Budget, and identify the City Departments that can participate in this program.

R. Fire

No Recommendation

It was projected in the First FSR that the Department had a \$5 million to \$8 million deficit. The deficit has now increased to \$19.2 million deficit by year-end primarily attributed to Sworn Constant Staffing Overtime, Sworn Overtime, payouts to Sworn Bonus and Sworn Unused Sick Time deferrals. The reported deficit assumes the future transfer of \$6.9 million in funds placed in the Unappropriated Balance for the Restoration of Neighborhood Fire Services that was included in the adopted budget, as well as the transfer of \$830,00 in funds set aside for retiree payouts. Approximately \$1.5 million of the deficit is attributed to the recently approved United Firefighters of Los Angeles City (UFLAC) agreement and \$3 million in deferred payout from their previous contract. The \$12 million deficit in Constant Staffing Overtime is attributed to the implementation of the New Deployment Plan on July 3, 2011, an unprojected increase in the number of firefighters leaving early from the Deferred Retirement Option Plan (DROP) and an increase in overtime cost at the Fire Dispatch Center. It should be noted that the Department canceled the Deployment Plan on September 6th and 7th due to local fires and the high demand for fire resources. The Sworn Overtime Account deficit is \$1.3 million due to Film Watch and Safety Watch inspections and recalls to prevent major fires (Mandeville Canyon). The Sworn Salaries Account was reduced by \$420,000 for Sworn Special Duty furloughs and included three unfunded Homeland Security Fire Captain positions at a cost of \$361,000. Various other expense account deficits equal \$620,000.

The revenue budget for this fiscal year is \$142.2 million and the Department is projected to meet budgeted revenue. The two ambulance billing contracts approved last fiscal year have been successfully implemented with revenue to meet the projected \$67.2 million this year. However, the Industrial Building Inspection fee increase has not been implemented, and the \$1 million revenue is not expected to be collected this fiscal year (see Section 4). The Department projects that other revenue sources will offset this amount.

The Department has been evaluating the impact of AB678 which will allow fire departments that provide ambulance transportation for Medi-Cal patients to be reimbursed by the federal program. The Department expects to receive \$8 million to \$10 million for transports conducted from January 2010 to present. However, this reimbursement is not expected until next fiscal year. Additionally, the Department is seeking \$3 million from the Department of Water and Power to reimburse its costs in

responding to downed power lines. The \$3 million does not include costs for the December 1st windstorm.

The Department was directed to develop an operational plan to address its projected deficit, as instructed in the First FSR (C.F. No 11-0600-S145). The Department's operational plan reduces expenditures by approximately \$2.8 million to \$16.4 million to include: moving detailed sworn Special Duty personnel to the field (\$1.75 million in savings) and using \$1 million in expense account savings. While a future appropriation for the remaining shortfall may be offset by additional revenue, discussed above, other options to reduce expenditures are available:

- Supply and Maintenance Division - This Division has 12 sworn positions that could potentially be transitioned to civilian positions. Sending these firefighters back to the field would reduce Department overtime for the short term.
- Fire Dispatch Center - There are 78 sworn firefighters staffing three platoons (26 per day working a 24-hour shift) at the Fire Dispatch Center. A court decision concerning FLSA work hours has increased overtime cost to the Department by one million annually. Across the country, many of the dispatch centers are staffed by civilian call-takers. Analysis to civilianize these duties will be fast-tracked. Transitioning sworn to 9-, 10- or 12-hour shifts would realize short term savings, civilianization, long term.
- Fire Prevention Bureau – The Department has approximately 130 sworn Fire Inspectors. Currently, Fire Inspectors perform various duties to enforce the Fire Code at a higher expense than civilian Inspectors enforcing the Building Code. Reallocating Fire Inspectors to platoon duty firefighting positions would reduce Department overtime currently used to fill vacant platoon duty positions and would reduce the need to hire new recruits for long term savings.

As reported in previous FSRs, pending lawsuits are estimated to cost several million in back wages. The settlement is expected in the current fiscal year.

S. General Services

Attachment 3 – New Appropriations

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

Recommendation Nos. 1, 2, 4 and 11

Excluding Petroleum costs, the Department will complete the year within budget, provided that funding for retiree payouts are transferred in a future FSR. A \$9 million net deficit is projected in the Petroleum account used by City departments due to higher fuel price levels. The reported deficit reflects the appropriation of \$4 million allocated in the Unappropriated Balance (UB) to address uncertainties associated with rising fuel, as recommended in this report. For the month of November, the average costs were \$3.72 per gallon for diesel and \$3.32 for unleaded. This represents a price increase of 31.9 percent for diesel and 19.9 percent for unleaded, as compared to last year's November price levels.

A pending report from the General Services Department to the Information Technology and General Services Committee will recommend the reduction of 447 under-utilized vehicles from the City inventory based on a consultant study. Reducing the City inventory can provide budget savings through salvage revenue, reduction in mechanic-hours required, and reduction in Parts account. This Office will continue to monitor this account and recommend adjusts as necessary.

The Department is reporting that through September, the Convention Center has expended more than 50 percent of their budgeted allocation for As-Needed security services. The Department is working with the Convention Center to bring expenditures within the budgeted amount. We will continue to monitor the expenditures and report back on any funding adjustments in a future financial status report.

As reported in the First FSR (C.F.No. 11-0600-S145), the parking lot sweeping services function and funding was transferred from the General Services Department (GSD) to the Bureau of Street Services. Funding and position authority for this service was eliminated in the 2010-11 Budget. Street Services previously notified GSD that this service would be discontinued effective September 30, 2011. However, Street Services has continued to provide the services on a limited basis while this Office evaluated possible solutions including the functional transfer back to GSD. GSD requested bids from three vendors for parking lot sweeping and pressure washing services. An appropriation of \$150,000 to the Department's Contractual Services to enhance the level of parking lot cleanliness and reduce stormwater runoff pollution will be recommended in the next FSR once funding is identified. The Department will address future funding, preliminarily estimated to be \$160,000, through the budget process.

The following transactions are recommended:

- Appropriate \$1.14 million from the Department's revenue accounts to the Department's Overtime, Laboratory Expense and As-Needed Salaries accounts to reimburse for services provide to the Los Angeles World Airports (LAWA) in conjunction with runway renovation work and Capital Improvement Projects. The Department is projected to receive \$1.14 million above projected revenues from LAWA.
- Transfer \$300,000 from the Overtime account to the As-Needed account to pay for the services of employees hired under Charter Section 1164 to manage operational shortfalls created by vacancies in the Department.
- Appropriate \$4 million in the Unappropriated Balance (UB) to the Department to offset a projected deficit in the Petroleum account based on the fuel price levels for the first four months of the fiscal year.
- Direct the Department to report back on each City department's fuel usage and cost data with specific recommendations to reduce usage and mitigate rising fuel costs.

T. Housing
No Recommendation

It is projected that the Housing Department will complete the year within budget. The Department projects to meet budgeted revenue obligations to the General Fund of \$18.9 million. As of the end of October 2011, the Department has recorded General Fund receipts totaling \$2 million and projects to receive all anticipated allocations from grant sources.

U. Information Technology Agency
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and Funds
Recommendation Nos. 1 and 2

It is currently projected that the Department will have a \$1.6 million deficit in the Salaries General account, primarily resulting from required payments related to retiree payouts. Approximately \$1.5 million in funding has been set aside in the ERIP Payout account to fund a portion of the deficit and the remaining \$100,000 shortfall will be addressed with the approval of a transfer recommended below. It is currently projected that the Department will have a cumulative surplus of \$103,000 by year-end across all accounts.

In addition, the following transactions are recommended at this time:

- Appropriate \$12,890 in funds from the Department of Recreation and Parks to pay for communications services requests.
- Appropriate \$149,970 from the Department of Water and Power (DWP) to the Department's Contractual Services account to procure Google e-mail licenses on behalf of DWP through the City contract.
- Transfer \$100,000 from the \$180,000 surplus in the Communications Services Request account to the Salaries General account to offset a portion of the Salaries General deficit.
- Transfer of \$192,000 from the Operating Supplies account to the Furniture, Office and Technical Equipment account to purchase equipment to support the City's radio communications system. The funding was included for this purpose in the 2011-12 Budget, but must be transferred to the correct account pursuant to the Controller's spending account guidelines.

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

It is projected that the Department will have a \$764,000 year-end surplus in its salaries, general account which accounts for a future transfer of funds set aside for retiree payouts. The First FSR reported a deficit of \$149,000 in Library Fund revenue, which has now increased to \$266,000 for the period ending October 2011. Projected to be \$839,000 by year-end, the shortfall is attributed to revenue from Fees and Fines. This Office will monitor department attrition and expenditures and will

transfer funds from various departmental accounts to ensure the Department remains within their budgeted funds.

The following transaction is recommended:

- Transfer \$224,405 from the Library Trust Fund to the Library Materials Account. The Board of Library Commissioners adopted Board Resolution No. 2011-38 (C-26) for transfer of funds for purchase of Library Materials.

W. Mayor

Recommendation No. 12

The Mayor's Office requests the following transaction:

- Reappropriate \$418,940 of encumbered prior-year funds in the Contractual Services Account to the current fiscal year in order to pay two prevention service provider contractors associated with the Gang Reduction and Youth Development Program. The services were provided in fiscal year 2010-11.

X. Neighborhood Empowerment

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

Recommendation No. 3, 4, and 13 through 36

The Department of Neighborhood Empowerment is expected to end the year within budget. This is due to salary savings from delayed hiring and existing vacancies and a transfer in the amount of \$86,481 from prior year unencumbered funds to the Salaries General Account. The projected surplus does not include the transfer for retiree payouts. This Office will continue to monitor the Department and report back in future Financial Status Reports.

The following transactions are recommended:

- Transfer Fiscal Year 2009 unencumbered funds in the amount of \$86,481 from the Neighborhood Empowerment Fund to the Department Salaries General Account to address a shortfall in the account.
- Appropriate a total of \$81,000 from the Unappropriated Balance for two new certified Neighborhood Councils (\$40,500 each), which were certified in the first quarter of the fiscal year.
- Reappropriate a total of \$67,609 in funds for the Northridge South, North Hills East, and North Hollywood West Neighborhood Councils in accordance with Council action that exempted newly certified Neighborhood Councils from returning unspent funds to the Neighborhood Empowerment Fund in their founding year (C.F. No. 11-0600, Motion No. 26).
- Reappropriate a total of \$141,677 to pay for outstanding demand warrants requests and Neighborhood credit card purchases.

Y. Personnel
No Recommendations

At this time, a deficit of \$506,000 is projected for the Salaries General account. However, the Department will complete the year within budget assuming the transfer of funds set aside for retiree payouts.

Z. Planning
Attachment 5 – Transfers between Departments and Funds
Recommendation Nos. 3, 37 and 38

In the First FSR, a surplus of \$1.7 million was projected, due primarily to savings through furloughs. The surplus is now estimated at \$1.35 million. Approximately 1 percent of General Fund revenue has been received; however, the Department anticipates that the budgeted revenue, primarily from special fund reimbursements, will be met. Special fund revenues are on target to meet or exceed the amount adopted in the 2011-12 Budget. The Department has received \$5.2 million in Planning and Land Use Fees. The Long Range Planning Fund has received \$556,581 and the Systems Development Trust Fund has received \$1.3 million.

To supplement General Fund resources for Long Range Planning, the Department has recently focused on special funding opportunities and grants. Planning has worked closely with the Department of Transportation to identify funding for the update to the Mobility Element of the General Plan and continues to support the newly-adopted Bike Plan through Measure R funds. Planning has also applied for grants from Metro, Housing and Urban Development, and the LA County Department of Health to provide for future planning efforts.

The following transactions are recommended:

- Transfer of \$7,387 to the Controller's Office to pay for the salary of a Senior Accountant for payroll periods 6 through 10.
- Authorize the Controller to create a new account, Expedited Permit Services, within the Planning Case Processing Special Revenue Fund to reimburse the participating departments for the costs incurred as a result of providing Expedited Permit Services.

AA. Police
Attachment 4 – Transfers between Accounts within Departments and Funds
Recommendation No. 2

In the First FSR, the Department's deficit was estimated at \$5 million, largely attributable to a deficit in the sworn salaries account, offset by savings in the civilian and sworn overtime accounts. The reported deficit has now been revised to \$8.7 million, consisting of year-end projected deficits of \$3.6 million in Salaries General and \$5.1 million in Sworn Salaries. The Salaries General account deficit corresponds to the reduced savings from employee furloughs that have not been offset by other savings measures, as previously reported in the Budgetary Adjustment Report (C.F. No. 11-

0600-S104). The reported deficit also assumes the transfer of \$4 million in General funds set aside for retiree payouts, which if not completed, would increase the department deficit to \$12.7 million.

The Department is on track to meet budgeted General Fund and special fund revenue. In October, the Department reached an agreement with Los Angeles World Airports (LAWA) relative to the outstanding balance that was owed to the City for overtime worked at LAWA in fiscal year 2009-10. It is expected that the City will receive approximately \$1.1 million, and the Department is requesting that this amount be applied to their deficit.

The Department was directed to develop an operational plan to address its projected deficit, as instructed in the First FSR (C.F. No 11-0600-S145). The Police Department is working with the Mayor's Office and this Office on options that would allow the Department to use the \$6.1 million of the State Citizen's Option for Public Safety (COPS) funds towards the shortfall. Additionally, the Department will manage promotions and paygrade advancements to create additional savings of \$1.5 million in the sworn salary account by year-end. While \$1.1 million of the shortfall has not been addressed by the operational plan, the Department will be realizing additional revenue, discussed above, to potentially offset any future appropriation.

Through October 31, 2011, 140 Police Officers have been hired and attrition is 103, 42 lower than projected at this point. For Pay Period 9, anticipated total payroll is 9906. The next planned Academy class is scheduled to start on November 7, 2011.

The following transaction is recommended:

- Transfer a total of \$4 million of savings within the Salaries Overtime and Sworn Overtime accounts (\$3 million and \$1 million, respectively) to the Salaries Sworn account to reduce the shortfall in the account.

BB. Public Works/Board Recommendation No. 39

It is projected that the Board of Public Works will complete the year within budget, subject to the transfer of funds set aside for retiree payouts to the salaries general account. Without the transfer, the Salaries General account would have a \$367,000 deficit of which \$221,000 is general fund.

The Board reports receipt of approximately 30 percent of the \$3.9 million General Fund revenue included in the adopted budget.

The following actions are recommended:

- Reduce appropriations totaling \$39,747 within the CDBG Trust Fund to adjust the Board of Public Works' budget due to the reduction in the 37th Year CDBG entitlement amount (C.F. No.10-2440).

CC. Public Works/Bureau of Contract Administration
No Recommendations

At this time, the Bureau projects a year-end surplus of \$3.5 million; consisting of a \$1.81 million General Fund surplus and a \$1.69 million surplus in special funds. This surplus assumes the approval of interim appropriations totaling \$1.9 million dollars for off-budget bond programs and special projects. This surplus also includes \$829,000 in surplus funds set aside for retiree payouts of which \$684,000 is General Fund. The composition of the Bureau's year-end surplus may continue to change as work plans are refined and interim appropriations from bond funded and special projects are approved. As such, this Office will monitor the status of funding sources and accounts and report back in subsequent FSRs with necessary actions to address potential shortfalls.

As previously reported in the First FSR, revenue receipts are lower than the same time last year, due to a delay in billing proprietary departments for first quarter expenditures. The Bureau is working with Public Works Accounting to resolve this problem by the Mid-Year FSR. Additionally, special fund salary savings may result in a decrease in related costs reimbursements, and General Fund receipts for said reimbursements.

DD. Public Works/Bureau of Engineering
No Recommendations

In the First FSR, the Bureau was projecting a \$5.31 million year-end surplus. For the Second FSR, the Bureau is now projecting a \$5.91 million year-end surplus, which is most likely attributed to the attrition of five employees since the First FSR. The \$5.91 million surplus consists of a \$5.61 million surplus in the General Salaries Account and a \$300,000 surplus in the Overtime Salaries Account and is comprised of \$77,100 in General Fund savings and \$5.83 million in special fund savings. Additionally, the surplus reflects a planned transfer of funds set aside for retiree payouts. No actions are recommended at this time and this Office will continue to work closely with the Bureau to monitor the status of this surplus and report back on further actions if necessary.

At this time, the Bureau reports that it will meet its annual revenue target. For the first four months of the year, the Bureau has collected \$2.28 million of its \$7.69 million in General Fund receipts. This amount is consistent with revenue amounts collected at the same time in previous years. Revenue from B permits are historically collected during the later half of the year and are not reflected in the current receipts.

EE. Public Works/Bureau of Sanitation
No Recommendations

A surplus of \$16.1 million is projected across the Bureau of Sanitation's special funds as a result of vacancies and expense savings. The Bureau currently has a 14 percent vacancy rate. Through the managed hiring process, only the most critical positions are being authorized for employment to offset turnovers and maintain minimum service levels in refuse collection and clean water operations. Remaining year end savings revert to the respective special funds to support future budget needs.

The Lifeline Program, which subsidizes 30 percent of the solid waste refuse fee for low-income residents, remains within budget.

The First FSR reported that Council was in the process of reviewing proposed rate adjustments for the Clean Water Program. Rate adjustments were approved on October 19, 2011 (C.F. No 10-1947). The ordinance is scheduled for Council on January 27, 2012.

FF. Public Works/Bureau of Street Lighting
Attachment 5 – Transfers between Departments and Funds
Recommendation No. 3

Pending approval of the recommendations in this report, it is projected that the Bureau will have a special funds surplus of \$625,000, attributed to its Salaries General (\$180,000) and Street Lighting Improvement Supplies (\$445,000) accounts. The Salaries General surplus includes absorption of the Bureau's 2011-12 ERIP retiree payout costs.

The Bureau has received 26 percent of General Fund and 14 percent of special fund budgeted receipts to date, and projects that it will meet budgeted revenue. The largest proportion of receipts comes from maintenance assessments, which are distributed in December and May. Additionally, budgeted energy loan and rebate proceeds to date have not been received.

The following transactions are recommended:

- Reappropriate \$18,000 from the Community Development Trust Fund to the Bureau of Street Lighting to complete the Pacoima Lighting Improvement Phase 4 and the Sun Valley Lighting Improvement Phase 4 projects (\$13,000 and \$5,000, respectively). These projects were approved for Community Development Block Grant funding in the 37th Year Consolidated Plan report, but funds reverted at the end of the 2010-11 fiscal year. Funding is required for construction management salary and overtime costs.
- Reappropriate \$250,000 from the Street Lighting Maintenance Assessment Fund to the Bureau to award a contract for pole painting services. The contract was initially expected to be awarded in 2010-11 and budgeted funds reverted at the end of the fiscal year.
- Transfer \$375,000 from the Street Lighting Maintenance Assessment Fund to the Bureau for purchase of materials for the West LA Unit III Series to Multiple project. The project is being constructed through a contract, but materials are being purchased through the Bureau to achieve a better rate.
- Appropriate \$70,000 from Bureau revenue to the Street Lighting Improvement Supplies account to assist the Community Redevelopment Agency (CRA) in purchasing street lighting bases for its Alvarado project. CRA deposited the funds in August 2011.
- Transfer \$60,000 from the Local Transportation Fund to the Bureau's Salaries General account for design work on the Headwater Bikeway Lighting project. This project will install approximately 76 solar light-emitting diode (LED) electroliers on the bikeway that extends from Owensmouth Ave. to Mason Ave. along the LA River.

- Transfer \$290,000 from the Department of Recreation and Parks (RAP) to the Bureau to convert high voltage streetlights to low voltage, install additional parking lot lighting, and install vandal-resistant wire pullboxes in the Griffith Park area. This project and funding were approved by the Board of Recreation and Park Commissioners in its meeting on September 21, 2011 (Board Report No. 11-257).

GG. Public Works/Bureau of Street Services

No Recommendations

At this time a total deficit of \$6.1 million is projected in the Salaries General account; however, the deficit is expected to be eliminated by year end through interim appropriations anticipated to be received throughout the fiscal year. The deficit assumes a future transfer of \$2.5 million in budgeted funds set aside for retiree payouts (which includes \$1.2 million in various special funds and \$1.3 million in General Funds). This Office will continue to work closely with the Bureau to monitor its fiscal status and report back on any potential shortfalls or deficits.

Approximately 16 percent of budgeted revenue has been received. The Bureau reports that all General Fund and special fund revenue targets will be met. The Bureau reports that General Fund revenue from overhead reimbursements is historically received at the end of the fiscal year.

HH. Recreation and Parks

Recommendation Nos. 40 and 41

As reported in the first FSR, the Department is projected to complete the year within budget. Salary projections estimate a \$1.5 million surplus due to the continued managed hiring process. This surplus could be used to offset unbudgeted expenses.

The Department now projects a revenue surplus of \$955,000 compared to the \$560,000 revenue shortfall reported in the first FSR. The Department projects Administration revenues to exceed the budgeted amount by \$3.6 million due to special fund reimbursements. The Department also projects Recreation Center revenues to exceed budget by \$485,000. However, revenues from the Harbor Department and golf operations are anticipated to be below budget due to the Nexus Settlement Agreement credits and vacancies in the Golf Division.

In response to a Perry-Parks motion (C.F. No. 11-1104), the Department conducted a preliminary survey to determine the costs and resources needed to maintain the Police Administration Building (PAB) grounds at the same level as the grounds of City Hall. The Department reports that it is unable to start maintenance at the site in its current condition, and that refurbishment and/or landscape redesign may be required to address various issues with the PAB grounds.

Funding of up to \$850,000 is available from the Housing Authority of the County of Los Angeles (HACLA) reimbursements for the maintenance of seven HACLA facilities. The following actions are recommended:

- Instruct the Department of Recreation and Parks and Bureau of Engineering to develop a plan to refurbish the Police Administration Building grounds; and
- Instruct the Department of Recreation and Parks to prepare a cost estimate for the ongoing maintenance of the Police Administration Building grounds.

II. Transportation

Attachment 3 – New Appropriations

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation Nos. 1 through 3

It is projected that the Department will complete the year within budget, assuming that expected salary appropriations are received in the current year from off-budget special fund programs and assuming a \$1.8 million transfer of General Funds for retiree payouts. Without the transfer, it is anticipated that the Department will have an estimated \$1.8 million deficit by the fiscal year-end. Departmental revenue receipts are anticipated to be on budget at this time. This Office is continuing to monitor parking citation revenue and will report on those receipts in a future report.

The following transactions are recommended:

- Transfer \$140,000 from the Transportation Grant Fund Annual Work Program account in the Proposition C Anti-Gridlock Transit Improvement Fund to an account within the Fund to be designated for Consultant Services. These funds are required for consultant expert witness for a capital project lawsuit.
- Transfer \$40,000 from the Transportation Contingency account to an account to be designated for the Roxford Street and Foothill Boulevard On/Off Ramp project within the Transportation Grant Fund. This funding is to be used as matching funds for the project. Previously, matching funds were identified in the Proposition C Anti-Gridlock Transit Improvement Fund for this project. However, it was later determined that this project is not eligible to receive Proposition C funds. In order to implement this project, Measure R has been identified as the alternative funding source for matching funds. This project addresses safety concerns at this intersection and includes the installation of a new traffic signal, signage and re-striping.
- Transfer \$125,000 from the Transportation Grant Fund Annual Work Program account in the Proposition C Anti-Gridlock Transit Improvement Fund to an account to be designated for the Roxford Street and I-5 Off Ramp project in the Transportation Grant Fund. This funding is required for the installation of a new traffic signal. This new signal will also be part of the Automated Traffic Surveillance and Control (ATSAC) system.
- Transfer a total of \$120,445 from the Transportation Grant Fund Annual Work Program account in the Proposition C Anti-Gridlock Transit Improvement Fund to an account to be designated for the Glassell Park Transit Pavilion. This funding is to be used as matching funds for the project. This project includes the construction of a transit shelter that would serve five existing local and regional transit lines, landscaping and seating areas for transit users. This report also includes a recommendation to appropriate a total of \$310,445 to an account to be designated for the Glassell

Park Transit Pavilion in order for the Department to expend the matching funds provided and front funding for the anticipated federal grant funding (\$190,000) for this project.

- Transfer \$111,723 from the Salaries, General account in the Bureau of Street Lighting to the Reserve for Future Transit Services account in the Proposition A Local Transit Assistance Fund. These funds were provided in the 2011-12 Adopted Budget for positions supporting the Metro Rail Annual Work Program. Additionally, transfer \$111,723 from the Metro Rail Annual Work Program account in the Proposition C Anti-Gridlock Transit Improvement Fund to the Salaries, General account in the Bureau of Street Lighting. These transfers will correct an error in the budget regarding the intended funding source for this program.
- Transfer \$195,000 from the West Adams Bus Stop Lighting project account in the Transportation Grant Fund to the Bureau of Street Lighting Salaries, Overtime and Supplies account. These funds are provided for the installation of 12 standalone pedestrian lights and seven attached luminaries at various locations along West Adams Boulevard between Budlong Avenue and La Salle Avenue.
- Transfer \$250,000 from the Bicycle Lanes account in the Measure R Local Return Fund to the Bureau of Street Services Salaries, General and Salaries, Overtime accounts for anticipated work this year involving the installation of bicycle lanes as part of the City's Bicycle Plan.

JJ. Zoo

No Recommendations

As reported in the First FSR, the Department is projected to complete the year within budget. The current salary projection shows a surplus of approximately \$883,000 in the Salaries General Account. This surplus may be necessary to offset potential revenue shortfalls as a result of the delayed opening of the Living Amphibians, Insects and Reptiles exhibit and the implementation of the fee increase to General Admission prices at the Los Angeles Zoo. The projected surplus does not include the transfer for the funds set aside for retiree payouts. This Office will continue to work with the Zoo and monitor revenues and report back in future Financial Status Reports.

In a CAO report dated June 10, 2011, the Council instructed the Zoo to formulate a hiring plan to ensure that only critical positions are filled due to the potential impact on future hires from the proposed Community Partnership (C.F. No. 11-0993). The Department is in the process of developing the hiring plan. However, the Department reports that the vacancies within the Administrative / Accounting, Animal Care and Facility Maintenance Divisions and the ability to fill these vacancies are critical to maintain operational demand and support for the new exhibit.

2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental expenditures and revenues and highlights issues of concern. The Workers' Compensation Account in the Human Resources Benefits Fund is projected to have a \$15 million shortfall, which contributes to the \$72.0 million Citywide deficit. Approximately \$17.6 million in surplus funds is available in the Unappropriated Balance, and another

\$8.1 million may be available in the Health Benefits Trust Fund. A reappropriation of \$1.75 million is recommended for the Liability Claims Fund.

A. General City Purposes
No Recommendation

A net year-end surplus of \$113,000 is projected in the General City Purposes (GCP) Fund. This is mainly due to projected savings in the Pensions Savings and Social Security accounts (\$151,000) offset by a shortfall in the Medicare account (\$38,000). The Medicare account had more employees than budgeted during the first three months of the fiscal year. However, the number of employees has shown a decline. The Pensions and Social Security accounts fluctuate; therefore projections for these accounts would require more expenditure data.

Any surplus in the pension savings account will likely be recommended for transfer to the Los Angeles Civilian Employee Retirement System to fund any shortfall in excess benefit payments. The excess benefit payment is due for all retirees who receive more than \$195,000 in annual retirement benefits. The excess benefit payment is made at the time the City contribution is made, but is based on an estimate that may change along with IRS regulations. Currently a shortfall of \$250,000 has been projected for which \$150,000 in prior year savings is available for funding. Funding for the remaining \$100,000 shortfall will be identified in the Mid-Year FSR.

B. Human Resources Benefits
No Recommendations

At this time, a deficit totaling approximately \$15 million across various accounts is projected for the Fund. Approximately \$1.8 million of the shortfall is attributed health benefits for civilian and police employees, while \$15 million is projected for the Workers' Compensation account. Savings in other accounts offset a portion of the projected deficits.

The \$15 million in the Workers' Compensation Account deficit is the result of three major drivers. The number of Permanent Disability settlements has been higher this fiscal year, and the settlement amounts have increased based on recent court cases which allow for increased disability ratings (\$2 million). Increases in medical treatment, pharmaceuticals, and cost containment costs increased the deficit by \$5 million. Finally, \$8 million is sworn medical liens that have been recently identified. These liens represent costs incurred by sworn personnel treating under their health care plan that eventually become industrial injuries.

It is proposed that approximately \$8 million in available funding within the Health Benefits Trust Fund be used to offset a portion of the Workers' Compensation expenditures for medical costs and sworn health care plan liens, pending a determination by the Office of the City Attorney.

**C. Liability Claims Account
Recommendation No. 42**

The 2011-12 Adopted Budget provides \$47.85 million to settle claims and pay judgments against the City, including those cases managed by this Office. To date, the City has approved (or has pending for approval) \$19.3 million in payouts in both accounts. The City Attorney's Office intends to stay within budgeted funds, absent the potential telephone utility tax case impact discussed below.

In July 2011, the California Supreme Court ruled in *Ardon v. City of Los Angeles* that taxpayers may file a class action claim against a municipal government entity for the refund of local telephone use taxes, overturning an earlier Court of Appeal ruling. This Supreme Court ruling creates a significant liability to the City either this year or next. This Office is working with the City Attorney's Office, Council and Mayor on viable measures to mitigate any financial impact to the City.

The following transaction is recommended:

- Reappropriate \$1.75 million in fiscal year 2010-11 encumbered funds in the Liability Claims Account for the combined settlement for the Awe, Cosham, Escobar litigation matter (C.F.No.11-0147). Due to unresolved issues with plaintiff's party, payment was not processed until November 2011.

**D. Reserve Fund and Budget Stabilization Fund
Attachment 2 – Status of the Reserve Fund
No Recommendation**

In the First FSR, the Reserve Fund balance was reported to be \$193.4 million. The current Reserve Fund balance is \$194.4 million, after accounting for an additional \$2.3 million in loan repayments and other receipts and \$1.3 million in approved and proposed loans and transfers, and consists of \$120.6 million in Emergency Reserve and \$73.8 million in Contingency Reserve. Please refer to Attachment 2 for greater detail on the Reserve Fund.

To supplement the Reserve Fund, the Budget Stabilization Fund (BSF) was established as part of the 2008-09 Budget. The policy of its funding is to be incorporated in the City's Financial Policies. As originally envisioned, this policy would require compulsory saving when the economy is strong and actual revenue exceeds the projected revenue target. Expenditures from the Fund would be restricted to those fiscal years when actual revenue is less than the adopted revenue target. In 2009-10, \$500,000 was initially deposited into the Fund and the current budget maintains the \$500,000 cash balance. The intent of the BSF is to prevent overspending during prosperous years and to provide resources to help maintain service levels during lean years.

E. Unappropriated Balance

Attachment 7-A – Status of the Unappropriated Balance – General Accounts

Attachment 7-B - Status of the Unappropriated Balance – non-General Accounts

No Recommendations

As of November 2011, \$6,936 has been appropriated from the Unappropriated Balance, General Account, leaving \$18,064 in funding remaining. With the approval of the adopted budget, the Unappropriated Balance began with a balance of approximately \$21.7 million. To date, approximately \$110.9 million has been transferred or reappropriated to the account (including \$107.4 million approved in the Budgetary Adjustment report (C.F. No. 11-0600-S104), \$92.1 million has been transferred out (\$89.9 million in the Budgetary Adjustment report), leaving a balance of \$40.5 million. The UB balance will be \$36.5 million with the approval of \$4,081,000 in appropriations recommended in this report. (Please see Attachment 6 for recommendations.)

3. STATUS OF EMPLOYMENT AND LABOR COST SAVINGS EFFORTS

A. Employment Level Report

Attachment 8 – Employment Level Report

Citywide employment authority from all funding sources totaled 34,435 at the end of October for both civilian and sworn classes. There are 31,645 filled positions at the end of October, compared to the 31,381 reported in the First Financial Status report (end of August 2011). Departments reported a total of 2,790 vacant positions: 1,850 General Fund and 940 special funded.

B. Voluntary Furloughs

Attachment 9 – Status of Voluntary Furlough Program

As of November 14, 2011 (Pay Period 10), approximately \$775,850 in savings has been achieved across City departments through voluntary furloughs. However, it is estimated that only 53 percent of this amount, approximately \$426,000, represents General Fund savings.

4. STATUS OF FEE INCREASES

Attachment 10 - Status of Fee Increases in the 2011-12 Budget

Attachment 10 provides a status of fee increases included in the adopted budget, which includes revenue collected by the Animal Services Department (ASD), Fire Department (FD), Police Department (PD), Planning Department, and the Bureau of Street Lighting (BSL). To date, the Above Ground Inspection Fee (FD), Alarm System Late Penalty Fee (PD) and Planning Fee Increase have been implemented. The Administrative Citation Enforcement Program (ASD) was approved by Council on September 16; however implementation is pending the approval of the City Attorney's adjudication process. The Industrial Building Inspection fee (FD) is in the early stages of the process, and the \$1 million revenue is not expected to be collected this fiscal year. The planned

implementation date of Banner Permit Fees and Fines (BSL) is unknown; however, there is no impact to the General Fund as it will only offset revenue from the Street Lighting Maintenance Assessment Fund.

5. STATUS OF THE CITY'S MICLA COMMERCIAL PAPER PROGRAM

The City's Financial Policies instruct the City Administrative Officer (CAO) to periodically report on the status of the MICLA Commercial Paper (CP) Program. In June 2004, the Mayor and Council approved a \$200 million MICLA CP program to be used as temporary financing for approved capital construction projects and capital equipment purchases. In December 2009, the Mayor and Council approved an increase of \$100 million to expand the MICLA CP program from \$200 million to \$300 million.

The CAO anticipates a \$100 million to \$150 million MICLA refinancing to occur in January or February of 2012 which will reduce the amount of CP outstanding.

The 6th Street Viaduct Seismic Improvement Project anticipates borrowing approximately \$98.4 million over seven years for its cash flow financing needs. MICLA will be fully reimbursed, including interest costs and costs of issuance, from funds by the Federal Highway Bridge Program and the State Proposition 1B Local Seismic Retrofit Account.

During the past few months, MICLA CP was used towards the construction and improvements of the Alternative Fuel Infrastructure Facilities, Financial Management System, Neighborhood City Halls, Vine St. Parking Garage, Aiso St. Parking Garage, and Transportation-ARRA projects. Capital equipment and replacement vehicles were purchased for the departments of Fire, General Services, Information Technology Agency and Police.

Below is the status of the MICLA CP Program through November 22, 2011:

<i>Reporting Period</i>	<i>Amount Outstanding</i>	<i>Range of Interest Rates</i>
09/21/11-11/22/11	\$209,219,000	0.11% to 0.30% (tax-exempt)
09/21/11-11/22/11	\$5,000,000	0.11% to 0.30% (taxable)
	<i>Total:</i>	<hr/> \$214,219,000

6. STATUS OF FEE WAIVERS AND SUBSIDIES

A. Special Event and Convention Center Fee Waivers

The Budget and Finance Committee instructed this Office to periodically report on the number and amount of Council-approved fee waivers (subsidies) associated with special events and with Convention Center meetings and events.

The Office of the City Clerk, which is responsible for the administration of fee waivers, reports out of available fiscal year funding that 38 fee waivers have been allocated, which includes 8 waivers from the 2010-11 and 1 waiver from fiscal year 2009-10. Approximately \$4.3 million in Citywide special events and Council District fee subsidies remains to be allocated, \$1.9 million and \$2.4 million, respectively. Figures do not include Citywide or Council District events that are pending or undergoing review by the Office of the Chief Legislative Analyst.

No new Convention Center waivers have been approved this fiscal year.

B. Development Fee and Permit Subsidies

In accordance with the City's Development Fee Subsidy Policy, this Office is required to report on the number and amount of Council-approved development fee subsidies. No development fee and permits subsidies have been approved this fiscal year.

7. STATUS OF GANG REDUCTION AND YOUTH DEVELOPMENT PROGRAM Attachment 11 – GRYD Program Contracts and Organizational Chart

At the request of the Budget and Finance Committee (C.F. No. 09-0600-S203), the Mayor's Office provides an update of current year Gang Reduction Program spending in the Financial Status Report. This Office was instructed to work with the Mayor's Office to review allocations from all funding sources.

Total funding for the Fiscal Year 2011-12 Gang Reduction Program in the Mayor's Gang Reduction and Youth Development (GRYD) Office is approximately \$22.5 million from the following sources: \$18 million from the General Fund and \$4.5 million from federal and state grants. Of this amount, \$1.3 million is allocated for GRYD salaries and administration and \$21.2 million for contracted agencies. As of October 31, 2011, General Fund expenditures (\$6.3 million) and encumbrances (\$15.6 million) total approximately \$21.9 million. Attachment 11 outlines the distribution of funds to each of the GRYD contracted agencies.

The GRYD Office is currently comprised of 29 positions as follows: nine (9) staff provide contract and fiscal management, eleven (11) staff provide program development and implementation, seven (7) staff implement the Mayor's Summer Night Lights (SNL) Program and the Young Women from Adversity to Resiliency (YWAR) program, and two (2) staff provide administrative support. Funds allocated for the GRYD Office, administration and program staff consists of \$1 million in General Funds and \$325,000 in grant funds for a total of \$1.3 million. Salary expenditures as of October 21, 2011 are \$528,000, and estimated salaries from October 24 through October 31, 2011 are \$42,000. Total actual and estimated salaries are \$570,000. The Mayor's Office will be seeking reimbursement of SNL program and administrative salaries from fiscal year 2010-11 for a total amount of \$598,000. Reimbursed funds will be allocated to the Mayor's Office salaries accounts.

8. STATE BUDGET UPDATE

As reported in the First FSR, the 2011-12 State Budget assumed an additional \$4 billion in revenue to offset the State's deficit. To address the potential risk to the State's fiscal condition if the higher revenues did not materialize, the Budget provided for trigger reductions. The State Department of Finance is required to project full-year revenue by December 15, 2011 to determine whether the State will meet revenue targets. The following briefly discusses the trigger reductions and the State's revenue outlook. A detailed list of the trigger reductions was provided in the First FSR.

- Tier 1: If revenues are projected to fall short by *more than \$1 billion*, an additional \$500 million in cuts to higher education, health and human services, and public safety will be implemented beginning in January 2012. Also included in Tier 1 reductions is a \$16 million reduction in funding to state grants for local libraries.
- Tier 2: If revenues are projected to fall short by *more than \$2 billion*, an additional \$1.9 billion in education reductions will be implemented to include shortening the school year by 7 days, eliminating the home-to-school transportation program and reducing community college appointments.

Most trigger reductions impact State and County government. However, direct budget impacts to the City of Los Angeles are anticipated under Tier 1 with the elimination of state grants for local libraries. The City's 2011-12 share of funding from the Public Library Foundation for 2011-12 was \$1.4 million. (Fiscal year funding is provided a year in advance.) The 2012-13 funding from the Public Library Foundation was already at risk due to 2011-12 State Budget cuts, and the Tier 1 trigger cut will be in addition to the adopted budget reduction. Per the Library Department, Tier 1 cuts impact the City's Library Services and Technology Act grant (\$300,000) and the Literacy Program grant (\$200,000).

State Revenue Update

Based on the latest State revenue estimates, it now appears that the some level of trigger reductions are likely to occur. In November, the Department of Finance reported that California was running \$1.3 billion behind revenue for the first four months of the fiscal year, from July to October. Additionally, the State Controller estimated the revenue shortfall at \$1.5 billion. Most recently, the California Legislative Analyst's Office reported that the State will not receive \$3.7 billion of the \$4 billion revenue increase previously assumed in the 2011-12 State Budget. The revenue shortfall as identified by the LAO would translate into \$2 billion in trigger cuts to various State programs (i.e., all of the Tier One trigger cuts and about three-fourths of the Tier 2 trigger cuts). The LAO estimates also assume that the trigger cuts are ongoing as opposed to one-time.

Although the Department of Finance has the option of using either its own projections or LAO estimates to determine the State's revenue outlook (which ever revenue forecast is higher), the Director of Finance has already publicly acknowledged that the State is heading toward mid-year cuts, but the exact amount will not be known until December.

It is also important to note that the LAO cautions that the State will need to address a \$13 billion budget problem between now and the time the State adopts a 2012-13 budget plan. The \$13 billion budget problem consists of the following: 1) a \$3 billion deficit at the end of 2011-12 resulting from


the net effect of the lower projected revenues for 2011-12, the trigger cuts, and the expected inability of the State to achieve about \$1.2 billion in budget actions-as well as other minor changes; and 2) a \$10 billion operating shortfall in 2012-13 due to increased State costs (as a number of temporary budget measures adopted in recent years are expected to expire).

Redevelopment Update

On November 10, 2011, the California Supreme Court heard a case challenging the constitutionality of redevelopment bills which eliminated the Redevelopment Agencies unless cities and counties elected to participate in the Voluntary Alternative Redevelopment Program and provide payments to the County Auditor-Controller. A decision is expected by January 15, 2012.


Melissa Krance, Senior Administrative Analyst

APPROVED:


Raymond P. Ciranna, Assistant City Administrative Officer

MAS:RPC:BC/MCK: 01120029

Attachments

Attachment 1

Fiscal Year 2011-12 General Fund Receipts \$ Thousands

At October 31, 2011

	Fiscal Year Budget	Plan*	Receipts	Variance **
Property Tax	\$1,436,363	\$81,571	\$78,436	(\$3,135)
Utility Users' Tax	627,832	203,942	209,535	5,593
Licenses, Permits, Fees and Business Tax	725,092	167,821	151,279	(16,542)
Sales Tax	439,219	20,921	20,037	(884)
Documentary Transfer Tax	306,239	95,584	97,973	2,389
Power Revenue Transfer	107,000	38,983	36,221	(2,762)
Transient Occupancy Tax	254,000			0
Parking Fines	136,200	47,780	54,312	6,532
Parking Users' Tax	136,879	45,600	45,541	(59)
Franchise Income	88,200	30,386	29,700	(686)
State Motor Vehicle License Fees	48,100	11,376	11,535	159
Grant Receipts	14,700	4,675	10,578	5,903
Tobacco Settlement	9,820	3,272	1,320	(1,952)
Transfer from Residential Development Tax	9,500			0
Special Parking Revenue	4,915	633	512	(121)
Subtotal General Fund	\$4,362,473	\$752,544	\$746,979	(\$5,565)
Interest Income	14,280	4,760	13,215	8,455
Transfer from Reserve Fund	8,939	0	0	0
Total General Fund	\$4,385,692	\$757,304	\$760,194	\$2,890

* Adjusted

** Equals Receipts Less Plan

Property tax is below plan due to a smaller carryover of FY 2010-11 receipts; this could be offset later in the fiscal year by higher-than-budgeted assessed values. Licenses, permits, etc. is below plan due to lower-than-projected reimbursements from proprietary departments and overhead transfers; this cash-flow issue should be corrected later in the fiscal year. The hotel and utility taxes are ahead of plan but no adjustments to the economy-sensitive accounts are recommended until December sales and property tax receipts are available. Receipts-to-date for interest income are affected by the timing of allocations to special funds and proprietary departments. Delays in these allocations are not a basis to project fiscal year General Fund interest income.

While vehicle license fees are ahead of plan, recent state budget action eliminated further payments; the estimate for this account will be reduced by \$4.1 million to reflect that action. Tax relief for mutual funds anticipated to affect the current tax year are projected to reduce business tax receipts by \$2.5 million. These and other adjustments will be made after December tax receipts are available.

At this point, it is most likely that the various positive and negative adjustments will be largely offsetting.

Attachment 2
STATUS OF RESERVE FUND AS OF 11/21/2011

Council File No. Item Description	Amount
Balance Available, 7/1/2011	\$ 200,700,383
Less: Emergency Reserve Account	120,607,000
Contingency Reserve Account 7/1/2011	\$ 80,093,383
Loan Repayment and Other Receipts	5,982,929
Contingency Reserve Account	\$ 86,076,312
Loans and Transfers Approved to Date	
10-0600-S72 LINX Replacement (reappropriation)	(3,500,400)
11-0600 Special Events Subsidy	(3,013,943)
11-1800 CD 15 Special Election	(1,500,000)
10-0600-S72 Alternative Dispute Resolution Program (reappropriation)	(1,000,000)
11-0600-S145 Network maintenance infrastructure (reappropriation)	(715,916)
10-0600-S72 FMS Replacement Project (reappropriation) Not to exceed	(410,136)
11-0600-S145 Police Criminalists back-pay (reappropriation)	(392,290)
10-0600-S72 Civic Center Parking Equipment (reappropriation) Not to exceed	(232,344)
11-0600-S145 Police MOU 24 and 25 expenses (reappropriation)	(200,000)
10-0600-S72 Actuarial Studies (reappropriation)	(200,000)
10-0600-S72 Inspector General (reappropriation)	(150,000)
10-0600-S72 Treasury Diagnostic and Liquidity Study (reappropriation)	(120,000)
06-0010-S22 David and Luis Marcial/Luis Cervantes/Sergio Marcial	(75,000)
11-1416 Office of Community Beautification (reappropriation)	(40,000)
11-0600-S145 Police TASER holsters (reappropriation)	(39,610)
11-0600-S145 Police cameras and WiFi equipment (reappropriation)	(16,000)
10-0010-S3 Mr. Fereidoun Kohanim	(15,000)
09-0440-S1 Chicano Employees Association	(1,131)
11-1577 SEIU Latino Caucus	(957)
11-1533 UCLA Advocacy Day	(696)
11-1417 Project Islamic H.O.P.E. CD 13 special reception	(464)
Loans and Transfers Approved to Date Subtotal	\$ (11,623,887)
Proposed Loans and Transfers	
11-0452-S2 Office of Public Accountability DWP	(671,550)
Proposed Loans and Transfers Subtotal	\$ (671,550)
Contingency Reserve Available Balance as of 11/21/2011	\$ 73,780,875
Total Emergency and Contingency Reserve Fund	\$ 194,387,875

**Attachment 3
NEW APPROPRIATIONS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Building and Safety <i>Local Enforce. Agency (Sunshine Cyn)</i>	<u>Fund 100/08, Building and Safety</u> RSC 3284, Local Enforcement Agency Fees	\$ 14,000.00	<u>Fund 100/08, Building and Safety</u> 001090, Salaries Overtime	\$ 14,000.00
Community Development <i>City Attorney Section 108 Fees</i>	<u>Fund 43F/22 CDD Section 108</u> Section 108 Fees	\$ 59,143.00	<u>Fund 43F/22 CDD Section 108</u> 22H299 Related Costs	\$ 59,143.00
General Services Department <i>LAWA Runway and CIP work</i>	<u>Fund 100/40, General Services</u> RSC 4427, Laboratory Testing Fees	\$ 1,140,000.00	<u>Fund 100/40, General Services</u> 001090, Overtime Salaries 004500, Laboratory Expenses 001070, As-Needed Salaries	\$ 570,000.00 \$ 120,000.00 \$ 450,000.00
			Subtotal	\$ 1,140,000.00
Information Technology Agency <i>Recreation and Parks</i>	<u>Fund 100/32, Information Technology Agency</u> RSC 5301, Reimbursement from Other Funds	\$ 12,890.00	<u>Fund 100/32, Information Technology Agency</u> 001090, Salaries Overtime 009350, Communication Services	\$ 4,721.00 \$ 8,169.00
			Subtotal	\$ 12,890.00
<i>Department of Water and Power</i>	RSC 3811, Reimbursement from Other Agencies	\$ 149,970.82	003040, Contractual Services	\$ 149,970.82
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 1,376,003.82		\$ 1,376,003.82

Attachment 4
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Community Development <i>Consolidated Plan Application System Contract (C.F. 10-2440)</i>	<u>Fund 100/22 Community</u> 001010 Salaries	\$ 90,000.00	<u>Fund 100/22 Community</u> 003040 Contractual Services	\$ 90,000.00
<i>Expenses for the Vera Davis Center CF 11-1370</i>	<u>Fund 100/22 Community</u> 001070 As Needed Salaries	\$ 19,082.00	<u>Fund 100/22 Community</u> 003040 Contractual Services 003040 Utilities	\$ 10,515.00 \$ 8,567.00
			Subtotal	\$ 19,082.00
<i>Enterprise Zone Tax Credit Voucher CDD expenses related to Program per Ordinance No. 176632</i>	<u>Fund 48L/22 Enterprise Zone Tax Credit Voucher</u> 22H122 Community Development	\$ 12,900.00	<u>Fund 100/22 Community Development</u> 002120 Printing and Binding 002130 Travel 006010 Office and Administration	\$ 3,000.00 \$ 2,900.00 \$ 7,000.00
			Subtotal	\$ 12,900.00
<i>Real Property Trust Fund To re-appropriate funds for the Lucille Beserra Roybal Family Source Center CF-10-2279</i>	<u>Fund 696/14 Real Property Trust Fund</u> 14G122 Community Development Department	\$ 6,474.63	<u>Fund 100/22, Community Development (14H122)</u> 002120 Printing and Binding 006020 Operating Supplies	\$ 2,000.00 \$ 4,474.63
			Subtotal	\$ 6,474.63
<i>37th Yr City Trees NI3701 - \$250,000 37th Yr Clean Streets / Neighborhoods - \$100,000 (CF10-2440)</i>	<u>Fund 424/22 Community Development Block Grant</u> 22H174 Public Works Board	\$ 350,000.00	<u>Fund 100/74 Public Works Board (From 22H507 and 22H508)</u> 003040 Contractual Services	\$ 350,000.00
<i>Contractual Services - Pub Works Board CBDG Prog 37th Yr Consol. Plan CB3708 Clean and Green CB3702 (CF 10-2440)</i>	<u>Fund 424/22 Community Development Block Grant</u> 22H174 Public Works Board	\$ 954,551.00	<u>Fund 100/74 Public Works Board</u> 003040 Contractual Services	\$ 954,551.00
Ethics Commission <i>As-Needed Salaries</i>	<u>Fund 100/17, City Ethics Commission</u> 003040, Contractual Services	\$ 15,000.00	<u>Fund 100/17, City Ethics Commission</u> 001070 (NEW), Salaries, As-Needed	\$ 15,000.00
General Services <i>Charter Section 1164 Employees</i>	<u>Fund 100/40, General Services</u> 001090, Overtime Salaries	\$ 300,000.00	<u>Fund 100/40, General Services</u> 001070, As-Needed Salaries	\$ 300,000.00
Information Technology <i>Salaries General Deficit</i>	<u>Fund 100/32, Information Technology Agency</u> 009350, Communication Services	\$ 100,000.00	<u>Fund 100/32, Information Technology Agency</u> 01010, Salaries General	\$ 100,000.00
<i>Radio Communications System</i>	<u>Fund 100/32, Information Technology Agency</u> 006020, Operating Supplies	\$ 192,000.00	<u>Fund 100/32, Information Technology Agency</u> 007300, Furniture, Office and Technical Equipment	\$ 192,000.00
Police <i>Sworn Salaries Deficit</i>	<u>Fund 100/70, Police</u> 001090, General Overtime 001092, Sworn Overtime	\$ 3,000,000.00 1,000,000.00	<u>Fund 100/70, Police</u> 1012, Sworn Salaries	\$ 4,000,000.00
	Subtotal	\$ 4,000,000.00		

Attachment 4
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Transportation <i>Consultant Services</i>	<u>Fund 540/94 Proposition C Anti-Gridlock Fund</u> 94H656, Transportation Grant Fund Work Program	\$ 140,000.00	<u>Fund 540/94 Proposition C Anti-Gridlock Fund</u> 94H340, Consultant Services	\$ 140,000.00
<i>Roxford Street/Foothill Boulevard Project</i>	<u>Fund 51Q/94 Measure R Local Return Fund</u> 94H501 Transportation Contingency	\$ 40,000.00	<u>Fund 51Q/94 Measure R Local Return Fund</u> NEW, Roxford Street and Foothill Boulevard On/Off Ramp	\$ 40,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 6,220,007.63		\$ 6,220,007.63

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Community Development <i>City Attorney Section 108 Fees</i>	<u>Fund 43F/22 Section 108 CDD</u> 22H112 City Attorney	\$ 76,848.00	<u>Fund 100/12 City Attorney</u> 001010 Salaries	\$ 76,848.00
Library <i>Library Materials</i>	<u>Fund 831/44, Library Trust Fund</u> 44000A, Trust Fund	\$ 224,405.00	<u>Fund 300/44, Library</u> 009010, Materials	\$ 224,405.00
Neighborhood Empowerment <i>Salaries General Deficit</i>	<u>Fund 44B/47 Neighborhood Empowerment Fund</u> 47E147, Neighborhood Empowerment (FY09)	\$ 86,481.00	<u>Fund 100/47, Neighborhood Empowerment (47H147)</u> 001010, Salaries General	\$ 86,481.00
Planning <i>Accounting Resource Pool</i>	<u>Fund 100/68, Planning</u> 001070, Salaries, As-Needed	\$ 7,386.88	<u>Fund 100/26, Controllor</u> 001070, Salaries, As-Needed	\$ 7,386.88
Public Works-Street Lighting <i>CDBG - Pacoima Phase 4</i>	<u>Fund 424/22, Community Development Trust Fund</u> 22G184, Street Lighting	\$ 13,000.00	<u>Fund 100/84, Street Lighting</u> 001010, Salaries General 001090, Salaries Overtime	\$ 10,000.00 \$ 3,000.00
			Subtotal	\$ 13,000.00
<i>CDBG - Sun Valley Phase 4</i>	<u>Fund 424/22, Community Development Trust Fund</u> 22G184, Street Lighting	\$ 5,000.00	<u>Fund 100/84, Street Lighting</u> 001010, Salaries General	\$ 5,000.00
<i>Pole Painting</i>	<u>Fund 347/50, Street Lighting Maintenance Assess</u> 50G184, Street Lighting	\$ 250,000.00	<u>Fund 100/84, Street Lighting</u> 003040, Contractual Services	\$ 250,000.00
<i>West LA Phase III - STM</i>	<u>Fund 347/50, Street Lighting Maintenance Assess</u> 50G6M0, Available Series to Multiple	\$ 375,000.00	<u>Fund 100/84, Street Lighting</u> 008780, Street Lighting Improvements/Supplies	\$ 375,000.00
<i>CRA Alvarado Project</i>	<u>Fund 347/50, Street Lighting Maintenance Assess</u> RS 381100, Reimbursement from Other Agencies	\$ 70,000.00	<u>Fund 100/84, Street Lighting</u> 008780, Street Lighting Improvements/Supplies	\$ 70,000.00
<i>Headwater Bikeway Lighting</i>	<u>Fund 207/94, Local Transportation</u> 94314F, Bikeways Program	\$ 60,000.00	<u>Fund 100/84, Street Lighting</u> 001010, Salaries General	\$ 60,000.00
<i>Griffith Park Lighting Rehab Vermont to Fern Dell</i>	<u>Fund 302/89 Recreation and Parks - Special Accts</u> 89460K, Subdivision Fees Trust/Quimby Fund	\$ 290,000.00	<u>Fund 100/84, Street Lighting</u> 001090, Salaries Overtime 008780, Street Lighting Improvements/Supplies	\$ 168,000.00 \$ 122,000.00
			Subtotal	\$ 290,000.00

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Transportation <i>Roxford Street Traffic Signal</i>	<u>Fund 540/94 Proposition C Anti-Gridlock Fund</u> 94H656, Transportation Grant Fund Work Program	\$ 125,000.00	<u>Fund 665/94 Transportation Grant Fund</u> NEW, Roxford Street and I-5 Off Ramp	\$ 125,000.00
<i>Glassell Park Transit Pavilion</i>	<u>Fund 540/94 Proposition C Anti-Gridlock Fund</u> 94H656, Transportation Grant Fund Annual Work Program	\$ 120,445.00	<u>Fund 665/94 Transportation Grant Fund</u> NEW, Glassell Park Transit Pavilion	\$ 120,445.00
Program (CF11-1807)	<u>Fund 100/84 Bureau of Street Lighting</u> 001010, Salaries, General	\$ 111,723.00	<u>Fund 385/94 Proposition A Local Return Fund</u> 94H399, Reserve for Future Transit Service	\$ 111,723.00
	<u>Fund 540/94 Proposition C Anti-Gridlock Fund</u> NEW, Metro Rail Annual Work Program	\$ 111,723.00	<u>Fund 100/84 Bureau of Street Lighting</u> 001010, Salaries, General	\$ 111,723.00
<i>West Adams Bus Stop Lighting</i>	<u>Fund 665/94 Transportation Grant Fund</u> 94C293, West Adams Bus Stop Lighting Project	\$ 195,000.00	<u>Fund 100/84 Bureau of Street Lighting</u> 001090, Salaries, Overtime 008780, Street Lighting Imp/Supplies	\$ 83,000.00 \$ 112,000.00
			Subtotal	\$ 195,000.00
<i>Bicycle Lanes Installation</i>	<u>Fund 51Q/94 Measure R Local Return Fund</u> 9430G7, Bicycle Lanes	\$ 250,000.00	<u>Fund 100/86 Bureau of Street Services</u> 001010, Salaries General 001090, Salaries Overtime	\$ 125,000.00 \$ 125,000.00
			Subtotal	\$ 250,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 2,371,811.88		\$ 2,371,811.88

Attachment 6

**FY 2011-12 BUDGET ADJUSTMENTS
 APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

DEPT	APPROPRIATE FROM:	APPROPRIATE TO:	AMOUNT
General Services <i>Petroleum Deficit</i>	<u>Fund 100/58, Unappropriated Balance</u> 000130, GSD-Petroleum Products	<u>Fund 100/40, General Services</u> 003230, Petroleum Products	\$ 4,000,000.00
Neighborhood Empowerment <i>New Neighborhood Council Funding</i>	<u>Fund, 100/58, Unappropriated Balance</u> 000133, Neighborhood Council Funding	<u>Fund 44B/47, Neighborhood Empowerment Trust</u> 471114, Westlake North NC	\$ 40,500.00
	000133, Neighborhood Council Funding	471115, Westlake South NC	\$ 40,500.00
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			\$ 4,081,000.00

Attachment 7-A
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of 11/21/2011

C.F.	Appropriations	Date	Amount
	1st FSR		\$ 25,000
Approved Transfer			
11-1097	Midnight Mission for their Summer Barbecue	7/1/2011	(444)
11-1218	LAAAWPPI Graduation (CD 9)	7/19/2011	(580)
11-1395	California Trout, Inc.	8/17/2011	(696)
11-1436	US-Japan Council Reception	9/6/2011	(348)
11-1465	Mothers in Action - Back to School	9/6/2011	(666)
11-1634	U.S. Naval Recruiting Command LA Chief Petty Officer Assoc.	10/4/2011	(1,218)
11-1664	Canoga Park Chamber of Commerce Fall Fest	10/7/2011	(666)
11-1722	Culture Collide Block Party	10/19/2011	(666)
09-2181-S2	Metropolitan LA Branch of Am. Society of Civil Engineers (ASC)	10/18/2011	(580)
11-1768	100th Anniversary of Loyola Marymount University	10/26/2011	(406)
10-2436-S1	Midnight Mission Thanksgiving Event	11/16/2011	(666)
	Balance Available		<u><u>18,064</u></u>

Attachment 7-B
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of 11/21/2011

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Amount Appropriated during year	Available Balance
	General Fund					
	General (see Attachment 4A)		\$ 25,000		\$ (6,936)	\$ 18,064
	City Disaster Planning Study	EMD	500,000			500,000
	Deferred Entry of Judgement Program	City Atty	520,000			520,000
	Equipment, Expenses & Alterations & Improvement	all	3,582,000			3,582,000
2nd FSR	GSD- Petroleum Products	GSD	4,000,000		(4,000,000)	0
	IT Infrastructure Outsourcing	ITA	250,000			250,000
	Merchant Card Convenience Fee Program	Finance	500,000			500,000
2nd FSR	Neighborhood Council Funding	DONE	81,000		(81,000)	0
11-1328; 11-1329; 11-1380, 11-1834	Outside Counsel inc. Workers' Comp	City Atty	2,250,000		(750,000)	1,500,000
11-1530; 11-1933;	Redistricting Costs for Council and LAUSD	City Clerk	1,500,000		(1,500,000)	0
	Software License Claim	ITA	1,000,000			1,000,000
	Water and Electricity	GSD	500,000			500,000
	Restoration of Neighborhood Fire Services	Fire	6,971,000			6,971,000
10-0600-S72	LINX Replacement (reappropriation)			3,500,400		3,500,400
	Gang Prevention/Intervention (reappropriation)			40,000		40,000
11-0600-S104; CAO memo	Budgetary Adjustments for Departments			107,393,836	(89,809,024)	17,584,812
	Grand Total		\$ 21,679,000	\$ 110,934,236	\$ (96,146,960)	\$ 36,466,276

Attachment 9
VOLUNTARY FURLOUGH FY 2011/12 - RECAP BY DEPARTMENT - 11/14/2011

Department	PP 1 - 7 (6/19-9/24)		PP 8 (9/25-10/8)		PP 9 (10/9-10/22)		PP 10 (10/23-11/5)		Total	
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Animal Services	167.7	\$ 4,269.36	4.0	\$ 111.20					171.7	\$4,380.56
Building & Safety	470.0	\$ 15,284.61	51.3	\$ 1,641.72	23.0	\$ 1,049.66	101.7	\$ 3,189.45	646.0	\$21,165.44
CAO	388.9	\$ 17,195.89	34.0	\$ 1,220.78	8.0	\$ 222.40	7.0	\$ 191.72	437.9	\$18,830.79
CDD	137.0	\$ 4,672.12			9.0	\$ 197.19	4.0	\$ 136.00	150.0	\$5,005.31
City Attorney	641.3	\$ 28,402.78	384.0	\$ 15,614.53	-14.0	\$ (842.16)	108.2	\$ 4,748.21	1,119.5	\$47,923.36
City Clerk	114.5	\$ 5,060.88	22.0	\$ 633.66	25.0	\$ 991.11	-39.0	\$ (1,324.53)	122.5	\$5,361.12
Controller	0.0	\$ -	32.0	\$ 1,244.96	-24.0	\$ (775.52)	-2.0	\$ (280.62)	6.0	\$188.82
Convention Center	16.0	\$ 506.24							16.0	\$506.24
Council	1,432.0	\$ 46,405.62	160.0	\$ 5,564.32	92.0	\$ 3,448.32	144.0	\$ 5,067.76	1,828.0	\$60,486.02
Cultural Affairs	99.0	\$ 3,190.04	10.0	\$ 342.00	17.0	\$ 542.60	-52.0	\$ (1,817.20)	74.0	\$2,257.44
Disability	16.0	\$ 600.48							16.0	\$600.48
DONE	8.0	\$ 320.88							8.0	\$320.88
ERB	0.0	\$ -							0.0	\$0.00
Ethics	105.0	\$ 4,113.63	32.0	\$ 1,828.16					137.0	\$5,941.79
Finance	72.0	\$ 2,430.00	27.0	\$ 863.00	121.0	\$ 3,977.30	54.0	\$ 1,612.24	274.0	\$8,882.54
Fire	153.7	\$ 4,393.91	38.0	\$ 1,165.58	32.0	\$ 1,007.76	24.0	\$ 584.60	247.7	\$7,151.85
General Services	405.0	\$ 12,974.23	65.0	\$ 2,074.47	104.0	\$ 3,177.92	86.0	\$ 2,744.00	660.0	\$20,970.62
Housing	1,021.2	\$ 36,411.55	184.5	\$ 5,879.68	193.0	\$ 6,658.57	153.5	\$ 4,947.43	1,552.2	\$53,897.23
ITA	328.0	\$ 14,086.88	83.0	\$ 3,747.05	8.0	\$ (4.48)	8.0	\$ 381.12	427.0	\$18,210.57
LACERS	135.0	\$ 4,695.25	17.0	\$ 758.80			11.5	\$ 484.88	163.5	\$5,938.93
Library	1,479.5	\$ 45,533.11	190.0	\$ 6,806.64	90.5	\$ 3,128.15	98.5	\$ 2,813.36	1,858.5	\$58,281.26
Mayor	8.0	\$ 369.92							8.0	\$369.92
Personnel	434.0	\$ 12,087.77	59.5	\$ 2,122.54	207.5	\$ 7,480.14	-156.0	\$ (6,239.19)	545.0	\$15,451.26
Planning	841.4	\$ 32,795.89	182.0	\$ 7,122.76	160.0	\$ 6,365.19	84.0	\$ 3,131.22	1,267.4	\$49,415.06
Police	3,351.6	\$ 110,372.66	960.2	\$ 38,309.59	261.5	\$ 8,084.89	277.9	\$ 6,318.01	4,851.2	\$163,085.15
PW Board	29.0	\$ 964.51	25.0	\$ 914.35	8.0	\$ 320.88			62.0	\$2,199.74
PW Con Admin	-16.2	\$ (787.01)	35.7	\$ 1,366.55			8.0	\$ 330.16	27.5	\$909.70
PW Engineering	1,192.5	\$ 50,854.42	228.0	\$ 9,507.48	173.0	\$ 6,816.89	56.0	\$ 2,370.79	1,649.5	\$69,549.58
PW Sanitation	1,268.0	\$ 46,067.98	114.0	\$ 4,216.55	83.0	\$ 3,459.80	164.0	\$ 6,719.70	1,629.0	\$60,464.03
PW Street Lighting	65.0	\$ 2,582.90					20.0	\$ 872.40	85.0	\$3,455.30
PW Street Services	483.0	\$ 17,172.40	58.5	\$ 2,456.78	69.5	\$ 3,055.70	83.0	\$ 3,435.81	694.0	\$26,120.69
Rec & Parks	605.0	\$ 18,304.44	110.5	\$ 3,518.86	101.0	\$ 3,317.56	102.5	\$ 3,137.12	919.0	\$28,277.98
Transportation	198.5	\$ 5,506.38	44.0	\$ 1,526.63	46.0	\$ 1,526.15	24.0	\$ 767.31	312.5	\$9,326.47
Treasurer	9.0	\$ 256.59							9.0	\$256.59
Zoo	32.0	\$ 667.68							32.0	\$667.68
TOTAL	15,690.6	\$547,763.99	3,151.2	\$120,558.64	1,794.0	\$63,206.02	1,370.8	\$44,321.75	22,006.6	\$775,850.40

Attachment 10
Status of Fee Increases Funding the 2011-12 Budget

General Fund

<u>Department</u>	<u>Type of Fee</u>	<u>Proposed Change</u>	<u>Proposed Implementation Date</u>	<u>Effective Date</u>	<u>Notes</u>
Animal Services	Administrative code enforcement program	The net revenue change is \$125,000.	April 1, 2012 at the latest		The ordinance was approved by Council on 9/16. The Administrative Citation Enforcement Program which allows the City Attorney to adjudicate the citations is pending in Budget & Finance.
Fire	Industrial Building Inspection	Increase fee, net revenue change is \$1 million.	Unknown		The Department is still in the early stages of the Industrial Building Inspection fee process and does not expect to collect anything for this fee in 2011-12.
Fire	Above Ground Inspection fee	New fee, net revenue change \$150,000	Unknown	September 2011	The Above Ground Inspection fee will be billed on a consolidated invoice with other items covered by the Unified Program Fees; the revenue will be recognized under the Unified Program revenue source code.
Police	Alarm System late penalty fee change.	Increase fee, net revenue change is \$180,000	June 2011	June 2011	These fees became effective in June 2011, in time for the renewal period starting in January 2012.
Street Lighting	Banner permit fees and fines	Fee to be adjusted to recover the costs of the street banner program.	Unknown	Unknown	No revenue was added for this fee increase because it will only offset revenue from SLMAF.
Planning	Planning fee increase.	Increase the fee to recover an additional \$500k in overhead costs.	Unknown, but likely an August 2011 start date was assumed.	August 18, 2011	

Attachment 11

**MAYOR'S OFFICE OF GANG REDUCTION AND YOUTH DEVELOPMENT
STATUS REPORT OF EXPENDITURES/ PAYMENTS
AS OF OCTOBER 31 2011**

LA Bridges	B	C Fund #	D Adopted Budget	E Encumbrances	F Payments / Expenditures	G = E - F Encumbered Balance	H = D - E Unencumbered Amount
LA Bridges I (Prevention)	Jul - Dec 08	F100	4,639,307	4,639,307	4,419,055	220,252	0
Cal State LA & Venice 2000	Jul - Dec 08	F100	98,000	98,000	85,337	12,663	0
LA Bridges II Intervention	Jul - Dec 08	F100	1,537,003	1,537,003	1,512,214	24,789	0
LA Bridges II Intervention	Jul - Dec 08	F50K/E200	874,879	874,879	774,072	100,807	0
		Sub total	7,149,189	7,149,189	6,790,677	358,512	0
LA Bridges II Extension	Jan - Mar 09	F100	948,620	948,620	897,551	51,069	0
LA Bridges II Extension	Jan - Mar 09	F50K/E200			11,738	(11,738)	0
		Sub total	948,620	948,620	909,289	39,331	0
		TOTAL	8,097,809	8,097,809	7,699,966	397,843	0

Contract 2008-2009	B	C Fund #	D Adopted Budget	E Encumbrances	F Payments / Expenditures	G = E - F Encumbered Balance	H = D - E Unencumbered Amount
Contract 2008-2009	Sep 08- Jun 09	F100/3040	7,499,996	7,499,996	5,771,307		1,728,689
	Sep 08- Jun 09	F40B/C201	400,000	400,000	389,528	10,472	10,472
	Sep 08- Jun 09	F50H/E807	400,000	400,000	340,579	0	59,421
	Sep 08- Jun 09	F50E/C205	400,000	400,000	346,999	53,001	53,001
Alma Family Services Cal Grip	Jan 09 - Jun 09	F50W/E931	500,000	500,000	357,921	0	142,079
Intervention-GZ (CIS)	Apr - Sept 09	F51A/E617	250,000	250,000	249,887	113	113
Intervention-GZ (SEA-BH)	Apr - Sept 09	F51M/F609	250,000	250,000	215,912	0	34,088
		TOTAL	9,699,996	9,699,996	7,672,133	63,586	2,027,863
** The unencumbered balance of \$1,728,689 transferred back into 3040 as 6/30/10 & re-appropriated into FY11					(1,728,689)		(1,728,689)
** The unencumbered grant balance of \$63,586 was transferred back into Grant funds by Regie Figueroa					(63,586)	(63,586)	(63,586)
** The unencumbered grant balance of \$235,588 was transferred back into Grant funds as 7/27/10					(235,588)		(235,588)
		ADJUSTED TOTAL	9,699,996	7,672,133	7,672,133	0	0

Contract 2009-2010	B	C Fund #	D Adopted Budget	E Encumbrances	F Payments / Expenditures	G = E - F Encumbered Balance	H = D - E Unencumbered Amount
Prevention Extention (1st)	Jul 09 - Jun 10	F100	11,506,000	11,506,000	9,053,143		2,452,857
**disencumbered \$225,000 from contract#114705M and put back into Fund 3040 as of 6/30/10							
Intervention Extention (NEW)	Oct 09 - Jun 10	F100	4,166,667	4,166,667	3,823,164		343,503
Non-GRYD - Intervention (NEW)	Oct 09 - Jun 10	F100	675,000	675,000	633,101		41,899
Non-GRYD - Prevention (NEW)	Oct 09 - Jun 10	F100	1,122,000	1,122,000	1,012,373		109,627
	Jul 09 - Jun 10	F50H/E807	254,000	254,000	254,000	0	0
	Jul 09 - Jun 10	F50W/E931	240,000	240,000	240,000	0	0
	Jul 09 - Jun 10	F50W/E923	30,000	30,000	30,000	0	0
Intervention-GZ (SEA-BH)	Oct 09 - Jun 10	F51M/F609	375,000	375,000	348,860	26,140	0
** The unencumbered grant bal of \$26,140 was transferred back into 51M on 1/11/11, HSPS will use this remaining fund							
		Sub Total	18,368,667	18,368,667	15,394,641	26,140	2,947,886

Attachment 11

Summer Light Night (SNL)	Apr - Sept 09	F100	240,000	240,000	234,425		5,575
Summer Light Night (SNL)	Apr - Sept 09	50K/F300	540,000	540,000	501,960	38,040	
		Sub Total	780,000	780,000	736,385	38,040	5,575
Special Fund-Homeboy	Sep 09 - Jun 10	K47/V203	240,000	240,000	240,000	0	
Special Fund-Athena Software	Sep 09 - Jun 10	50H/F809	80,000	80,000	62,493	17,508	
Special Fund-Advancement Pro	Jan 10 - Dec 10	F100	200,000	200,000	199,851		149
		Sub Total	520,000	520,000	502,343	17,508	149
Evaluation-Urban Institute	Apr 09-Mar 10	F100 / 3040	735,000	735,000	714,987		20,013
Evaluation-Urban Institute	Apr 09-Mar 10	F50E / C205	45,000	45,000	42,352	2,648	
Evaluation-Urban Institute	Apr 09-Mar 10	F50H / E809	80,000	80,000	80,000	0	
Evaluation-Urban Institute	Apr 09-Mar 10	F50W / E927	40,000	40,000	40,000	0	0
		Sub Total	900,000	900,000	877,338	2,648	20,013
		TOTAL	20,568,667	20,568,667	17,510,708	84,336	2,973,623
** The uncumbered balance of \$225,000 fr LAM transferred back into Fund 3040 as 6/30/10 & re-appropriated into FY11				(225,000)			(225,000)
back into 51M on 1/11/11, HSPS will use this remaining fund				(26,140)		(26,140)	
** The uncumbered balance of \$2,748,623 transferred back into 3040 as 6/13/11 & re-appropriated into FY12				(2,748,623)			(2,748,623)
ADJUSTED TOTAL			20,568,667	17,568,904	17,510,708	58,196	0

Contract 2010-2011	B	C	D	E	F	G = E - F	H = D - E
		Fund #	Adopted Budget	Encumbrances	Payments / Expenditures	Encumbered Balance	Unencumbered Amount
Prevention Extention (2nd)	Jul 10 - Jun 11	F100	10,957,921	10,957,921	8,826,023	2,131,898	0
**disencumbered \$332,000 from contract#114705M & tranfer to #118813M 5/28/11							
**disencumbered \$200,000 from contract#114705M & tranfer to #115573M 6/16/11							
Prevention-Non GRYD (2nd)	Jul 10 - Jun 11	F100	1,500,000	1,500,000	1,254,439	245,561	0
Intervention Extention (2nd)	Jul 10 - Jun 11	F100	4,771,263	4,771,263	4,010,902	760,361	0
Intervention-Non GRYD (2nd)	Jul 10 - Jun 11	F100	650,000	650,000	546,465	103,535	0
2010 CSGP Newton (CIS)	Jul 10 - Jun 12	53F/G601	125,000	125,000	66,184	58,816	0
FY10 CSGP Newton	Jul 10 - Jun 12	53F/G602	250,000	250,000	250,000	0	0
2010 CSGP SFV (CIS)	Jul 10 - Jun 12	53G/G601	100,000	100,000	100,000	0	0
CDBG 35th Year (Pending)	Jul 10 - Jun 11	50K/50K	624,881	624,881	624,881	0	0
BH 2009 Earmark (pending)	Jul 10 - Jun 11	53N/G501	218,000	218,000	215,512	2,488	0
2009 CalGRIP	Jul 10 - Jun 11	53J/G601	786,768	786,768	786,768	0	0
2010 CalGRIP	Jul 10 - Jun 11	53K/G601	190,000	190,000	168,459	21,541	0
Targeting Violence Crime	Jul 10 - Jun 11	50H/F807	62,088	62,088	62,088	0	0
2008 CalCRIP	Jul 10 - Jun 11	50W/E931	142,079	142,079	142,079	0	0
2008 CalCRIP	Jul 10 - Jun 11	50W/E923	12,000	12,000	12,000	0	0
FY08 CMA BH/Hollenbeck	Jul 10 - Jun 11	F51M/F609	205,000	205,000	205,000	0	0
		Sub Total	20,595,000	20,595,000	17,270,800	3,324,200	0
Evaluation-Urban Institute	Jul 10 - Jun 11	F100 / 3040	825,000	619,323	606,220	13,103	205,677
Evaluation-Urban Institute	Jul 10 - Jun 11	F50E / C205	75,000	75,000	75,000	0	0
		Sub Total	900,000	694,323	681,220	13,103	205,677
		TOTAL	21,495,000	21,289,323	17,952,019	3,337,304	205,677

Contract 2010-2011	B	C	D	E	F	G = E - F	H = D - E
(SNL/Special contracts)		Fund #	Adopted Budget	Encumbrances	Payments / Expenditures	Encumbered Balance	Unencumbered Amount
Summer Light Night (SNL)	Jun 10-Sept 10	F100	979,402	979,402	975,000	4,402	0
Summer Light Night (SNL)	Jun 10-Sept 10	50K/G50K	1,124,881	1,124,881	1,038,816	86,065	0
Summer Light Night (SNL)	Jun 10-Sept 10	52Y	50,000	50,000	4,294	45,706	0
		Sub Total	2,154,283	2,154,283	2,018,110	136,173	0

Attachment 11

Special Fund-Homeboy	Jul 10 - Jun 11	53N/G501	260,000	260,000	237,558	22,442	0
Special Fund-Athena Software	Jul 10 - Jun 11	50H/F809	30,000	0	0	0	30,000
Special Fund-Advancement Pro	Jan 11-Dec 11	53R/G613	200,000	200,000	118,777	81,223	0
Special Fund-Cal State		53F/G601	179,800	0	0	0	179,800
Special Fund-USC		53F/G601	110,351	110,351	0	110,351	0
		Sub Total	780,151	570,351	356,336	214,015	209,800
TOTAL			2,934,434	2,724,634	2,374,446	350,188	209,800
			24,429,434	24,013,957	20,326,465	3,687,492	415,477

Contract 2011-2012	B	C	D	E	F	G = E - F	H = D - E
		Fund #	Adopted Budget	Encumbrances	Payments / Expenditures	Encumbered Balance	Unencumbered Amount
Prevention	Jul 11 - Jun 12	F100	9,990,710	7,965,710	913,654	7,052,056	2,025,000
Prevention-Non GRYD	Jul 11 - Jun 12	F100	1,350,000	1,350,000	101,250	1,248,750	0
Intervention - GRYD	Jul 11 - Jun 12	F100	4,983,190	4,233,190	660,313	3,572,877	750,000
Intervention - Non GRYD	Jul 11 - Jun 12	F100	894,375	607,500	60,750	546,750	286,875
2010 CSGP Newton (CIS)	Jul 11 - Jun 12	53F/G601	282,649	282,649	0	282,649	0
2010 CalGRIP	Jul 11 - Jun 12	53K/G601	626,641	226,641	0	226,641	400,000
2011 CalGrip	Jul 11 - Jun 12		500,000	0	0	0	500,000
CDBG 35th Year	Jul 11 - Jun 12	50K/F50K	250,000	250,000	73,239	176,761	0
Evaluation-Urban Institute	Jul 11 - Jun 12	F100 / 3040	910,000	910,000	0	910,000	0
		TOTAL	19,787,565	15,825,690	1,809,206	14,016,484	3,961,875

Contract 2011-2012	B	C	D	E	F	G = E - F	H = D - E
(SNL/Special contracts)		Fund #	Adopted Budget	Encumbrances	Payments / Expenditures	Encumbered Balance	Unencumbered Amount
Summer Light Night (SNL)	Jun 11-Sept 11	F100	862,201	500,000	687,949	(187,949)	362,201
CDBG 36th Year	Jun 11-Sept 11	50k / F300	38,039	0	0	0	38,039
CDBG 37th Year	Jun 11-Sept 11	50K/668	1,749,760	1,749,760	992,202	757,558	0
		Sub Total	2,650,000	2,249,760	1,680,151	569,609	400,240
USC/YSET (revised)	Jul 11-Jun 12						
FY10 CSGP Newton	Jul 10 - Jun 11	53F/G601	250,000	0	0	0	250,000
		Sub Total	250,000	0	0	0	250,000
TOTAL			2,900,000	2,249,760	1,680,151	569,609	650,240
			22,687,565	18,075,450	3,489,357	14,586,093	4,612,115
GRAND TOTAL			85,483,471	75,428,253	56,698,630	18,729,623	5,027,592

Attachment 12

ERIP Account and Total General Fund Appropriations for Departments

Department	Account No. 008140	% General Fund Budget	General Fund Budget
Aging	\$65,106	8.64%	\$753,182
Animal Services	\$236,288	1.19%	\$19,919,848
Building And Safety	\$338,255	4.42%	\$7,649,030
City Administrative Officer	\$227,144	2.21%	\$10,275,347
City Attorney	\$1,711,789	1.87%	\$91,580,919
City Clerk	\$519,077	6.89%	\$7,536,076
Controller	\$554,319	4.17%	\$13,289,452
Department on Disability	\$38,069	3.84%	\$990,623
Emergency Management	\$12,324	0.82%	\$1,507,782
Employee Relations	\$52,963	12.56%	\$421,616
Finance	\$419,468	1.13%	\$37,235,026
Fire	\$830,313	0.18%	\$465,735,929
General Services	\$3,246,582	1.82%	\$178,357,891
Information Technology	\$1,507,078	2.03%	\$74,263,654
Personnel	\$816,342	2.20%	\$37,080,437
Planning	\$819,231	10.03%	\$8,169,584
Police	\$4,045,940	0.36%	\$1,135,507,840
Board Of Public Works	\$323,036	3.18%	\$10,153,765
Contract Administration	\$684,216	3.68%	\$18,582,529
Engineering	\$1,295,884	5.12%	\$25,286,152
Street Services	\$1,293,102	8.19%	\$15,779,207
Transportation	\$1,805,511	2.30%	\$78,665,252
Total	\$20,842,037		\$2,238,741,141