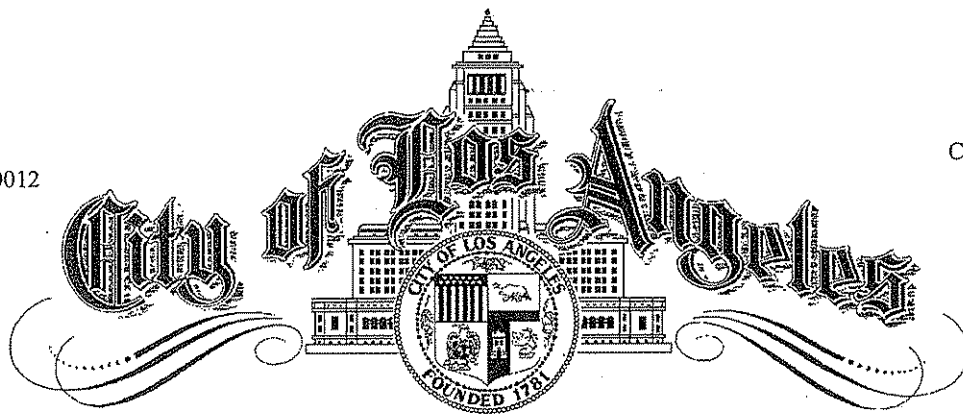


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CARMEN A. TRUTANICH
City Attorney

February 13, 2012

Honorable Paul Krekorian
Chair, Budget and Finance Committee
Los Angeles City Council
c/o Erika Pulst
Room 395, City Hall
Los Angeles, CA 90012

Re: Mid-Year (Third) Financial Status Report (Mid-Year FSR)

Dear Honorable Chairman Krekorian and Members of the Budget and Finance Committee:

In response to the Mid-Year FSR released on February 9, 2011, the Office of the City Attorney (this "Office") respectfully objects to the CAO's proposed sweeping of at least \$1.4 million in surplus generated by the hard work and cost-saving measures successfully undertaken by the employees of this Office. Rather than take this Office's surplus, the \$1.4 million should remain and be reinvested into the Office, including for use in reducing the number of furlough days (i.e., 36) imposed upon our criminal prosecutors, trial attorneys, municipal counsel and support staff, as well as in litigation and technology upgrades that will allow us to more effectively and efficiently prosecute crimes that threaten the quality of life for our residents and defend against civil lawsuits that threaten the financial stability of the City. In addition, given the apparent improving financial condition of the City, the Committee should defer sweeping any surpluses from this Office until it has had an opportunity to review and consider the Controller's Annual Revenue Projection (March 1, 2012).

Specifically, the CAO is proposing that this Office's \$1.4 million surplus be swept into an unappropriated balance account ("UB"), which will thereafter be used to pay off ERIP obligations to former City employees, who retired in FY 2009/10. As this Committee is aware, ERIP is an obligation negotiated by the City to be borne by the City's General Fund, not the individual departments, including this Office. Moreover, this is the second year in a row in which the CAO started the fiscal year stating that such ERIP obligations would be borne by the City's General Fund (and not allocated to the budget of this Office) only to have the CAO reverse course in the mid-year FSRs by proposing that such obligations be imposed upon the

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departments. The CAO's reversals appear to be based upon its finding that other departments have not be able to successfully balance their budgets and/or are impacted by certain expenditures.

The employees of this Office should be rewarded for their excellence in financial management, legal representation and protecting public safety – rather than being penalized for generating a surplus that will be swept away and not reinvested into the Charter-mandated duties performed by this Office.

It is without dispute that the prosecutors, trial attorneys, municipal counsel and support staff of this Office have, under very challenging circumstances, implemented many novel and effective cost-saving and revenue-generating measures that have balanced our budget over the past two fiscal years. This fiscal year is no exception. In addition to continued attrition (without any authority to hire any replacement staff), one of the most effective cost-saving measures has been the imposition of 36 days of furlough upon our employees. Unfortunately, as previously mentioned, the imposition of such furloughs has severe negative consequences both to public safety and the financial protection of the City's treasury. For example, such furloughs greatly reduce the number of available (and experienced) prosecutors, trial attorneys and municipal counsel, to, among other things, staff criminal courts, defend the City in civil lawsuits or draft ordinances, respectively.

Despite extraordinary resource and staffing obstacles, this Office annually continues to successfully prosecute tens of thousands of criminal cases, defend the City against thousands of civil lawsuits currently demanding an aggregate of nearly \$2 billion in damages) and provide legal representation and advice to City government, including drafting, review, and defense of City ordinances. In the face of such challenges, the employees of this Office worked hard and tirelessly to reduce costs and have done so – generating the \$1.4 million surplus, which the CAO now seeks to sweep away. Our ability to continue successfully providing such services, however, is reaching its limits and cannot be sustained without sufficient resources and staffing levels.

This Office therefore objects to the proposed sweeping and believes that its current surplus should remain in this Office to support our unique Charter-mandated obligation to protect public safety and defend the City's treasury. Accordingly, this Office believes it would be inappropriate and harmful to the City for its \$1.4 million surplus to be swept from this Office and into the General Fund to pay for ERIP, a city-wide initiative that was not an obligation to be borne by the departments.

Lastly, it is no secret that the Mayor's budget for FY 2012/13 will most likely recommend reductions for all departments, including this Office. This Office will object to any proposed reductions for next fiscal year, given the essential role this Office is mandated to serve in protecting public safety and the City, as well as the improving financial condition of the City, combined with this Office's proven fiscally-responsible track record in balancing its

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budget over the past three budget cycles. As such, this Office's current surplus or net savings could be rolled forward into the next budget year as a credit to offset any proposed reductions. It is my understanding that the County of Los Angeles allows individual departments to request the Board of Supervisors to roll forward funds for specific programs and needs when surpluses are identified, and that such requests are frequently adopted as budget policy. A savings rolled forward into the City Attorney's budget will prevent the further deterioration and material impairment of our Charter-mandated responsibilities and ensure that our vital work in protecting public safety, preserving the City's treasury and supporting City officials and departments in their municipal responsibilities will not be adversely affected.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

WILLIAM W. CARTER
Chief Deputy City Attorney