

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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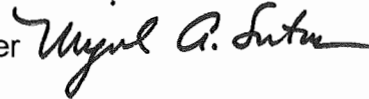
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Council District: All

To: Antonio R. Villaraigosa, Mayor
Herb J. Wesson, Council President
Paul Krekorian, Chair, Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: 2012-13 Budget

Subject: **FIRST FINANCIAL STATUS REPORT**

INTRODUCTION: PROGRESS MADE, BUT CHALLENGES REMAIN

There is no question that the City of Los Angeles, and municipalities across California and the nation face are facing extraordinary fiscal challenges. On April 6, 2012, this Office released a Report entitled *Four-Year Budget Outlook and Update to the Three-Year Plan to Fiscal Sustainability* in which we highlighted the City of Stockton as a cautionary tale for the City of Los Angeles and other cities struggling to remain solvent (CF 11-0600-S157). Since the release of the April report, the City of Stockton and a number of other cities have declared bankruptcy, including the cities of San Bernardino and Mammoth Lakes in California. Other California municipalities such as Atwater have declared a state of fiscal emergency and are finding themselves on the edge of bankruptcy.

Here in Los Angeles, our Four Year Budget Outlook shows that our structural deficit, while smaller than previously projected, will persist into the foreseeable future. Nevertheless, as demonstrated by the actions this City has taken over the last several years, many times in partnership with Labor, we are on the path towards fiscal sustainability. Since 2009 the City has undertaken unprecedented efforts to address its rising pension costs and reduce its payroll including:

- Requiring employees to contribute 2 percent to 4 percent (from zero) of their pay for retiree health benefits, and freezing benefits for employees not contributing.
- Eliminating nearly 5,000 positions, resulting in the smallest civilian workforce since Tom Bradley was Mayor (1993).
- Imposing a 20 percent salary reduction for new sworn police in addition to reducing retirement benefits.
- Eliminating non-essential functions and departments.
- Partnering with a nonprofit provider to enhance animal services.

Additionally, through the collaborative efforts of the Council and Mayor, a ballot initiative was presented to the voters to institute a new tier (Tier 6) for new sworn hires to the police and fire departments. This initiative passed and as a result will save the City about \$152 million over the next 10 years. With regard to new civilian employees, the City has proposed a new pension tier that goes beyond what the State of California has adopted. The Mayor's and Council President's proposed civilian retirement tier for new hires will reduce future pension costs by:

- 1) Increasing the retirement age from 55 to 65 to reflect growing trends that people are living longer;
- 2) Capping the maximum retirement allowance at 75 percent of an employees' final compensation instead of up to 100 percent;
- 3) Eliminating pension spiking by setting an employees' pension on a 3-year salary average as opposed to one year;
- 4) Modifying disability retirement benefits to avoid spikes in the number of disability retirements;
- 5) Eliminating the current 50 percent survivor continuance benefit and providing employees' with an option to purchase a continuance for their surviving spouse/domestic partner;
- 6) Capping future retiree annual cost-of-living adjustments to 2 percent with the option for the employee to purchase up to 3 percent;
- 7) Requiring employees pay the full cost of purchasing service credit and limiting the number of years purchasable to 4 years maximum; and,
- 8) Controlling healthcare costs by limiting the benefit to the employee only.

In addition, the most unique aspect of the proposed tier is the cost sharing element, which requires employees to contribute a portion of their salary at 75 percent of the normal cost of the pension benefits plus 50 percent of any future unfunded liabilities. This will relieve the City from carrying 100 percent of future pension cost increases.

Another area where the City has shown progress is the Reserve Fund. As reported by the City Controller, the City reached its Reserve Fund goal of 5 percent to close the 2011-12 Budget. After accounting for some adjustments this year, our Reserve Fund currently stands slightly below our 5 percent policy threshold (4.94 percent). Moving ahead, the City must lock-in the Reserve Fund at the 5 percent level and start building the Budget Stabilization Fund to address future shortfalls. Even though our economically sensitive revenues are showing positive signs of growth, our expenditure projections for next year and beyond continue to overshadow this growth. Thus, building up the Budget Stabilization Fund this year is critical to protecting services next year.

The actions taken have not come easy and future austerity is necessary. Every decision the City makes will be examined and analyzed in the context of the City's overall fiscal health and sustainability. Rating agencies for one are appraising the financial strength of California cities based on their assessment that more municipal bankruptcies and bond defaults will occur in the future.

As a reminder, on October 9, 2012 Moody's reported that it is reviewing the bond ratings of 32 cities across the state, mostly for downgrades. In this same release, Moody's downgraded the City's Judgment Obligation Bonds from A1/Stable Outlook to A2 Stable. Further, Moody's cautioned that ***negative factors that could drive downgrades of California cities include "economic weakening, revenues failing to keep pace with expenditure growth, and declines in fund balance."*** Conversely, positive factors that could move ratings up include ***"robust tax base growth, a balance between revenue and expenditure growth, and growth in fund balances."***

In light of these rating agency warnings, it is even more critical that the City take decisive actions to build up its tax base, mitigate expenditure growth, and grow its reserves. Only by pursuing all three goals can the City address its structural deficit in a permanent and sustainable manner.

SUMMARY: FY 2012-13 SHORTFALL \$16.6 MILLION; BUDGET PLAN SHOULD BE IMPLEMENTED BY JANUARY 1, 2013

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 First Financial Status Report (FSR) for this fiscal year. This report summarizes the close-out of the 2011-12 budget and provides an update on the current-year budget—including the projected departmental deficits, early trends in revenues, the Reserve Fund, and current issues of concern and their potential impact to the City. Recommendations totaling approximately \$57 million for appropriations, transfers and other budgetary adjustments are included in this report.

As highlighted in this report, approximately \$16.6 million in departmental expenditure shortfalls and unbudgeted expenses are projected in the current fiscal year. This shortfall assumes that the 209 positions have been eliminated from the budget are no longer filled as of January 1, 2013. Keeping these positions filled after December 31, 2012 would constitute an unfunded expenditure that would further stress the budgets of each impacted department and increase their shortfalls. Therefore, given the City's current fiscal condition and future budget outlook, this report also recommends that the City proceed with the elimination of 209 resolution positions by January 1, 2013 that are part of the 2012-13 Budget (of which 186 were reported filled as of the end of September). Additionally, another 50 positions within the Office of the City Attorney are recommended for elimination by January 1, 2013. As this report demonstrates, the elimination of 259 positions is vital to bringing or keeping department budgets balanced through year-end and creating needed savings for 2013-14.

While the elimination of 50 positions from the Office of the City Attorney was not adopted as part of the budget, due to current legal challenges to the City's use of mandatory furloughs on City Attorney personnel represented by the Los Angeles City Attorneys Association (MOU 29), there is uncertainty as to whether the City will generate the \$9.4 million in salary savings from furloughs it has budgeted. As such, this Office recommends that the City halt the furloughs on City Attorney personnel within MOU 29 and instead proceed with the elimination and displacement process of 50 City Attorney positions from this same bargaining unit this year which are equivalent in value

to the furloughs. These position eliminations can be avoided if a resolution is reached with MOU 29 through the court sponsored mediation process.

In addition to preserving the budgets of the impacted departments, proceeding with the elimination of the 259 positions will allow the City to preserve its Reserve Fund. After tremendous work on behalf of departments and overall fiscal discipline last year, the City achieved its 5 percent Reserve Fund goal to end fiscal year 2011-12. However, accounting for recent transactions, the current Reserve Fund is approximately \$224.7 million or 4.94 percent of the General Fund. To mitigate any additional reductions to the Reserve Fund, departments should accelerate repayment of Reserve Fund loans. At the same time, the City should remain cautious in using the Reserve Fund to fund new programs or offset deficits, particularly in light of the forecasted budget gap of \$216 million in 2013-14 and \$327 million in 2014-15. While the current Reserve Fund balance is greater in comparison to prior fiscal years, it is below the minimum 5 percent Reserve Fund policy. Therefore, it is necessary that the City bring the Reserve Fund back in compliance with policy by mid-year. Any efforts to reduce the Reserve Fund will be closely watched by rating agencies and potentially perceived as backpedaling on its stated commitment to achieve fiscal sustainability.

Stronger revenue receipts this year will have a significant impact on our ability to reach our 5 percent Reserve Fund threshold. However, while early revenue trends may be positive, the City cannot yet count on increased revenues this year due to several uncertainties with regard to revenue from the dissolution of Community Redevelopment Agencies and fire emergency medical reimbursements. Both of these issues are addressed in the revenue section that follows.

Without additional revenue to recognize and given current expenditure trends, the City's Four-Year Budget Outlook (Outlook) continues to show a structural deficit for the City which poses a significant challenge in the City's fiscal sustainability efforts. The projected budget gap for 2013-14 is currently identified at approximately \$216 million, and absent any structural changes, increases to \$326.6 million in the subsequent fiscal year (See Attachment 1). These deficits also assume the elimination of the 209 positions. Should the 209 positions remain filled for the remainder of the current fiscal year and be added back to the budget, the deficit for 2014-15 and each subsequent year will increase by a minimum of \$16 million, inclusive of direct and indirect costs.

<i>\$ in Millions</i>	<u><i>Deficits Without 209 Positions</i></u>		<u><i>Deficits With 209 Positions</i></u>	
	FY2013-14	FY2014-15	FY2013-14	FY2014-15
Projected Deficit	\$(216)	\$(327)	\$(232)	\$(347)

Beyond bringing the current fiscal year into balance and prevent the deficit for 2013-14 from growing, the recommendations presented herein will lay the groundwork for the next fiscal year. Specifically, this Office recommends increasing the Budget Stabilization Fund to \$40 million by year-end for the purpose of protecting critical priority services in 2013-14. The identification of these funds will occur through subsequent FSRs and ultimately acted upon as part of the budget development process for 2013-14. Potential sources of funds for the Budget Stabilization Fund may be prior year encumbrances, one-time receipts from the sale of City assets, and other

unanticipated growth in revenues. This means that any current year deficits must be confronted head-on and cannot be offset with new revenues.

The actions recommend by this Office are difficult. Nevertheless, they are consistent with the adopted budget and consistent with the City's financial policies. Furthermore these actions are aimed at re-balancing this year's budget while beginning to address next year's deficit. Through the collective actions recommended in this report, and the recent revenue proposals submitted by this Office, the City will be able to achieve structural balance.

2012-13 Budget

The 2012-13 fiscal year began with new challenges and risks, some of which were built into the 2012-13 Adopted Budget. These include: \$72.1 million in revenue solutions for which no pattern of receipts have been established and which rely on pending actions to be taken by federal, state and other agencies; the continued reliance on one-time solutions—\$91 million in the Fiscal Year 2012-13 budget—to offset ongoing expenditures; and programmed shortfalls, such as 209 positions authorities with only partial-year funding. Other significant challenges involve litigation, none more potentially harmful than *Ardon v. City of Los Angeles* which if the plaintiffs prevail could cost the City several hundred million dollars. Therefore, with the City already facing a budget deficit of about \$216 million in 2013-14 even before these uncertainties and risks are assessed, continuing down the cost-containment and cost-cutting path this fiscal year is critical to developing a balanced budget for 2013-14.

2012-13 Revenue Uncertainties

The Fiscal Year 2011-12 Budget was revised downward by \$7 million. The Adopted Budget for Fiscal Year 2012-13 was built on this revised revenue estimate. With the close of Fiscal Year 2011-12, actual receipts exceeded the revised budget by \$10.6 million, benefiting the Reserve Fund balance. See Section 10 of this report for a more detailed discussion.

Total fiscal year 2012-13 revenue through September is meeting planned receipts, representing 14 percent of total General Fund revenue (\$4.55 billion). Property tax and documentary transfer tax revenue are doing well with the gradual recovery of the housing market, and the Transient Occupancy Tax is ahead of plan. However, there are risks to the revenue budget. Early receipt of CRA-related revenue means that the \$13 million of the budgeted one-time funds will not be available this fiscal year, and it remains to be seen whether the City will receive the full \$18.6 million budgeted for on-going receipts. Reimbursement for ambulance services through AB678 is still pending, and utility user and business tax receipts are also below plan. Additionally, there are economic concerns, as the recovery continues to be weak. Unemployment, though decreasing, remains high (11 percent from 12.5 percent a year ago in the County), and the growth rate remains lackluster with GDP expected to average less than 1.8 percent through the fiscal year. There are unknown risks from the economic slowdown in China, the continuing Euro Zone crisis and the looming federal budget cuts which threaten to undermine the fragile recovery. At this time, this Office recommends no adjustments in General Fund revenue; however, receipts and economic indicators will be closely monitored during the coming months. Please refer to the

revenue discussion and corresponding attachments for additional information (See Section 10 and Attachments 13a-p).

The following revenue areas are being closely watched:

CRA Revenues: The receipt of \$48.6 million in estimated property tax revenue in the Adopted FY 2012-13 Budget from the dissolution of Community Redevelopment Agencies (CRA) remains at risk until a determination of the enforceable obligations of the former Community Redevelopment Agency of Los Angeles and the administrative costs of the successor agency is made and deducted from projected revenue.

The \$48.6 million estimate includes: a) \$30 million one-time payment (the City received approximately \$17 million in July 2012); and b) \$18.6 million in ongoing payments to be paid in two installments of \$9.3 million each in January and June 2013. Based on the current calculations from the County Auditor-Controller (CAC), the City will receive \$4.6 million property tax revenue on January 2, 2013.

On August 29, 2012, the CRA/LA, a Designated Local Authority, submitted its Recognized Obligation Payment Schedule (ROPS III) for the period of January through June 2013 to the California Department of Finance (DOF) for review and approval. The ROPS III included a total of \$86.7 million in expenditures to be paid from the Redevelopment Property Tax Trust Fund (RPTTF). On October 11, 2012, however, the DOF approved only \$34.7 million in expenditures funded with the RPTTF. The DOF denied the remaining \$52 million as enforceable obligations, including all agreements between CRA/LA and the City. The CRA/LA has requested to meet and confer with the DOF regarding the denied ROPS III items. By December 17, 2012, the DOF will notify the CRA/LA and the CAC of the outcome of its review of the meet and confer. It should be noted that the City's share of the January 2, 2013 property tax revenue distribution will increase if the DOF makes a final determination to deny ROPS III expenditures, in whole or in part, as denied enforceable obligations. However, this increase may be significantly less than the ROPS III expenditures incurred by City departments.

Fire Emergency Medical Reimbursements: The receipt of \$23.5 million in revenue from AB 678 remains uncertain. Although the State has allocated \$80 million for the first year of the reimbursement program the California Department of Health Care Services has not received final approval from the U.S. Centers for Medicare and Medicaid Services on the cost allocation methodology detailed in AB 678. It is the City's Inspector General of Citywide Collections' opinion that at a minimum, a State Plan Amendment must either be submitted (by a Beta Group consisting of the City and outside agencies) and/or approved by December 2012 in order for the City to receive the revenue in the current fiscal year. The Inspector General believes that by December 2012, the City will be able to reasonably assess whether these revenues are likely in the current fiscal year. The Inspector General provides a series of recommendations to ensure that the City is ready to submit a claim in anticipation of approval notification by the State of California, Department of HealthCare Services for the proposed State Plan Amendment and cost methodologies and reports (See Attachment 14 and Recommendations Nos. 32 through 34).

Issues of Concern

In addition to the aforementioned concerns, there are additional factors that may adversely impact the City; the size and/or timing of which cannot be accurately determined at this time:

Class Action Liability: As reported in previous FSRs, 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. 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, based on the current timing of the litigation, the City's liability could potentially be several hundred millions dollars, payable in 2013-14 or thereafter. However, any potential settlements could result in some financial impact as early as 2012-13. Additionally, there are several lawsuits that are also pending that may result in high judgments against the City.

Workers Compensation Reform: Workers compensation reform legislation, SB 863 (De Leon), was recently signed by the Governor and enacted into law. According to the League of California Cities, the legislation is intended to increase benefits to injured workers and lower costs for employers. Both the Personnel Department and the City Attorney's Worker Compensation Division are reviewing this legislation to assess the City impacts. The Personnel Department is awaiting a State actuary study which is expected to be released shortly that will outline the fiscal impacts. The Personnel Department has advised that the measure would increase the permanent disability payment for injured workers and that many of the saving reforms require new rules and procedures that have yet to be drafted and that are likely to face legal opposition. A companion measure also includes enhancements to sworn benefits that could result in a significant fiscal impact to the City. The potential impact on the City's FY 2012-13 or FY 2013-14 budget cannot be assessed at this time. More information will be provided as it becomes available.

Gross Receipts Tax Phase Out: The receipt of \$25 million of the \$450 million in estimated 2012-13 business tax revenue is at risk if the Mayor and Council adopt the Business Tax Advisory Committee's proposal to phase out the gross receipts tax over 15 years. Although triggers have been discussed, but no immediate reductions or alternative revenue sources have been identified to offset the loss of revenue. Independent economic analysis has determined that enough new property and sales tax revenue is not expected to be generated to fully offset a reduction of the business tax.

State Budget: The 2012-13 State Budget closes a \$15.7 billion budget gap and provides an estimated \$948 million reserve. Specifically, the budget relies on \$4.6 billion in expenditure actions combined with nearly \$9 billion in revenue actions (of which \$8.5 billion consists of temporary taxes), and \$5.8 billion in other actions, including loans transfers and funding shifts. State budget reductions are targeted at CalWORKs welfare-to-work services, Medi-Cal, In-Home Supportive Services, and State employee compensation (negotiations and furloughs). A total of about \$8.5 billion in temporary taxes are assumed to be approved by voters in the November

2012 election (Proposition 30). The Budget also includes a backup plan consisting of \$6 billion in trigger cuts if the tax measures are not approved. The trigger cuts would go into effect on January 1, 2013 and consist mainly of reductions to education. Nevertheless, the State budget gap continues to be a concern to cities, due to the State's past history of balancing its budget with local revenues. See Section 12 for further discussion on the State Budget.

Federal annual budget appropriations: The Federal 2012-13 Fiscal Year began on October 1, 2012. Absent consensus on a new budget for 2012-13, Congress agreed on a six-month continuing resolution to avoid a federal government shutdown after September 30, 2012. While the agreement delays final resolution on FY 2012- 2013 spending bills until next calendar year and after a new Congress convenes, it will maintain funding at \$1.047 trillion consistent with last fall's deficit reduction package.

The White House Office of Management and Budget (OMB) issued a report in September detailing potential federal cuts of approximately \$109 billion that would be triggered if Congress fails to act on a plan to reduce the deficit by \$1.2 trillion in accordance with the Budget Control Act of 2011 (also referred to as "Sequestration"). According to the League of California Cities (League), the OMB's Sequestration Report does not provide details on how the sequestration would affect specific federal programs, activities, and projects. However, the League's initial analysis anticipates further reductions to local government oriented programs that provide critical support to cities, assisting with implementation of community and economic development initiatives, affordable housing projects, human services programs and public safety services and equipment. Specific program reductions would impact the Community Development Block Grant, HOME Investment Partnership, and COPS and Byrne Justice Assistance Grants. These programs have already experienced significant cuts over the last two federal fiscal years and would face an additional 28 percent reduction beginning in 2013 through 2021. There are concerns that sequestration may also impose cuts to federal surface transportation funding, with roughly \$739 million in highway and road funding vulnerable to these scheduled spending cuts. However, this has not been confirmed.

It is unclear whether Congress will take any action on these issues, following the November elections. Since the continuing resolution expires in March 2013, it is possible that Congress may delay action until then. However, absent legislative action, the first of the sequestration reductions will be implemented on January 2, 2013.

Four Year Outlook and Future Budget Outlook

This Office prepares a multi-year budget outlook, based on the existing budget, known major future expenditure commitments and projections of other revenues and expenditures, to identify future budget challenges as well as provide a preliminary projection of the current and future years' budget status. This planning tool helps the City identify potential budgetary pressures and allows for earlier implementation of budget adjustments, either through the annual budget process or through interim action.

Attachment 1 presents the City's Four-Year Budget Outlook (Outlook) for fiscal years 2012-13 through 2016-17, as updated on July 2, 2012. The update incorporates the City's 2012-13 Adopted Budget as well as the new terms with bargaining units represented by the Engineers and Architect Association and Fiscal and Policy Professionals Association that were finalized after the adoption of the budget.

The Outlook continues to show a structural deficit for the City which poses a significant challenge in the City's budget balancing efforts. The projected budget gap for 2013-14 is approximately \$216 million, followed by a projected deficit of \$327 million in 2014-15. The magnitude of the projected deficits warrants permanent changes in both spending and revenue. Addressing only spending through reductions in positions, services, deferring maintenance, or avoiding critical investments will lower expenditures, but will also result in a degradation of services that constituents will not support or which will result in future liabilities.

Table 1. Summary of Four-Year Budget Outlook				
(\$ Millions)				
Fiscal year	2013-14	2014-15	2015-16	2016-17
Total Budget Gap	(216)	(327)	(297)	(265)

This Office will continue to make adjustments to the forecast in the ensuing months to reflect any current year changes to key expenditures including employee compensation adjustments, civilian and sworn benefits and pension contributions, and other obligatory expenses, as well as any changes in revenue assumptions based on actual receipts and economic forecasts. It is critical that the City take actions that reduce the 2013-14 deficit.

Reserve Fund

The Controller reports that the preliminary June 30, 2012, Reserve Fund cash balance was approximately \$242.3 million. After return of short-term loans made by the Controller at year-end, and adjustments initiated in the prior year and those included in the 2012-13 Adopted Budget, the July 1, 2012, Available Balance was approximately \$227 million, representing 4.99 percent of the General Fund Budget. In comparison, the July 1, 2011, Available Balance was \$200.7 million, or 4.58 percent of the 2011-12 General Fund Budget.

Table 2.			
2012-13 Reserve Fund Available Balance			
(millions)			
	Budget	Actual	Difference
Cash Balance, June 30	\$231.1	\$242.3	\$11.2
Other Adjustments	(13.1)	(15.3)	(2.2)
July 1 Available Balance	\$218.0	\$227.0	\$9.0
Emergency Account	\$125.1	\$125.1	-
Contingency Account	92.9	101.9	\$9.0
Reserve Fund as Percent of General Fund	4.78%	4.99%	0.20%

Basis for Increase in Reserve Fund

The July 1, 2012 Available Balance in the Reserve Fund was \$9 million greater than budgeted primarily due to higher than projected revenue and reduced year-end transfer.

Table 3. Basis for Increase in Reserve Fund (millions)	
	Difference
Revenue (Attachment 13a)	\$10.6
Reversions (Attachment 2)	(1.8)
Reappropriations	(3.6)
Year-End Transfers	6.4
Others	(2.6)
Total	\$9.0

The current Reserve Fund Balance is approximately \$224.7 million, after providing for approved loans, transfers and other transactions, consisting of \$125.1 million in Emergency Reserve and \$99.6 million in Contingency Reserve. The approved transfers include the transfer of approximately \$3.8 million from the Reserve Fund to the AB1290 Fund. These funds were received by the City in 2011-12 as a result of the dissolution of the Community Redevelopment Agency. The \$224.7 million represents 4.94 percent of the General Fund Budget. Please refer to Attachment 3 for greater detail on the Reserve Fund.

While the July 1, 2012, Reserve Fund balance was greater in comparison to prior fiscal years, this Office recommends that we remain cautious in using the Reserve Fund to offset deficits in light of the continuing weak economy and the forecasted 2013-14 budget gap of \$216 million.

Budget Stabilization Fund

The City's revenue is sensitive to economic conditions as well as actions taken by the State. Spending cuts in response to unanticipated revenue shortfalls during a fiscal year have resulted in sudden reductions in critical services and operations. As such, the Budget Stabilization Fund (BSF), also known as "rainy day fund," was established as part of the 2008-09 Budget. The primary purpose of the BSF is to help stabilize revenue, supplement the Reserve Fund, prevent overspending during prosperous years and provide resources to maintain service levels during lean years.

The current BSF balance is \$500,000, deposited in fiscal year 2009-10. While it is important that the City build this fund to provide for pending litigation, slow economic recovery, and other issues discussed in this report, this Office recommends that the City increase the BSF balance to \$40 million by year-end to help offset the projected 2013-14 budget gap of \$216 million. More importantly, these funds will help protect critical services in FY 2013-14 that would otherwise

have to be eliminated.

The \$40 million, which will be set aside as part of the BSF "Service Protection Account," can be generated from the following sources:

- Financial Management System (FMS) and Supply Management System (SMS) prior-year encumbrances reversions;
- Departmental and Non-departmental budget surpluses;
- A portion of the projected General Fund tax revenues that exceeds the estimated revenues published in the Adopted Budget. These surpluses may come from several economy-sensitive revenues, including but not limited to, property, hotel, documentary and parking users' taxes; and,
- A portion or all of one-time receipts from sale or leases of the City's assets.

Through subsequent FSRs, this Office will begin to identify revenue and other savings that can be recognized and deposited in the BSF, Service Protection Account. The CAO and Chief Legislative Analyst (CLA) are currently drafting a funding policy for the Budget Stabilization Fund. This policy is expected to be released in November 2012.

2012-13 Projected Departmental Deficits

This FSR is based on department expenditure and revenue information through the end of August and includes the following assumptions: departments must absorb any unbudgeted cost of living adjustments, the Managed Hiring Process will continue, and the 209 positions identified for potential layoff will be off the respective departments' payroll after December 31, 2012. Any changes to these assumptions will impact the City's budget outlook. With only two months of data, it is still too early in the fiscal year to properly assess potential surpluses and deficits. Nevertheless, approximately \$16.6 million in expenditure shortfalls and unbudgeted expenses are projected at this time.

Departments projecting expenditure shortfalls of \$12.7 million consist of the following:

- Fire (\$5.2 million);
- General Services (\$1.4 million);
- Police (\$2.4 million); and,
- City Attorney (\$3.7 million for Outside Counsel).

Additionally, major unfunded expenses totaling \$3.9 million have been identified as a result of prior year adjustments to the Lifeline Program for Solid Waste Disposal, the White Point Landslide, and the Operation Healthy Streets initiative. Further, with the recent volatility in fuel prices and escalating judgments against the City, the General Services Petroleum account and Liability Claims account are being closely watched.

Elimination of 209 Resolution Authorities-Detail

As part of the 2012-13 Budget actions, 209 filled positions were identified for elimination and subsequently restored by the City Council as resolution (temporary) authorities. However, these positions will expire on December 31, 2012. The City Council instructed that "no layoff of these 209 positions will occur prior to January 1, 2013 until subsequent action by the Council and/or the Mayor." During this timeframe, the Personnel Department was directed to commence the layoff process for the incumbents of these positions. Departments have reported that of the initial 209 positions identified for elimination, only 186 are still filled. In light of the City's current budget status and projected deficits identified in the Four Year Budget Outlook, there are no ongoing funds available to keep the 186 filled positions through the end of the fiscal year. Delaying this action makes solving the 2013-14 budget gap even more difficult as the Outlook already assumes elimination of these positions after December 31, 2012. Also, as noted in the Mayor's 2013-14 Budget Policy Letter, further salary reductions are expected to be proposed. As such, it is recommended that the departments, with the assistance of the Personnel Department, complete the layoff process for these positions by January 1, 2013.

This Office surveyed the seven affected departments to determine which of the 209 positions remain filled or have been vacated. In addition, departments were provided the opportunity to propose any alternatives for those that remain filled. The departments reported that 23 positions have been vacated since adoption of the 2012-13 budget, while 12 positions were identified as alternatives position cuts for the Animal Services Department, Information Technology Agency (ITA), and the Fire Department (LAFD). No other departments provided any alternatives.

The Animal Services Department proposed to delete two filled positions that provide a core service for the department and one vacant position. While, this Office did not find this alternative fully feasible, we will work with the department on exchanging the vacant position offered for one of the filled positions slated for elimination.

The ITA and LAFD offered existing vacancies. However if the filled positions for these two departments are restored in exchange for the identified vacancies, it will further increase each department's overall deficit. Nevertheless, if these departments can demonstrate that they can address the deficits by the end of the calendar year, this Office will work with them to activate substitute authorities as appropriate.

Pursuant to the City Charter and in compliance with the Adopted Budget, the general managers of the impacted departments (Animal Services, Information Technology Agency, Fire, Police, Personnel) should issue notice to the Personnel Department to initiate the layoff process for the remaining filled positions by January 1, 2013. Further, the Personnel Department should complete the layoff and displacement process for the incumbents of the filled positions with enough time to allow general managers to provide written notice to employees to be displaced or laid off by December 14, 2012.

Budgetary Adjustments

Budgetary adjustments totaling approximately \$57 million are recommended in Sections 1 and 2 of this report which include:

- \$4.3 million for transfers between accounts within various departments and funds;
- \$12.2 million for transfers between departments and funds;
- \$2.6 million appropriations from various line items in the Unappropriated Balance, including approximately \$2.2 million from the Layoff Avoidance line item;
- \$16,000 reappropriation from the Reserve Fund to the Police Department for the purchase of cameras and WiFi equipment in the Central Area per C.F. No. 11-600-S145;
- \$31.3 million re-authorization to spend Municipal Improvement Corporation of Los Angeles (MICLA) funds for the Fire Department, General Services and the Information Technology Agency as per the 2012-13 Adopted Budget, as well as authorization to expend about \$253,000 in prior year MICLA funding for the Office of Finance and Fire Department;
- \$2.4 million appropriation from the Special Parking Revenue Fund for the Hollywood and Highland Settlement Agreement, consistent with prior Council action.
- \$3.6 million in miscellaneous budget adjustments, including about \$1 million in special fund reappropriations to the Police Department for the purchase and installation of cameras and about \$1.7 million in adjustments for the Community Development Department.

Attachments

- 1 Four Year Budget Outlook for 2012-13 through 2016-17.
- 2 Schedule of Reversions to Reserve and Other Funds
- 3 Current Status of the Reserve Fund
- 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 120 Day Employees
- 11 Status of Fee Increases in the 2012-13 Budget
- 12 GRYD Program Contracts and Expenditures
- 13-a Fiscal Year 2011-12 General Fund Receipts
- 13-b Fiscal Year 2012-13 General Fund Receipts
- 13-c Gross Domestic Product
- 13-d Revenue Monthly Status Report: Property Tax
- 13-e Revenue Monthly Status Report: Documentary Transfer Tax
- 13-f Deeds recorded in the City: 12-Month Moving Sum
- 13-g Revenue Monthly Status Report: Transient Occupancy Tax

- 13-h Revenue per Available Room, Los Angeles Area
- 13-i Revenue Monthly Status Report: Business Tax
- 13-j Revenue Monthly Status Report: Utility Users Tax
- 13-k Revenue Monthly Status Report: Electric Users' Tax
- 13-l Revenue Monthly Status Report: Gas Users' Tax
- 13-m Cost of Natural Gas
- 13-n Revenue Monthly Status Report: Telephone Users' Tax
- 14 Status Update Inspector General of Citywide Collections

RECOMMENDATIONS

(Refer to Discussion Sections 1, 2 and 3)

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

1. Transfer \$4,304,736 between accounts within various departments and funds as specified in Attachment 4;
2. Transfer \$12,209,918.57 between various departments and funds as specified in Attachment 5;
3. Appropriate \$2,636,924.95 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;

Aging

4. Decrease appropriations in the amount of \$26,402 within the Area Plan for the Aging Title III, Fund No. 395/02, Account No. 02J166, Personnel, to remove the Older American's Act grant funding appropriated to the Personnel Department for the Human Resources Consolidation authorized in the 2012-13 Adopted Budget; and, correspondingly, decrease appropriations to the Personnel Fund No. 100/66, Account No. 001010, Salaries General, by \$26,402;
5. Transfer \$26,402 from Aging Fund No. 100/02, Account No. 001010, Salaries General, to the Personnel Fund No. 100/66, Account No. 001010, Salaries General, to replace the Older Americans Act grant funding for the Human Resources Consolidation authorized in the 2012-13 Adopted Budget;

Building and Safety

6. Relative to a transfer of \$405,000 from the Construction Services Trust Fund to the Building and Safety Enterprise Fund for consulting services related to a technology feasibility study for the BuildLA project referenced in Attachment 5, instruct the Department of Building and Safety to submit an annual financial report to the Board of Public Works on the use of these funds for auditing purposes;

Community Development Department

7. Decrease appropriations for \$618,775 within the Community Development Trust Fund No. 424/22 in order to align CDD's budget to the 38th Program Year Consolidated Plan administration and program delivery grant sources (CF 11-1593-S1);

a) Decrease appropriations within the Community Development Trust Fund No. 424 as follows:

<u>Account No</u>	<u>Account Name</u>	<u>Amount</u>
22J122	Community Development	(\$459,105)
22J299	Related Costs	(159,670)
	Total	(\$618,775)

b) Increase or (decrease) appropriations in the amount of (\$459,105) within Fund No. 100/22 as follows:

<u>Account No</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries-General	(\$308,462)
001070	Salaries-As Needed	28,826
002120	Printing and Binding	(7,555)
003310	Transportation	(66,176)
003340	Utilities	50,559
006010	Office Administration	(74,915)
	and	
006020	Operating Supplies	20,980
006030	Leasing	(102,362)
	Total	(\$459,105)

8. Decrease appropriations in the amount of \$250,000 within Fund 100/22 Account No. 001070 Salaries - As Needed. Appropriations for the General Fund Summer Youth Employment Program were included in the Workforce Investment Act (WIA) Annual Plan (CF 12-0796);

9. Decrease appropriations for \$200,000 within various funds and accounts to change the funding source of Summer Youth Hires Council District 7 from Lopez Canyon Landfill Community Amenities Trust Fund to the Assembly Bill 1290 (AB1290) Funds (CF 12-1213);

a) Decrease appropriations for \$200,000 within Fund No. 53P/28 State AB1290 City Fund, Account No. 28J122, Community Development;

b) Decrease appropriations for \$200,000 within Fund No. 100/22, Account No. 1070, Salaries - As Needed;

c) Increase appropriations for \$200,000 within Fund No. 53P/28, Account No. 28/J551, Summer Youth Hires;

10. Decrease appropriations in the amount of (\$36,647) within the Community Development Trust Fund, increase appropriations in the amount of \$35,126 within the WIA Trust Fund and increase appropriations in the amount of \$1,521 within the Community Services Block Grant to align Personnel Department appropriations to grant sources:

a) Increase or (decrease) appropriations as follows:

<u>Fund</u>	<u>Account No.</u>	<u>Account</u>	<u>Amount</u>
424	22J166	Personnel	(\$36,647)
428	22J166	Personnel	1,521
44A	22J166	Personnel	35,126
		Total	0

Cultural Affairs

11. Reappropriate \$392,500 from the Arts and Cultural Facilities and Services Trust Fund No. 480/30, Cash Balance, to Cultural Affairs Fund No. 100/30 in the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
009840	LACMA/Watts Towers Conservation	\$135,000
009891	Sony Pictures Media Arts Program	225,000
009832	Special II (for Teatro Avante)	7,500
009832	Special II (for LAXart)	25,000
	Total	\$392,500

Mayor

12. Appropriate \$160,674.61 from Fund 100/46, Revenue Source Code 5161, Reimbursement of Expenditures, to Mayor Fund No. 100/46, Account No. 1070, Salaries As-Needed, to support salary costs for Build LA related activities;

13. Appropriate \$59,467.74 from Fund 100/46, Revenue Source Code 5102, Donations and Contributions to Mayor Fund No. 100/46, Account No. 1070, Salaries As-Needed, to support salary costs for Strategic Partnership related activities;

Neighborhood Empowerment

14. Reappropriate \$16,278.43 within the Neighborhood Empowerment Fund No. 44B/47, Account 471105, Hollywood Studio District Neighborhood Council, from Fiscal Year 2011-12 to Fiscal Year 2012-13 as the funds were inadvertently disencumbered and needed in the current fiscal year to pay nine (9) outstanding Demand Warrants encumbered in 2011-12;

15. Reappropriate \$1,073.59 within the Neighborhood Empowerment Fund No. 44B/47, Account 471101, Mission Hills Neighborhood Council, from Fiscal Year 2011-12 to Fiscal Year 2012-13 to pay for Neighborhood Council election related expenditures;

Planning

16. Authorize the Controller to create a new Account for Survey LA within the City Planning Grant Trust Fund No. 46Y;
17. Instruct the Planning Department to disencumber up to \$227,542 in General Fund dollars for various contracts noted below from Planning Fund No. 100/68, Account No. 3040, Contractual Services, and instruct the Controller to revert the unencumbered funds to the Reserve Fund;

<u>FY</u>	<u>Contract No.</u>	<u>Provider</u>	<u>Amount</u>
04-05	C-100313	Fehr & Peers	\$92,708
05-06	C-108887	Fehr & Peers	\$7,292
07-08	C-108889	Christopher Joseph & Assoc.	<u>127,542</u>
		Total	\$227,542

18. Authorize the Controller to transfer \$172,142 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the Planning Fund No. 100/68 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries General	\$44,600
003040	Contractual Services	<u>127,542</u>
	Total	\$172,142

Police

19. Reappropriate \$16,000 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to Police Fund No. 100/70, Account No. 003040, Contractual Services, for the purchase of cameras and WiFi equipment in the Central Area per C.F. No. 11-0600-S145;
20. Reappropriate \$60,000 from the State AB1290 City Fund No. 53P/28, Account No. 28H170, Police, to Police Fund No. 100/70, Account No. 003040, Contractual Services, for the purchase of cameras in the Mission Area per C.F. No. 11-1423;
21. Reappropriate \$35,000 from State AB1290 City Fund No. 53P/28, Account No. 28H170, Police, to Police Fund No. 100/70, Account No. 003040, Contractual Services, for the purchase and installation of cameras in the 77th Area per C.F. No. 12-0202-S1;
22. Reappropriate \$165,000 from the Urban Development Action Grant (UDAG) Revenue Fund No. 356/22, Account No. 22H170, Police, to Police Fund No. 100/70, Account No.

003040, Contractual Services, for the purchase and installation of cameras in the 77th Area per C.F. No. 12-0202;

23. Reappropriate \$679,831 from Fiscal Year 2011-12, Street Revenue Furniture Fund No. 43D/50, Account No. F170, Police, to the following accounts within Police Fund No. 100/70 for the purchase and installation of security cameras in Council District 3 per C.F. No. 11-0600-S145;

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
003040	Contractual Services	\$630,660.67
006010	Office and Admin Expense	<u>43,200.00</u>
	Total	\$679,830.67

Transportation

24. Authorize the Controller to transfer \$10,000 from the Measure R Local Return Fund No. 51Q/94, Account No. 94J501, Transportation Contingency, and appropriate therefrom to a new Account within the same fund titled "Debt Service Administration," to pay pending invoices for financial advisory and bond counsel services associated with Measure R potential revenues;

25. Reappropriate \$24,800 from the Subventions and Grants Fund No. 305/50, Revenue Source Code 385101, to the accounts noted below within the Transportation Fund No. 100/94 to complete the traffic signal and equipment relocation work relative to a crosswalk on Crenshaw Blvd. between 30th and Jefferson, as initially instructed per C.F. No. 12-0262):

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries General	\$1,800.00
001090	Salaries Overtime	8,000.00
003350	Paint and Sign Maint. and Repairs	<u>15,000.00</u>
	Total	\$24,800.00

MICLA

26. Relative to the Information Technology Agency, re-approve the use of \$1,000,000 of Municipal Improvement Corporation of Los Angeles (MICLA) financing provided in the 2012-13 Budget for the Network Infrastructure project;

27. Relative to the Office of Finance,

- a) Approve the use of \$29,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing for the purchase equipment of interface with the LATAX Tape Library equipment purchased in 2011-12;
- b) Authorize the Controller to increase appropriations to the Office Finance Fund No. 100/39, Account No. 006010, Office and Administrative Expense, by \$29,000; and
- c) Authorize the Controller to transfer cash from MICLA Fund No. 298/39, Account No. 39H139, Finance to reimburse the General Fund on an as-needed basis upon proper documentation from Finance and approval of the City Administrative Officer;

28. Relative to the Fire Department,

- a) Re-approve the use of \$14,975,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing provided in the 2012-13 Budget for the following: three aerial ladder trucks, 11 triple combination pumpers, ten command vehicles, 21 ambulances, one brush patrol vehicle, two utility service trucks, five emergency sedans and, two pick-up trucks including communication equipment;
- b) Authorize the Controller to increase appropriations to the Information Technology Agency Fund No. 100/32, Account 001100, Hiring Hall Salaries, by up to \$224,000, for installation of communications equipment in Fire Department vehicles, and correspondingly transfer up to \$224,000 to MICLA Fund No. 298/38, Account J132, from MICLA Fund No. 298/38, Account G206, and \$196,000 to Account G132 from Account G206, upon presentation of approved invoices;

29. Relative to the General Services Department, re-approve the use of \$15,318,000 in Municipal Investment Corporation of Los Angeles (MICLA) financing provided in the 2012-13 Budget for the purchase of 185 vehicles as follows: 15 street sweeper, one aerial tower, one vibratory roller, five crane, one tractor-crawler, five tractor-tool carrier, two tractor-Low center gravity, nine tractor-wheeled loader, 66 sedan (Parking Enforcement), and 80 truck-light duty;

Special Parking Revenue-Hollywood and Highland

- 30. Transfer up to \$2,427,875 in appropriations within the Special Parking Revenue Fund 363 from Account 94H050, Contractual Services, into new Account, entitled "Hollywood and Highland Settlement Agreement" for payment due to TRZ Holdings IV LLC, successor to TrizecHahn Hollywood LLC;
- 31. Authorize the City Administrative Officer to execute such instrument as deemed necessary by the City Attorney to document payment and the other obligations related to the Settlement Agreement;

Inspector General Citywide Collections-Assembly Bill 678

32. Instruct the Fire Department to collect and prepare all pertinent data to substantiate the City's claim for eligible Medi-cal expenses allowed through Assembly Bill 678 no later than December 31, 2012 in anticipation of an approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services for the proposed State Plan Amendment and cost methodologies and reports;
33. Instruct the Fire Department to prepare and immediately submit a one-claim packet covering claim periods from January 30, 2010 through June 30, 2012, contingent upon approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services for the proposed State Plan Amendment (SPA) and cost methodologies and reports;
34. Instruct the Inspector General to continue working with the Fire Department and other stakeholders to provide an independent status update on milestones achieved by the Mid-Year Financial Status Report, specifically focusing on the December 2012 SPA approval milestone;

Position Eliminations

35. Instruct the Personnel Department to report back by January 1, 2013 on the final results of the layoff process including the number of displacement and number of layoffs by department;
36. Instruct the CAO, for submittal to the City Council, to make the necessary changes to the 2012-13 Personnel Authority Resolution and the 2012-13 Departmental Personnel Ordinance for the City Attorney's Office to reflect the deletion of eight Assistant City Attorney, 12 Deputy City Attorney IV, 24 Deputy City Attorney III and six Deputy City Attorney II positions effective January 1, 2013 (50 total positions);
37. Adopt a Department Personnel Ordinance that eliminates eight Assistant City Attorney, 12 Deputy City Attorney IV, 24 Deputy City Attorney III and six Deputy City Attorney II positions within the Office of the City Attorney (Criminal/Special Litigation) for the current fiscal year;
38. Request the City Attorney to initiate the layoff process in accordance with the Rules adopted by the City Council on July 8, 1975 pursuant to Charter Section 1050 (formerly Charter Section 42) for the 50 positions by November 15, 2012 with a separation date of December 31, 2012; and provide detailed final results of the layoff process to the Mayor and Council;

Budget Stabilization Fund

39. Adopt a goal to increase the Budget Stabilization Fund to \$40 million by year-end for the purpose of protecting critical priority services in Fiscal Year 2013-14, and authorize the

Controller to establish a new account within the BDSF entitled "Service Protection Account; and

Technical

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

FISCAL IMPACT STATEMENT

Based on preliminary estimates, \$16.6 million in expenditure shortfalls and major unbudgeted expenses are identified in this report. An appropriation of approximately \$2.2 million is recommended from the Unappropriated Balance, Layoff Avoidance line item to offset a portion of this deficit. No adjustment to budgeted revenue is recommended at this time. Transfers, appropriations and other adjustments totaling approximately \$57 million are recommended in Sections 1 and 2. Included in these recommendations is re-authorization of \$31.3 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing as per the 2012-13 Adopted Budget.

DEBT IMPACT STATEMENT

The issuance of MICLA bonds is a General Fund obligation. With the authorization to use MICLA financing provided for in the adopted budget, it is estimated that the City will need to borrow a total of \$35,233,620 (includes cost of equipment, costs of issuance, and debt service reserve fund) at a 5 percent interest rate. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot predict what interest rates will be in the future. The total estimated debt service is \$45,203,620 which includes the borrowing amount and interest (\$9,970,000). During the life of the bonds, the estimated average annual debt service is \$4,520,362 over 10 years.

DISCUSSION

The Office of the City Administrative Officer (CAO) monitors the budget and transmits reports to the Mayor and Council detailing the City's current financial condition. This report provides an update on the current-year budget deficit, revenue shortfall and reserve fund status, and it highlights current issues of concern and the potential impact to the City. In addition, it provides an update on department revenues and expenditures, which includes recommendations totaling approximately \$57 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 twelve sections as follows:

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1. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, provides preliminary projections for year-end deficits, and highlights issues of concern. Recommendations include new appropriations, reappropriations and transfers for operational needs, as well as re-approval to expend Municipal Improvement Corporation of Los Angeles (MICLA) funds as provided for in the Adopted Budget.

Department Expenditures: This analysis is based on department expenditure and revenue information through the end of August and includes the following assumptions: departments must absorb any unbudgeted cost of living adjustments, the Managed Hiring Process will continue, and the 209 positions identified for elimination will be off the respective departments' payroll after December 31, 2012. Any changes to these assumptions will impact the City's budget outlook. With only two months of data, it is still too early in the fiscal year to properly assess potential surpluses and deficits. Departments projecting expenditure shortfalls of \$12.7 million consist of Fire (\$5.2 million), General Services (\$1.4 million), Police (\$2.4 million) and City Attorney (\$3.7 million for Outside Counsel). Since these estimates are based on only two months expenditure data, year end projections are likely to change. As such, no budgetary adjustments to address departmental account deficits are recommended at this time.

Major Unfunded Expenditures: This section also includes a discussion a major unfunded expenditure consisting of prior years Lifeline adjustments (see Bureau of Sanitation).

Department Revenues: It is too early in the fiscal year to project year-end General Fund revenue. Departmental General Fund revenue estimates for this reporting period are based on only two months of receipts, July and August. No adjustments are recommended at this time.

A. Aging

Recommendation Nos. 4 and 5

The Department of Aging is currently projecting a year-end special funds surplus of \$479,385 in the Salaries General account. The reported surplus is the result of current vacancies. Aging is in the process of filling five vacancies approved by the Managed Hiring Committee and will request to fill additional grant-funded positions through the Fiscal Year. Grant funds may be returned to the grantor after June 30, 2013 if the funds are not expended by that time. However, the funds may be reprogrammed for other purposes or returned to the Department as one time funds in subsequent Fiscal Years.

Further, the 2012-13 Budget provides \$26,402 in Older Americans Act (OAA) funding to the Personnel Department's salaries account as a result of the Human Resources Consolidation. However, the Department of Aging advises that the OAA funds need to remain within its Department for audit purposes. As a result, Aging requests that the \$26,402 in OAA funds be deleted from the Personnel Department and that an equivalent amount in General Funds be transferred from the Department of Aging's Salaries General account to the Personnel Department. There is no net change in total funding for the Personnel Department. Additionally, no corresponding increase in the OAA appropriation to the Department of Aging is recommended because these additional salary expenditures can be offset by the existing grant-funded surplus in the Salaries General account. This transaction will not impact General Fund revenue as OAA does not pay related costs. This Office recommends approval of these adjustments.

No issues are raised with the Department's budgeted revenue at this time.

B. Animal Services

Attachment 5 – Transfers between Department and Funds Recommendation No. 35

Assuming no hiring occurs beyond current staffing levels, the Department is projected to remain within budget. This analysis assumes that the eight unfunded filled positions that were slated for layoff will be off the Department's payroll after December 31, 2012. However, this Office will work with the department on exchanging the one vacant position offered for one of the filled positions slated for elimination.

The following is recommended:

- Appropriate \$164,960 from the Animal Sterilization Fund to the Department's Salaries General account to reimburse the Department for costs associated with administering the Department's Spay and Neuter Programs.

Approximately 26 percent of General Fund Revenue has been received to date. This Office anticipates that the Department will meet its overall General Fund budget by year-end.

C. Building and Safety

Attachment 5 – Transfers between Department and Funds Recommendation No. 6

A net year-end deficit is not projected for this Department at this time. Based on the Department's overtime usage through the end of August, a \$1 million deficit is projected in the Salaries Overtime account. This deficit is expected to increase as the Department processes additional expedited review requests. A portion of the deficit in Salaries Overtime is expected to be covered by a surplus in the Salaries General account (currently estimated at \$1.37 million). The remainder can be covered by the Building Permit Enterprise Fund. It is recommended that \$500,000 from the Building Permit Enterprise Fund be transferred to the Department's Salaries Overtime account to offset a portion of the projected deficit. The Department reports that overtime expenditures have increased due to increases in demand for new construction services. Additionally, it is recommended that \$578,000 from the Building Permit Enterprise Fund be transferred to the Department's Salaries As-Needed account to manage the current and foreseeable backlogs in processing the Department's revenue-generating workload. New construction is up over the first two months of the fiscal year compared to the same period last fiscal year. This Office will continue to monitor the Salaries Overtime account and recommend any adjustments as necessary in future financial status reports.

Within the Board of Public Works section is a recommendation to transfer \$405,000 from the Construction Services Trust Fund to the Building and Safety Enterprise Fund relative to consulting services in connection to the BuildLA project.

At this time only 3 percent of the Department's General Fund revenue has been received to date. However, a year-end revenue deficit is not projected at this time.

The Building Permit Enterprise Fund is currently tracking with budgeted revenue. Approximately 21 percent of budgeted revenue has been received to date.

D. City Administrative Officer No Recommendations

At this time, General Fund revenue is projected to be on budget. It is projected that the Office will complete the fiscal year within budget after reimbursement for staff costs.

E. City Attorney Recommendation Nos. 36 through 38

It is projected that the City Attorney's Office will have a year-end General Fund surplus of \$118,000 among the salary accounts, inclusive of budgeted furlough savings. A deficit in the Salaries General account is offset by surpluses in the Salaries Grant Reimbursed and Salaries

Proprietary account. The deficit in the Salaries General account is primarily due to the transfer of employees from the other salary accounts. A request to transfer funds between the salary accounts may be recommended in a subsequent FSR. This Office will work with the department to realign funding and position authority between the three accounts during the Fiscal Year 2013-14 budget process to reflect the shift in workload.

The 2012-13 Adopted Budget provides \$3 million in the Unappropriated Balance (UB) for Outside Counsel costs, including the Workers' Compensation line item. The City Attorney's Office is currently projecting outside counsel expenditures at \$6.7 million this fiscal year, which would result in a \$3.7 million deficit. According to the City Attorney's Office, the increase in projected expenditures is due to increased litigation activity in high-exposure cases alleging violations of the Americans with Disabilities Act and the alleged unlawful imposition of a Telephone Users Tax. A request to transfer the \$3 million set aside in the UB to the City Attorney's Office has been requested in a separate report. The \$3 million is expected to cover expenditures through December 2012. At this time, the City Attorney's Office is not requesting additional funds to cover the projected \$3.7 million deficit in Outside Counsel. Our Office will continue to work with the City Attorney's Office to identify savings in other accounts and potential funding sources to cover the projected deficit.

Approximately 7 percent of budgeted General Fund revenue has been received to date. Budgeted revenue is expected to be met at this time.

Elimination of 50 City Attorney Positions

As part of the 2012-13 Budget actions and consistent with the City's declaration of a fiscal emergency, certain positions within the Office of the City Attorney were mandated to take 34 furlough days (272 hours) in the current fiscal year to generate \$9.4 million in one-time salary savings. While this Office believes that furloughs are a management right, in light of the continued legal challenges on furloughs and the need to identify ongoing savings, this Office recommends halting furloughs on December 31, 2012 for employees in MOU 29 (i.e., Deputy and Assistant City Attorneys) and instead implement long-term savings through position eliminations and displacement of staff within these classifications.

Based on the budgeted salary savings, the average salary for the impacted classifications and the timing of potential layoffs, this Office has identified 50 positions to be eliminated assigned to Criminal/Special Litigation. The positions to be eliminated are as follows:

Class Code	Classification	Number of Positions
0553	Assistant City Attorney	8
0573	Deputy City Attorney IV	12
0552	Deputy City Attorney III	24
0551	Deputy City Attorney II	6

It is anticipated that targeting these positions will not have an adverse impact on the City's civil liability. Therefore, this Office recommends that 1) the City Council adopt a Department Personnel Ordinance that reflects the eliminated positions for the current fiscal year; and, 2) the City Attorney initiate the layoff process using its layoff procedure in accordance with Charter Section 1050 to reflect the 50 positions eliminated by November 15, 2012 with a separation date of December 31, 2012; and, 3) provide detailed final results of the layoff process to the Mayor and Council.

F. City Clerk

No Recommendations

The Department is projecting approximately \$503,007 to \$691,007 in unbudgeted expenditures due to a potential salaries shortfall and unfunded election expenditures. A deficit of \$206,007 is projected in the Department's Salaries General account as a result of a one-time salary reduction of \$254,384 approved in the 2012-13 Budget. At the time the budget was adopted, it was assumed that the Department would absorb the one-time budget reduction through attrition and by maintaining vacancies. The Department has advised that it will reduce the salaries deficit with savings to be identified later in the Fiscal Year.

The Department has identified unfunded election expenditures in the range of \$297,000 to \$485,000. These preliminary estimates include costs associated with a voter initiative petition to overturn the City's ban on medical marijuana dispensaries (\$60,000-\$248,000), the provision of election language services in the Armenian language (\$109,000) and Cost of Living increases (COLAs) of Elections As-Needed staff (\$128,000). Front funding costs associated with the establishment of Community Facilities District No. 9 for the Downtown Streetcar (\$61,000) are also anticipated, but are excluded from the above estimate as they are anticipated to be reimbursed. It is possible that the Department will be able to absorb these costs through its election expense account as has historically been the case. This Office will continue to monitor this account throughout the year and report back on the status of these projections.

The Department's General Fund revenues are projected to be on budget at this time.

G. Community Development Department

Attachment 5 – Transfers between Department and Funds

Recommendation Nos. 7 through 10

The Department is projected to complete the year within budgeted funding from grant resources. Preliminarily, the estimated Departmental Receipts for General Fund reimbursements is expected to be revised from \$9.7 million to \$8.8 million. The \$900,000 reduction reflects an adjustment to the Revenue Budget to cover the 2012-13 related costs obligation for 273 of the Department's 288 authorized positions and one position on loan. The remaining 15 positions are vacant and not funded. In addition, four of the 273 positions are part of Phase II of the Human Resources Consolidation and will be reflected in the Personnel Department's Budget effective January 2013. The revenue amount may be adjusted in future reports should the Department obtain additional

grants and subsequently the authority to fill more positions, or should the number of filled positions be reduced through attrition. The Department has transferred approximately \$1 million for related costs from its various funding sources for the period of July 2012 through August 2012.

The following actions are recommended:

- Appropriate and transfer \$158,329 within the Section 108 Trust Fund for related costs (\$27,504) and to the Department's operating budget (\$130,825) for funding adjustments to the Department's current budget.
- Appropriate \$50,000 in Workforce Investment Act (WIA) program income within the WIA Trust Fund to pay for program costs within grant guidelines.
- Appropriate and transfer \$152,940 within Enterprise Zone Tax Credit Voucher Fund for related costs (\$17,870) and to the Department's operating budget (\$135,070) for funding adjustments to the Department's current budget.
- Appropriate and transfer \$211,629 within the Community Challenge Grant Fund for related costs (\$54,160) and to the Department's operating budget (\$157,469) pursuant to C.F. 10-1451.
- Appropriate and transfer \$500,000 within the Audit Repayment Fund No. 593 for related costs (\$125,194) and to the Department's operating budget (\$374,806) for funding adjustments to the Department's current budget.
- Appropriate and transfer \$11,128 within the New Start California Department of Corrections and Rehabilitation Fund for related costs (\$2,036) and to the Department's operating budget to re-appropriate funds previously approved by Council and Mayor for grant related activities pursuant to C.F. 12 0819.
- Appropriate and transfer \$22,972.26 within the Human Relations Commission Trust Fund to the Department's operating budget for expenses related to the Human Relations Commission pursuant to Ordinance 181193.
- Appropriate and transfer \$5,200 within the Community and Family Commission Trust Fund to the Department's operating budget for expenses related to the Commission on Community and Family Services pursuant to Ordinance 181193.
- Appropriate and transfer \$4,223.19 within the Commission on Status of Women Trust Fund to the Department's operating budget for expenses related to the Commission on Status of Women.

- Appropriate and transfer \$57,046.12 within the Broadband Technology Opportunities Program Public Computer Center Trust Fund to the Department for computer equipment for WorkSource and FamilySource centers pursuant to C.F. 09-0648-S17.
- Appropriate and transfer \$55,517 within the Community Development Trust Fund, the Community Services Block Grant and WIA to the Information Technology Agency to pay for expenses related to developing a new Virtual Machine environment for front-end Web servers and other critical applications and databases, and Linux equipment for the Department's Web infrastructure.
- Appropriate and transfer \$715,013 within the Community Development Trust Fund (CDTF) to the City Attorney's operating budget for costs associated with the 38th Program Year Consolidated Plan, ProActive Code Enforcement (PACE) (\$329,014.48) and Focused Attack Linking Community Organizations and Neighborhoods (FALCON) (\$385,998.52) projects pursuant to C.F. 11-1593.
- Appropriate and transfer \$995,227 within the Community Development Trust Fund (CDTF) to the Department of Building and Safety budget for costs associated with the 38th Program Year Consolidated Plan, PACE project pursuant to C.F. 11-1593.
- Appropriate and transfer \$1,411,040 within the CDTF to the Board of Public Works for costs associated with 38th Program Year Consolidated Plan projects: \$878,940 Clean and Green, \$85,000 Clean Streets Clean Neighborhoods, \$212,500 River Keepers and \$234,600 City Trees pursuant to C.F. 11-1593.
- Reduce appropriations totaling \$618,775 within the CDTF to adjust the Department's budget to match the amount approved in the 38th Program Year Consolidated Plan.
- Reduce appropriations in the amount of \$250,000 in Account 001070 Salaries – As Needed within Fund 100/22 to offset appropriations for Summer Youth Employment Program already included in the WIA Annual Plan (C.F. 12-0796).
- Reduce appropriations in the amount of \$200,000 within various funds and accounts to change the funding source of the Summer Youth Hires Council District 7 Lopez Canyon Landfill Community Amenities Trust Fund to AB1290 Funds pursuant to C.F. 12-1213.
- Adjust appropriations within various funding sources (WIA, CDBG and CSBG) to align appropriations to the Personnel Department for Phase II of the Human Resources Consolidation.

H. Controller
No Recommendations

The Department is projected to complete the year within budget. This includes absorbing the cost of unbudgeted cost of living increases within the current Salaries General appropriation. The Department reports that it will meet all adopted budget revenue projections. No transfers are recommended at this time.

I. Convention Center
No Recommendations

The Los Angeles Convention Center is projected to complete the year within budget. There is an anticipated surplus of approximately \$1.3 million in the Salaries General account due to high vacancy rates. However, based on prior year trends, the surplus is needed to address additional costs related to as-needed employment demands that are driven by scheduled events.

Further, the amount of prior year cash, a source of funds for the Department's 2012-13 Budget is short by approximately \$500,000. As in prior years the Department will make appropriate adjustments in its budget to account for the difference. This Office will continue its review and monitor the Department's expenditures and activities. No transfers are recommended at this time.

There are no issues with the Department's projected revenue at this time. All revenues derived from the operation of the Convention Center are paid into the fund. Funds are used for the expense of operation, management, maintenance and improvement of the Convention Center.

J. Cultural Affairs
Recommendation No. 11

It is projected that the Department will complete the year within budget and that adopted budget revenue targets will be met. However, a \$163,872 deficit currently exists in the Department's Salaries As-Needed account. The deficit could potentially be offset by an expected surplus in the Salaries General account due to several vacancies. Any shortfalls will be monitored and, if necessary, addressed in the Mid-Year FSR.

The following transaction is recommended:

- Reappropriate \$392,500 from the Arts and Cultural Facilities and Services Trust Fund. The Department previously issued awards for four contracts (LACMA, Sony Pictures Media Arts, Teatro Avante and LAXart) and the funds were earmarked for these contracts, however, the monies were not encumbered prior to the close of fiscal year 2011-12.

K. Disability
No Recommendations

It is projected that the Department will have a \$310,000 surplus due to seven vacancies in the Department. The anticipated surplus may be needed to offset a potential deficit in the contractual services account. The Department did not encumber contractual services funds for services rendered in 2011-12. As a result, the funds reverted to the Reserve Fund and current year funds have been used to cover prior year costs. Reappropriation of these funds is not recommended at this time. This Office will continue to monitor the account and make any necessary adjustments in a future financial status report.

L. El Pueblo
No Recommendations

The Department is projected to complete the year within budget. The Department is currently expected to meet adopted budget revenue.

M. Emergency Management
No Recommendations

A salary deficit of approximately \$810,000 is projected for this Department. However, the deficit will be eliminated upon receipt of Regional Catastrophic Preparedness and Urban Areas Security Initiative grant funds anticipated later in the fiscal year.

Revenue cannot be projected at this time, as it is too early in the fiscal year. This Office will continue to monitor the Department's revenue and report back on any issues that may arise.

N. Employee Relations Board
No Recommendations

The department is projected to close the year within budget.

O. Ethics Commission
Attachment 4 – Transfers between Accounts within Departments and Funds

A year-end deficit is not projected for this Department. However, the 2013 elections are expected to have significant resource implications on the Commission. The elections are anticipated to be highly competitive. Further, the more candidates there are, the more likely that there will be an increase in public matching funds requests. The Department will be utilizing as-needed staffing to work on the campaign finance and the matching funds program and anticipates spending up to \$100,000 for as-needed salary costs. Funding of \$20,000 was provided in the 2012-13 Budget for this purpose. It is anticipated that the difference can be offset by transferring a portion of the Special Prosecutor allocation of \$250,000. Therefore it is recommended that \$80,000 be transferred from the Department's Contractual Services account to the Salaries As-Needed account to allow the Department to hire as-needed staff by December 2012.

Approximately 7.7 percent of revenue from fees and fines has been received at this point. It is too early to project year-end revenue as the primary sources of revenue are lobbyist registration fees and administrative penalties which can vary.

P. Finance **Recommendation No. 27**

The Department is projected to complete the year within budget based on current employment. This includes absorbing unbudgeted cost of living increases within the Salaries General appropriation. The Department reports that it will meet all adopted budget revenue projections. Approximately 19.5 percent of General Fund revenue (Departmental receipts only) has been received to date.

The 2011-12 Fourth FSR provided \$383,000 in Municipal Improvement Corporation of Los Angeles (MICLA) funding to purchase equipment to upgrade the City's tax and permit system (LATAX) including a Storage Area Network Equipment (SAN), and tape library equipment. To date Finance has spent \$353,944. However, the initial billing for the equipment excluded sales tax and Finance received a separate bill after the close of 2011-12. Further, Finance subsequently discovered that additional equipment was necessary to interface with the tape library. Funds are available within the initial MICLA appropriation to cover these remaining costs. Therefore, it is recommended that Finance be authorized to use \$29,000 in MICLA financing for this purpose. The requested funding will complete the upgrade. No additional MICLA financing is required.

Q. Fire **Recommendation Nos. 28 and 32 through 34**

The Department is projected to have a \$5.2 million deficit by year-end which is primarily due to an \$11 million shortfall in the Sworn Constant Staffing Overtime account. Surpluses in other accounts including Sworn Salaries, Salaries General, and Overtime Variable Staffing reduce the \$11 million deficit to \$5.2 million. As part of the FY 2012-13 Budget process, \$3.2 million was reduced from the Department's Constant Staffing Overtime due to an anticipated change in the Fire Dispatch Center staffing from platoon duty to a 5/40 work schedule. However, this change has not been implemented to date. The annual cost of not implementing this staffing plan is \$3.2 million or \$266,660 a month. The \$5.2 million year-end deficit can be partially reduced with implementation of this plan. Also, the Department is in final discussions with the Department of Water and Power for reimbursements for down power line responses. This could further help offset the remaining deficit. This FSR analysis assumes that the 12 unfunded filled civilian positions that were identified for potential layoff will be eliminated after December 31, 2012 (equivalent of \$401,315 in six month savings). However, if the department can demonstrate that it can address the deficit by the end of the calendar year, this Office will work with it to activate substitute authorities based on the existing vacancies it offered as an alternative. Lastly, pending lawsuits are estimated to cost several million dollars in back wages. The amount and timing of the settlements is unknown at this time and have not been factored into the potential deficit.

The revenue budget for this fiscal year is \$170 million and the Department is projected to meet this goal, assuming the anticipated \$23.6 million in AB678 funds for ambulance transport reimbursements is received this fiscal year. It is anticipated that the one payment for the back periods due and the current periods due will be received between January and March of 2013. A detailed update from the Inspector General of Citywide Collections on the receipt of AB 678 funds is included in Attachment No. 14.

The following transactions are recommended:

- Re-approve the use of \$14,975,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing included in the 2012-13 Budget for the purchase of three aerial ladder trucks, 11 triple combination pumpers, ten command vehicles, 21 ambulances, one brush patrol vehicle, two utility service trucks, five emergency sedans and two pick-up trucks including communication equipment, for the Los Angeles Fire Department;

Equipment			
Classification	Unit Cost	Number	Total Cost
Apparatus 100' Aerial ladder	\$820,000	3	\$2,460,000
Apparatus, Triple Combination	590,000	11	6,490,000
Suburbans (Emergency) Command	74,000	10	740,000
Ambulance	149,000	21	3,129,000
Brush Patrol	153,444	1	153,444
Utility Service Truck	62,199	2	124,398
Sedans (Emergency)	24,664	5	123,320
Pick Up (Crew Cab)	38,498	2	76,996
Radio Package			
100' Aerial Ladder Trucks	N/A	3	120,372
Ambulance	N/A	21	713,790
Suburbans	N/A	10	715,380
Pick-ups and light Vehicles	N/a	10	128,300
	Total		\$14,975,000

- Reimburse the Information Technology Agency the amount of \$224,000 from the MICLA 2010-11 Budget for planned MICLA-funded communication installations in Fire Department vehicles to be performed in FY 2012-13.

R. General Services

Recommendation No. 29

The Department is projected to have a \$1.4 million year-end deficit due to a shortfall in the Parts account. This deficit could potentially increase by up to \$750,000 within the Overtime account related to the Office of Public Safety Consolidation as explained below.

In 2010-11, the Parts account was reduced by \$2.9 million based on an anticipated reduction of 2,000 vehicles from the City's fleet as a result of an internal GSD review of low use vehicles. However, the corresponding vehicles were not removed from the fleet. GSD hired a consultant to undertake a comprehensive fleet utilization study. The consultant determined that 447 vehicles should be removed from the City's fleet. To date, only 242 vehicles have been removed from the City's fleet. In addition, the suspension of the MICLA Fleet Replacement Program in 2009-10 has further contributed to the deficit as the vehicles in the fleet are aging and require more costly maintenance repairs. The projected estimated is based on actual expenditures in 2011-12. GSD will report back on this issue based on actual expenditures by mid year.

The Department's projection assumes that the Department will receive funding from the Los Angeles Police Department (LAPD) for the Office of Public Safety officers currently on the Department's payroll. In 2012-13, the Office of Public Safety was transferred to LAPD, however, 94 sworn positions remain with GSD as unfunded resolution authorities until such time as the Ordinances are adopted. It is anticipated that these positions will be transferred to LAPD on January 1, 2013. The Police Department is anticipated to reimburse GSD for the actual cost of the positions. However, reimbursement of related overtime expenses currently estimated at approximately \$750,000 is under discussion. Should this full amount not be transferred from LAPD to GSD, GSD's projected deficit will increase accordingly. Currently, GSD is projecting \$4.6 million in costs, which represents 6 months of salaries and overtime payouts for the 94 positions.

The Adopted Budget allocated \$9 million in Unappropriated Balance (UB) to address uncertainties associated with fuel costs. Assuming that funding set aside in the UB remains available, the Department is not projecting a deficit by year-end based on the price levels and usage in the first two months of the fiscal year. We will continue to monitor the account and recommend any necessary adjustments to the petroleum account in a future financial status report.

The Department is projected to meet budgeted revenue at this time.

The following transaction is recommended:

- Re-approve the use of \$15,318,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing included in the 2012-13 Budget for the purchase of 185 vehicles as part of the MICLA Fleet Replacement Program. As part of the 2012-13 budget the Mayor and City Council approved \$15,318,000 in funding for the purchase of heavy-duty equipment to comply with various vehicle emission mandates, replacement of revenue generating fleet vehicles and replacement of the most critical fleet equipment due to the age of the fleet.

Equipment			
<u>Classification</u>	<u>Unit Cost</u>	<u>Number</u>	<u>Total Cost</u>
Street Sweeper	\$350,000	15	\$5,250,000
Aerial Tower	300,000	1	300,000
Vibratory Roller	130,000	1	130,000
Crane	230,000	5	1,150,000
Tractor, Crawler	270,000	1	270,000
Tractor, Tool Carrier	190,000	5	950,000
Tractor, Low Center Gravity	44,000	2	88,000
Tractor, Wheeled Loader	230,000	9	2,070,000
Sedan (Parking Enf.)	35,000	66	2,310,000
Truck, Light Duty	35,100	80	2,800,000
	Total	185	\$15,318,000

S. Housing

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

The Los Angeles Housing Department (LAHD) expects to remain within budget through year-end. The following transfers are recommended:

- Transfer \$244,105 for LAHD-supported City Attorney salary appropriations in the Community Development Trust Fund. The LAHD states that the CDBG salary appropriations to the City Attorney were inadvertently omitted from the Department's 2012-13 Budget. More specifically, while the funding was included in the budget, it was not listed separately and assigned to the City Attorney.
- Transfer \$423,640 within and from the Municipal Housing Finance (MHF) Fund to the Department, for direct and indirect salary costs (\$295,611 and \$128,029, respectively) associated with three positions approved as part of the housing transition from the CRA/LA to LAHD. These exempt positions are currently overseeing projects, monitoring affordability covenants and managing the loan portfolio. The LAHD expects to be reimbursed for the positions once the issues relative to CRA/LA revenues are resolved
- Transfer \$100,000 within the MHF Fund for the Urban Futures, Inc. (UFI) occupancy monitoring contract (C-118528). This contractor monitors property owner compliance with recorded regulatory agreements/covenants and regulations for multi-family properties that the Department has assisted with federal financing.

- Appropriate \$454,000 of unallocated funds in the Systemic Code Enforcement Trust Fund to the Department's Office and Administrative account for the purchase of 150 minicomputers to be used by enforcement staff during inspections. A similar request was made by LAHD in the 2011-12 Year-End Financial Status Report for 75 of these minicomputers (at a cost of \$227,000). Although the request was approved, the purchase authorization was not obtained in time to meet year-end purchasing deadlines; therefore the funds were not appropriated during the prior fiscal year.
- Transfer \$15,952 within and from the Energy Efficiency and Conservation Block Grant (EECBG) Fund to the Department for direct and indirect salary costs (\$11,131 and \$4,821, respectively) to continue monitoring and administering energy retrofit projects as a result of the Department of Energy extending the EECBG grant period for 14 months.
- Transfer \$160,000 within and from the Disaster Recovery Initiative (DRI) Homebuyer Program Fund to the Department for direct and indirect salary costs (\$114,000 and \$46,000, respectively). The DRI Program provides homeownership purchase assistance financing to eligible homebuyers who were affected by the fire disaster at the Oakridge Manufactured Home Community in Sylmar. The Council and Mayor accepted the grant in December 2011 and the funds were appropriated at that time (C.F. 11-0635). However, since the Department did not spend the \$160,000 by June 30, 2012, the funds must be reappropriated to the Department for the same use in the current fiscal year.
- Transfer \$75,000 within and from the Los Angeles Mortgage Modification Program (LAMMP) Fund to the Department for direct and indirect salary costs (\$53,390 and \$21,610, respectively). The LAMMP is designed to assist low- and moderate-income homeowners to obtain loan modifications in Los Angeles that include principal forgiveness. The funds and appropriations for DRI and LAMMP were not expended in 2011-12 because the design and implementation of the programs did not occur until the latter part of the fiscal year. The Department states that the programs are currently available to the public and expenditures will be made from the program funds.
- Transfer \$300,000 between Housing Opportunities for Persons with AIDS (HOPWA) accounts to accommodate Emergency and Transition program support services. According to the Department, the transfer was recommended by the U.S. Housing and Urban Development (HUD).

T. Information Technology Agency

Attachment 6 – Appropriations from the Unappropriated Balance Recommendation No. 26

It is projected that the Information Technology Agency (ITA) will complete the year within budget across all accounts. The Department is currently projecting a deficit of approximately \$2.1 million within the Salaries General account, which will be reduced to \$900,000 once the Department receives anticipated salary appropriations from various grant and special funds, including the

Urban Areas Security Initiative (UASI) grants, the Proposition F Bond Fund, and the Proposition Q Bond Fund. ITA anticipates achieving sufficient savings within various expense accounts which could be transferred to offset the remaining projected salaries deficit. This projection assumes that ten (10) of the positions slated for layoff will be off the Department's payroll after December 31, 2012. Currently, five of these positions are filled and five are vacant, however, one of the filled positions is anticipated to be vacant soon due to retirement. If the department can demonstrate that it can address the deficit by the end of the calendar year, this Office will work with it to activate substitute authorities based on the existing vacancies it offered as an alternative. The CAO will monitor expense account expenditures and recommend a transfer to eliminate the salaries deficit in a future FSR.

The Department anticipates achieving budgeted General Fund and Telecommunications Development Account revenue.

The following transactions are recommended:

- Re-approve the use of \$1.0 million of Municipal Improvement Corporation of Los Angeles (MICLA) financing for the Network Infrastructure project, which is an on-going project to upgrade obsolete routers and switches on the City's data network. This item was funded in the 2012-13 Budget, and this approval is requested pursuant to direction included in the 2009-10 Adopted Budget in which the Mayor and Council required that all MICLA financing be reapproved by the Council before MICLA Commercial Paper or long-term MICLA bond proceeds are expended.
- Appropriate \$390,000 from the Unappropriated Balance to ITA's Contractual Services Account for the Strategic Advisor for Technology Services (SATS) contract. Funds were included in the UB to procure an advisor to assist the City in reviewing its technology services. The Information Technology Oversight Committee recommended approval of a SATS vendor on September 14, 2012.
- See Fire Department Section regarding a \$224,000 transfer from the Fire Department to ITA for reimbursement of communications equipment installation services in public safety vehicles.

U. Library

Attachment 5 – Transfers between Departments and Funds

The Department is projected to have a \$923,361 year-end surplus in its Salaries General account. However, the Department reports a deficit of \$153,667 in Library Fund revenue for the period ending August 31, 2012. 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 \$115,707 from the Library Trust Fund for the purchase of Library materials as approved by the Board of Library Commissioners on July 26, 2012 (Board Resolution No. 2012-33 (C-26)).

V. Mayor

**Attachment 5 – Transfers between Departments and Funds
Recommendation Nos. 12 and 13**

The Mayor's Office requests the following transactions:

- Transfer \$160,674.61 from Fund 100/46, Revenue Source Code 5161, Reimbursement of Expenditures, to the Mayor's Salaries As-Needed account to support salary costs for Build LA related activities;
- Transfer \$59,467.74 from Fund 100/46, Revenue Source Code 5102, Donations and Contributions to the Mayor's Salaries As-Needed account to support salary costs for Strategic Partnership related activities;
- Appropriate and transfer \$30,000 from the 2009 Justice Assistance Grant Fund, City Attorney Salaries account to the City Attorney's Salaries General account to reimburse City Attorney salary costs.

J. Los Angeles Convention and Visitors Bureau (LA Inc.)

Attachment 4 – Transfers between Accounts within Departments and Funds

The City's contract with the Los Angeles Tourism and Convention Board (LATCB) provides annual funding in the amount equivalent to one percent of the Transient Occupancy Tax (TOT). Payments are made quarterly based on the estimated TOT and reconciled at the end of the year. In 2011-12, LATCB received \$9,866,627 or \$1,713,309 less than owed. It is recommended that funds be appropriated from the Los Angeles Convention and Visitors Bureau Trust Fund No. 429 to permit the final payment for 2011-12.

The following transaction is recommended:

- Appropriate \$1,713,309 from the Los Angeles Convention and Visitors Bureau Trust Fund to the Los Angeles Convention and Visitors Bureau, and authorize the City Administrative Officer to pay LA Inc's final 2011-12 invoice from these funds.

W. Neighborhood Empowerment Recommendation Nos. 14 and 15

The Department is expected to end the year within budget.

The following is recommended:

- Reappropriate \$16,278.43 within the Neighborhood Empowerment Fund (No. 44B), Hollywood Studio District Neighborhood Council account, from Fiscal Year 2011-12 to Fiscal Year 2012-13. Staff inadvertently disencumbered these funds in 2011-12 which reverted back to the Fund's Uncommitted Balance. However, the funds are needed in the current fiscal year to pay nine (9) outstanding Demand Warrants encumbered in 2011-12.
- Reappropriate \$1,073.59 within the Neighborhood Empowerment Fund (No. 44B), Mission Hills Neighborhood Council account, from Fiscal Year 2011-12 to Fiscal Year 2012-13 to pay for Neighborhood Council election related expenditures. The Department encumbered Fiscal Year 2011-12 funds on behalf of the Mission Hills Neighborhood Council to pay for Neighborhood Council Elections Outreach items. However, these items were purchased by P-Card and have been paid for with Fiscal Year 2012-13 funds.

X. Personnel

Attachment 5 – Transfers between Departments and Funds Recommendation No. 35

At this time, a \$125,205 deficit is projected for this Department due to a shortfall in the Salaries As Needed account. The shortfall in the Salaries As Needed account is currently projected at \$370,000. However, it is partially offset by an estimated \$244,796 surplus in Salaries General. It is anticipated that the Department will absorb unfunded cost of living adjustments. Further, analysis of the Salaries General account assumes that all 11 positions previously identified for potential layoff will be off payroll after December 31, 2012. The Department has reported that of these 11 positions, seven are currently filled. The deficit in the Salaries As Needed account is due to the Department's heavy reliance on the use of as-needed staff to compensate for staff reductions in past years. However, it is too early in the fiscal year to warrant immediate action.

The following is recommended:

- Transfer \$27,000 from the Personnel Department Transit Subsidy account to the Human Resource Benefits Trust Fund, Contractual Services account to ensure that sufficient funding is available for web page upgrades to implement additional commuter services programs.

There are no issues with General Fund revenue at this time. However, it is too early in the fiscal year to assess year-end revenue for this Department.

Y. Planning

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation Nos. 16 through 18

The Department is projected to complete the year within budget. However, General Fund revenue is preliminarily projected to be \$2.4 million below budget at year-end (i.e., a reduction of approximately 34 percent). The Department identified about \$2.4 million of General Fund revenues inadvertently included in the FY 2012-13 Budget that will be corrected through subsequent revisions to revenue. Department Special Fund revenue is on budget and will be monitored closely going forward as the economy continues to recover.

The following transactions are recommended:

- On August 14, 2012, the Council directed the CAO to include Controller instructions to authorize Measure R funding relative to new community plan work on the Boyle Heights Community plan (C.F. 12-0600-S101) and related actions. It is recommended that \$100,000 in Measure R funding be appropriated to the Department's contractual services account in compliance with this instruction. It is further recommended that \$227,542 in prior year contractual services funds (General Fund) from this project be disencumbered. A portion of these disencumbered funds (\$44,600) will be used to pay for the cost of a second Planning Assistant for the Boyle Heights Community plan work who was hired on September 10, 2012, \$127,542 is recommended for transfer to the contractual services account, and the remaining funding of \$55,400 will revert to the Reserve Fund.
- Lastly, it is recommended that the Controller be authorized to create a new Account for the Survey LA project within the City Planning Grant Trust Fund and that \$682,000 in fourth year Getty grant funding be appropriated to the Survey LA project, consistent with prior Council action relative to the authorized use of these funds (CF 02-0173).

Z. Police

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation Nos. 19 through 23

A year-end deficit of \$2.4 million is projected for this Department at this time. The deficit is largely attributable to deficits in the Salaries As-Needed, Contractual Services and Field Equipment accounts. According to the Department, the shortfalls in these accounts are being driven by the transfer of the GSD-Office of Public Safety responsibilities to the Police Department, unfunded contracts, and increased costs of vehicle maintenance and repair due to extended mileage. This analysis assumes that 159 positions that were slated for elimination will be off the Department's payroll after December 31, 2012. Currently, 154 are filled and five are vacant.

Through August 25, 2012, 47 Police Officers have been hired and attrition is 61, 11 lower than projected at this point. For Pay Period 5 (i.e., the pay period ending September 8, 2012), anticipated total Police Officers on payroll is 9,914. LAPD is projecting attrition to be 313 officers

between September 2012 and June 30, 2012. The next planned academy class for 50 recruits started on October 9, 2012.

The following reappropriations are recommended relative to the purchase and installation of security cameras in various locations:

- Reappropriate \$16,000 from the Reserve Fund for the purchase of cameras and WiFi equipment in the Central Area per C.F. No. 11-600-S145;
- Reappropriate \$60,000 from the State AB1290 City Fund for the purchase of cameras in the Mission Area per C.F. No. 11-1423;
- Reappropriate \$35,000 from the State AB1290 City Fund for the purchase and installation of cameras in Jackie Tatum Park in the 77th Street Area per C.F. No. 12-0202-S1;
- Reappropriate \$165,000 from the Urban Development Action Grant Fund for the purchase and installation of cameras in Jackie Tatum Park in the 77th Street Area per C.F. No. 12-0202;
- Reappropriate \$679,831 from the Fiscal Year 2011-12, Street Revenue Furniture Fund for the purchase and installation of security cameras in Council District 3 per C.F. No. 11-0600-S145;

The following transfers are recommended:

- Appropriate \$188,000 from the Forfeited Assets Trust Fund, Gang Intervention account to the Department to pay for officer overtime work at the Cadet Academy (e.g., run youth programs and work with cadets to distribute crime prevention material).
- Transfer \$80,000 from the Field Equipment Expense account to the Transportation Equipment account for the purchase of two aircraft armored flooring units to protect aircrews from ground-based fire during regular patrol flights. The funding was budgeted in the expense account but should have been in the equipment account.
- Transfer \$140,000 from the Department's Contractual Services account to the Information Technology Agency for Police Department primary telecommunications service requests.

The actual revenue receipts for the majority of LAPD's revenue sources are currently on target for this period. The revenue receipts for reimbursements from other agencies are behind as LAPD has not billed the County for the Proposition 69 reimbursement. This source will be on target by mid-year.

Police Commission staff recently communicated to this Office that there is a decline in Official Police Garages (OPG) revenue. However, this Office is in the process of obtaining additional information regarding receipts to date. Further details were not available as of this writing.

The Council adopted the annual adjustment to the Police Permit fees on October 12, 2012 (C.F. 11-1625). The fees are estimated to generate an additional \$383,000 per year in revenues for the City, which is an increase from what is included in the 2012-13 Adopted Budget.

AA. Public Works/Board

Attachment 5 – Transfers between Departments and Funds

The Board of Public Works is projected to complete the year within budget. General Fund revenue is projected to be on budget at this time.

The following transaction is recommended:

- A transfer of \$405,000 from the Construction Services Trust Fund to the Building and Safety Enterprise Fund for consulting services related to a technology feasibility study for the BuildLA project. It is further recommended that the Department of Building and Safety submit an annual financial report to the Board on the use of these funds for audit purposes. The funds will be used to pay for services provided under a contract between Gartner Inc. and Building and Safety in compliance with Council File No. 12-0737.

BB. Public Works/Bureau of Contract Administration

Attachment 4 – Transfers between Accounts within Departments and Funds

Projected year-end revenue and expenditures for the Bureau are preliminary and subject to change as the workload estimates are currently being revised. At this time, the Bureau projects a year-end surplus of \$3.16 million consisting of a \$1.16 million General Fund surplus and a \$2.0 million special fund surplus. This surplus assumes approximately \$1.53 million in anticipated new off-budget appropriations for bond programs and special projects. The General Fund surplus is primarily attributed to vacancies, while the current special fund surplus is attributed to projected savings in various expense accounts. The composition of the Bureau's year-end surplus is expected 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.

Although the Bureau currently projects an overall net General Fund surplus of \$1.16 million, the Bureau is projecting a \$387,458 deficit in the Hiring Hall (HH) Salaries, Benefits HH, and Overtime HH accounts. This is due to a recent agreement between the Bureau and the Municipal Construction Inspectors Association (MCIA) which allows for the hiring of temporary construction inspectors from the Building and Trades Council Hiring Halls. This agreement will allow the Bureau to provide deputy inspection on construction projects when there is a short term need that the Bureau is unable to staff. Since the 2012-13 Budget does not provide funding to the Hiring

Hall accounts, the Bureau will keep five Construction Inspector positions vacant to generate sufficient salary savings to fund the use of the Hiring Hall. The shortfall in these accounts may be mitigated with the approval of the recommendation listed in this report which transfers salary savings to offset the deficit.

General Fund receipts through the end of August total \$4.37 million which represents approximately 20 percent of the Bureau's total revenue budget. The Bureau anticipates meeting all General Fund targets and reports that General Fund revenue from overhead reimbursements is typically received at the end of the fiscal year. Revenues are higher than the same time last year due to the receipt of reimbursements for prior year costs from the proprietary departments and for the Metro Rail projects.

The following transaction is recommended:

- Transfer \$387,458 from the Bureau's Salaries General account to the Bureau's Hiring Hall Salaries (\$246,948), Benefits Hiring Hall (\$121,137), and Overtime Hiring Hall (\$19,373).

CC. Public Works/Bureau of Engineering No Recommendations

Assuming off budget special funds (mainly bond funds) are transferred throughout the year, the Bureau is projecting a \$7.29 million special fund year-end surplus, which is comprised of a \$7.12 million surplus in its Salaries General account and a \$170,000 surplus in its Overtime Salaries account. This surplus is mainly attributed to the Bureau's 97 special funded vacancies, which represents an 11.9 percent vacancy rate within its 818 authorized positions. The vacancies are due to the Bureau's inability to hire new employees and backfill vacancies.

The 2012-13 Adopted Budget continues funding for the 735-mile Pavement Preservation Plan (resurfacing, reconstruction, slurry sealing, crack sealing, and small asphalt repairs) and provides additional Measure R Local Return Funds to increase the Plan's mileage by 65 miles to 800 miles and increase small asphalt repairs by 50,000 to 350,000 repairs. The Bureau deploys survey crews to locate and preserve the monuments that identify legal property boundaries prior to any road repair work, which can destroy these monuments. The 2012-13 Adopted Budget provides \$250,000 in Gas Tax funding within the Capital Improvement Expenditure Program (CIEP) for this purpose. Since the Bureau cannot hire new employees, it is recommended that these funds be transferred to the General Services Department to hire Hiring Hall survey crews.

Approximately 16.2 percent of General Fund Revenue has been received to date. Actual General Fund receipts through the end of August total \$4.9 million out of a Revenue Budget of \$30.5 million. This Office anticipates that the Department will meet its overall General Fund revenue budget by year-end. Specifically, development fee revenues were 8.6 percent higher than budgeted for the first two months of the year. According to the Bureau, the increases in development fee revenues are signs of an improving economy. However, it is too early to assess whether this growth will be sustainable for the remainder of the year.

DD. Public Works/Bureau of Sanitation

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

A surplus of \$18 million is projected across the Bureau of Sanitation's special funds (mainly Sewer Construction and Maintenance Fund and Solid Waste Resources Revenue) as a result of vacancies and expense savings. The Bureau currently has a 16 percent vacancy rate. In July 2012 the Bureau was granted managed hiring relief on various positions which should help expedite hiring for critical clean water and solid resources operational needs. The Council recently authorized the Bureau to transfer approximately \$2.9 million from salary savings for as-needed support to address peak workloads while it ramps up on filling of regular positions (C.F. 12-1622). The transfer is consistent with as-needed expenditures of \$2.7 million in 2011-12, compared to a budget of \$386,798.

The Lifeline Program for Solid Waste Disposal had a budget of \$4.9 million in FY 2011-12. However, the Bureau of Sanitation has advised that the Department of Water and Power under-reported the number of subscribers dating back to December 2010. The Bureau reports that this results in an additional cumulative reimbursement obligation of \$1.6 million from the General Fund through the last fiscal year. The Bureau has reflected the necessary adjustments and supporting data in its 2011-12 Fourth Quarter billing from the General City Purposes fund. Since the \$1.6 million was not budgeted in the current fiscal year, this will require a new appropriation from the General Fund. This Office will work with the Bureau to identify potential funding alternatives and report back in a subsequent FSR.

The \$6.1 million budgeted for the 2012-13 Lifeline Program for Solid Waste Disposal is sufficient for the current cap of 54,100 participants. There are presently approximately 37,000 subscribers. The Bureau will phase in up to an additional 13,135 waiting list applicants to remain within budget. This, however, is contingent on a funding solution for the \$1.6 million prior years' funding obligations as described. Since the overall shortfall is still being reviewed, this Office will recommend adjustments in a subsequent FSR.

The following is recommended:

- Transfer \$55,364 from projected contractual services savings (\$37,364 Solid Waste Resources Fund and \$18,000 Central Los Angeles Recycling and Transfer Station (CLARTS) Trust Fund) for the purchase and installation of unattended scale kiosks at the Central Los Angeles Recycling and Transfer Station. These units allow for more efficient queuing of refuse trucks delivering material to and from the facility, particularly during peak operation hours.

Approximately 15 percent of General Fund Revenue has been received to date. This Office anticipates that the Department will meet its overall General Fund budget by year-end.

There are no issues with Special Fund revenue at this time. Receipts to date are consistent with budget.

EE. Public Works/Bureau of Street Lighting

Attachment 5 – Transfers between Departments and Funds

Pending approval of the recommendations in this report, it is projected that the Bureau will have a special funds surplus of \$1.03 million, attributed to its Salaries General account. This surplus is due to off-budget funding that is transferred to the Bureau for work on special projects throughout the year, and savings from vacancies due to attrition. The Managed Hiring Committee has attempted to address the high vacancy rate by approving the filling of several field-based positions prone to attrition.

The Bureau has received 1 percent of General Fund and 18 percent of special fund budgeted receipts to date, and expects to meet budgeted revenue. The largest proportion of receipts comes from maintenance assessments, which are distributed in December and May. Additionally, related cost receipts from the Bureau's work on Metro projects have yet to be reimbursed through DOT.

The following transactions are recommended:

- Reappropriate \$174,000 from Proposition C to the Bureau of Street Lighting for work on Security Lighting 17 projects, which install specialized street lighting at transit stops to promote visibility and safety. The Bureau expects to install 34 units with the funding.
- Reappropriate \$681,403 from the Community Development Trust Fund to the Bureau to complete the Elysian Valley Phase 3 (\$1,500), Sun Valley Phase 3 (\$70,949) and 4 (\$338,500), and Pacoima Phase 4 (\$270,454) Lighting Improvement projects. These projects were approved for Community Development Block Grant funding in the 36th and 37th Year Consolidated Plan reports, but funds reverted at the end of the 2011-12 fiscal year. Funding is required for construction and construction management salaries and overtime and contract construction services costs.
- Reappropriate \$183,075 from the Recreation and Parks Fund 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 Vermont to Fern Dell area. Funding was originally provided in the 2011-12 Second Financial Status Report (C.F. 11-0600-S146), but reverted at the end of the 2011-12 fiscal year.
- Transfer \$150,000 from the Street Lighting Maintenance Assessment Fund to the Bureau to install 120 new streetlights, foundations, conduit, wiring, and real-time outage-reporting devices as part of the SAFETEA-LU Elysian Valley Phase II – Riverside Dr (Gail St to Barclay St) Project. Funding is provided from Council District 13 AB1290 Funds (C.F. 12-0108).

FF. Public Works/Bureau of Street Services

Attachment 4 – Transfers between Accounts within Departments and Funds

At this time, the Bureau projects a year-end surplus of \$2.8 million in special funds, with the approval of recommendations contained within this report. The surplus is attributed to existing vacancies.

The 2012-13 Adopted Budget continues funding for the 735-mile Pavement Preservation Plan (resurfacing, reconstruction, slurry sealing, crack sealing, and small asphalt repairs) and provides additional Measure R Local Return Funds to increase the Plan's mileage by 65 miles to 800 miles and increase small asphalt repairs by 50,000 to 350,000 repairs. A total of \$1.3 million was provided to the Bureau for Salaries, Overtime (\$662,500) and Salaries As-Needed (\$662,500) accounts to accommodate the increased workload. Alternatively, the Bureau has indicated that they would like to utilize the Hiring Hall employees to complete the additional Pavement Preservation Plan miles. A total of \$662,500 is available and recommended to be transferred from the Bureau's Salaries As-Needed account to the Hiring Hall Salaries and Hiring Hall Benefits accounts to provide greater hiring flexibility for the Bureau.

General Fund receipts through the end of August total \$0.62 million which represents approximately one percent of the Bureau's total revenue budget. The Bureau anticipates meeting all General Fund targets and reports that General Fund revenue from overhead reimbursements is typically received at the end of the fiscal year.

The following transaction is recommended:

- Transfer \$662,500 from the Bureau's Salaries As-Needed account to the Bureau's Hiring Hall Salaries (\$500,000) and Benefits Hiring Hall (\$162,500).

GG.Recreation and Parks

No Recommendations

At this time, a \$2,497,162 year-end surplus is projected for this Department, due to a surplus in the Salaries General account. The surplus can be attributed to delays in the current hiring plan. However, should this surplus materialize, the funds will revert to the Department's Unreserved and Undesignated Fund Balance (UUFB). Any year-end surplus would potentially be available to fund additional related costs charges for 2013-2014. Budgeted revenue is expected to be met at this time.

HH. Transportation

Attachment 5 – Transfers between Departments and Funds Recommendation Nos. 24 and 25

Based on preliminary analysis, the Department is projecting an overall year-end shortfall of \$960,682, based on current expenditure patterns. However, the Department plans to fully offset the projected shortfall with internal transfers from various accounts and anticipated special

event reimbursements which are anticipated throughout the year. The deficit is mainly attributed to a \$4.4 million deficit in the Salaries Overtime account which is partially offset by surpluses in Salaries General (\$3.1 million) and various expense accounts (\$400,000) (mainly special funds). The overtime shortfall is attributed to traffic control services provided at special events which are subsequently reimbursed (General Fund) and current labor charges associated with Proposition C Metro Rail work orders (Special Fund).

The Departmental General Fund receipts are on plan. However the majority of these receipts are received in the second half of the fiscal year (such as related cost billings). It is expected that revenues will be received by the end of the fiscal year.

The Parking Fine revenues are budgeted at \$153.4 million for this Fiscal Year, which includes additional receipts from a \$5 dollar increase approved by Council for all parking violations which became effective August 11, 2012. The Department reports that \$25.3 million has been collected which is short by \$967,063 when compared to August projections. However, the Department anticipates this gap will be met as additional revenues are received due to the increase in fines.

The following transactions are recommended:

- A \$10,000 appropriation from Measure R Local Return Funds to pay pending invoices for financial advisory and bond counsel services. This Office provided support with the development of the LA Roadworks proposal to explore opportunities to leverage receipts by issuing bonds. As part of this workload, the services of a Financial Advisor and Bond Counsel were utilized from the CAO's list of pre-qualified firms. Authority is now needed to pay for these services which were not included in the 2012-13 Budget.
- Transfer \$457,000 from the Special Parking Revenue Fund, Parking Meter and Off-Street Parking Administration 2012 appropriation to the Department's Overtime account to fund various anticipated annual costs charged to the fund. Overtime funding is typically set aside in the Special Parking Revenue Fund.
- Transfer \$2 million from the Transportation Trust Fund to offset the Department's Overtime account for services already provided in July, and August for the following special event venues: Los Angeles Dodgers, Staples Center, Hollywood Bowl, Greek Theatre, LA Memorial Coliseum. In addition, this transfer will also support the Triathlon and "Carmageddon II" events which required additional resources undertaken on overtime. The DOT receives reimbursements throughout the year for all special events based on negotiated contractual agreements. The Department's current budgeted overtime appropriation is not sufficient to offset these current expenses to meet anticipated payroll needs. The balance in the Transportation Trust Fund is up \$2.5 million and can support this action.

- Transfer \$75,000 from the Measure R Local Return Fund, Pedestrian Plan to the Department's Salaries General and Overtime accounts for staffing costs associated with preparing grant applications for the Safe Routes for School project.
- Reappropriate \$24,800 in funds set aside in Fiscal Year 2011-12 (CF No. 12-0262) from the Subventions and Grants Fund for the Crenshaw Blvd between 30th and Jefferson project. The Council previously approved \$27,000 in funding for this project during FY 2011-12, however only \$2,000 of these funds were expended by year-end and the funds reverted back to the Subventions and Grants Fund. This action will provide funding for the Salaries General, Overtime and Paint and Sign Maintenance and Repairs accounts, so that the project can be completed. Funds will be used for costs associated with traffic signal and equipment relocation.
- Transfer \$70,000 from the Subventions and Grants Fund, Foothill Rockfall Mitigation Account to the Department's Overtime account for traffic control plans to be prepared at the request of Bureau of Engineering.

II. Zoo

No Recommendations

The Zoo is projected to end the year within budget. Any projected surplus will be used to offset the salary cost for critical positions that were restored by Council as part of the 2012-13 Budget.

There is a projected revenue surplus of approximately \$200,000 within the Zoo Enterprise Trust Fund attributed to increases to admissions revenue (\$158,000), concessions revenue (\$34,000), and membership revenue (\$7,000). The Zoo reports that the use of any revenue surplus will likely be needed to offset any potential revenue shortfalls that may materialize later in the year due to extreme weather conditions. In prior years, the revenue surplus was slightly higher and was able to offset shortfalls through the end of the fiscal year. However, a 1.5 month delayed implementation of the fee ordinance resulted in a \$107,000 loss of revenue resulting in a lower revenue surplus. This Office will continue to monitor the Department's revenue.

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. Major unfunded expenses inclusive of the White Point Landslide (\$1.4 million) and the Operation Healthy Streets initiative (\$833,099) are also discussed in this section. Due to potential legal liabilities and health and public safety concerns, a \$2.2 million appropriation from the Unappropriated Balance, Layoff Avoidance line item is recommended to offset costs associated with the White Point Landslide (\$1.4 million) and Operation Healthy Streets (\$833,099). Concerns are raised relative to the Human Resources Benefits accounts and the Liability Claims accounts. Further, a \$2.4 million appropriation from the Special Parking Revenue Fund is recommended to comply with the previously approved Hollywood and Highland Settlement Agreement.

**A. General City Purposes
No Recommendations**

Accounts within the General City Purposes (GCP) Fund appear to be appropriately funded. No adjustments are recommended at this time. We will continue to monitor these accounts and report back in the next Financial Status Report.

**B. Human Resources Benefits
No Recommendations**

It is difficult to project year-end balances in the Human Resources Benefits accounts. Recent plan design changes to the Plan Year 2013 Civilian Flex Benefits Program as approved by the Joint Labor-Management Benefits Committee (JLMBC) are being assessed. On October 10, 2012 the Council considered these plan design changes with estimated annual savings of \$12 million (CF 10-1627). Approval of the Plan Year 2013 civilian medical plans are pending in Council and the matter was continued to the Council meeting on October 24, 2012. Implementation of an Anthem HMO Narrow Network would result in approximately \$7 million in savings during the period January 1, 2013 to December 31, 2013 (included in the \$12 million). Other alternatives are being considered including adding a full Anthem HMO Network alongside the Narrow Network with the difference in cost to be paid by participating employees. If these changes are not approved, the lost savings would make closing the 2013-14 deficit more difficult.

As discussed in an earlier section of this report relative to Workers Compensation Reform, the State is currently reviewing the impact of the recently approved reforms, and is due to release a report on its impact shortly. The Personnel Department will report back in a future FSR when the full impact of these changes are known. At this time, the Personnel Department anticipates costs to increase, instead of decrease, by the second half of this fiscal year.

This Office will continue to monitor the HRB accounts and report back in the next FSR should any issues arise.

**C. Liability Claims Account
No Recommendations**

The 2012-13 Adopted Budget provides \$47.91 million to settle claims and pay judgments against the City. To date, the City has approved \$18.63 million in payouts resulting in an available balance of \$29.28 million in the Liability Claims Account. Approvals-to-date represent almost 40 percent of budgeted funds. The City Attorney's Office projects to stay within budget and will continue to provide periodic updates on the status of the Liability Claims Account in a separate report to the City Council. However, with nearly 40 percent of available funding committed to date and the City's pending liabilities, this account merits close monitoring.

D. Unappropriated Balance

Attachment 6 – Appropriations from the Unappropriated Balance

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

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

With the approval of the adopted budget, the Unappropriated Balance (UB) began with a balance of approximately \$27.2 million. Within the UB General Account, as of September 2012, \$2,464 has been appropriated through Council action, reducing the General Account balance from \$50,000 to \$47,536. Overall, approximately \$3.3 million has been transferred or reappropriated to the UB to date, bringing the balance to \$30.5 million prior to the inclusion of recommendations in this report.

This report includes recommendations to appropriate \$2.6 million from various UB Line items, including approximately \$2.2 million from the Layoff Avoidance line item to address major unbudgeted expenses consisting of the White Point Landslide (\$1.4 million) and Operation Healthy Streets (\$833,099.95). These recommendations reduce the Unappropriated Balance to approximately \$27.9 million. Funds in the Layoff Avoidance line item were initially set aside to provide six months funding to City Departments who were impacted by the 209 resolution positions set to expire on December 31, 2012. However, since departments were asked to absorb the salary costs for these positions for the first six months of the fiscal year, funds are now available to offset the cost of \$2.2 million in major unfunded expenditures.

E. Operation Healthy Streets

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

On May 21, 2012, the Los Angeles County Department of Health issued a Notice of Violation (NOV) to the City regarding an immediate threat to public health due to the presence of feces and urine on the sidewalks, public areas, and in two storm drain catch basins in the Skid Row area of downtown Los Angeles.

The Mayor's Office, with the assistance of other City departments, including the Bureau of Sanitation, Bureau of Street Services, City Administrative Officer, City Attorney, Department of Housing, Department of Transportation, General Services Department, Los Angeles Fire Department, and the Los Angeles Police Department worked to immediately address the NOV and the health hazards that demanded prompt response. A three-phase action plan was developed in which each department participated. Phase I consisted of an immediate clean-up of all visible feces and urine spots that were identified in the Department of Health's NOV. Phase II included a comprehensive cleaning of the surrounding Skid Row area. Phase III includes a maintenance plan developed by the Bureau of Sanitation which will address future clean-up activities in the Skid Row area.

A total of \$1.3 million in costs were incurred in FY 2012-13 as a result of the Operation Healthy Streets Program. Due to the magnitude of these unbudgeted costs, and the need to comply with the legal requirements of the various special funds involved, it is necessary to reimburse the

portion of these expenses incurred by special funds from the General Fund (estimated at \$833,099). These reimbursements will also allow the involved Departments to maintain budgeted work programs. At this time, approximately \$472,000 in General Fund expenses incurred as a result of the Operation Healthy Streets Program are anticipated to be absorbed. Reimbursements to specified departments and special funds, minus indirect staffing expenses are recommended to cover the following expenses:

Direct Staffing Expenses	\$220,446.00
Equipment, Materials, Fees	\$280,653.95
Contractors	\$332,000.00
Total	\$833,099.95

It is recommended that \$833,099.95 be appropriated from the Unappropriated Balance, Layoff Avoidance line item to the following departments or special funds:

- Appropriate \$446.00 to the Department of Housing for the direct salaries of staff who worked on this project.
- Appropriate \$11,795.00 to the Special Parking Revenue Fund for lost parking revenue due to cleaning.
- Appropriate \$385,600.00 to the Stormwater Pollution Abatement Fund for direct staffing and contractor costs (Bureau of Sanitation).
- Appropriate \$27,300.11 to the Solid Waste Resource Revenue Fund for direct staffing and contractor costs (Bureau of Sanitation).
- Appropriate 407,958.84 to the Affordable Housing Trust Fund for contractor costs (\$120,387.84), emergency response personnel (\$140,000.00), and installation of shower facilities for the homeless (\$147,571.00).

F. Capital Improvement Expenditure Program (CIEP)-White Point Landslide Attachment 6 – Appropriations from the Unappropriated Balance

On November 20, 2011, a large section of Paseo Del Mar, between Western and Weymouth Avenues, in Council District 15 experienced a landslide event that eroded the lateral support beneath the street and collapsed the roadway creating a 600-foot gap in the coastal bluff. A fence was installed adjacent to the nature trail in the White Point Nature Preserve to prevent residents and visitors from entering the landslide area and concrete barriers have been installed on both ends of Paseo Del Mar to prevent pedestrians and vehicular traffic on the roadway. The landslide has severely damaged Paseo Del Mar and the area is still potentially unstable. To improve the stability of the existing slopes, immediate measures must be taken to reduce the potential threat to the right-of-way and public safety.

On September 18, 2012, Council approved the 2011-12 CIEP Reappropriations Report (C.F. 12-0600-S162) which reprogrammed \$4.55 million in Gas Tax funds to stabilize the existing slope which provides lateral support to Weymouth Avenue. However, as previously reported by this Office in the August 28, 2012 report, earthwork mitigation work in the amount of \$1,413,825 is not eligible for Gas Tax funding as this phase of the project stabilizes the slope that previously provided lateral support for Paseo Del Mar. Further, it is uncertain whether the City will reopen Paseo Del Mar as the City is in the process of considering other long-term options for the roadway. Due to the City's inability to use Gas Tax funds for this scope of work, and the potential threat to public safety, an appropriation of \$1,413,825 is recommended from the Unappropriated Balance, Layoff Avoidance line item.

G. Hollywood and Highland Settlement Agreement Recommendation Nos. 30 and 31

The Community Redevelopment Agency of Los Angeles (CRA) and developer Trizechahn entered into a Disposition and Development Agreement (DDA) in February 1999 regarding the development of the Hollywood & Highland complex (H&H) (C.F. 98-1766, 01-1230). The DDA included the issuance of MICLA bonds to finance a portion of the future Kodak Theater and Parking Revenue Bonds supported by the Special Parking Revenue Fund to finance the parking structure at H&H. The parties agreed to a Theater Bond Guarantee wherein the developer would pay any shortfalls if revenues were below an amount established by the DDA and released from the Guarantee when specific conditions were met pursuant to the DDA.

The DDA was amended several times over the course of the project. As a result of discrepancies found between the DDA approved by Council and subsequent documents circulated by Trizechahn, the parties entered into a Settlement Agreement executed in February 2004 (C-120697). The Settlement Agreement addressed various issues and called for the retention of project funds pending the satisfaction of certain items. All issues addressed by the Settlement Agreement have been satisfied and the City is now contractually obligated to pay Trizechahn the retained funds. The various project documents, including the Settlement Agreement, do not indicate the funding source from which payment should be made, however, previous payments made pursuant to this Settlement Agreement were made from bond proceeds held in the construction fund of the Parking Revenue Bond Series 1999A. This Office has confirmed with the trustee that all Series 1999A construction funds were expended and the account was closed in 2009. The Special Parking Revenue Fund is the appropriate funding source for payment of the remaining retention funds.

Although the Mayor and Council approved and executed the Settlement Agreement, the Controller's Office is now requiring explicit accounting instructions to pay the retained funds as authorized by the Settlement Agreement. Therefore it is recommended that up to \$2.4 million in Special Parking Revenue Funds, be appropriated for the Hollywood and Highland Settlement Agreement. These funds are from prior year budgeted appropriations for contractual services.

3. STATUS OF OFFICE OF PUBLIC SAFETY CONSOLIDATION

The functional transfer of the Office of Public Safety (OPS) from the General Services Department (GSD) to the Police Department (LAPD) was adopted with an effective implementation date of July 1, 2012, as a part of the Fiscal Year 2012-13 Adopted Budget. On July 1, 2012, the Security Services Division (SECSD) was established within the LAPD and an interim Memorandum of Agreement (MOA) was signed between the GSD and the LAPD to maintain operational continuity between the OPS and the SECSD until the consolidation is completed.

All civilian employees were transferred to the SECSD on July 1, 2012. On September 29, 2012, the Governor signed Senate Bill 1466 (SB 1466), which amends the Penal Code to allow OPS sworn personnel to maintain their peace officer status while employed by the LAPD. As such, all sworn employees will be transferred to the SECSD on January 1, 2013.

The City Attorney has drafted an ordinance to amend the Los Angeles Administrative Code to allow sworn peace officer personnel, who provide police services for the City, to maintain membership in the Los Angeles City Employees' Retirement System when their sworn positions are transferred from GSD to LAPD (C.F. No. 11-1392-S1). This item is currently pending in Public Safety Committee.

The LAPD is continuing to meet with the General Managers of all of the involved client departments to discuss service commitments that will be memorialized in Memoranda of Agreements (MOAs). The LAPD has also inspected the OPS vehicle inventory and has begun to transition vehicles to the LAPD fleet. Additionally, all of the OPS facilities have been inspected and the LAPD is in the process of assessing technologies that will be integrated into existing LAPD systems.

4. STATUS OF HUMAN RESOURCES CONSOLIDATION

In July, 69 positions were functionally transferred to the Personnel Department including 9 vacancies. While funding to cover salaries was transferred, no expense funding was provided. The Department has already absorbed a number of incidental expenses associated with new staff.

The consolidation of the City's human resources staff is 60 days old, and new roles, responsibilities and services continue to be established. The Personnel Department is partnering with the Department of Transportation (DOT) to modify DOT's outstanding human resources information management system so that it can be used by human resources staff serving all 23 consolidated departments. Personnel Department Human Resources staff were trained using the International Public Management Agency (IPMA) Core Competency Training Program. The primary goal of the training was to ensure that consolidated and existing Personnel Department human resources staff have a common understanding of the key roles they will be required to carry out as they interact with various City departments. Additionally, the same staff will be trained shortly so that disciplinary practices and risk management issues are addressed more

consistently. Finally, 30 different human resources topics have been identified for review and development of citywide best practices procedures. The best practices should be completed and distributed to all 23 consolidated departments this fiscal year.

The City has overcome some of the initial challenges, and is already beginning to see tangible results and efficiencies within its human resources practices.

5. 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 34,005 at the end of August for both civilian and sworn classes. There are 30,993 filled positions at the end of August, compared to the 31,381 reported in the 2011-12 Year End Financial Status report. Departments reported a total of 3,012 vacant positions: 1,753 General Fund and 1,259 special funded.

B. Voluntary Furloughs

Attachment 9 – Status of Voluntary Furlough Program

As of October 6, 2012 (Pay Period 7), approximately \$406,822 in savings has been achieved across City departments through voluntary furloughs. However, it is estimated that only 53 percent of this amount, approximately \$216,000, represents General Fund savings.

C. 120 Day Employees

Attachment 10 – Status of 120 Day Employees

Pursuant to the 2012-13 Adopted Budget, this Office is required to report the number of retired individuals employed under Charter Section 1164(b). Charter Section 1164(b) authorizes employment of a retired employee to a vacant position in a class in which he or she has been previously employed for a period not to exceed 120 days in any fiscal year, subject to Mayor approval. This is authorized when the retired employee's services are required for an emergency or to prevent stoppage of public business or when his/her special skills are needed to perform work of a limited duration. Attachment 10 provides a breakdown by City department of the total number of 120 day appointments that have been approved by the Mayor for the current fiscal year. Up to 159 appointments were authorized as of the end of August. However, the total number approved does not represent the actual number of 120 day employees that will actually come on payroll. For example, in the case of the Controller's Accounting Resource Pool, not all individuals on the list will be hired. This Office is in the process of identifying the total number of individual's currently on department payroll. This information will be provided in a subsequent FSR.

6. STATUS OF FEE INCREASES

Attachment 11- Status of Fee Increases in the 2012-13 Budget

Attachment 11 provides a status of fee increases included in the adopted budget, which consists of revenue collected by the Fire Department (FD), Planning Department, Bureau of Engineering, Bureau of Street Services, Department of Transportation (Parking Fines), and Zoo. To date, increases to the Bureau of Engineering Fees, Parking Fines, and Zoo admission have been implemented. The Industrial Building Inspection and Plan review fees are expected to be considered by the Fire Commission in October 2012 and November 2012, respectively. Implementation of the Planning Department's case management fee is in process. The Fee Ordinance for the Planning Department's Comprehensive Zoning Code Rewrite Fee is under review by the City Attorney's Office. While the Ordinance for the Peak Hours Compliance Fee increase (Street Services) is under review by the City Attorney, Public Works and CAO.

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

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

During the past few months, MICLA CP was used towards the construction and improvements of the Alternative Fuel Infrastructure Facilities, Neighborhood City Halls, a Reptile Zoo Exhibit, Vine 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.

On August 22, 2012, Council approved the issuance of callable CP (C.F. 12-1196). On October 11, 2012, \$37.75 million of callable CP was successfully sold at 0.22% by JP Morgan Securities LLC. The callable CP interest rate was only two basis points (0.02%) higher than traditional CP. The Letter of Credit fee reduction of 35 basis points (0.35%) that the City received from JP Morgan Chase Bank outweighs the interest rate spread on callable CP therefore resulting in net savings for the MICLA CP Program.

Below is the status of the MICLA CP Program through October 22, 2012:

Reporting Period	Amount Outstanding	Range of Interest Rates
05/29/12-10/22/12	\$ 136,197,000	0.13% to 0.22% (tax-exempt)
05/29/12-10/22/12	\$ 13,000,000	0.16% to 0.22% (taxable)
<hr/>		
Total: \$ 149,197,000		

The CAO anticipates refunding between \$100 million and \$150 million in outstanding MICLA CP in the Spring of 2013.

8. 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 26 fee waivers have been allocated, which includes 4 waivers from fiscal year 2010-11, 5 waivers from fiscal year 2011-12, and 17 waivers from 2012-13. Approximately \$5 million in Citywide special events and Council District fee subsidies remains to be allocated, \$2.3 million and \$2.7 million, respectively. These figures do not include Citywide or Council District events that are pending or undergoing review by the Office of the Chief Legislative Analyst.

Information regarding Convention Center waivers will be reported in the next financial status report.

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. This information will be provided in the next financial status report.

9. STATUS OF GANG REDUCTION AND YOUTH DEVELOPMENT PROGRAM

Attachment 12 – GRYD Program Contracts and Organizational Chart

At the request of the Budget and Finance Committee (C.F. 09-0600-S203), the Mayor's Office provides an update of current year Gang Reduction and Youth Development 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 2012-13 Gang Reduction Program in the Mayor's Gang Reduction and Youth Development (GRYD) Office is approximately \$23.43 million from the following sources: \$21.66 million from the General Fund and \$1.77 million from federal and state grants. Of this amount, \$1.41 million is allocated for GRYD salaries and administration and approximately \$22.02 million for contracted agencies. Actual General Fund expenditures totaled \$2,750,153 and encumbrances totaled \$10,086,994 through August 31, 2012. Attachment 12 outlines the distribution of funds to each of the GRYD contracted agencies.

The GRYD Office is currently comprised of 28 positions as of September 1, 2012: nine (9) staff provide executive and contract/fiscal management, eight (8) staff provide program development and implementation, seven (7) staff implement the Mayor's Summer Night Lights Program and the Young Women from Adversity to Resiliency (YWAR) program, three (3) staff are implementing the Watts Regional Strategy, and one (1) staff member provides administrative support. Funds allocated for the GRYD Office, administration and program staff consists of \$1,347,030 in General Funds. Salary expenditures for the period covering July 1 to August 31, 2012 total \$290,923 (General Fund - \$262,356; Grant Fund - \$28,567).

On August 29, 2012, the Mayor's GRYD Office received notification from the U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention (OJJDP) that the City of Los Angeles will be the recipient of the FY 12 Community-Based Violence Prevention Demonstration Program in the amount of \$1.5 million over three years. Proposed services will support the launch of a transnational gang intervention initiative focusing on two major gangs, centered in the Pico-Union/Rampart district. A transmittal with details on the grant application and acceptance is forthcoming.

10. STATUS OF GENERAL FUND RECEIPTS

Attachments 13-A through 13-P

2011-12 Revised Revenue

The Adopted Budget for Fiscal Year 2011-12 included \$4.38 billion in General Fund revenue. During the consideration of the 2012-13 proposed budget, revenue was revised downward by \$7 million. The revise was largely due to the early loss of Motor Vehicle License Fee revenue from the state, the expectation of lower property and documentary transfer taxes from the ongoing impact of the real estate market collapse, and a projected decline in utility user tax receipts from decreasing natural gas prices, along with other adjustments. Some of this revenue decline was offset by projected increases in sales tax and transient occupancy tax receipts from the gradual improvement in the economy.

With the close of Fiscal Year 2011-12, revenue exceeded the revised budget by \$10.6 million (and the adopted budget by \$3.4 million) with much of the variance resulting from delayed or accelerated receipts. These included a one-time catch up remittance of parking fine revenue, the early receipt of \$26.5 million in Community Redevelopment Agencies (CRA)-related property tax revenue, and the delayed remittance of other property tax revenue from the County. The most significant shortfall resulted from the delayed ordinance and subsequent transfer of \$16.5 million in surplus funds in the Special Parking Revenue Fund. (The transfer was completed this fiscal year and deposited in the Reserve Fund.) Other revenue variances were largely offsetting. Though growth rates remain low, sales and transient occupancy taxes exceeded estimated revenue, and the business and documentary transfer taxes—which had been revised downward—did better than projected. Departmental receipts also came in uncharacteristically higher. Utility taxes were lower than the downward revision in gas and electrical user tax receipts, however, due to declining gas prices and power sales. Parking users tax, franchise income and

grant receipts also fell short of budget. See Attachment 13-a for a summary of Fiscal Year 2011-12 revenues.

2012-13 Projected Revenue

The General Fund revenue budget for fiscal year 2012-13 is \$4.55 million. With 14 percent of receipts received to date, revenue through September is on target with the plan (Attachment 13-b). The slow improvement in the housing market and the economy can be seen in upward trends in property tax, documentary transfer tax, and transient occupancy tax revenues. No adjustments are recommended at this time, however, as risks remain in the budget as explained below. Additionally, there are economic concerns as the recovery continues to be weak. Unemployment, though steadily decreasing, remains high (10.6 percent from 12.4 percent a year ago in the County), and the growth rate remains lackluster with GDP expected to average less than 1.8 percent through the fiscal year (Attachment 13-c).

Revenues from property tax and the documentary transfer tax fell short of last year's budget, but both are ahead of plan this year. Property revenue reflects the delayed receipt of previous year revenue and the stabilization of housing prices; however, property assessments continue to reflect reductions in local real estate markets (Attachment 13-d). Receipts to date is 7 percent of total revenue, the bulk of which is recorded December through year-end. The documentary transfer tax, like property tax, has increased with sales prices stimulated by available home inventory and interest rates, but total budgeted revenue remains 50 percent of peak from fiscal year 2005-06 (Attachments 13-e and 13-f). Hotel tax revenue has continued to benefit from the increasing room rates and occupancy (Attachments 13-g and 13-h). Other economy-sensitive revenues such as sales tax and parking occupancy tax are close to plan.

Despite the positive trends, there are risks to the revenue budget. Early receipt of CRA-related revenue in the previous fiscal year means that the \$13 million of the budgeted one-time funds will not be available this fiscal year, and it remains to be seen whether the City will receive the entire \$18.6 million estimated on-going receipts. To date, only \$4.3 million in pass-through funds have been identified for the first of two distributions. Reimbursement for ambulance services through AB678 is still pending, putting another \$26.3 million at risk. Business tax (Attachment 13-k) and utility user tax receipts (Attachments 13-j through 13-n) are also below plan. There are also unknown risks from the economic slowdown in China and the continuing Euro Zone crisis which could translate into less demand for exports. Most importantly, the looming federal budget cuts threaten the recovery with the expiration of the \$440 billion in tax cuts and the implementation of mandatory \$100 billion across-the-board spending cuts, should a budget compromise not be achieved. The Congressional Budget Office projects that the economy would contract at an annual rate of 1.3 percent in the first half of the year resulting in a recession.

11. STATUS OF DEBT COLLECTIONS FROM THE INSPECTOR GENERAL

Attachment 14 – Status Updated from the Inspector General

Recommendation Nos. 32 through 34

As part of the 2012-13 Budget, this Office was instructed to include debt collection updates from the Inspector General of Citywide Collections (CF 12-0600). The Inspector General has prepared a status report which is attached to this FSR. See Attachment 14. The Inspector General reports that a draft collection reform strategic plan was drafted and is now in circulation for internal comments by various City departments. A final draft for City Council consideration and public comment is anticipated by late October 2012. Further, the Inspector General outlines various other matters that he is monitoring with major revenue implications, including updates regarding the implementation of Commission on Revenue Efficiency (CORE) recommendations and the timing of anticipated revenue from Emergency Medical Services (AB 678). Recommendations regarding the receipt of Fire emergency medical reimbursements, pursuant to AB 678 are included.

12. STATE BUDGET UPDATE

The 2012-13 State Budget closes a \$15.7 billion budget gap and provides an estimated \$948 million reserve. Specifically, the budget relies on \$4.6 billion in expenditure actions combined with nearly \$9 billion in revenue actions (of which \$8.5 billion consists of temporary taxes), and \$5.8 billion in other actions, including loans transfers and funding shifts. State budget reductions are targeted at CalWORKs welfare-to-work services, Medi-Cal, In-Home Supportive Services, and State employee compensation (negotiations and furloughs). A total of about \$8.5 billion in temporary taxes are assumed to be approved by voters in the November 2012 election (Proposition 30). The Budget also includes a backup plan consisting of trigger cuts if the tax measures are not approved.

The 2012-13 spending plan contains no new proposed shifts of City funds. As reported in previous Financial Status Reports, aside from the dissolution of redevelopment agencies, the State eliminated the motor vehicle license fee revenue distribution to California cities in 2011-12 in order to fund community law enforcement programs that were realigned from the State to the County. No further receipts from this source are anticipated.

The proposed tax increases which are anticipated to generate \$8.5 billion in 2011-12 and 2012-13 combined would increase personal income tax rates on very high income earners for seven years and increase the sales tax rate by one-quarter cent for four years (effective January 1, 2013).

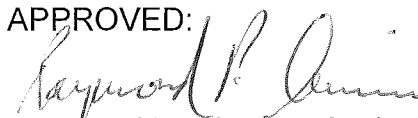
The trigger cuts which total \$6 billion and would go into effect on January 1, 2013 consist mainly of the following reductions to education:

- A \$5.4 billion reduction in funding for schools and community colleges. According to the Governor's Office, a reduction of this magnitude would result in a funding decrease equivalent to the cost of three weeks of instruction.
- The University of California and California State University would each be reduced by \$250 million.

Further, if the ballot measure is not approved, the State would reduce funding for a variety of public safety programs. Grants to local law enforcement for water safety patrol would be reduced, and grants for city police worth \$20 million would be eliminated. The Department of Forestry and Fire Protection's firefighting capabilities would be reduced. The number of the public safety officers in the Departments of Parks and Recreation and Fish and Game would be reduced, and the State would no longer staff its beaches with lifeguards. Flood control programs in the Department of Water Resources would be cut which would reduce channel and levee maintenance and floodplain mapping. The Department of Justice's law enforcement programs would be reduced. Services to individuals with developmental disabilities would be reduced.



Maria D. Gutierrez, Finance Specialist

APPROVED:

Raymond P. Ciranna, Assistant City Administrative Officer

MAS:RPC:BC/MDG: 01130042c

Attachments

Attachment 1
Four-Year Budget Outlook
(\$ millions)

	2012-13 Adopted	2013-14	2014-15	2015-16	2016-17
ESTIMATED GENERAL FUND REVENUE					
General Fund Base (1)	\$ 4,385.7	\$ 4,550.5	\$ 4,620.6	\$ 4,729.4	\$ 4,869.7
Revenue Growth (2)					
Property Related Taxes (3)	70.0	22.5	40.3	69.5	87.3
Sales and Business Taxes	37.5	26.8	22.9	23.6	24.2
Utility Users' Tax	(5.2)	6.4	6.8	7.4	7.9
License, Permits and Fees	44.8	9.6	23.4	24.1	24.8
Other Fees, Taxes and Transfers (4)	10.6	19.4	15.3	15.9	16.5
SPRF Transfer	16.1	(14.6)	-	-	-
Transfer from Reserve Fund	(8.9)	-	-	-	-
Total Revenue	\$ 4,550.5	\$ 4,620.6	\$ 4,729.4	\$ 4,869.7	\$ 5,030.4
<i>General Fund Revenue Increase %</i>	<i>3.8%</i>	<i>1.5%</i>	<i>2.4%</i>	<i>3.0%</i>	<i>3.3%</i>
<i>General Fund Revenue Increase \$</i>	<i>164.8</i>	<i>70.1</i>	<i>108.8</i>	<i>140.4</i>	<i>160.7</i>
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base (5)	\$ 4,385.7	\$ 4,550.5	\$ 4,836.5	\$ 5,055.9	\$ 5,166.6
Incremental Changes to Base: (6)					
Employee Compensation Adjustments (7)	178.1	109.6	48.2	21.1	2.9
City Employees Retirement System (8)	(52.8)	40.0	42.0	44.0	28.3
Fire and Police Pensions (8)	22.0	110.8	79.7	48.3	44.2
Workers Compensation Benefits (9)	31.0	2.7	3.2	6.3	10.1
Health, Dental and Other Benefits (10)	7.9	32.8	30.7	32.1	31.4
Debt Service (11)	8.0	17.3	(2.6)	(24.4)	(6.4)
Delete Reso. Auth./ERIP /One-Time Costs	(84.2)	-	-	-	-
Unappropriated Balance (13)	27.3	(8.0)	-	-	-
New Facilities (14)	3.3	2.7	0.6	0.8	0.4
City Elections (15)	17.0	(17.0)	17.5	(17.5)	17.5
CIEP (16)	1.0	-	-	-	-
Appropriation to the Reserve Fund	4.9	(4.9)	-	-	-
Net - Other Additions and Deletions	1.2	-	-	-	-
Subtotal Expenditures	\$ 4,550.5	\$ 4,836.5	\$ 5,055.9	\$ 5,166.6	\$ 5,294.9
<i>Expenditure Growth %</i>	<i>3.8%</i>	<i>6.3%</i>	<i>4.5%</i>	<i>2.2%</i>	<i>2.5%</i>
<i>Expenditure Growth \$</i>	<i>164.8</i>	<i>286.0</i>	<i>219.4</i>	<i>110.6</i>	<i>128.4</i>
TOTAL BUDGET GAP	\$ -	\$ (215.9)	\$ (326.6)	\$ (296.8)	\$ (264.5)
<i>Incremental Increase %</i>			<i>51.2%</i>	<i>-9.1%</i>	<i>-10.9%</i>
<i>Incremental Increase \$</i>			<i>(110.7)</i>	<i>29.8</i>	<i>32.3</i>

Attachment 1

FOUR-YEAR GENERAL FUND BUDGET OUTLOOK FOOTNOTES

REVENUE:

- (1) General Fund (GF) Base: The revenue base for each year represents the prior year's estimated revenues.
- (2) Revenue Growth: Revenue projections reflect the consensus of economists that economic recovery will be slow and that economy-sensitive revenues will take several years to return to pre-recession levels. Amounts represent projected incremental change to the base. Any one-time receipts are deducted from the estimated revenue growth for the following fiscal year.
- (3) Property tax increase from FY 2012-13 to 2013-14 is based on expectations of receiving additional ex-CRA tax increment revenue.
- (4) California Senate Bill SB89 of 2011 eliminated, effective July 1, 2011, Vehicle License Fee (VLF) revenue allocated under California Revenue and Taxation Code 11005 to cities. As a part of the Legislature's efforts to solve the state's chronic budget problems, the bill shifted all city VLF revenues to fund law enforcement grants that previously had been paid by a temporary state tax and, prior to that, by the state general fund. The League of California Cities has challenged this action in court as a Constitutional violation. The projected ongoing loss in City revenue is approximately \$15 million.

ESTIMATED GENERAL FUND EXPENDITURES:

- (5) Estimated Expenditure General Fund Base: Using the 2011-12 General Fund budget as the baseline year, the General Fund base is the "Total Obligatory and Potential Expenditures" carried over to the following fiscal year.
- (6) The 2012-13 incremental changes reflect funding adjustments to the prior fiscal year General Fund budget. The Four-Year Outlook expenditures included for subsequent years are limited to those obligatory and major expenses known at this time and are subject to change. Amounts represent projected incremental change to the base.
- (7) Employee Compensation Adjustments: This includes cost of living adjustment ("COLA"), change in number of working days, salary step and turnover effect, and full funding for partially financed positions from the prior year. The Outlook reflects various labor agreements and assumes the layoff of 209 positions in January 2013.

Coalition of Los Angeles City Unions and Management Attorneys ("Coalition") : Salary adjustments are based on the Amendment to the Letter of Agreement between the City and Coalition, dated April 8, 2011, for the period April 2, 2011 to June 30, 2014. All Coalition bargaining units, except units 9, Plant Equipment Operators and Repair, and 29, Deputy City Attorneys, ratified the Amendment. Highlights of the agreement are presented in Table 1.

Table 1 Highlights of the April 2011 Coalition MOUs (except MOUs 09 and 29) July 1, 2011 to June 30, 2014				
	2010-11*	2011-12	2012-13	2013-14
COLA - July 1 st	n/a	0.75% (2.25% -1.5%)	3.75% (2.25%+1.5%)	1.75%
Step Adjustment - Jan. 1 st	n/a	0%	0%	5.5%
Deferral Recovery – July 1 st	n/a	0%	0%	0%
Cash Payment - Nov. 1 st	n/a	0%	None (1.75% converted to paid Time off in 2012-13)	0%
Holiday Closure Days	n/a	4 paid in exchange for above 1.5% pay cut	4 paid (see above Cash Pay't note)	none
Retiree Health Contribution - July 1 st	2% (Apr.2011)	2% (4% total)		

*For 2010-11 salary adjustments, refer to Table 2

Attachment 1

Memorandum of Understanding ("MOU") 09, Plant Equipment Operators and MOU 29, Deputy City Attorneys: Salary adjustments are made in accordance with Table 2 below. The one-time furlough savings of \$9.4 million for City Attorney (MOU 29, 32) will be restructured into a permanent salary reduction for FY 2013-14.

Table 2 2007-12 Coalition MOUs Applicable to MOU 09 and 29 (Revised for 2010-11 Budget)				
	2009-10	2010-11	2011-12	2012-13
COLA - July 1 st	0%	3%	2.25%	2.25%
Step Adjustment - Jan. 1 st	0%	2.75%	2.75%	2.75%
Deferral Recovery - July 1 st	0%	0%	0%	1.75%
Cash Payment - Nov. 1 st	n/a	0%	0%	1.75%
Retirement Contribution	n/a	n/a	n/a	n/a

MOUs 8, Professional Engineering and Scientific, and 17, Supervisory Professional Engineering & Scientific: The term of MOUs 8 and 17, members of Service Employees International Union ("SEIU"), is July 1, 2010 to June 30, 2014 (Table 3).

MOU 32, Management Attorneys: Amendment No. 1 to the 2007-2012 MOU expires June 30, 2012 (Table 3).

Table 3 Highlights of Other MOUs (Various Terms)			
	2011-12	2012-13	2013-14
MOUs 8 and 17 (SEIU):			
Contribution Offset - July 3 rd	0.5% (2% -1.5%)	0%	
Contribution Offset - June 30 th	0%	3%	
Holiday Closure Days	4 paid in exchange for above 1.5% pay cut	4 paid in exchange for continued 1.5% pay cut	
Retiree Health Contribution - July 1 st	4%		
MOU 32 Management Attorneys:			
COLA - July 1 st	2.25%	n/a	n/a
Step Adjustment - June 29 th	2.75%	n/a	n/a
Furloughs Days	13	n/a	
Retiree Health Contribution - July 1 st	4%		

Engineers and Architects Association ("EAA"): Table 4 reflects the City's contract with EAA for the period July 1, 2011 through June 30, 2014.

MOU 00, Non-represented Employees, and MOU 61, Senior Administrative and Administrative Analysts: The term of MOUs 00 and 61 is July 1, 2010 to June 30, 2013 (Table 4). With adoption of the EAA MOU, FPPA members will receive a 2.5 percent increase on July 1, 2012.

MOU 05, Inspectors ("MCIA"): The term of MOU 05 is July 1, 2011 to June 30, 2014 (Table 4).

MOU 28, GSD Police Officers: The term of MOU 28 is July 1, 2009 to June 30, 2014 (Table 4).

Attachment 1

Table 4 Highlights of Other MOUs (Various Terms)				
	2010-11	2011-12	2012-13	2013-14
EAA				
COLA – July 1 st	0%	0%	2.5%	1.5%
Retiree Health Contribution – July 1 st	0%	0%	4%	n/a
Furlough Days	10	26	5	n/a
MOU 00 and 61 (Non-Rep & FPPA):				
Contribution Offset – Jan. 1 st	0%	3%	3%	n/a
"Me Too" clause w/ EAA	0%	0%	2.5%	n/a
Unpaid Holidays	n/a	4	4	n/a
Retiree Health Contribution – July 1 st	n/a	2%		n/a
Retiree Health Contribution – Jan. 1 st	n/a		2% (4% total)	n/a
MOU 05 MCIA:				
Contribution Offset – July 3rd	n/a	2%	0%	0%
Contribution Offset – Jan. 1 st	n/a	0%	1.5%	1.5%
Unpaid Holidays (GF only)	n/a	6	5	4
Retiree Health Contribution - July 1 st	n/a	4%		
MOU 28 GSD Police Officers				
COLA – July 1 st	n/a	n/a	1%	1%
COLA – Jan. 1 st	n/a	n/a	1%	1%
Retiree Health Contribution – July 1 st	n/a	4%	n/a	n/a

Sworn Fire and Police Officers: Table 5 reflects the City's contract with the Los Angeles Police Protective League ("LAPPL") and the United Firefighters of Los Angeles ("UFLAC") MOU for the period July 1, 2011 through June 30, 2014.

Table 5 Sworn MOUs				
	2011-12	2012-13	2013-14	2014-15
LAPPL and UFLAC				
COLA – July 1 st	0%	1%	1%	n/a
COLA – Jan. 1 st	0%	2%	0%	n/a
COLA - Nov. 1 st	0%	0%	1%	0%
COLA – March 1 st	0%	0%	2%	0%

(8) City Employment Retirement System ("LACERS") and Fire & Police Pensions ("Pensions"): The LACERS and Pensions contribution are estimated based on information from the departments' actuaries and include COLA assumptions as noted above. The amounts reflected in the outlook represent incremental changes. The estimates are mostly driven by changes in assumptions and investment returns.

Attachment 1

Table 6 LACERS and Pensions						
Assumptions	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
LACERS						
6/30 th Investment Returns	0%	7.75%	7.75%	7.75%	7.75%	7.75%
Rate without Retiree Health Contribution	27.66%					
Blended Contribution Rate		24.14%	26.07%	28.47%	31.10%	32.79%
Pensions						
6/30 th Investment Returns	0%	7.75%	7.75%	7.75%	7.75%	7.75%
Contribution Rate	39.07%	39.94%	47.13%	52.35%	55.98%	59.30%

(9) Workers Compensation Benefits ("WC"): The 2012-13 WC budget increase of approximately \$20 million for medical claims is based on the draft January 2012 actuarial analysis that projects annual medical inflation of seven percent, a five percent annual cost increase in permanent disability costs and an increase in lien payments to fire and police medical providers. The WC line-item also includes increases in the State Assessment Fee (\$1.5 million) and the following contracts: Third Party Administrator (TPA) for sworn claims (\$1.5 million); new Utilization Review (\$8 million); and Alternative Dispute Resolution (\$1 million).

(10) Health and Dental Benefits: Projections are based upon the City subsidy amounts provided in the MOUs as of January 1, 2012, assumed enrollment, as well as the civilian plan rate forecast provided by Mercer Consulting. Civilian FLEX medical premiums are expected to increase by 10.8% for 2013; 9.07% for 2014; 8.70% for 2015; 8.04% for 2016; and 7.67% for 2017. Police and Fire health benefits are historically higher due to the subsidy increases and type and level of coverage elected by sworn employees. Police and Fire enrollment projections are consistent with the hiring plan. It is anticipated that the health care reform laws of 2010 may cause changes to health plans starting in 2014; however, its impact is unknown at this time.

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

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

(13) Unappropriated Balance (UB): One-time UB items are eliminated while ongoing items are continued the following year to provide a placeholder for various ongoing and/or contingency requirements in the future.

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

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

(16) Capital Improvement Expenditure Program (CIEP): The 2012-13 Proposed Budget includes \$7.5 million for various capital projects. For future years, the CIEP amounts do not assume compliance with the policy of budgeting 1% of the General Fund Revenue for capital improvement projects.

Attachment 2
SCHEDULE OF REVERSIONS TO RESERVE AND OTHER FUNDS
FYE JUNE 30, 2012

Dept No.	Department Name	Adjusted	Reversion to	Adjusted Reversion to
		Uncommitted	Other Funds and Other Adjustments	Reserve Fund
		Balance	Total	Total
02	Aging	80,771	3,550	77,221
06	Animal Services	208,967	0	208,967
08	Building and Safety	1,099,159	878,318	220,842
10	CAO	1,428,865	340,430	1,088,434
12	City Attorney	783,742	192,912	590,831
14	City Clerk	2,512,086	16,448	2,495,638
17	City Ethics	262,454	182,799	79,655
22	CDD	4,862	4,862	(0)
26	Controller	764,642	48	764,594
28	Council	9,763,153	173,501	9,589,652
30	Cultural Affairs	775,683	759,684	15,999
32	ITA	1,913,255	26,563	1,886,693
33	El Pueblo	10,291	10,291	0
35	Emergency Preparedness	394	0	394
36	Employee Relations	80,143	0	80,143
38	Fire	2,880,656	20,159	2,860,497
39	Finance	429,342	29,056	400,286
40	GSD	10,589,153	3,345,549	7,243,604
43	Housing	98,156	98,156	0
46	Mayor	180,440	20,000	160,440
47	Neighborhood Empowerme	239,888	239,888	0
48	Convention Center	168,342	168,342	0
53	Capital Finance	5,814,019	5,814,019	0
54	CIP	18,827,838	4,832,502	13,995,335
56	General City Purposes	5,485,948	0	5,485,948
58	Unappropriated Balance	13,520,136	11,786,132	1,734,003
59	Liability Claims	117,544	76,997	40,547
60	Water and Electricity	0	0	0
61	Human Resources	4,014,855	0	4,014,855
62	General	2	0	2
65	Disability	85,540	0	85,540
66	Personnel	3,002,419	12,357	2,990,062
68	Planning	3,026,764	2,737,212	289,553
70	Police	6,327,976	1,013,139	5,314,837
74	PW Board Office	383,936	314,086	69,850
76	PW Bu of Contract Adm	3,215,315	2,620,650	594,665
78	PW Bu of Engineering	5,598,524	3,755,326	1,843,199
82	PW Bu of Sanitation	22,204,051	22,204,051	0
84	PW Bu of St Lighting	3,196,659	3,196,659	0
86	PW Bu of St Services	10,894,391	10,814,269	80,121
87	Zoo	1,258,092	1,258,092	0
94	Transportation	2,582,420	79,743	2,502,678
96	Treasurer	47,130	0	47,130
Total		143,878,002	77,025,788	66,852,214
			0	0
Year-end Reversion		\$ 143,878,002	\$ 77,025,788	\$ 66,852,214

Total 2011-12 Year-End Reversion	\$ 66,852,214
2011-12 Reversion Estimated in the 2012-13 Budget	68,659,000
Difference between Actual and Estimated Reversion	(1,806,786.00)

Attachment 3
Status of Reserve Fund as of October 19, 2012

Council File No.	Item Description	Amount
	Balance Available, 7/1/2012	\$ 226,971,195
	Less: Emergency Reserve Account	<u>125,139,000</u>
	Contingency Reserve Account 7/1/2012	\$ 101,832,195
	General Fund Appropriation to the Reserve Fund	-
	Loan Repayment and Other Receipts	<u>4,374,135</u>
	Contingency Reserve Account	\$ <u>106,206,330</u>
Loans and Transfers Approved to Date		
12-0600-S154	Economic Development Functions	(2,000,000)
12-1006	Posner v. City (SPA loan) storm drain case settlement	(400,000)
CAO Memo	LA Inc.	(234,394)
11-0086	CRA-AB1290 Transfer	(3,813,659)
09-0010-S49	Andrew Garcia Special Rewards TF	(50,000)
07-0010-S39	Mr. Balderas Special Rewards TF	(50,000)
12-1185	Los Angeles Neighborhood Land Trust	(40,500)
10-0010-S22	Mr. Zelman Special Rewards TF	(25,000)
11-1487-S4	Police Admin Bldg landscape rework (reappropriation)	(17,479)
12-1173	Salvadoran Day	(696)
	Loans and Transfers Approved to Date Subtotal	\$ (6,631,728)
Proposed Loans and Transfers		
1st FSR	Cameras and WiFi equipment for Central Area	(16,000)
	Proposed Loans and Transfers Subtotal	\$ (16,000)
	Contingency Reserve Available Balance as of 10/19/2012	<u><u>\$ 99,558,602</u></u>
	Total Emergency and Contingency Reserve Fund	<u><u>\$ 224,697,602</u></u>

Attachment 4

TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Ethics Commission 2013 Elections	<u>Fund 100/17, Ethics</u> 003040, Contractual Services	\$ 80,000	<u>Fund 100/17, Ethics</u> 001070, Salaries, As-Needed,	\$ 80,000.00
Housing City Attorney Salaries	<u>Fund 100/43, Housing</u> 001010, Salaries General (424/22/22J143)	\$ 244,105.00	<u>Fund 424/22, CDD</u> 22J298, Reimb of GF Costs (Related Costs)	\$ 106,317.00
			<u>Fund 100/12, City Attorney</u> 001010, Salaries General (424/22/22J229)	\$ 137,788.00
Occupancy Monitoring	<u>Fund 815/43, Municipal Housing Finance Fund</u> 43G143, LAHD Admin	\$ 100,000.00	<u>Fund 815/43, Municipal Housing Finance Fund</u> 43J243, Occupancy Monitoring	\$ 100,000.00
HOPWA	<u>Fund 569/43, HOPWA</u> 43J326, HOPWA Subsidy Assistance	\$ 300,000.00	<u>Fund 569/43, HOPWA</u> 43J406, HOPWA Support Services	\$ 300,000.00
LA Inc. LA Inc. 2011-12 Final Payment	<u>Fund 429/10, Los Angeles Convention and Visitors Bureau Trust Fund</u> 10H200, Unallocated	\$ 1,713,309.00	<u>Fund 429/10, Los Angeles Convention and Visitors Bureau Trust Fund</u> 10H429, LA Inc., The Convention and Visitors Bureau	\$ 1,713,309.00
Planning Survey LA	<u>Fund 46Y/68, City Planning Grant Trust Fund</u> RSC 5427, Grant Receipt	\$ 682,000.00	<u>Fund 46Y/68, City Planning Grant Trust Fund</u> 68J201, Survey LA	\$ 682,000.00
Police Department Aircraft armored flooring units	<u>Fund 100/70, Police</u> 003090, Field Equipment Expense	\$ 80,000.00	<u>Fund 100/70, Police</u> 007340, Transportation Equipment	\$ 80,000.00
Public Works-Sanitation (\$18,000 CLARTS/ \$37,364 SWRF)	003040, Contractual Services	\$ 55,364.00	006010, Office and Administrative	\$ 55,364.00
Public Works - Contract Administration Hiring Hall Staffing	<u>Fund 100/76, Contract Administration</u> 001010, Salaries General	\$ 387,458.00	<u>Fund 100/76, Contract Administration</u> 001100, Hiring Hall Salaries 001120, Benefits Hiring Hall 001190, Overtime Hiring Hall	\$ 246,948.00 121,137.00 19,373.00
			Subtotal	\$ 387,458.00
Public Works - Street Services Hiring Hall Staffing	<u>Fund 100/86, Street Services</u> 001070, Salaries As-Needed	\$ 662,500.00	<u>Fund 100/86, Street Services</u> 001100, Hiring Hall Salaries 001120, Benefits Hiring Hall	\$ 500,000.00 162,500.00
			Subtotal	\$ 662,500.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 4,304,736.00		\$ 4,304,736.00

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Animal Services				
<i>Spay & Neuter</i>	<u>Fund 842/06 Animal Sterilization Fund</u>		<u>Fund 100/06, Animal Services</u>	
	06005A, Spay & Neuter Program	\$ 164,960.00	001010, Salaries General	\$ 164,960.00
Building & Safety				
<i>As Needed/Overtime</i>	<u>Fund 48R/08, Building Permit Enterprise Fund</u>		<u>Fund100/08 Building & Safety</u>	
	08J200, Reserve for Unanticipated Costs	\$ 1,078,000.00	001070, Salaries As Needed	\$ 578,000.00
			001090 , Salaries Overtime	\$ 500,000.00
			Subtotal	<u>\$ 1,078,000.00</u>
Community Development Dept.				
<i>CDD Section 108</i>	<u>Fund 43F/22 CDD Section 108</u>	\$ 158,329.00	<u>Fund 43F/22 CDD Section 108</u>	
<i>2012-2013 Budget</i>	Fees		22J299, Related Costs	\$ 27,504.00
			<u>Fund 100/22 Community Development (22J122)</u>	
			001010, Salaries General	\$ 69,953.00
			001070, Salaries - As Needed	\$ 126.00
			003040, Contractual Services	\$ 1,199.00
			006010, Office and Administration	\$ 34,333.00
			006030, Leasing	\$ 25,214.00
			Subtotal	<u>\$ 130,825.00</u>
<i>Workforce Investment Act CF 12-0796</i>	<u>Fund 44A/22 Workforce Investment Act</u>	\$ 50,000.00	<u>Fund 44A/22 Workforce Investment Act</u>	
	WIA Program Income		22J450, WIA Program Income	\$ 50,000.00
<i>Enterprise Zone Tax Credit Voucher</i>	<u>Fund 48L/22 Enterprise Zone Tax Credit Voucher</u>	\$ 152,940.00	<u>Fund 48L/22 Enterprise Zone Tax Credit Voucher</u>	
	Voucher Fees		22J299, Related Costs	\$ 17,870.00
			<u>Fund 100/22 Community Development (22J122)</u>	
			001010, Salaries General	\$ 37,300.00
			001070, Salaries- As Needed	\$ 21,600.00
			003040, Contractual Services	\$ 55,835.00
			006010, Office and Administration	\$ 210.00
			006030, Leasing	\$ 20,125.00
			Subtotal	<u>\$ 135,070.00</u>
<i>Office of Sustainable Housing</i>	<u>Fund 53W Community Challenge Grant Fund</u>	\$ 211,629.00	<u>Fund 53W Community Challenge Grant Fund</u>	
<i>NELA CF 10-1451 7-9-2012</i>	Office of Sustainable Housing Communities Grant		22J299, Related Costs	\$ 54,160.00
			<u>Fund 100/22 Community Development (22J122)</u>	
			001010, Salaries General	\$ 137,737.00
			001070, Salaries - As Needed	\$ 12.00
			002130, Travel	\$ 7,854.00
			006010, Office and Administration	\$ 847.00
			006030, Leasing	\$ 11,019.00
			Subtotal	<u>\$ 157,469.00</u>

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	FUND/ACCOUNT	AMOUNT
Community Develop. Dept. Cont. Audit Repayment Fund	Fund 593/22 Audit Repayment Fund	Fund 593/22 Audit Repayment Fund	
	Cash Balance	22J299, Related Costs	\$ 125,194.00
		Fund 100/22 Community Development (22J122)	
		001010, Salaries General	\$ 318,351.00
		001070, Salaries - As Needed	\$ 125.00
		003040, Contractual Services	\$ 20,700.00
		006010, Office and Administration	\$ 10,162.00
		006030, Leasing	\$ 25,468.00
		Subtotal	\$ 374,806.00
CDCR New Start CF 12-0819	Fund 54P/22 New CDCR	Fund 100/22 Community Development (22J122)	
	22H122, CDD	001010, Salaries General	\$ 5,176.00
		001070, Salaries As needed	\$ 2.00
	22H299, Related Costs	003040, Contractual Services	\$ 2,781.00
		006010, Office and Administration	\$ 679.00
		006030, Leasing	\$ 454.00
		Subtotal	\$ 9,092.00
Human Relations Commission	Fund 52W/22 Human Relations Commission Trust Fund	Fund 100/22 Community Development (22122J)	
	22122H, CDD	006010, Office and Administration	\$ 21,972.26
		002120, Printing and Binding	\$ 1,000.00
		Subtotal	\$ 22,972.26
Community and Family Commission	Fund 52S/22 Community and Family Commission Fund	Fund 100/22 Community Development (22122J)	
	22122H, CDD	006010, Office and Administration	\$ 5,200.00
Commission on Status of Women	Fund 52V/22 Commission on Status of Women Trust Fund	Fund 100/22 Community Development (22122J)	
	22122H, CDD	006010, Office and Administration	\$ 4,223.19
Community Development and ITA CF 09-0648-S17	Fund 52B/32 ARRA- BTOP Public Computer Center Fund	Fund 100/22 Community Development (32J122)	
	32H122, Community Development	006010, Office and Administration	\$ 57,046.12

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	FUND/ACCOUNT	AMOUNT
Community Develop. Dept. Cont. Community Development and ITA Development of Web Infrastructure	<u>Fund 424/22, Community Development Trust Fund</u>	<u>Fund 424/22, Community Development Trust Fund</u>	
	22J122, Community Development	22J132, ITA	\$ 17,445.00
	<u>Fund 44A/22, WIA Trust Fund</u>	<u>Fund 44A/22, WIA Trust Fund</u>	
	22J122, Community Development	22J132, ITA	\$ 28,417.00
	<u>Fund 428/22, Community Services Block Grant Fund</u>	<u>Fund 428/22, Community Services Block Grant Fund</u>	
	22J122, Community Development	22J132, ITA	\$ 10,055.00
	Subtotal	Subtotal	\$ 55,917.00
	<u>Fund 100/22 Community Development</u>	<u>Fund 100/32 Community Development</u>	
	003040, Contractual Services	009350, Communications Expense	\$ 55,917.00
38th PY Consolidated Plan PACE/FALCON	<u>Fund 424/22 Community Development Trust Fund</u>	<u>Fund 100/12 City Attorney (22J112)</u>	
	22J112, City Attorney	001020, Grant Salaries	\$ 715,013.00
Building and Safety 38th PY Consolidated Plan PACE	<u>Fund 424/22 Community Development Trust Fund</u>	<u>Fund 100/08 Building and Safety (22J108)</u>	
	22J108, Building and Safety	001010, Salaries General	\$ 947,627.00
		003040, Contractual Services	\$ 13,200.00
		003310, Transportation	\$ 34,400.00
		Subtotal	\$ 995,227.00
Public Works-Board 38th PY Consolidated Plan Clean and Green, Clean Streets etc.	<u>Fund 424/22 Community Development Trust Fund</u>	<u>Fund 100/74 Public Works Board (22J174)</u>	
	22J174, Public Works Board	003040, Contractual Services	\$ 1,411,040.00
Housing Code Enforcement	<u>Fund 41M/43, Code</u>	<u>Fund 100/43, LA Housing Department (43J143, Housing)</u>	
	43J411, Unallocated	006010, Office and Administration	\$ 454,000.00
CRA/LA Staff	<u>Fund 815/43, Municipal Housing Finance Fund</u>	<u>Fund 815/43, Municipal Housing Finance Fund</u>	
	43H143, LAHD Admin	43J299, Related Costs	\$ 128,029.00
		<u>Fund 100/43, LA Housing Department (43J143, LAHD Admin)</u>	
		001010, Salaries General	\$ 295,611.00

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Housing Continued	<u>Fund 52P/43 EECBG</u>		<u>Fund 52P/43 EECBG</u>	
<i>Energy Efficiency & Conserv. Grant</i>	43G143, LAHD	\$ 715.43	43J299, Related Costs	\$ 4,821.00
	43G299, Related Costs	\$ 3,283.14		
	43H143, LAHD	\$ 3,508.50	<u>Fund 100/43, LA Housing Department (43J143, LAHD)</u>	
	43H299, Related Costs	\$ 8,444.93	001010, Salaries General	\$ 11,131.00
	Subtotal	<u>\$ 15,952.00</u>		
 <i>Disaster Recovery Initiative</i>	<u>Fund 54D/43 DRI</u>		<u>Fund 54D/43 DRI</u>	
	43H143, LAHD, Salaries	\$ 114,000.00	43J299, Related Costs	\$ 46,000.00
	43H299, Related Costs	\$ 46,000.00		
	Subtotal	<u>\$ 160,000.00</u>	<u>Fund 100/43, LA Housing Department (43J143, LAHD)</u>	
			001010, Salaries General	\$ 114,000.00
 <i>LA Mortgage Modification</i>	<u>Fund 54F/43 LAMMP</u>		<u>Fund 54F/43 LAMMP</u>	
	43H143, LAHD, Salaries	\$ 53,390.00	43J299, Related Costs	\$ 21,610.00
	43H299, Related Costs	\$ 21,610.00		
	Subtotal	<u>\$ 75,000.00</u>	<u>Fund 100/43, LA Housing Department (43J143, LAHD)</u>	
			001010, Salaries General	\$ 53,390.00
 Library	<u>Fund 831/44, Library Trust Fund</u>		<u>Fund 300/44, Library</u>	
<i>Library Materials</i>	44000A, Trust Fund Account	\$ 115,707.00	009010, Library Materials	\$ 115,707.00
 Mayor				
 <i>Personnel Costs</i>	<u>Fund 52A/46, FY09 Justice Assistance Grant</u>		<u>Fund 100/12, City Attorney</u>	
	46H112, City Attorney Salaries	\$ 30,000.00	001010,Salaries General	\$ 30,000.00
 Personnel Department	<u>Fund 100/66, Personnel Department</u>		<u>Fund 100/61, Human Resources Benefits</u>	
<i>Transit Subsidy</i>	9600, Transit Subsidy	\$ 27,000.00	003040, Contractual Services	\$ 27,000.00
 Planning	<u>Fund 51Q/94, Measure R Traffic Relief and Rail Expansion Funds</u>		<u>Fund 100/68,Planning</u>	
<i>Boyle Heights Community Plan</i>	94J501, Transportation Contingency	\$ 100,000.00	003040, Contractual Services	\$ 100,000.00
 Police Department	<u>Fund 100/70 Police Department</u>		<u>Fund 100/32, Information Technology Agency</u>	
<i>Telecommunicatons services</i>	003040, Contractual Services	\$ 140,000.00	009350, Communication Services	\$ 140,000.00
 <i>Gang Intervention-Cadet Academy</i>	<u>Fund 44F/70 Forfeited Assets Trust Fund</u>		<u>Fund 100/70, Police Department</u>	
	70F517, Gang Intervention	\$ 188,000.00	001092, Sworn Overtime	\$ 188,000.00
 Public Works-Board	<u>Fund 438/50, Construction Services Trust Fund</u>		<u>Fund 48R/08, Building Permit Enterprise Fund</u>	
<i>PW Construction Services</i>	50JLGG, One Stop	\$ 405,000.00	RSC 5301, Reimbursements from Other Funds	\$ 405,000.00

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Public Works - Engineering				
Program	<u>Fund 206/50, Special Gas Tax Street Improvement Fund</u>		<u>Fund 100/40, General Services</u>	
Program - Pavement Preservation	50JKAT, Pavement Preservation Program Survey	\$ 250,000.00	001014, Construction Salaries	\$ 4,000.00
Program Survey Support			001101, Hiring Hall Salaries	\$ 146,000.00
			001121, Hiring Hall Fringe	\$ 100,000.00
Public Works-Sanitation				
	<u>Fund 511/50 Stormwater Pollution Abatement</u>	\$ 192,000.00	<u>Fund 511/50 Stormwater Pollution Abatement</u>	\$ 192,000.00
Operation Healthy Streets	5301, Reimbursements from other funds/depts		50J565, Sanitation Contract	
(See Attachment 6)				
Operation Healthy Streets	<u>Fund 511/50 Stormwater Pollution Abatement</u>	\$ 193,600.00	<u>Fund 100/82, Sanitation (50J182, PW San.)</u>	\$ 193,600.00
(See Attachment 6)	5301, Reimbursements from other funds/depts		001010, Salaries General	
Public Works-Street Lighting				
Security Lighting 17	<u>Fund 540/94, Proposition C</u>		<u>Fund 100/84, Street Lighting</u>	
	94H184, Street Lighting	\$ 174,000.00	001010, Salaries General	\$ 20,000.00
			001090, Salaries Overtime	\$ 66,000.00
			008780, Street Lighting Improvement/Supplies	\$ 88,000.00
			Subtotal	\$ 174,000.00
CDBG Elysian Valley Ltg Ph 3	<u>Fund 422/22, Community Development Trust Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	22H184, Street Lighting	\$ 1,500.00	001010, Salaries General	\$ 1,500.00
CDBG Sun Valley Ltg Ph 3	<u>Fund 422/22, Community Development Trust Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	22H184, Street Lighting	\$ 70,811.00	003040, Contractual Services	\$ 70,949.00
	22G184, Street Lighting	\$ 138.00		
	Subtotal	\$ 70,949.00		
CDBG Sun Valley Ltg Ph 4	<u>Fund 422/22, Community Development Trust Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	22H184, Street Lighting	\$ 338,500.00	001010, Salaries General	\$ 8,500.00
			003040, Contractual Services	\$ 330,000.00
			Subtotal	\$ 338,500.00
CDBG Sun Valley Ltg Ph 3	<u>Fund 422/22, Community Development Trust Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	22H184, Street Lighting	\$ 246,452.00	001090, Salaries Overtime	\$ 115,454.00
	22H421, Overhead	\$ 5,000.00	008780, Street Lighting Improvement/Supplies	\$ 155,000.00
	22G510, Overhead	\$ 19,002.00	Subtotal	\$ 270,454.00
	Subtotal	\$ 270,454.00		
Griffith Park-Vermont to Fern Dell	<u>Fund 302/89, Recreation and Parks Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	89184H, Street Lighting	\$ 183,075.00	001090, Salaries Overtime	\$ 83,075.00
			008780, Street Lighting Improvement/Supplies	\$ 100,000.00
			Subtotal	\$ 183,075.00

Attachment 5
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO		
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Public Works-Street Lighting Cont. SAFETEA-LU: Elysian Vly Ph 2	<u>Fund 347/50, St Ltg Maintenance Assessment Fund</u>		<u>Fund 100/84, Street Lighting</u>	
	50HLCC, Safetea Lu: Elysian Valley	\$ 150,000.00	001090, Salaries Overtime	\$ 68,000.00
			008780, Street Lighting Improvement/Supplies	\$ 82,000.00
			Subtotal	\$ 150,000.00
Transportation				
SPRF overtime costs	<u>Fund 363/94, Special Parking Revenue Fund</u>		<u>Fund 100/94, Transportation</u>	
	94J060, Parking Meter and Off-Street Parking	\$ 457,000.00	001090, Salaries Overtime	\$ 457,000.00
Safe Routes to School Grant	<u>Fund 51Q/94, Measure R Local Return Fund</u>		<u>Fund 100/94, Transportation</u>	
	94J302, Pedestrian Plan Program	\$ 75,000.00	001010, Salaries General	\$ 25,000.00
			001090, Salaries Overtime	\$ 50,000.00
			Subtotal	\$ 75,000.00
Reimburse. for Special Events-OT	<u>Fund 840/94, Transportation Trust Fund</u>		<u>Fund 100/94, Transportation</u>	
	Balance Sheet Account No. 2200	\$ 2,000,000.00	001090, Salaries Overtime	\$ 2,000,000.00
Foothill Blvd Rockfall Mitigation	<u>Fund 305/50, Subvention and Grants Fund</u>		<u>Fund 100/94, Transportation</u>	
	50V057, Foothill Rockfall Mitigation	\$ 70,000.00	001090, Salaries Overtime	\$ 70,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 12,209,918.57		\$ 12,209,918.57

Attachment 6

APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

DEPARTMENT	APPROPRIATE FROM:	APPROPRIATE TO:	AMOUNT
ITA	<u>Fund 100/58, Unappropriated Balance</u>	<u>Fund 100/32, Information Technology Agency</u>	
Strategic Advisor for Technology Service	000162, IT Infrastructure Outsourcing	003040, Contractual Services	\$ 250,000.00
	000139, Strategic Advisor for Technology Service	003040, Contractual Services	\$ 140,000.00
		Subtotal	\$ 390,000.00
Capital Improvement Expenditure Program	<u>Fund 100/58, Unappropriated Balance</u>	<u>Fund 206/50, Special Gas Tax Street Improvement Fund</u>	
White Point Landslide Earthwork Mitigation	000137, Layoff Avoidance	Whitepoint Landslide Earthwork Mitigation	\$ 1,413,825.00
Various Departments	<u>Fund 100/58, Unappropriated Balance</u>	<u>Fund 517/43, Dept of Housing</u>	
Operation Healthy Streets	000137, Layoff Avoidance	43J143, 517 Federal Emergency Shelter Grant	\$ 446.00
		<u>Fund 44G/43 Affordable Housing Trust Fund</u>	
		43J373, Central City East Assoc. (CCEA-OHS)	\$ 120,387.84
		43J374, Emergency Response - OHS	\$ 140,000.00
		43J375, LAHSA Admin	\$ 147,571.00
		Subtotal	\$ 407,958.84
		<u>Fund 363./94, Special Parking Revenue Fund</u>	
		4495 MG, Mangrove Estate Parking Lot	\$ 11,795.00
		<u>Fund 511/50 Stormwater Pollution Abatement</u>	
(See Attachment 5)		5301, Reimbursements from other funds/depts	\$ 385,600.00
		<u>Fund 508/50 Solid Waste Resource Revenue Fund</u>	
(See Attachment 5)		5301, Reimbursements from other funds/depts	\$ 27,300.11
TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE			\$ 2,636,924.95

Attachment 7-a
STATUS OF THE UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of September 30, 2012

C.F.	Appropriations	Date	Amount
12-0600	General Account		\$ 50,000
	Approved Transfer		
12-1119	Eagle Rock Music Festival	8/15/2012	(696)
12-1179	LA Business Travel Association	8/23/2012	(348)
12-0798-S1	Community Charter Bus Services	8/31/2012	(1,014)
12-1322	Truman National Security Project - Clean Energy and National	9/11/2012	(406)
	Balance Available		<u>47,536</u>
Anticipated Appropriations			
	Projected Balance Available		<u>\$ 47,536</u>

Attachment 7-b
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT as of September 30, 2012

Council File No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Appropriated during year	First FSR Request	Available Balance
	General Fund						
	General (see Attachment 7A)		\$ 50,000		\$ (2,464)		\$ 47,536
	Bank Fees		2,100,000			-	2,100,000
	Deferred Entry of Judgement Program	City Atty	325,000				325,000
	Equipment, Expenses & Alterations & Improvement	All	3,582,000		-		3,582,000
	Fire - Third Party Review of Resource Deployment	Fire	500,000		-		\$ 500,000
	GSD- Petroleum Products	GSD	9,000,000		-		9,000,000
First FSR	Layoff Avoidance	All	8,000,000			(2,246,925)	5,753,075
	Neighborhood Council Funding	DONE	75,000		-		75,000
	Outside Counsel inc. Workers' Comp	City Atty	3,000,000		-		\$ 3,000,000
	Payroll System Study	Controller	100,000		-		100,000
First FSR	Strategic Advisor for Technology Services	ITA	500,000			(140,000)	360,000
11-0600-S159	Software License Claim (reappropriation)	ITA		1,000,000			1,000,000
11-0600-S159,	Infrastructure Outsourcing Study						
First FSR	(reappropriation)	ITA		250,000		(250,000)	\$ -
12-0600-S154	Citywide Economic Development	CAO		2,000,000			2,000,000
12-0600	Gang Prevention (reappropriation)			40,000			40,000
							0
	Grand Total		\$ - \$ 27,232,000	\$ 3,290,000	\$ (2,464)	\$ (2,636,925)	\$ 27,882,611

Attachment 8
EMPLOYMENT LEVEL REPORT
FY 2012-13

Department	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of August	Changes	End of August	Start of August	Changes	End of August		
Aging	35	51		51	40	(1)	39	12	
Animal Services	318	326		326	317	(4)	313	13	
Building and Safety	716	819		819	743	1	744	75	4
City Administrative Officer	106	117		117	109	(1)	108	9	
City Attorney	759	880		880	860	(3)	857	23	1
City Clerk	99	99		99	98		98	1	
Community Development	192	286		286	273	(1)	272	14	
Controller	165	168		168	152		152	16	3
Cultural Affairs	41	41		41	34		34	7	
Disability	13	19		19	12		12	7	
El Pueblo	10	11		11	11		11		
Emergency Management	15	23		23	22		22	1	
Employee Relations Board	3	3		3					
Ethics Commission	19	19		19	17		17	2	
Finance	355	366		366	346		346	20	5
Fire - Civilian	315	334		334	309		309	25	6
Fire - Sworn	3,222	3,361	(4)	3,357	3,326	(9)	3,317	40	1
General Services	1,262	1,383		1,383	1,331	1	1,332	51	12
Housing	528	605		605	532	1	533	72	
Information Technology Agency	451	493		493	481	(1)	480	13	
L.A. Convention Center	122	143		143	112	(1)	111	32	7
Neighborhood Empowerment	15	23		23	17		17	6	
Personnel	476	502		502	459	(1)	458	44	
Planning	235	283		283	234	(1)	233	50	1
Police - Civilian	3,167	3,347		3,347	2,927	(15)	2,912	435	19
Police - Sworn	10,480	10,555		10,555	9,850	14	9,864	691	4
PW/Board of Public Works	79	87		87	80	1	81	6	
PW/Bureau of Contract Admin	228	330		330	288		288	42	
PW/Bureau of Engineering	686	824	1	825	717	(1)	716	109	7
PW/Bureau of Sanitation	2,726	2,800		2,800	2,351	(8)	2,343	457	11
PW/Bureau of Street Lighting	210	242		242	192		192	50	3
PW/Bureau of Street Services	736	1,154		1,154	977	(6)	971	183	29
Transportation	1,302	1,453		1,453	1,329	(3)	1,326	127	4
Zoo	218	222		222	211	(1)	210	12	3
Subtotal	29,304	31,369	(3)	31,366	28,757	(39)	28,718	2,648	120
Library	883	963		963	831	1	832	131	
Recreation and Parks	1,428	1,676		1,676	1,443		1,443	233	248
Subtotal	2,311	2,639	-	2,639	2,274	1	2,275	364	248
Total	31,615	34,008	(3)	34,005	31,031	(38)	30,993	3,012	368

"Position Authorities-Start of August" includes resolution authority and substitute positions.

Monthly Summary	Adopted Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of Month	Changes	End of Month	Start of Month	Changes	End of Month		
July	31,615	33,926	82	34,008	31,128	(97)	31,031	2,977	367
August	31,615	34,008	(3)	34,005	31,031	(38)	30,993	3,012	368
September									
October									
November									
December									
January									
February									
March									
April									
May			-			-		-	
June			-			-		-	

Attachment 9
VOLUNTARY FURLOUGHS FY 2012/13 - RECAP BY DEPARTMENT - 10/15/12

Department	PP 1-4 (7/1-8/25)		PP 5 (8/26-9/8)		PP 6 (9/9-9/22)		PP 7 (9/23-10/6)		Total	
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Animal Services	41.0	\$ 1,183.56	28.0	\$ 775.20	2.0	\$ 45.46	32.0	\$ 981.68	103.0	\$2,985.90
Building & Safety	123.0	\$ 4,790.52	3.9	\$ 122.32	25.1	\$ 804.00	32.4	\$ 1,176.48	184.4	\$6,893.32
CAO	42.5	\$ 1,262.87	14.5	\$ 746.81	10.0	\$ 462.89	9.0	\$ 494.83	76.0	\$2,967.40
CDD	123.5	\$ 5,073.42	19.8	\$ 624.45	48.0	\$ 2,236.11	22.0	\$ 1,006.02	213.3	\$8,940.00
City Attorney	372.4	\$ 14,796.45	88.6	\$ 3,490.08	113.2	\$ 5,047.55	121.1	\$ 5,069.63	695.3	\$28,403.71
City Clerk	11.0	\$ 317.24	11.0	\$ 317.24					22.0	\$634.48
Controller	25.0	\$ 958.06	16.0	\$ 516.16	16.0	\$ 516.16	16.0	\$ 516.16	73.0	\$2,506.54
Council	64.0	\$ 4,064.00	16.0	\$ 1,016.00	16.0	\$ 1,016.00	16.0	\$ 1,016.00	112.0	\$7,112.00
Cultural Affairs	0.0	\$ -			8.0	\$ 243.68	8.0	\$ 243.68	16.0	\$487.36
Finance	61.0	\$ 2,123.92	57.0	\$ 2,007.76	53.0	\$ 1,909.31	51.0	\$ 1,861.77	222.0	\$7,902.76
Fire	193.0	\$ 5,549.10	59.0	\$ 1,717.33	53.0	\$ 1,732.73	118.0	\$ 3,133.64	423.0	\$12,132.80
General Services	337.0	\$ 10,256.04	89.0	\$ 2,953.68	122.5	\$ 3,877.72	94.0	\$ 2,944.46	642.5	\$20,031.90
Harbor	32.0	\$ 1,049.28	8.0	\$ 262.32	8.0	\$ 262.32	8.0	\$ 262.32	56.0	\$1,836.24
Housing	313.4	\$ 10,125.11	112.5	\$ 4,124.11	47.0	\$ 1,531.02	152.0	\$ 6,258.82	624.9	\$22,039.06
ITA	115.0	\$ 4,552.85	48.0	\$ 1,945.20	41.0	\$ 1,907.27	48.0	\$ 2,357.12	252.0	\$10,762.44
Library	524.5	\$ 17,145.05	182.0	\$ 6,152.27	155.0	\$ 5,166.23	136.0	\$ 4,393.09	997.5	\$32,856.64
Mayor	0.0	\$ -	2.0	\$ 103.60	2.0	\$ 103.60			4.0	\$207.20
Personnel	112.5	\$ 3,689.14	24.0	\$ 712.82	25.0	\$ 783.13	14.0	\$ 399.58	175.5	\$5,584.67
Planning	390.5	\$ 15,658.88	55.0	\$ 2,387.00	8.0	\$ 347.20	12.5	\$ 513.88	466.0	\$18,906.96
Police	1,595.5	\$ 55,925.96	312.8	\$ 10,577.01	382.0	\$ 14,374.27	474.0	\$ 17,383.07	2,764.3	\$98,260.31
PW Board	48.0	\$ 1,582.46	9.5	\$ 279.11	19.0	\$ 676.77	14.0	\$ 432.57	90.5	\$2,970.91
PW Con Admin	23.0	\$ 775.29	24.0	\$ 847.99	1.0	\$ (6.71)	11.0	\$ 435.74	59.0	\$2,052.31
PW Engineering	639.5	\$ 28,543.29	172.5	\$ 7,446.02	135.0	\$ 5,850.00	228.0	\$ 9,476.49	1,175.0	\$51,315.80
PW Sanitation	378.0	\$ 13,193.01	97.0	\$ 3,517.96	93.0	\$ 3,027.43	26.0	\$ 1,041.93	594.0	\$20,780.33
PW Street Lighting	44.0	\$ 1,267.64	36.0	\$ 1,037.16			-4.0	\$ (115.24)	76.0	\$2,189.56
PW Street Services	229.5	\$ 7,215.57	45.0	\$ 1,180.73	47.0	\$ 1,593.97	49.0	\$ 1,550.97	370.5	\$11,541.24
Rec & Parks	338.7	\$ 11,115.57	104.0	\$ 3,291.48	76.0	\$ 2,298.75	76.0	\$ 2,524.65	594.7	\$19,230.45
Transportation	112.0	\$ 4,200.16	19.0	\$ 598.36	3.0	\$ 36.12			134.0	\$4,834.64
Zoo	20.0	\$ 454.60							20.0	\$454.60
TOTAL	6,289.5	\$226,414.44	1,654.1	\$58,750.17	1,508.8	\$55,842.98	1,764.0	\$65,359.34	11,236.4	\$406,821.53

ATTACHMENT 10
STATUS OF 120 DAY APPOINTMENTS FOR FISCAL YEAR 2012-13
(through August 2012)

	Submitted Approved*	
Approved by Mayor	159	159
Aging	1	1
Airports	1	1
Building & Safety	7	7
City Administrative Officer	3	3
City Attorney	2	2
Community Development	1	1
Controller	83	83
Council District	1	1
General Services	5	5
Harbor	4	4
LACERS	1	1
Library	20	20
Personnel	23	23
Planning	4	4
Recreation & Parks	2	2
Transportation	1	1
Deny	1	
Animal Services	1	
Pending	1	
Fire	1	
Grand Total	161	159

* Total approved 120-day positions does not represent total number on payroll.

Attachment 11

Status of Fee Increases Funding the 2012-13 Budget

Department	Type of Fee	Proposed Change	Proposed Implementation Date	Effective Date	Notes
Fire	Industrial Building Inspection	Increase fee, net revenue change is \$1 million.	January 2013		Industrial Inspection approved by the Fire Commission on October 2, 2012.
Fire	Plan review fee	New fee, net revenue change	January 2013		This is expected to be considered by the Fire Commission in November 2012.
Planning	Comprehensive Zoning Code Rewrite (CZCR)	Expected to increase revenue by \$373,962	January 2013		Special fund revenue. The CZCR Ordinance is in the City Attorney's Office for review.
Planning	Case Management	Expected to increase revenue by \$230,000	January 2013		Special fund revenue. In process.
Engineering	Various fee increases	\$399,990 revenue increase expected	September 2012	October 1, 2012	Approved by Council and effective October 1, 2012
Street Services	Peak Hours Compliance Fee Increase	Increase fee to fully support Public Right-of-Way Construction Enforcement	January 2013		The proposal is to increase the Peak Hours Compliance Fee for major, secondary and collector streets to a level that fully supports the Public Right-of-Way Construction Enforcement program. Roughly \$400,000 in additional revenue would be needed to enable the program to be fully fee supported. City Attorney has drafted an ordinance, however, there remain some issues that need to be vetted. The CAO is meeting with City Attorney and Public Works to come to a resolution.
Parking Fines	\$5 increase	\$2.4 million in additional revenue expected	August 2012	August 11, 2012	The ordinance became effective 8/11 and is now implemented.
Zoo	General Admission fee	\$1 increase; \$720,000 in expected revenue	July 2012	August 19, 2012	Special fund: There was a 1.5 month implementation delay, resulting in a revenue impact of about \$107,000. The annual membership fee is also to be increased by the

Attachment 12

MAYOR'S OFFICE OF GANG REDUCTION AND YOUTH DEVELOPMENT (GRYD)
STATUS REPORT OF EXPENDITURES / PAYMENTS - FY13
as of 8/31/12

PREVENTION - GRYD ZONE (July 1, 2012 - June 30, 2013)

	Agency	Contract #	GRYD ZONE	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Balance	Grant Fund Balance	Not Yet Encumber
1	Barrio Action Youth and Family Services	119920M	Hollenbeck	GF 100 / 3040	873,000.00			-	-		873,000.00
2	Community Build, Inc.	120830M	Baldwin Village	GF 100 / 3040	873,000.00	873,000.00	130,950.00	-	742,050.00		-
3	Community Build, Inc.	120825M	Florence-Graham	GF 100 / 3040	873,000.00	873,000.00	130,950.00	-	742,050.00		-
4	People Coordinated Services	PENDING	Newton	GF 100 / 3040	873,000.00			-	-		873,000.00
5	El Nido Family Centers	PENDING	Pacoima	GF 100 / 3040	873,000.00			-	-		873,000.00
6	Children's Hospital Los Angeles	120856M	Cypress Park	GF 100 / 3040	873,000.00	873,000.00		37,001.00	835,999.00		-
7	New Directions for Youth	120819M	Panorama City	GF 100 / 3040	873,000.00	873,000.00	130,950.00	-	742,050.00		-
8	Alma Family Services	120855M	Boyle Heights	GF 100 / 3040	873,000.00	873,000.00		-	873,000.00		-
9	Watts Labor Community Action Cmte	120853M	Watts	GF 100 / 3040	873,000.00	873,000.00	130,950.00	-	742,050.00		-
10	Asian American Drug Abuse Program	120854M	77th II	GF 100 / 3040	873,000.00	873,000.00	130,950.00	-	742,050.00		-
Sub Total					8,730,000.00	6,111,000.00	664,750.00	37,001.00	5,419,249.00	-	2,619,000.00

PREVENTION - GRYD ZONE (July 1 - September 30, 2012)

11	El Centro Del Pueblo	115118M	Rampart	GF 100 / 3040	218,250.00	218,250.00		-	218,250.00		-
12	Brotherhood Crusade	115119M	Southwest II	GF 100 / 3040	218,250.00	218,250.00	32,737.50	-	185,512.50		-
Sub Total					436,500.00	436,500.00	32,737.50	-	403,762.50	-	-

INTERVENTION - GRYD ZONE (July 1, 2012 - June 30, 2013)

	Agency	Contract #	GRYD ZONE	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	Communities In Schools	120895M	Pacoima	GF 100 / 3040	492,500.00	492,500.00		-	492,500.00		-
2	Communities In Schools	120894M	Panorama City	GF 100 / 3040	492,500.00	492,500.00		-	492,500.00		-
3	Community Build, Inc.	120878M	Baldwin Village	GF 100 / 3040	492,500.00	492,500.00	73,875.00	-	418,625.00		-
4	Public Health Foundation Enterprises/Aztecs Rising	PENDING	Cypress Park	GF 100 / 3040	492,500.00			-	-		492,500.00
5	PHFE/Aztecs Rising			GF 100 / 3040	292,500.00			-	-		292,500.00
	2012 CalGrip Grant (State)	PENDING	Rampart	54Q/46J304	200,000.00			-	-	-	200,000.00
6	Soledad Enrichment Action	120897M	Newton	GF 100 / 3040	492,500.00	492,500.00	73,875.00	-	418,625.00		-
7	Soledad Enrichment Action	120898M	North Hollenbeck	GF 100 / 3040	492,500.00	492,500.00	73,875.00	-	418,625.00		-
8	Soledad Enrichment Action			GF 100 / 3040	292,500.00	292,500.00	73,875.00	-	218,625.00		-
	2012 CalGrip Grant (State)	120879M	Boyle Heights	54Q/46J304	200,000.00	200,000.00		-	-	200,000.00	-
9	Soledad Enrichment Action	119973M	77th II	GF 100 / 3040	492,500.00	492,500.00	73,875.00	-	418,625.00		-
10	Venice 2000/HELPER Foundation	120899M	Southwest II	GF 100 / 3040	492,500.00	492,500.00	73,875.00	-	418,625.00		-
Sub Total					4,925,000.00	3,940,000.00	443,250.00	-	3,296,750.00	200,000.00	985,000.00

INTERVENTION - GRYD ZONE (July 1 - September 30, 2012)

11	Soledad Enrichment Action	115281M	Florence-Graham	GF 100 / 3040	121,250.00			-	-		121,250.00
Sub Total					121,250.00	-	-	-	-	-	121,250.00

Watts Regional Strategy

12	Los Angeles Conservation Corp (1/1/13-6/30/13)	120024M	Watts Regional Strategy	GF 100 / 3040	1,577,080.00			-	-		1,577,080.00
Sub Total					1,577,080.00	-	-	-	-	-	1,577,080.00

INTERVENTION - SECONDARY AREA (July 1 - September 30, 2012)

	Agency	Contract #	SECONDARY AREA	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	PHFE/Aztecs Rising	115284M	Belmont	GF 100 / 3040	49,866.00			-	-		49,866.00
2	Toberman Neighborhood Center	115271M	San Pedro/Wilmington	GF 100 / 3040	99,731.00			-	-		99,731.00
3	Advancement Project/ HELPER	119889M	Mar Vista/Venice	GF 100 / 3040	49,866.00			-	-		49,866.00
4	Communities In Schools	118441M	Sun Valley	GF 100 / 3040	49,866.00			-	-		49,866.00
Sub Total					249,329.00	-	-	-	-	-	249,329.00

PREVENTION - SECONDARY AREA (July 1 - September 30, 2012)

	Agency	Contract #	SECONDARY AREA	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	Asian American Drug Abuse Program	115278M	West	GF 100 / 3040	83,109.00	83,109.00		-	83,109.00		-
2	Child & Family Guidance Center	115272M	Valley	GF 100 / 3040	83,109.00	83,109.00		-	83,109.00		-
3	Hathaway-Sycamores	115275M	Central	GF 100 / 3040	83,109.00			-	-		83,109.00
4	Watts Labor Community Action Cmte	115274M	South	GF 100 / 3040	83,109.00	83,109.00		-	83,109.00		-
Sub Total					332,436.00	249,327.00	-	-	249,327.00	-	83,109.00

EVALUATION (July 1 - September 30, 2012)

	Agency	Contract #	GRYD ZONE	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	Urban Institute (No-Cost Extension)		All Zones	GF 100 / 3040	900,000.00			-	-		900,000.00
Sub Total					900,000.00	-	-	-	-	-	900,000.00

Attachment 12

MAYOR'S OFFICE OF GANG REDUCTION AND YOUTH DEVELOPMENT (GRYD)
STATUS REPORT OF EXPENDITURES / PAYMENTS - FY13
as of 8/31/12

SUMMER LIGHT NIGHTS (SNL) 2012

	Agency	Contract #	GRYD ZONE	Fund / Acct#	Budget Amount	Encumbered	Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	Los Angeles Conservation Corps							-	-		-
	CDBG 38th Year (4/1/12-6/30/12)	119163Y	All Zones	50K/668	437,440.00	437,440.00		437,440.00		-	-
	CDBG 38th Year (7/1/12-3/31/13)	119163Y	All Zones	50K/668	1,312,320.00	1,312,320.00		956,415.41		355,904.59	-
	(HACLA)	119163M	All Zones	GF 100 / 3040	500,000.00	500,000.00	375,000.00	-	125,000.00		-
	Department of Cultural Affairs	119163M	All Zones	GF 100 / 3040	288,000.00	288,000.00	259,200.00	28,800.00	-		-
2	Recreation & Parks		All Zones	GF 100 / 3040	462,240.00			462,240.00	-		-
*No Encumbrance - City Clerk transferred \$462,240 to Dept of Recreation & Parks - BGAA20923CFB0003, 7/20/12											
Sub Total					3,000,000.00	2,537,760.00	634,200.00	1,884,895.41	125,000.00	355,904.59	-

OTHER (Data Collection, Research, and Training)

	Agency	Contract #	GRYD ZONE	Fund / Acct#	Budget Amount	Encumbered	15% Cash Advanced	Expenditures	General Fund Bal	Grant Fund Bal	Not Yet Encumber
1	USC/SET	118557M	All Zones	GF 100 / 3040	267,000.00			-	-		267,000.00
	2010 CSGP (Federal)	118557Y	All Zones		58,000.00					-	58,000.00
2	CSULA (Cal State University, LA)	PENDING	All Zones	GF 100 / 3040	65,000.00			-	-		65,000.00
3	Harder & Company Community Research	PENDING	All Zones	GF 100 / 3040	94,440.00			-	-		94,440.00
4	Chicago Center for Family Health	PENDING	All Zones	GF 100 / 3040	200,000.00			-	-		200,000.00
Sub Total					684,440.00	-	-	-	-	-	684,440.00

TOTAL	19,378,955.00	13,274,587.00	1,764,937.50	1,921,896.41	9,494,088.50	555,904.59	5,642,128.00				
Grants encumbered in 2012 (LACC-SNL)	437,440.00	437,440.00						437,440.00	-	-	-
Grant Funds FY13	1,770,320.00	1,512,320.00						956,415.41	-	555,904.59	258,000.00
Internal Fund Transfer(BGAA)-Rec & Park	462,240.00							462,240.00			
General Funds FY13	18,286,035.00	11,324,827.00	1,764,937.50		65,801.00	9,494,088.50		6,961,208.00			
	20,956,035.00	13,274,587.00	1,764,937.50		1,921,896.41	9,494,088.50		555,904.59		7,219,208.00	
	20,956,035.00	13,274,587.00				1,830,738.50					

Attachment 13-a

Fiscal Year 2011-12 General Fund Receipts

\$ Thousands

	Adopted Budget	Revised per 2012-13 Budget	Actual 2011-12 Receipts	Variance from Adopted Budget	Variance from Revised Budget	
Property Tax	\$1,436,363	\$1,426,568	\$1,412,361	(\$24,002)	(\$14,207)	Receipts down due to delayed remittance of April receipts. Received in FY13.
Property Tax Ex-CRA			26,479	\$26,479	\$26,479	Reflects early receipt of one-time funds expected in FY13. Includes \$3.8 M in AB1290 funds.
Utility Users' Tax	627,832	620,832	615,034	(\$12,798)	(\$5,798)	Electric and gas users tax fell below revised budget.
Licenses, Permits, Fees and Fines	725,092	726,247	727,538	\$2,446	\$1,290	
Business Tax	439,219	436,719	439,802	\$583	\$3,083	Revised downward. Adopted budget achieved.
Sales Tax	306,239	320,000	323,247	\$17,008	\$3,247	Receipts exceeded the upward revision.
Documentary Transfer Tax	107,000	100,000	103,237	(\$3,763)	\$3,237	Revised downward by \$7 million from adopted. Category grew only 2.5% from FY11.
Power Revenue Transfer	254,000	250,078	250,077	(\$3,923)	(\$1)	
Transient Occupancy Tax	136,200	150,184	151,722	\$15,522	\$1,538	Revised upward with proposed budget. Increase due to increased room rates and occupancy.
Parking Fines	136,879	141,000	152,844	\$15,965	\$11,844	Reflects a one-month catch up of delayed receipts.
Parking Users' Tax	88,200	88,200	86,450	(\$1,750)	(\$1,750)	
Franchise Income	48,100	45,655	44,209	(\$3,891)	(\$1,446)	
Water Revenue Transfer						
State Motor Vehicle License Fees	14,700	10,578	10,578	(\$4,122)	\$0	Revenue source eliminated by state.
Grant Receipts	9,820	7,200	5,267	(\$4,553)	(\$1,933)	Police-related grants short of target.
Tobacco Settlement	9,500	9,000	9,197	(\$303)	\$197	
Transfer from Telecommunications Fund	4,915	4,915	4,915	\$0	\$0	
Residential Development Tax	1,905	1,905	2,264	\$359	\$359	
Special Parking Revenue Transfer	16,509	16,509		(\$16,509)	(\$16,509)	Transfer not completed before FY12 close.
Subtotal General Fund	\$4,362,473	\$4,355,590	\$4,365,221	\$2,748	\$9,631	
Interest Income	14,280	14,160	15,084	\$804	\$924	
Transfer from Reserve Fund	8,939	8,939	8,939	\$0	\$0	
Total General Fund	\$4,385,692	\$4,378,689	\$4,389,244	\$3,552	\$10,555	

Attachment 13-b

Fiscal Year 2012-13 General Fund Receipts

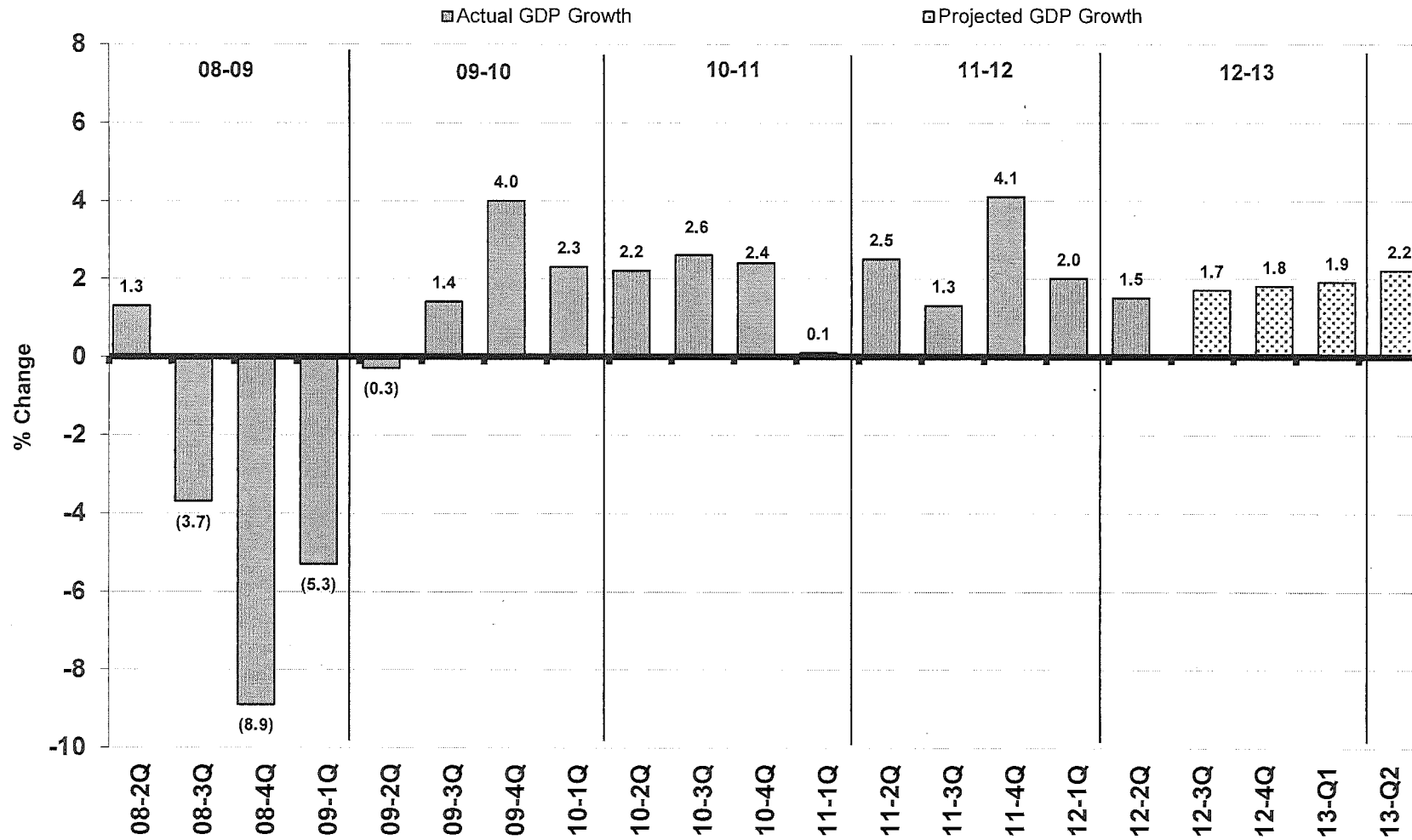
\$ Thousands

	Budget	Receipts @ September 30	
Property Tax	\$1,457,022	\$105,307	Receipts include the delayed receipt of \$14 in property taxes projected for FY12. Majority of receipts booked December through June.
Property Tax Ex-CRA Inc.	48,600	16,951	Budget includes \$18.6 million of on-going and \$30M of one-time receipts-the bulk of which was received in FY12. Potential shortfall of \$13M to \$18.3M.
Utility Users' Tax	622,605	152,415	Electricity down \$1M, but should increase with summer receipts. Gas down \$2.1M due to low natural gas prices. Telephone receipts, which was budgeted for declining receipts, is close to plan.
Licenses, Permits, Fees and Fines	769,917	114,767	Not meaningful as plan is 14% of budget.
Business Tax	450,026	13,456	Below plan. Approximately 93% receipts received after January due date
Sales Tax	332,939	84,812	Receipts close to projections.
Documentary Transfer Tax	107,520	37,001	Receipts benefiting from stabilizing home prices and increased sales volume.
Power Revenue Transfer	249,100		Transfer expected in second half of fiscal year.
Transient Occupancy Tax	157,808	47,055	Continuation of upward trend seen at close of FY12.
Parking Fines	153,438	37,364	Receipts close to plan.
Parking Users' Tax	91,728	23,651	Receipts tracking budgeted projections.
Franchise Income	47,402	9,560	
Grant Receipts	8,500	1,131	
Tobacco Settlement	8,700		
Residential Development Tax	2,100	486	
Special Parking Revenue Transfer	32,577		
Subtotal General Fund	\$4,539,982	\$643,956	
Interest Income	10,510	7,915	This variance is primarily owed to special funds.
Transfer from Reserve Fund			
Total General Fund	\$4,550,492	\$651,871	Total receipts for first quarter represent 14% of budget.

Attachment 13-c

Gross Domestic Product

Actual and projected percent change by quarter



Growth in gross domestic product resumed in the third quarter of 2009. The potential impact of the GDP to the City's budget trails by one quarter. Average growth in fiscal year 2011-12 was 2.5%. The previous forecast for calendar year 2012 averaged 2.5%, as reported during the discussion of the proposed budget. This has been revised downwards to 1.8%. Higher growth is projected for 2013.

Attachment 13-d

**REVENUE MONTHLY STATUS REPORT
PROPERTY TAX -- ALL SOURCES**

(THOUSAND DOLLARS)

MONTHLY	2009-10	2010-11	2011-12			2012-13		
	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
JULY	32,561	\$38,764	\$38,500	\$36,112	(\$2,388)	\$38,250	\$61,111	\$22,861
AUGUST	51,648	43,954	43,071	42,324	(747)	40,437	44,196	\$3,759
SEPTEMBER	(5)							
OCTOBER								
NOVEMBER	32,853	28,050	26,157	20,570	(5,587)	18,177		
DECEMBER	367,006	356,086	357,768	363,901	6,133	368,960		
JANUARY	303,698	304,263	308,806	310,200	1,394	322,554		
FEBRUARY	62,519	68,775	67,904	60,828	(7,076)	62,631		
MARCH	2,432	4,176	3,346	4,344	998	4,281		
APRIL	294,905	282,180	300,500	285,915	(14,585)	301,000		
MAY	290,968	304,399	286,515	285,068	(1,447)	297,457		
JUNE	3,680	3,519	3,796	3,099	(697)	3,275		
TOTAL	<u>\$1,442,265</u>	<u>\$1,434,167</u>	<u>\$1,436,363</u>	<u>\$1,412,361</u>		<u>\$1,457,022</u>	<u>\$105,307</u>	
% CHANGE	-4.4%	-0.6%	0.2%	-1.5%		3.2%		

CUMULATIVE	2009-10	2010-11	2011-12			2012-13		
	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE*	BUDGET	ACTUAL	VARIANCE
JULY	\$32,561	\$38,764	\$38,500	\$36,112	(\$2,388)	\$38,250	\$61,111	\$22,861
AUGUST	84,209	82,718	81,571	78,436	(3,135)	78,687	105,307	26,620
SEPTEMBER	84,204	82,718	81,571	78,436	(3,135)	78,687		
OCTOBER	84,204	82,718	81,571	78,436	(3,135)	78,687		
NOVEMBER	117,057	110,768	107,728	99,006	(8,722)	96,864		
DECEMBER	484,063	466,854	465,496	462,907	(2,589)	465,824		
JANUARY	787,761	771,117	774,302	773,107	(1,195)	788,377		
FEBRUARY	850,280	839,893	842,206	833,935	(8,271)	851,008		
MARCH	852,712	844,069	845,552	838,279	(7,273)	855,290		
APRIL	1,147,617	1,126,249	1,146,052	1,124,194	(21,858)	1,156,290		
MAY	1,438,585	1,430,648	1,432,567	1,409,262	(23,305)	1,453,747		
JUNE	1,442,265	1,434,167	1,436,363	1,412,361	(24,002)	1,457,022		

The property tax is almost one-third of City General Fund revenue, and the primary determinant of City property tax receipts is the change in City assessed value which is calculated by the County Assessor. July 2012 receipts reflect delayed remittance from April 2012.

Attachment 13-e

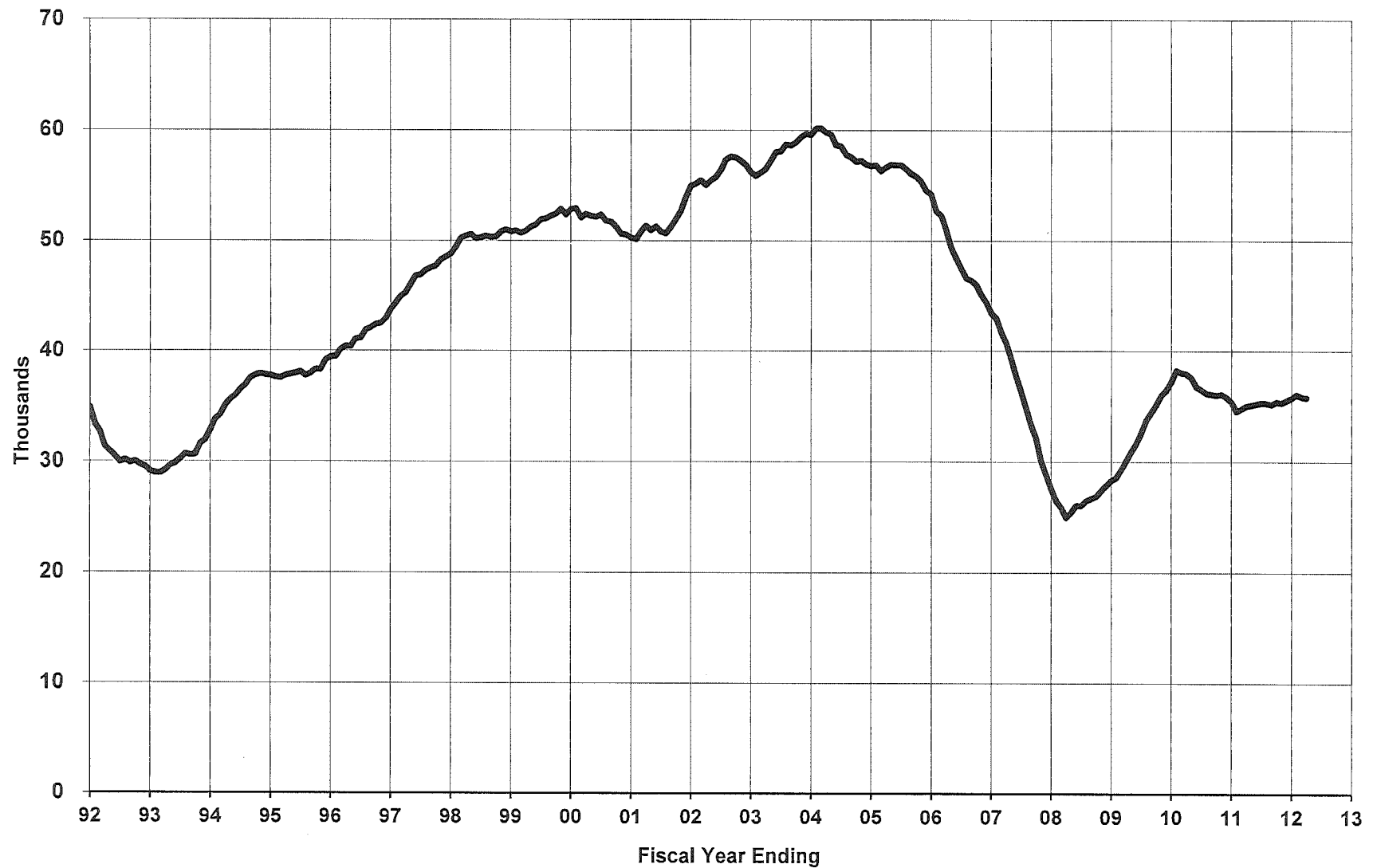
REVENUE MONTHLY STATUS REPORT
DOCUMENTARY TRANSFER TAX -- Includes Legal Entity Transfers
(Thousand Dollars)

MONTHLY	2009-10	2010-11	2011-12			2012-13		
	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	ADOPTED BUDGET	ACTUAL	VARIANCE
JULY	\$7,730	\$10,077	\$9,832	\$8,373	(\$1,459)	\$9,946	\$10,488	\$542
AUGUST	8,302	8,084	9,752	10,430	\$678	9,755	13,215	3,460
SEPTEMBER	6,606	7,272	10,166	9,432	(\$734)	10,109	13,297	3,188
OCTOBER	8,223	8,801	9,233	7,985	(\$1,248)	9,292		
NOVEMBER	7,437	6,901	8,672	7,665	(\$1,007)	8,639		
DECEMBER	6,382	10,338	7,738	7,907	\$169	7,930		
JANUARY	9,030	9,305	9,499	9,428	(\$71)	9,577		
FEBRUARY	6,155	6,471	7,221	5,981	(\$1,240)	7,208		
MARCH	5,181	7,187	6,646	6,591	(\$55)	6,691		
APRIL	8,035	8,312	9,289	8,899	(\$390)	9,317		
MAY	8,200	9,464	9,307	9,867	\$560	9,400		
JUNE	8,364	8,200	9,645	10,677	\$1,032	9,656		
TOTAL	\$89,643	\$100,413	\$107,000	\$103,238		\$107,520		
% CHANGE	6.8%	12.0%	6.6%	2.8%		4.1%		

MONTHLY	2009-10	2010-11	2011-12			2012-13		
	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	ADOPTED BUDGET	ACTUAL	VARIANCE
JULY	\$7,730	\$10,077	\$9,832	\$8,373	(\$1,459)	\$9,946	\$10,488	\$542
AUGUST	16,032	18,161	19,584	18,804	(\$780)	19,701	23,704	4,003
SEPTEMBER	22,638	25,433	29,750	28,236	(\$1,514)	29,810	37,001	7,191
OCTOBER	30,861	34,234	38,983	36,221	(\$2,762)	39,102		
NOVEMBER	38,298	41,135	47,655	43,887	(\$3,768)	47,741		
DECEMBER	44,680	51,473	55,393	51,793	(\$3,600)	55,671		
JANUARY	53,710	60,778	64,892	61,221	(\$3,671)	65,248		
FEBRUARY	59,865	67,249	72,113	67,203	(\$4,910)	72,456		
MARCH	65,046	74,436	78,759	73,794	(\$4,965)	79,147		
APRIL	73,081	82,748	88,048	82,693	(\$5,355)	88,464		
MAY	81,281	92,212	97,355	92,560	(\$4,795)	97,864		
JUNE	89,645	100,412	107,000	103,237	(\$3,763)	107,520		

The documentary transfer tax is the most volatile General Fund revenue source as growth (or a decline) in revenue is magnified when home prices and sales volume move together. This account recorded more than \$217 million in 2005-06 at the peak of the real estate bubble. Three years later in 2008-09, revenue declined to under \$84 million. Estimated fiscal year 2012-13 revenue is 50 percent of peak.

Attachment 13-f
Deeds Recorded in City
12-month Moving Sum



Volume, as measured by recorded deeds, was at the historic low point in October 2008. It increased steadily through August 2010. After a slight decline, volume has since remained flat.

Attachment 13-g

REVENUE MONTHLY STATUS REPORT
TRANSIENT OCCUPANCY TAX

(Thousand Dollars)

	2009-10	2010-11	2011-12			2012-13		
MONTHLY	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	ADOPTED BUDGET	ACTUAL	VARIANCE
JULY	\$10,216	\$12,095	\$10,562	\$13,084	\$2,522	\$13,151	\$15,793	\$2,642
AUGUST	10,358	10,183	13,794	15,128	1,334	13,151	16,092	2,941
SEPTEMBER	10,569	12,673	12,002	13,451	1,449	13,151	15,170	2,019
OCTOBER	9,220	9,670	11,422	12,649	1,227	13,151		
NOVEMBER	7,382	13,212	8,282	12,431	4,149	13,151		
DECEMBER	12,639	8,626	13,039	8,108	(4,931)	13,151		
JANUARY	7,637	11,079	10,993	14,103	3,110	13,151		
FEBRUARY	5,139	6,813	7,784	10,235	2,451	13,151		
MARCH	12,674	16,979	12,597	10,795	(1,802)	13,151		
APRIL	12,040	9,271	11,587	16,424	4,837	13,151		
MAY	6,458	12,498	11,289	15,275	3,986	13,151		
JUNE	14,168	11,699	12,849	10,039	(2,810)	13,151		
TOTAL	\$118,500	\$134,798	\$136,200	\$151,722		\$157,808		
% CHANGE	-13.1%	13.8%	1.0%	12.6%		7.0%		

Proposed bankruptcy settlement hotel tax*

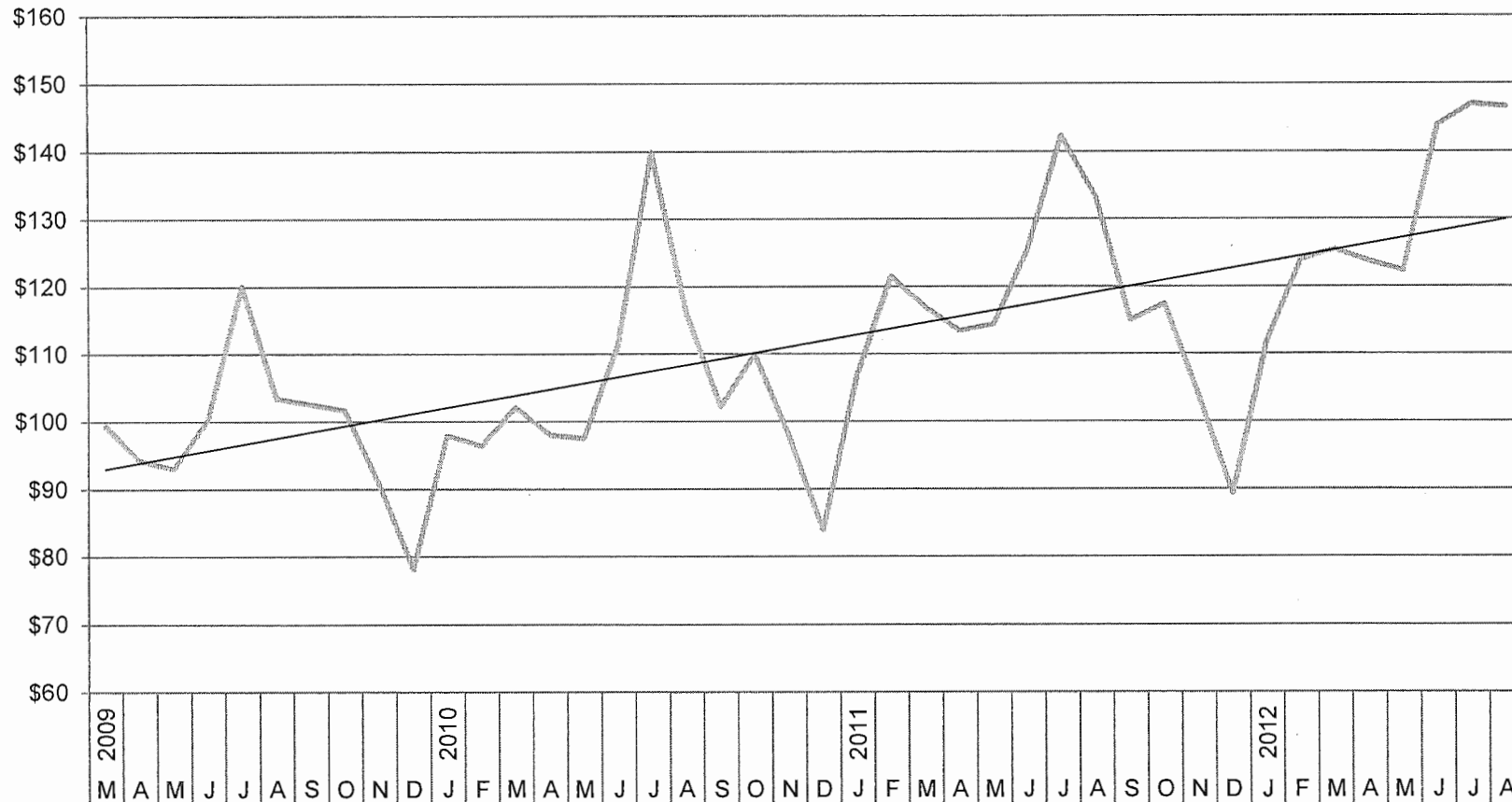
Taxable Hotel Sales	\$911,538	\$1,036,908	\$1,047,692	\$1,167,092	\$1,213,907
Each 1% tax rate	\$9,115	\$10,369	\$10,477	\$11,671	\$12,139

	2009-10	2010-11	2011-12			2012-13		
CUMULATIVE	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	ADOPTED BUDGET	ACTUAL	VARIANCE
JULY	\$10,216	\$12,095	\$10,562	\$13,084	\$2,522	\$13,151	\$15,793	(\$67)
AUGUST	20,574	22,278	24,356	28,212	3,856	13,151	31,885	5,584
SEPTEMBER	31,143	34,951	36,358	41,663	5,305	13,150	47,055	7,603
OCTOBER	40,363	44,621	47,780	54,312	6,532	13,151		
NOVEMBER	47,745	57,833	56,063	66,743	10,680	13,151		
DECEMBER	60,384	66,459	69,101	74,851	5,750	13,150		
JANUARY	68,021	77,538	80,094	88,954	8,860	13,151		
FEBRUARY	73,160	84,351	87,879	99,189	11,310	13,151		
MARCH	85,834	101,330	100,476	109,984	9,508	13,150		
APRIL	97,874	110,601	112,062	126,408		13,151		
MAY	104,332	123,099	123,351	141,683		13,151		
JUNE	118,500	134,798	136,200	151,722		13,150		

The Transient Occupancy Tax exceeded the adopted budget in fiscal year 2011-12 growing by 12 percent, and it continues to perform well as occupancy and room rates continue to increase.

Attachment 13-h

Revenue per Available Room in the Los Angeles Area (\$)



Revenue per available room is a factor of both room rate and occupancy and both have been increasing. Revenue from the transient occupancy tax has followed this trend, and the current budget reflects a 7 percent growth from 2011-12. While receipts are trending high through September, this is likely a reflection of the seasonal increase to room rate and occupancy.

Source: PKF Consulting

Attachment 13-i

REVENUE MONTHLY STATUS REPORT
BUSINESS TAX
(Thousand Dollars)

	2009-10	2010-11	2011-12			2012-13		
MONTHLY	ACTUAL	ACTUAL	ADOPTEDBU DGET	ACTUAL	VARIANCE	PROPOSED	ACTUAL	VARIANCE
JULY	\$9,376	\$4,095	\$6,004	\$6,322	\$318	\$5,938	\$5,930	(\$8)
AUGUST	12,303	3,536	5,760	5,087	(673)	5,646	4,555	(\$1,091)
SEPTEMBER	3,552	3,514	4,141	4,793	652	4,186	2,971	(\$1,215)
OCTOBER	4,807	5,307	5,016	3,835	(1,181)	5,209		
NOVEMBER	4,520	3,896	3,882	2,831	(1,051)	4,004		
DECEMBER	5,656	3,453	4,198	4,073	(125)	4,230		
JANUARY	11,336	12,216	15,577	22,509	6,932	15,617		
FEBRUARY	65,166	88,271	77,169	111,913	34,744	81,004		
MARCH	248,664	253,779	273,558	237,302	(36,256)	279,397		
APRIL	31,953	14,787	20,886	14,643	(6,243)	20,730		
MAY	18,255	15,175	15,053	15,936	883	15,533		
JUNE	9,242	10,345	7,975	10,558	2,583	8,532		
TOTAL	\$424,830	\$418,374	\$439,219	\$439,802		\$450,026		
% CHANGE	-5.9%	-1.5%	5.0%	5.1%		3.0%		

	2009-10	2010-11	2011-12			2012-13		
CUMULATIVE	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	VARIANCE	PROPOSED	ACTUAL	VARIANCE
JULY	\$9,376	\$4,095	\$6,004	\$6,322	\$318	\$5,938	\$5,930	(\$8)
AUGUST	21,679	7,631	11,764	11,409	(355)	11,585	\$10,485	(1,100)
SEPTEMBER	25,231	11,145	15,905	16,202	297	15,771	\$13,456	(2,315)
OCTOBER	30,038	16,452	20,921	20,037	(884)	20,979		
NOVEMBER	34,558	20,348	24,803	22,868	(1,935)	24,983		
DECEMBER	40,214	23,801	29,001	26,941	(2,060)	29,213		
JANUARY	51,550	36,017	44,578	49,450	4,872	44,830		
FEBRUARY	116,716	124,288	121,747	161,363	39,616	125,834		
MARCH	365,380	378,067	395,305	398,665	3,360	405,231		
APRIL	397,333	392,854	416,191	413,308	(2,883)	425,961		
MAY	415,588	408,029	431,244	429,244	(2,000)	441,494		
JUNE	424,830	418,374	439,219	439,802	583	450,026		

There were many changes

The 2012-13 estimate includes \$15.8 million in economic growth; after adjusting for the mutual fund exemption, this is 5.5% above estimated 2011-12 renewal revenue, and 3% more than estimated total 2011-12 business tax revenue. Though receipts are behind plan, 93 percent of receipts are received after the January 1 tax deadline.

Attachment 13-j

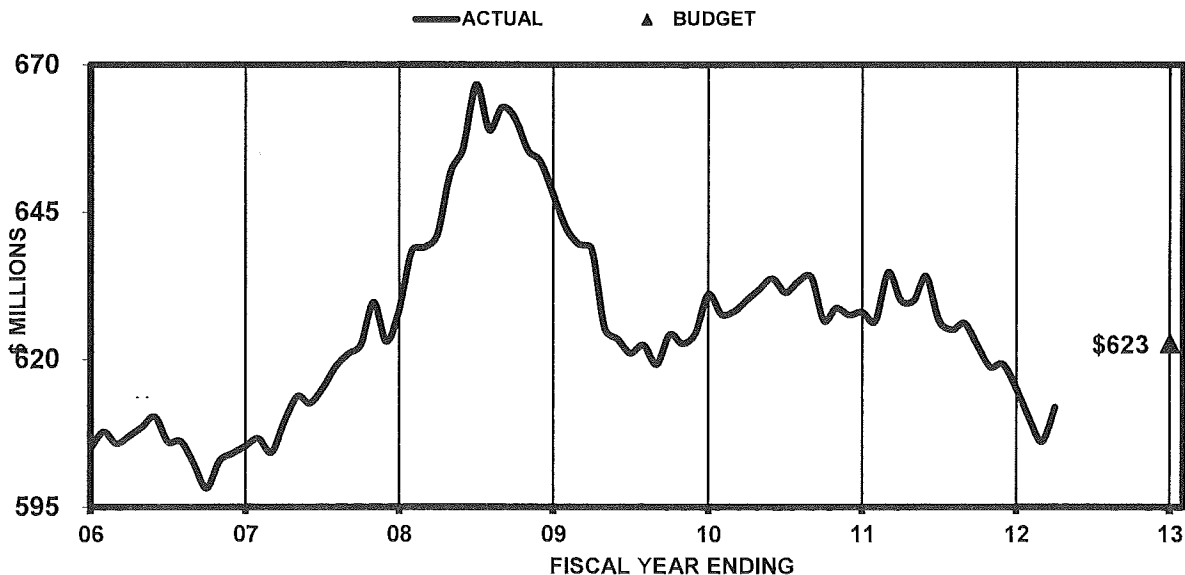
REVENUE MONTHLY STATUS REPORT
UTILITY USERS' TAX
(Thousand Dollars)

MONTHLY	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$53,724	\$50,379	\$48,839	\$51,652	\$43,900	(\$7,752)
AUGUST	47,181	47,541	55,801	53,167	51,740	(1,427)
SEPTEMBER	53,686	55,708	50,934	50,701	56,775	6,074
OCTOBER	52,082	53,945	53,961	55,454		
NOVEMBER	57,871	59,670	58,151	57,049		
DECEMBER	53,270	50,858	48,904	49,119		
JANUARY	50,872	52,714	51,113	51,302		
FEBRUARY	51,744	52,571	53,695	53,967		
MARCH	57,839	50,453	46,586	48,006		
APRIL	52,742	54,820	51,310	50,844		
MAY	49,092	47,891	48,350	52,705		
JUNE	50,945	51,520	47,389	48,637		
TOTAL	\$631,048	\$628,068	\$615,034	\$622,605		
% CHANGE	-2.6%	-0.5%	-2.1%	1.2%		

* Adjusted

CUMULATIVE	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$53,724	\$50,379	\$48,839	\$51,652	\$43,900	(\$7,752)
AUGUST	100,905	97,920	104,641	104,819	95,640	(9,179)
SEPTEMBER	154,591	153,627	155,574	155,520	152,415	(3,105)
OCTOBER	206,673	207,572	209,535	210,974		
NOVEMBER	264,543	267,242	267,686	268,024		
DECEMBER	317,813	318,100	316,590	317,143		
JANUARY	368,685	370,814	367,704	368,444		
FEBRUARY	420,430	423,385	421,398	422,412		
MARCH	478,269	473,838	467,984	470,418		
APRIL	531,011	528,658	519,295	521,262		
MAY	580,103	576,549	567,645	573,968		
JUNE	631,048	628,068	615,034	622,605		

UTILITY USERS' TAX
12-MONTH MOVING SUM



The utility users' tax is composed of the electric, gas and communications users' taxes. Its components are affected by the price of fuel, weather and the changing telecommunications marketplace.

Attachment 13-k

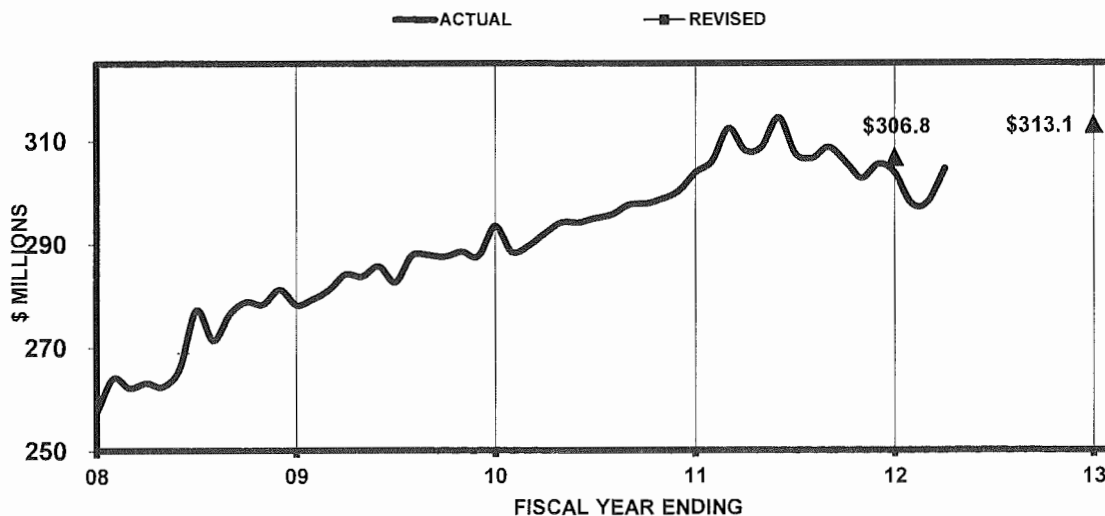
REVENUE MONTHLY STATUS REPORT
ELECTRIC USERS' TAX
(Thousand Dollars)

MONTHLY	2009-10 ACTUAL	2010-11 ACTUAL	2011-12 ACTUAL	PLAN	2012-13 ACTUAL	VARIANCE
JULY	\$27,546	\$22,516	\$24,790	25,360	18,782	(6,577)
AUGUST	20,578	21,652	28,018	28,662	28,446	(216)
SEPTEMBER	27,592	30,110	25,795	26,388	32,239	5,851
OCTOBER	26,290	28,393	29,060	29,728		
NOVEMBER	32,491	32,452	32,577	33,326		
DECEMBER	24,628	25,497	24,173	24,729		
JANUARY	23,838	24,511	23,481	23,892		
FEBRUARY	21,554	23,469	25,669	26,118		
MARCH	21,933	22,148	19,335	19,673		
APRIL	25,804	26,718	23,528	23,911		
MAY	18,892	20,366	23,083	27,473		
JUNE	22,407	25,979	24,256	23,844		
TOTAL	\$293,554	\$303,812	\$303,765	\$313,105		
% CHANGE	5.5%	3.5%	0.0%	3.1%		

* Adjusted

CUMULATIVE	2009-10 ACTUAL	2010-11 ACTUAL	2011-12 ACTUAL	PLAN	2012-13 ACTUAL	VARIANCE
JULY	\$27,546	\$22,516	\$24,790	\$25,360	\$18,782	(\$6,577)
AUGUST	48,124	44,168	52,807	54,022	47,228	(6,794)
SEPTEMBER	75,716	74,279	78,602	80,410	79,467	(943)
OCTOBER	102,006	102,672	107,662	110,138		
NOVEMBER	134,497	135,124	140,239	143,465		
DECEMBER	159,125	160,621	164,412	168,194		
JANUARY	182,963	185,132	187,893	192,085		
FEBRUARY	204,517	208,601	213,562	218,204		
MARCH	226,450	230,748	232,897	237,877		
APRIL	252,255	257,466	256,425	261,788		
MAY	271,147	277,832	279,509	289,261		
JUNE	293,554	303,812	303,765	313,105		
	70%	69%	70%	70%		

ELECTRIC USERS' TAX
12-MONTH MOVING SUM



DWP expected 2% growth for 2012-13 but falling revenues late in 2011-12 means budget revenue represents a 3.1% increase for the 2012-13 budget. The long heat wave of summer 2012 has resulted in bringing revenues back to plan. Rate increases are expected in November 2012 (4.9%) and July 2013 (6%).

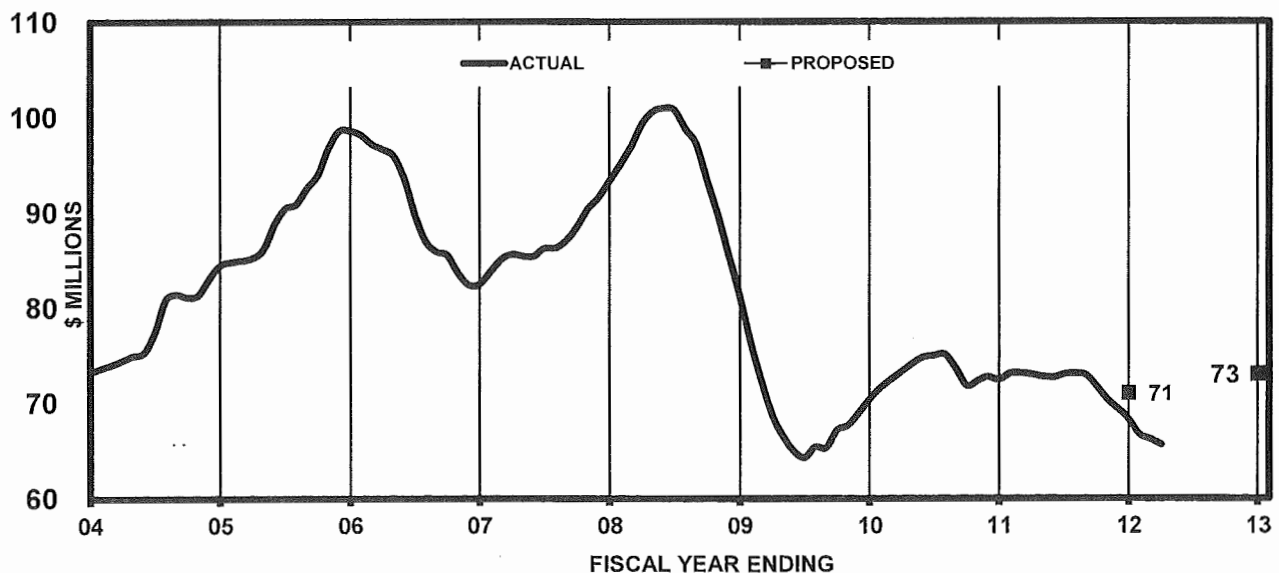
Attachment 13-I

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

MONTHLY	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$3,783	\$4,962	\$5,667	\$5,650	\$4,097	(\$1,553)
AUGUST	3,707	4,591	4,614	4,650	4,101	(549)
SEPTEMBER	3,619	4,447	4,293	4,350	3,687	(663)
OCTOBER	3,647	4,492	4,275	4,350		
NOVEMBER	3,666	4,358	4,251	4,350		
DECEMBER	4,922	5,081	5,454	5,550		
JANUARY	7,756	7,859	7,927	8,000		
FEBRUARY	10,319	8,824	8,653	9,000		
MARCH	10,223	8,441	7,272	8,800		
APRIL	6,977	7,443	6,066	7,400		
MAY	6,042	6,518	5,493	5,700		
JUNE	5,737	5,394	4,330	5,200		
TOTAL	\$70,397	\$72,410	\$68,295	\$73,000		
% CHANGE	-13.4%	2.9%	-5.7%	6.9%		

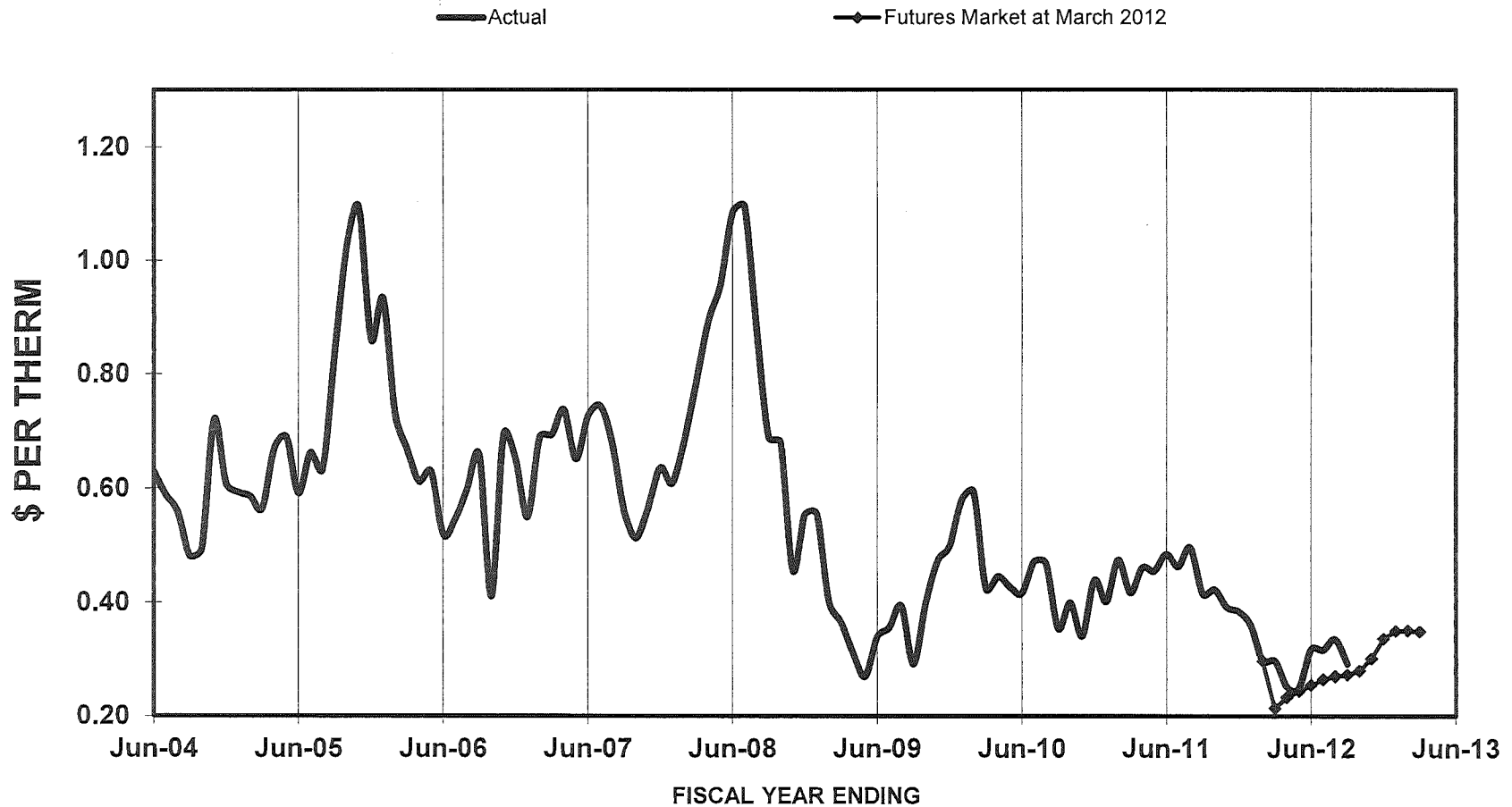
CUMULATIVE	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$3,783	\$4,962	\$5,667	\$5,650	\$4,097	(\$1,553)
AUGUST	7,490	9,553	10,281	10,300	8,198	(2,102)
SEPTEMBER	11,108	13,999	14,574	14,650	11,885	(2,765)
OCTOBER	14,755	18,491	18,849	19,000		
NOVEMBER	18,421	22,849	23,100	23,350		
DECEMBER	23,343	27,930	28,554	28,900		
JANUARY	31,099	35,789	36,481	36,900		
FEBRUARY	41,418	44,613	45,134	45,900		
MARCH	51,641	53,054	52,406	54,700		
APRIL	58,618	60,498	58,472	62,100		
MAY	64,659	67,016	63,965	67,800		
JUNE	70,397	72,410	68,295	73,000		
	58.8%	61.6%	66.1%	62.9%		

GAS USERS' TAX
12-MONTH MOVING SUM



Natural gas prices have fallen to low levels and are driving revenues down. The low cost of gas is expected to continue for 2012-13.

COST OF NATURAL GAS



Prices have fallen, with gas commodity cost at about \$0.25 per therm. The futures market anticipates prices have bottomed out and will rise slightly, but will stay below \$0.40 per therm.

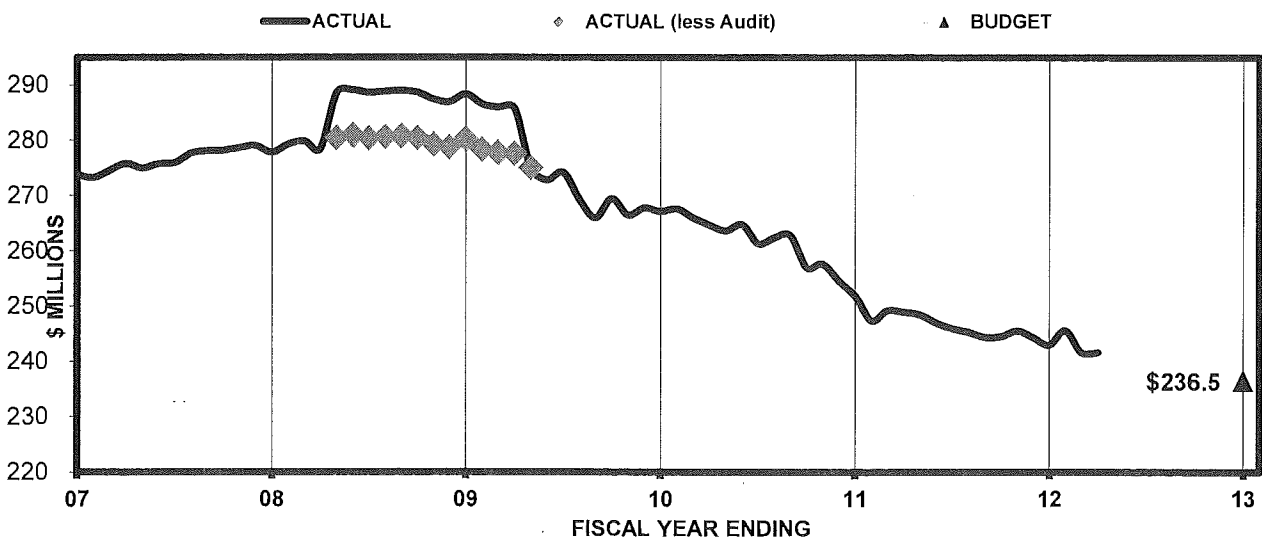
Attachment 13-n

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

MONTHLY	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$22,395	\$22,901	\$18,382	\$20,642	\$21,020	\$378
AUGUST	22,896	21,298	23,170	19,855	19,193	(662)
SEPTEMBER	22,475	21,151	20,846	19,963	20,849	886
OCTOBER	22,145	21,060	20,625	21,376		
NOVEMBER	21,715	22,860	21,324	19,373		
DECEMBER	23,719	20,280	19,277	18,840		
JANUARY	19,278	20,343	19,705	19,410		
FEBRUARY	19,871	20,278	19,372	18,849		
MARCH	25,683	19,865	19,979	19,533		
APRIL	19,961	20,658	21,717	19,533		
MAY	24,158	21,007	19,774	19,533		
JUNE	22,801	20,146	18,803	19,592		
TOTAL	\$267,097	\$251,847	\$242,974	\$236,499		
% CHANGE	-7.4%	-5.7%	-3.5%	-6.1%		

CUMULATIVE	2009-10	2010-11	2011-12	PLAN	2012-13	VARIANCE
	ACTUAL	ACTUAL	ACTUAL		ACTUAL	
JULY	\$22,395	\$22,901	\$18,382	\$20,642	\$21,020	\$378
AUGUST	45,291	44,199	41,552	40,497	40,213	(284)
SEPTEMBER	67,767	65,349	62,398	60,460	61,063	603
OCTOBER	89,911	86,410	83,023	81,836		
NOVEMBER	111,626	109,269	104,347	101,209		
DECEMBER	135,345	129,549	123,625	120,049		
JANUARY	154,623	149,893	143,329	139,459		
FEBRUARY	174,494	170,171	162,702	158,308		
MARCH	200,178	190,036	182,681	177,841		
APRIL	220,138	210,694	204,397	197,374		
MAY	244,296	231,701	224,171	216,907		
JUNE	267,097	251,847	242,974	236,499		

TELEPHONE USERS' TAX - 12-MONTH MOVING SUM



This account has been declining steadily since the beginning of FY 09-10.

ATTACHMENT 14: INSPECTOR GENERAL STATUS UPDATE

INSPECTOR GENERAL STATUS UPDATE – COLLECTIONS AND REVENUES

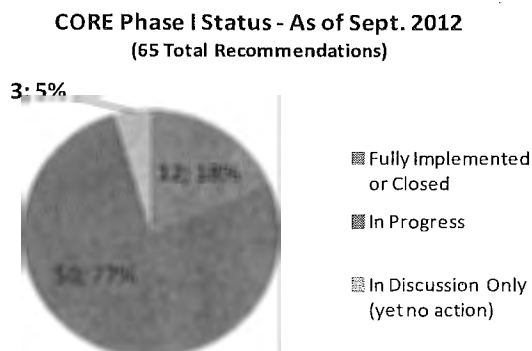
In May 2012, the Office of the City Administrative Officer appointed an Inspector General to independently report on and aid in the implementation of various recommendations to improve City-wide collections and revenue efficiencies. For several months, the Inspector General has focused on understanding City-wide collection processes, interviewing City departments, assessing prior collection studies, and collecting information to develop concepts and a framework towards a City-wide Collection Reform for consideration by the Los Angeles City Council. After a thorough and comprehensive review of the City's collection function, a draft collection reform strategic plan was drafted in September 2012 and is now in circulation for internal comments by various City departments. A final draft for City Council consideration and public comment is anticipated by late October 2012.

In addition to the above, the Inspector General has dedicated his attention to: (1) monitoring of potential revenue from Emergency Medical Services via Assembly Bill AB 678, the Medi-Cal Supplemental Provider Reimbursement program (Council File Numbers 12-0600-S33 and 12-0600-S98); (2) coordinating and preparing a response on the final reports from the Commission on Revenue Efficiency (Council File No. 12-0600-S23); (3) working with the Office of Finance on revocation or denial of regulatory permits (Council File No. 12-0600-S50); (4) working with the Housing Department on establishing a lien program to increase the collection of revenues, including fines and penalties; and (5) pursuing other revenue efficiencies, such as a proposed bank and merchant card Fee reduction initiative and recommendations from the Office of the City Controller and Neighborhood Council Budget Advocates.

The following provides a response and status update to Council File (CF) Numbers 12-0600-S23, 12-0600-S33, and 12-0600-S98:

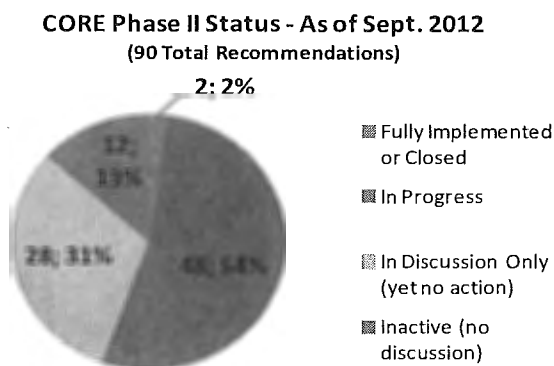
Commission on Revenue Efficiency (CORE) Update (CF No. 12-0600-S23)

In October 2010, CORE released its Phase I, Report 1 ("Blueprint for Reform on City-wide Collections"), which included 65 recommendations. In general, a vast majority or 50 recommendations are in progress with only 3 items in discussion only status. The overall general status is:



ATTACHMENT 14: INSPECTOR GENERAL STATUS UPDATE

In March 2012, CORE released its Phase II (set of eight) reports focused on business and economic development, collections, and revenue efficiencies. Phase II reports included 90 new recommendations and 115 revenue ideas provided by various City departments. In general, not much progress or less than 2% has transpired for items classified as fully implemented yet about half of all recommendations are considered to be in progress. Below is the overall general status of the recommendations only (excludes revenue ideas) is:



The City's Inspector General will continue to work with various City departments to ensure that progress is made throughout this fiscal year with primary focus on CORE Phase I, blueprint recommendations, then on CORE Phase II report recommendations. It is anticipated that the Mid-Year Financial Status Report will capture information on the City's progress on the implementation or consideration of the proposed 115 revenue generating ideas submitted by City departments in Summer of 2011. In addition to this status update, the Inspector General anticipates releasing a separate update on this topic with a proposed City-wide Collection Reform Strategic Plan anticipated by late October 2012.

Assembly Bill 678 Update (CF No's 12-0600-S33 and 12-0600-S98)

During the 1st quarter of Fiscal Year 2012/13, the Inspector General worked diligently and in collaboration with the Los Angeles Fire Department and staff within the Office of the City Administrative Officer to determine a reasonable time frame of when the City may expect receipt of Assembly Bill 678 (AB 678) Medi-Cal Supplemental Provider Reimbursement funds, estimated at approximately \$23 million. The Inspector General contacted the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (DHHS, CMMS), State of California Department of HealthCare Services (DHCS), and City of Sacramento (lead agency steering the Beta Group), to independently assess the process required prior to receipt of said funds and identify where in the process is the State of California.

Table 1 below provides a brief history of AB 678 followed by an overview of the AB 678 process, see Graph 1, which delineates between the traditional (recurring) funding appropriation process and the new AB 678 steps required prior to receipt of funds.

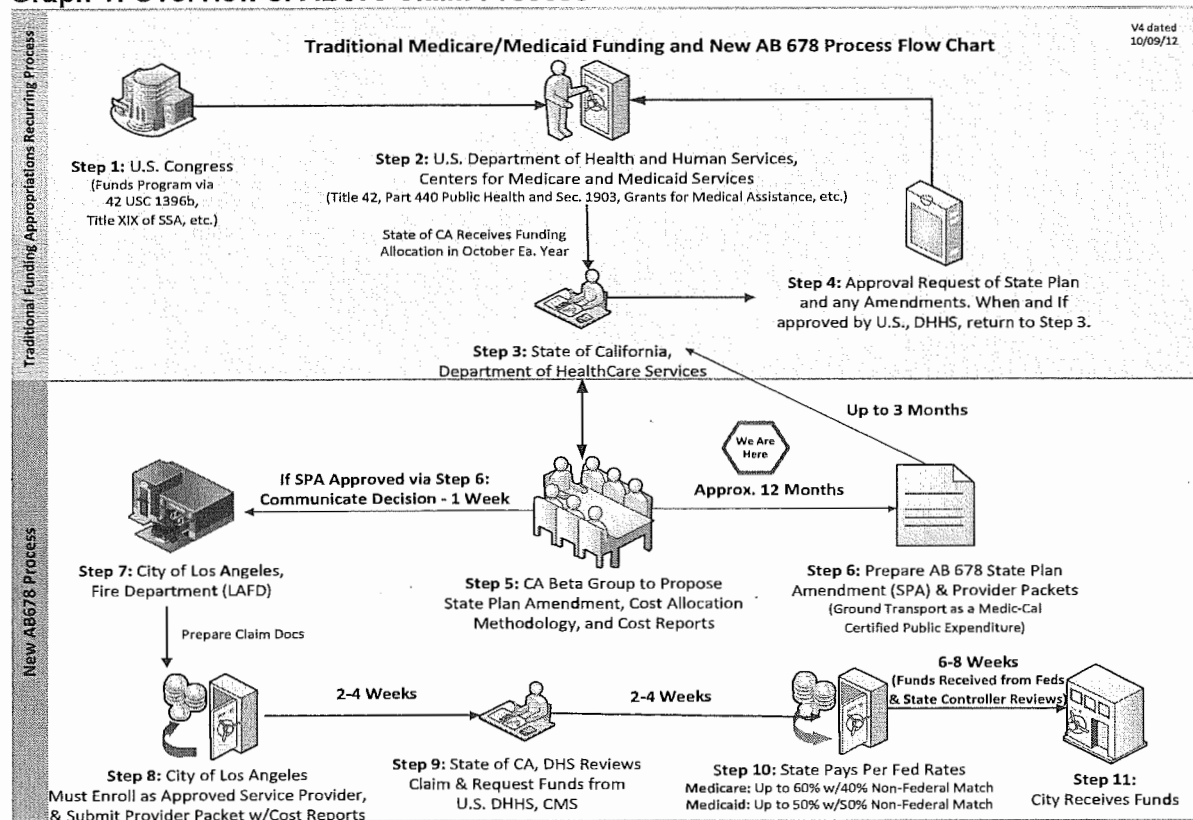
ATTACHMENT 14: INSPECTOR GENERAL STATUS UPDATE

Table 1: Assembly Bill 678 History

Date	Legislative Action
Feb. 17, 2011	Pan (A) and Steinberg (S) introduced bill via Sec. 14105.94 of the Welfare and Institutions Code. Bill read for 1 st time (Committee on Health).
April 6, 2011	Passed and Referred to Standing Committee on Appropriations
May 31, 2011	Bill read for 2 nd time.
June 2, 2011	Bill read for 3 rd time and Bill Ordered to the California Senate.
Sept. 1, 2011	Urgency Clause Passed. Bill Ordered to California Assembly.
Sept. 6, 2011	Passed by California Senate and Assembly. Rule 77 Suspended.
Oct. 2, 2011	Approved by California Governor. See Ch. 397, Statue of 2011.

As of this report date, the State of California's State Plan for Medi-Cal reimbursements (i) has not been officially amended and approved by the U.S. DHHS, CMMS allowing for AB 678 expenses and (ii) the City is part of and is working with the Beta Group to secure approvals to a proposed State Plan Amendment (SPA), cost methodologies, and cost reports (worksheets). This means that we are in Step No. 5 working towards Step No. 6 in the process. Most important, the Beta Group is working aggressively towards submitting and obtaining an approval of a proposed SPA, which is anticipated to be completed by December 2012. Therefore, receipt of funds should not be anticipated for another four to six months.

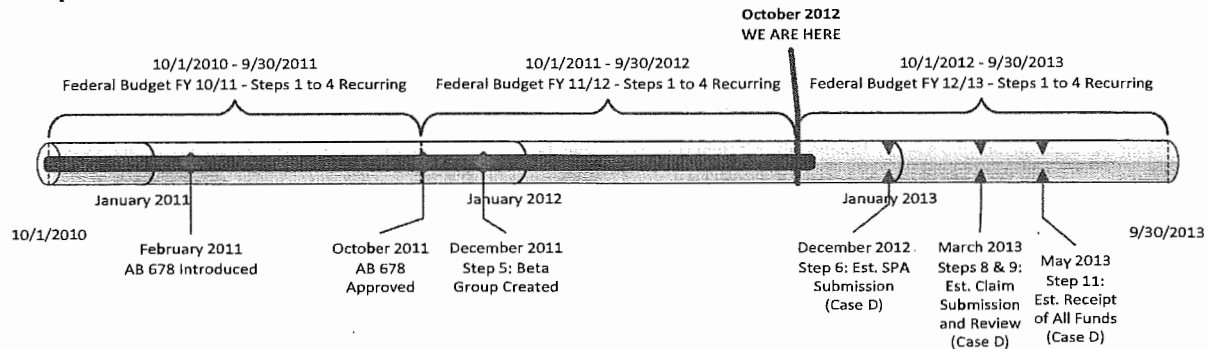
Graph 1: Overview of AB678 Claim Process



ATTACHMENT 14: INSPECTOR GENERAL STATUS UPDATE

Graph 2 below depicts a general overview of where the City is in the process followed by a brief status update on the Beta Group.

Graph 2: AB678 Process Timeline



In December 2011, a Beta Group comprised of six public ambulatory providers was created to work closely with the State of California's Department of HealthCare Services (DHCS) and test the proposed process in handling Medi-Cal supplemental provider reimbursements. In January 2012, the Beta Group proposed to use a previously approved model by the State of North Carolina; however, by April 2012, the DHCS opted not to use this model and requested that the Beta Group develop a new model. During May and June 2012, the Beta Group submitted draft concepts for review to DHCS. Since July 2012, the Beta Group is working through the comments received and anticipates resubmitting a final SPA for consideration by Fall 2012.

Table 2 below provides potential timeframes of when AB 678 funds may be anticipated based on four scenarios. It is anticipated that Scenario A is likely to occur yet if the SPA is not submitted by October 31, 2012, then Scenario B will more likely materialize based on the current two-claim submission process. Therefore, due to some uncertainty, the City's Inspector General is recommending to continue to work closely with the above stated stakeholders and increase the likelihood for Case Scenario C or D, which focuses on (a) executing a dedicated "all-hands-on-deck" effort to collect and have all relevant information ready for submission pending approval notification by the U.S. DHHS, CMMS or DHCS, and (b) preparing only a one-claim submission packet to reduce timing of when receipt of funds are expected to materialize. Other opportunities to reduce the time element of when receipt of funds may be expected is under consideration, such as exploring the feasibility of having DHCS front-fund claim reimbursements to approved service providers rather than a traditional pass-through arrangement. Cost to pay for the administration of this program is not included in this report; therefore, the Fire Department will need to seek subsequent payment authority.

Most important and at minimum, it is critical that by December 2012 the working group either submit the SPA and/or secure a SPA approval, including one claim submission, in order for the City to continue to anticipate said receipts in this fiscal year. If either milestone is not realized by December 2012, then the City is much more likely to receive its full anticipated funding by next fiscal year. In short, by December 2012, this office anticipates having a more clear understanding of when the revenues will be received based on the then milestones achieved or slipped.

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Table 2: Potential Timeframe of Anticipated Funds

	Scenario A Aggressive	Scenario B Moderate	Scenario C Aggressive	Scenario D Moderate
	Two Claims *		One Claim **	
SPA Submission	Oct. 2012	Dec. 2012	Oct. 2012	Dec. 2012
SPA Approval	Dec. 2012	Mar. 2013	Dec. 2012	Feb. 2013
Claim Submission	Jan. 2013	April 2013	Jan. 2013	March 2013
State Review & Claim to Feds	Feb. 2013	May 2013	Feb. 2013	March 2013
Revenue Receipt	March 2013	July 2013	Feb. 2013	May 2013

*First (initial) claim covers period from Jan. 30, 2010 through June 30, 2011 at approximately \$13 million. A second reimbursement claim from July 1, 2011 through June 30, 2012 for the remaining amount of approximately \$10 million is anticipated within 2-3 months after the initial claim request.

** This assumes submission of one claim for the entire claim period from Jan. 30, 2010 through June 30, 2012, compressed SAR approval timeline based on continuous with U.S. DHHS, and that the State of California is front funding the claim based on a Certified Public Expenditure with future audits and severe penalties for inaccuracies.

Recommendations:

1. Instruct the Fire Department to collect and prepare all pertinent data to substantiate the City's claim for eligible Medi-cal expenses allowed through Assembly Bill 678 no later than December 31, 2012 in anticipation of an approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services for the proposed State Plan Amendment (SPA) and cost methodologies and reports;
2. Instruct the Fire Department to prepare and immediately submit a one-claim packet covering claim periods from January 30, 2010 through June 30, 2012, contingent upon approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services for the proposed State Plan Amendment (SPA) and cost methodologies and reports; and
3. Instruct the Inspector General to continue working with the Fire Department and other stakeholders to provide an independent status update on milestones achieved or slipped by the Mid-Year Financial Status Report, specifically focusing on the December 2012 SPA approval milestone.