

UPDATED MATERIALS, including BASIC BUDGET DATA,
the SCORE CARD of recent CONTROLLER'S AUDITS
and CORE's BASIC PRINCIPLES

prepared for
the May 15, 2012 meeting of the B&F Committee
by the FY2012-2013 NC BUDGET ADVOCATES

This material is part of the FY2012-2013 NCBA's White Paper ... proof that the White Paper is a "living document" subject to updating as new data became available.

First, pages #2 thru #4 is a reiteration of the **FY12-13 NCBA 21 RECOMMENDATIONS** annotated and classified as to their origins. We also respond to the CAO's opinions of our document.

Second, page #5 shows that the decreased funding of the NCs and DONE staff doesn't save much money (maximum \$ 500,000) but threatens severe cutbacks in NC activities.

Third, page #5 shows how the **General Fund Income has been unchanged at \$ 4.38 billion** for every year of this Mayor's tenure. Expanding the Licenses, Permits, Fines and Fees has replaced the losses of other incomes. Even so, for every year of this Mayor's tenure (FY2005-2006 to present) there has been a \$ 250 to \$ 450 million Structural Deficit caused by relentlessly increasing employee costs (contracted salary increases, health care costs and Pension Plan costs) which have exceeded the savings produced by decreasing the employee population (5,375) from its maximum (27,173) in FY2007-2008 to 31,798 in FY2012-2013. We all know that there have been decreases in services (deteriorating streets and sewers, delays in permitting and inspecting, delays in Emergency Response Time, etc.) and further decreases in critical services are expected as FY2012-2013's Structural Deficit (a minimum of \$ 238 million) is reduced.

The PIE-CHART (page #6) shows FY2012-2013 data. The allocations to the 36 Departments remains relatively unchanged. No Performance-based data is given. The Mayor asked all Departments to offer both 6% and 12% reductions but some Departments (marked with an exclamation point (!)) are to receive more next year than they did this year.

The City has become more and more dependent on the Tax Revenue Anticipatory Notes (TRAN) as a line-of-credit, The TRAN is needed to cover the deficits we experience every year from July to December. (pages 7 and 8).

The City seems to be disregarding the advice of the NCBA's, the Commission on Revenue Enhancement (CORE) and the Controller's Audits. (pages 9 – 16) **There are hundreds of millions of dollars in efficiencies and increased income suggested there.**

BUT, STILL, further L.A. City management-labor negotiations will be necessary to achieve a balanced and sustainable budget for FY2012-2013 and future years..

PROMOTING A NEW CULTURE OF EXCELLENCE AND SUSTAINABILITY FOR OUR ENTIRE CITY FAMILY

FY2012-2013 NEIGHBORHOOD COUNCIL BUDGET ADVOCATES' SUMMARY OF RECOMMENDATIONS

Originated: March 27, 2012
Annotated: May 15, 2012

1. Declare a Fiscal Emergency for the City of Los Angeles thereby allowing the Mayor to invoke a one-year salary reduction in order to close the deficit.
ORIGINAL & ONGOING NCBA CONCERN. (CAO agrees in his Memo #148 to B&F. A Fiscal Emergency resolution is being prepared by the City Attorney.)
2. Require the City to develop a Five-Year Strategic Operational and Financial Plan mandating multi-year Balanced Budgets based on Generally Accepted Accounting Principles (GAAP) that provides full funding for our infrastructure and pensions.
ORIGINAL & ONGOING NCBA CONCERN. (CAO agrees but does not support the use of GAAP. He prefers our current "modified Cash Basis" methods.)
3. The City's prime priority is to Control Employee Costs focusing on current and future employee compensation, benefits packages, pension contributions and Worker's Compensation.
ORIGINAL & ONGOING NCBA CONCERN. (CAO says, "This policy statement differs from those of the Mayor and City Council but is consistent with our sustainability.")
4. Engage in real Pension Plan Reform starting with raising the retirement age from 55 to 65 or 67 years of age.
INCLUDED as an ENDORSEMENT of MAYOR's PROPOSAL. (CAO agrees with this.)
5. Investigate the replacement of the Gross Receipts Tax with well-defined offsetting income.
ORIGINAL & ONGOING NCBA CONCERN for the NARROW VIEWS PUBLICIZED BY THE Business Tax Advisory Committee. (CAO cites and accepts Blue Sky report.)
6. Reach more specific definition of the City's "Core Services." Search for Cost-Effective Departmental Consolidations. Reduce all expenditures for all "non-Core Services."
We believe that DEFINING "CORE SERVICES" is the MAYOR's PREROGATIVE. It is of concern to the NCBA's but not our responsibility to define. (CAO says that this is "...consistent with his Three-Year Plan.")

7. Implement Performance-based Budgeting which will quantitate the Workloads necessary for each Department to fulfill its mission ... with parameters which are compatible across all departments and, once subjected to Cost-Benefit Analysis, these data can be used to allocate the City's personnel, equipment, supplies and funds. **This is an ENDORSEMENT the MAYOR's PROPOSAL for PERFORMANCE-BASED BUDGETING principles as originated in the CONTROLLER's LETTER of October 5, 2011. (CAO agrees and expects Departmental compliance ...but... there is very little PERFORMANCE-BASED DATA in the Mayor's Proposal.)**
8. Define, describe and fund a 21st Century, comprehensive Information Technology System (data collection, data storage & data processing) which will consistently document and improve the services of all City Departments and enhance City Government-Public interaction. All Systems Analyses must integrate the Programs involved with the expertise, staffing, hardware & software necessary to operate them
ORIGINAL & ONGOING NCBA CONCERN. (CAO agrees but points to budget limits.)
9. Implement a Public-Private-Partnership for the Zoo and negotiate either Public-Private Partnerships or more efficient Management Contracts for the Convention Center, the Parking Facilities, the Golf Courses, the Animal Shelters and other City facilities while expanding the definition of "partnerships" to include municipal sponsorships to bringing in corporate money and offering support to local non-profits working in the field on quality of life issues. **INCLUDED as an ENDORSEMENT of the MAYOR's PROPOSAL. (CAO agrees and points to actions of the Mayor and City Council to achieve these goals.)**
10. Recover the costs of Judgments, Settlements and Contingent Liabilities from the responsible department.
ORIGINAL and ONGOING NCBA CONCERN. (CAO agrees and finds this consistent with his Three-Year Plan to Fiscal Sustainability.)
11. Promptly review and implement the unfulfilled recommendations in the Controller's Audits; including a Central Billing/Collections Program.
ORIGINAL and ONGOING NCBA CONCERN in support of the CONTROLLER's AUDIT INFORMATION. (See SCORE CARD materials, below. CAO points to the monetary and personnel costs for implementing the Controller's Audit recommendations.)
12. Implement the Commission on Revenue Enhancement (CORE) recommendations including (but not limited to) the newly established office of Inspector General.
ORIGINAL and ONGOING NCBA CONCERN. (CAO agrees and says that many CORE recommendations have been implemented, including hiring the Inspector General.)
13. Implement a comprehensive, efficient and effective Central Billing/Collections Program which serves all City Departments.
ORIGINAL and ONGOING NCBA CONCERN. (CAO finds that creating a Centralized Collections System would be a major shift in "culture;" not acceptable to him.)

14. Partner with International Government Non-profits as incubators of new small businesses.
ORIGINAL and ONGOING NCBA CONCERN. (CAO is "looking into this.")
15. Revert all (100%) of currently "split" funds from the sale of City-owned property, the Oil Franchise income, the Street Furniture Funds, etc. to the General Fund.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says these will need Mayoral and City Council policy and budget decisions; necessitated by loss of the CRA.)
16. Return DOT Parking Enforcement & Traffic Control activities to LAPD, if cost-effective.
INCLUDED as an ENDORSEMENT of the MAYOR's PROPOSAL. (CAO says that this recommendation will require Mayor and City Council policy and budget decisions.)
17. Review the City's hiring policies currently under a "Managed Hiring" plan to assure that the City secures qualified personnel in all positions.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says that the "Hard Hiring Freeze" administered by the Managed Hiring Committee will continue, next year.)
18. Fund new civilian hires at LAPD with savings derived from a one-year (only) closure of the Police Training Academy in order to redeploy jailers and administrative staff LAPD officers.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says this is a one-year "fix.")
19. Authorize Private sector Veterinarians to issue and collect Dog License Fees.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says that this requires Mayoral and City Council policy and budget decisions. Translation: It is not likely, now.)
20. Reestablish and fund the 50-50% Sidewalk Repair Program and consider funding similar programs for Tree Trimming, Pot Holes, etc.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says that this requires Mayoral and City Council policy and budget decisions. Translation: It is not likely, now.)
21. Bolster the Neighborhood Council System by bringing in a foundation as a partner, providing additional financial and training support and Reinstating NCs to full \$50,000/year funding.
ORIGINAL and ONGOING NCBA CONCERN. (CAO says that this requires Mayoral and City Council policy and budget decisions. Translation: It is not likely, now.)

Contractions of NC Funds and DONE Allocations

Year	# NC's	NC Funding (per NC)	TOTAL COST	# DONE Employees	DONE Funding	# Field reps
2008-09	89	\$50,000	\$4,450,000	49	\$3,806,263	18
2009-10	89	\$50,000	\$4,450,000	43	\$3,320,540	18
2010-11	93	\$45,000	\$4,185,000	22	\$1,606,492	8
2011-12	95	\$40,500	\$3,847,500	22	\$1,832,164	8
Department Proposed 2012-13	95	\$40,500	\$3,847,500	17	\$2,712,062	8
Mayor's Proposed 2012-13	95	\$37,000	\$3,515,000	15	\$2,080,596	7

MAXIMUM SAVINGS --> \$1,235,000 <-- \$ 50,000 to \$ 37,000

THIS YEAR SAVINGS --> \$332,500 <-- \$ 40,500 to \$ 37,000

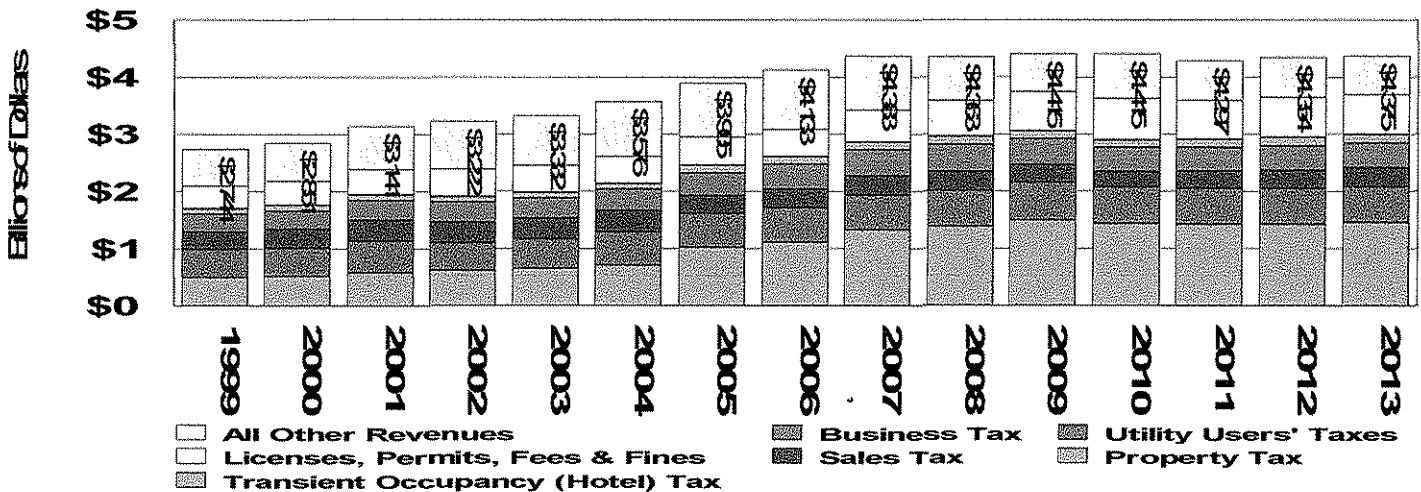
FOOTNOTES:

- FY 2008-09 - \$650,000 of Department Funds & \$626,000 of NC Funds were swept by CAO
- FY 2009-10 - \$639,000 of Department Funds & five (5) positions were transferred to City Clerk
- FY 2009-10 - Department was slated for consolidation with CDD. This DIDN'T HAPPEN.
DONE staff was "cut" from 43 persons to 18 person.
- FY 2011-12 - \$1,159,000 of NC Funds swept by the CAO

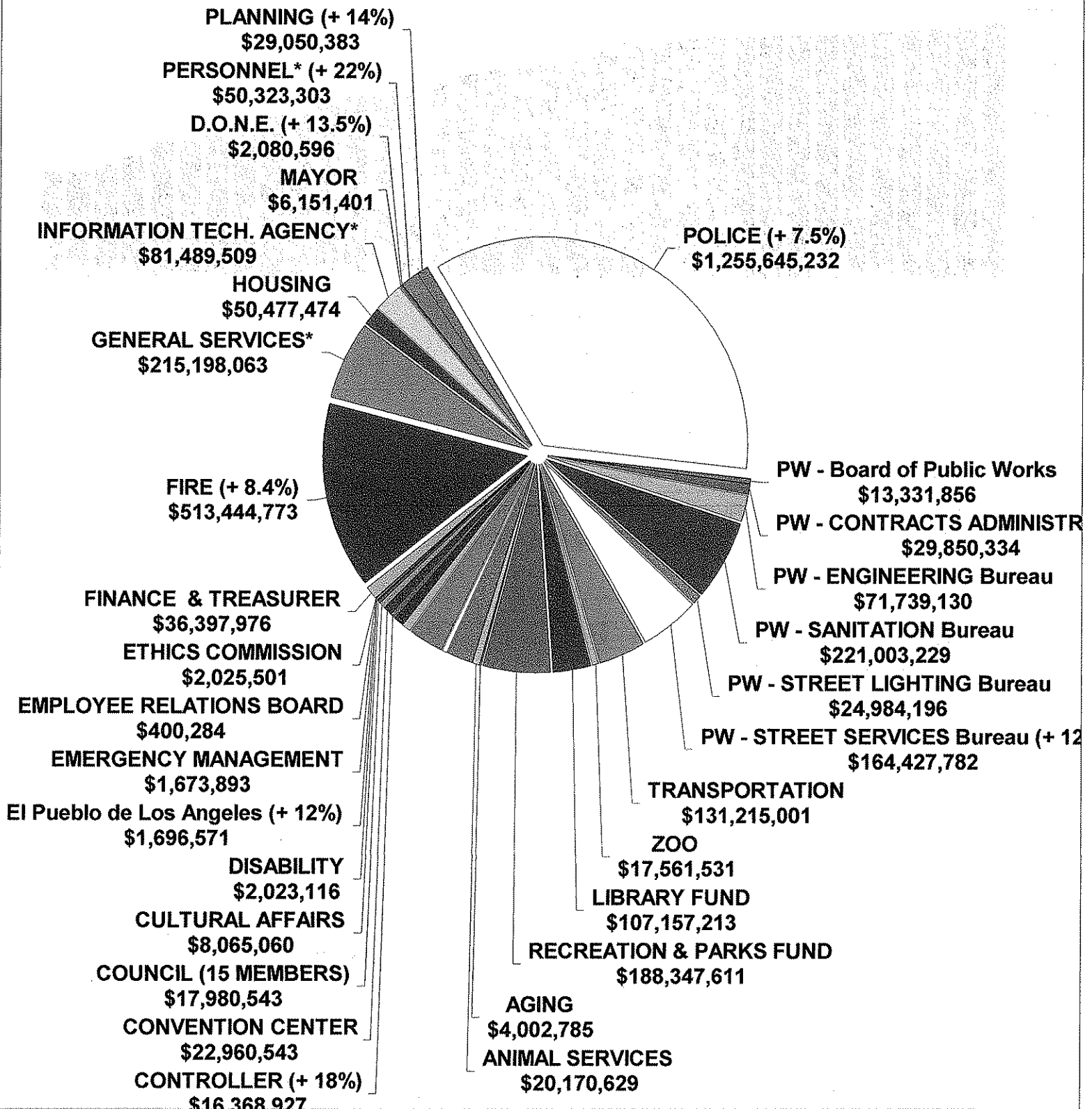
The NCs & DONE have been "cut" and "slashed" more (proportionately) than any other Department ...yet... they provide 10,000's of hours of service, worth millions of dollars, and they work as UNPAID VOLUNTEERS.

We have used the Controller's figure for the Total General Fund income (\$ 4.375 billion), in the graph below, because we believe that the Mayor figure (\$ 4.54 billion) is overly optimistic.

General Fund REVENUES have REMAINED UNCHANGED over the past SIX YEARS
(This means that ALL RECENT DEFICITS have been due to PERSISTENT EXCESSIVE EXPENSE)



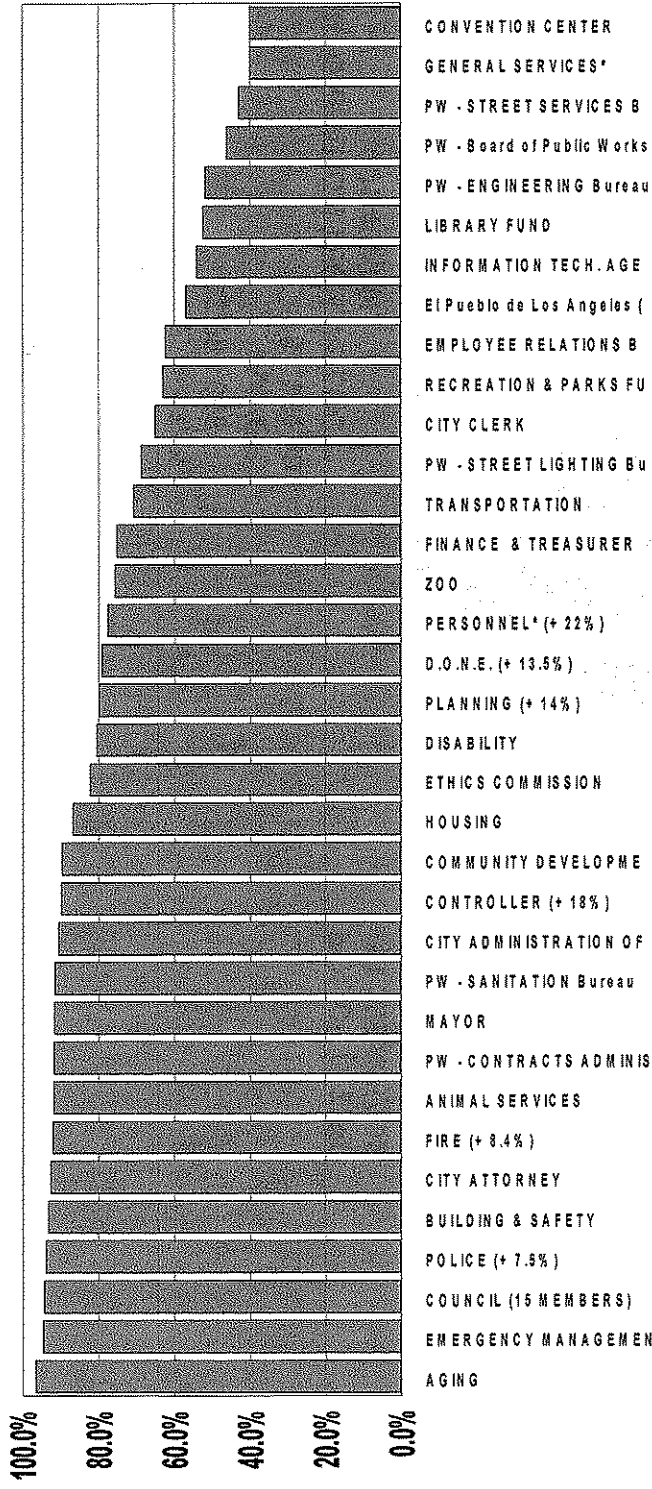
In FY2012-2013, 36 BUDGETARY DEPARTMENTS will receive \$ 3.54 billion of the \$ 4.54 billion GENERAL FUND (some got large % INCREASES) (Departments marked with a '*' star serve and are reimbursed by other Departments.)



Basic, OverTime & "As-Needed" Salaries (\$ 2.86 billion) as Per Cent of Total Departmental Allocations (\$ 3.54 billion)

The Per Cent for ALL of the City's 31,798 Employee's was 78.9% in FY2011-12 and will be 80.8% in FY2012-13

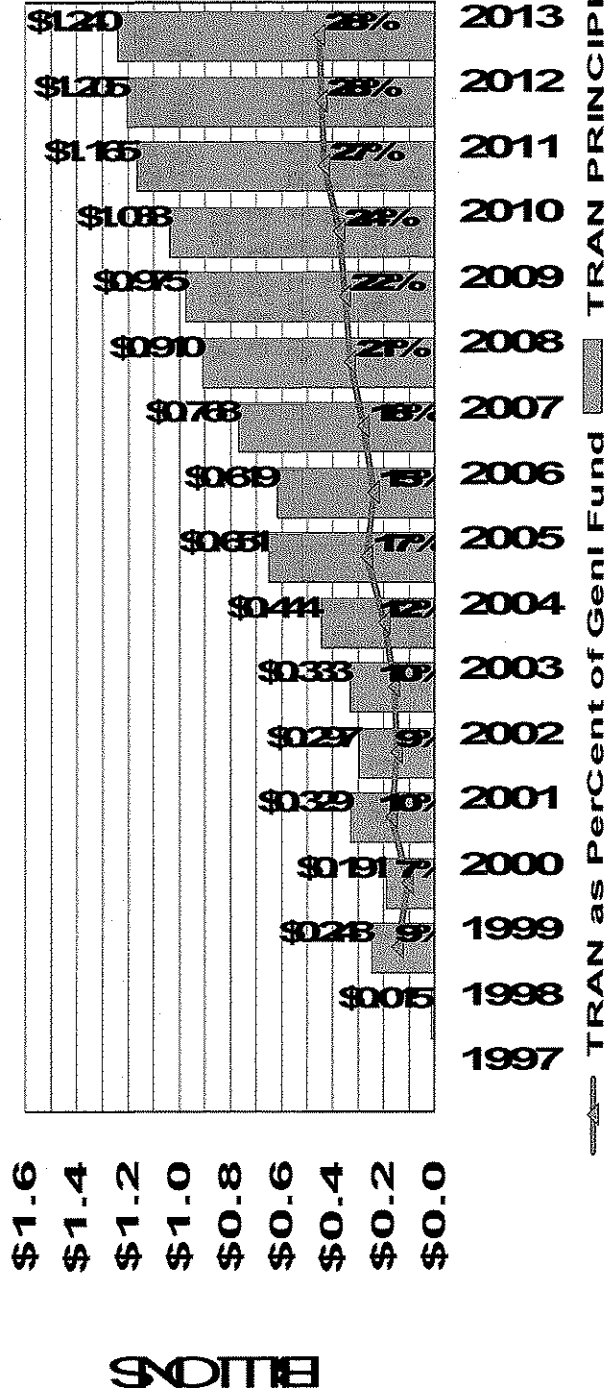
The AVERAGE SALARY was \$ 83,787 in FY2011-12 and will be \$ 89,996 in FY2012-2013



As shown in the chart (above), the City of Los Angeles is a VERY LABOR-INTENSIVE ORGANIZATION but the savings from decreases in the labor force have been overwhelmed by the contracted increases in our employee's salaries and benefits.

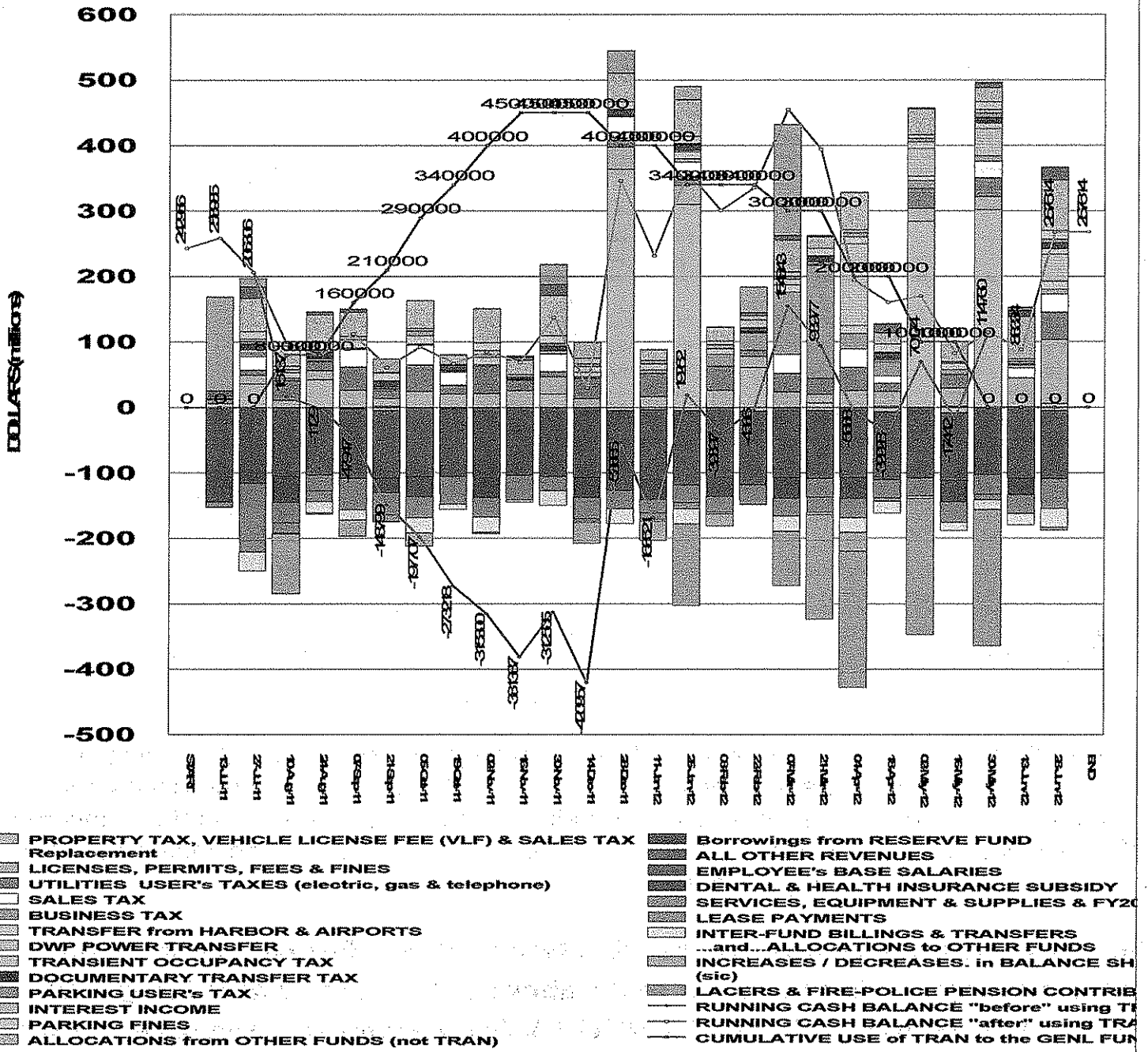
RELENTLESS RISE IN THE TRAN NO TRAN LOANS WERE MADE BEFORE 1998.

Compare 1998 (\$ 15 million) with FY2012-2013 (\$ 1.24 BILLION.)



TRAN as PerCent of Genl Fund TRAN PRINCIPLE

FY2011-2012 CASH FLOW data from the CONTROLLER who pays our City's Expenses every 2 weeks.
REVENUES (bars above the ZERO line) are inadequate until December when we start receiving Property Taxes.
BLUE LINES are CASH BALANCES without (dark blue) & with (light blue) use of the "TRAN." (loan funds, red line)



The Mayor's Budget Proposal is just that ... a Proposal ... it is not (yet) a reality. Here is the CASH FLOW data for the current year (FY2011-2012). This **CASH FLOW GRAPH IS REALITY**; accurate up to the May 2, 2012 data and extrapolates the rest of the year. It shows the impact of the Employee Costs (red bars, over \$ 100 million, every 2 weeks) and how the City "used" \$ 450 million of the TRAN to keep from going \$ 421 million in debt. The City started using that TRAN "line of credit" to maintain its Cash Balance (light blue line) in August and only now is repaying the loan (dark blue checkered bars at the bottom of the graph).

This is YOUR L.A. City BUDGET DEFICIT SCORE CARD

**A COMPREHENSIVE COMPILATION of DATA POINTS for
REDUCING the Los Angeles City BUDGET DEFICIT ... focusing
on the GENERAL FUND because of its "discretionary" nature.**

REVENUES	Per Cent CHANGE	Estimate of FY2012-2013 DEFICIT	Sample CHOICES	
				SCORE
DEFICIT ON JULY 1, 2011 -->		\$238,000,000		
FY2011-2012 SALARIES ENCUMBERED -->		\$104,100,000		
FY2011-2012 SERVICES & SUPPLIES ENCUMBERED -->		\$160,000,000		
UNPAID LAPD OVER-TIME (due July 1, 2013) -->		\$100,000,000		
TOTAL or ACTUAL FUTURE DEFICIT ON JULY 1, 2011 -->		\$602,100,000		
			ITEMS Respondent SUPPORTS	AMOUNTS that YOUR CHOICES may SAVE
EFFECTS of CHANGING to PERFORMANCE-BASED BUDGETING concepts & "culture" -->				INCALCULABLE
POSSIBLE SAVINGS by accepting ALL of these EFFICIENCY RECOMMENDATIONS -->			36	\$225,591,252
AFTER ALL THESE CHANGES ARE MADE, the DEFICIT will still be -->				\$12,408,748
...SO... You have NOT QUITE eliminated the MAYOR's deficit, yet!!!				
...AND... the Salaries, Supplies & LAPD "Encumbrances" (\$ 364.1 million) remain!!!				

Even if all of these increased income and efficiency savings were implemented some of the Mayor's Structural Deficit and added obligations (Salaries & Supplies encumbrances and deferred payment of LAPD Overtime) would remain. That does not mean that these income and efficiency activities should be ignored. They are actions needed to convince a doubting public that the City is not wasting its money.

Again, the greatest savings and readjustment of our Budget Deficit must come from bringing Management and Labor back to the "bargaining table" to renegotiate INCREASES IN PERSONNEL (necessary to re-establish City Services to proper levels) while DECREASING CITY TOTAL ACTIVE SALARY, BENEFITS PACKAGE AND PENSION PLAN COSTS.

What follows is an itemized, detailed evaluation of the Controller's (recent) Audits and the Commission on Revenue Enhancement's (CORE's) primary principles.

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #1 of 6 pages							
a.	Support and implement in a timely way the RECOMMENDATIONS in the CONTROLLER'S 38 AUDITS.		CONTROLLER ESTIMATES the total SAVINGS at \$ 300+ million	ESTIMATED POTENTIAL BENEFIT to the GENERAL FUND	ACTIVE ACTION PLAN?	CONTROLLER'S or RESPONDENT'S EVALUATION	
Audit #65	03/20/12 - COMMODITY PURCHASING	Possible LOSS of \$ 700,000 in the City's \$ 460 million TOTAL COMMODITY PURCHASES, each year.	REPORT from TREASURER due on 4/23/12 and Controller's Response on 5/23/12.	Controller is concerned with ARBITRARY Brand Name & UNNECESSARY Urgent Delivery Purchases	This AUDIT stressed the value of INCREASED EFFICIENCY to avoid PERSONNEL LAYOFFS.	NOT YET	Controller is QUITE SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$700,000			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			
Audit #65	02/15/12 - ANIMAL SERVICES DEPARTMENT- no CF	POSSIBLE loss of \$ 1.3 MILLION in uncollected dog (only) license fees, in the last two years.	REPORT from TREASURER due on 3/15/12 with RESPONSE from CONTROLLER on 4/16/12.	Controller is concerned with 1. Lax controls & inconsistent use of Administrative Rules 2. Potential Hazards to the Animals		NOT YET	Controller is QUITE SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$650,000			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			THANK YOU for YOUR SUPPORT
Audit #64	02/14/12 - CONDITION of City TREASURY FUNDS and REVIEW of CASH & INVESTMENT ACTIVITIES as of June 30, 2011	1. \$ 340,000,000 in CASH (W-F Bank) 2. \$ 6.5 billion in General Investment 3. \$ 1.4 billion in Specific Investment Deal	REPORT from TREASURER due on 3/14/12 with RESPONSE from CONTROLLER on 4/16/12	Controller is concerned with 1. Trading Dates 2. 5 missing checks 3. List of Authorized Signatories	"CONDITION REPORT" only ... SPECIFIC FINANCIAL IMPACT is not stated.	NO "REAL" DATA provided	Controller is QUITE SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			
Audit #63	01/12/12 - STREET FURNITURE contract with CBS-DeCaux - CF 12-0073	POSSIBLE TOTAL REVENUE \$ 150 million over 20 years (2001 - 2021). Under \$ 30 million received, so far.	Audits CMTE estimates \$ 23 million lost, so far, from franchise rate calculation errors & slow	POTENTIAL REVENUE is \$ 7.5 million per year (on average)	Heard in Audits & Govt Efficiency Cmte on 02/28/12. Referred to CAO & CLA for proposals to improve.	NOT YET	Controller is QUITE SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$7,500,000			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			
Audit #62	11/28/11 - City's SHARE of AB1290 (CRA) funds - CF 11-0349-S1	AT RISK is \$ 1.7 million in addition to the \$ 27 million in CRA FUNDS.	Controller is concerned with an absence of Established CRA Accounting Policy"	Controller is concerned over possible miscalculations of CRA "Pass-thru Funds"	75% satisfied by CRA but nothing from CLA yet. Also, this is part of the Mayor's FY2012-2013 PROPOSED GENERAL FUND.	ALMOST DONE	Controller is ALMOST SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$28,700,000			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			
Audit #61	10/14/11-CONVENTION CENTER PARKING REVENUES & EXPENSES - no Council File				LA Convention Center responded, satisfactorily	NO "REAL" DATA PROVIDED	Controller is SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$500,000			
Do you support this CONTROLLER'S RECOMMENDATION?				YES			

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #2 of 6 pages						
a.	Support and implement in a timely way the RECOMMENDATIONS in the CONTROLLER'S 38 AUDITS.	AMOUNT opened to QUESTION	CONTROLLER ESTIMATES the total SAVINGS at about \$ 300+ million	ESTIMATED POTENTIAL BENEFIT to the GENERAL FUND	ACTIVE ACTION PLAN?	CONTROLLER'S or RESPONDENT'S EVALUATION
Audit #60	06/0911 - AUDIT - DOT's Parking Meter Collections Process - CF #11-0989	City received \$ 34 and # 36 million in PARKING FEES & paid \$ 2 & \$ 3 million to SERCO In FY2009-10 and FY2010-11, respectively.	City has NO INVENTORY of its 36,000 meters and \$300,000 worth of Scanners which require \$ 200,000 per year to keep working.	DOT has no clear and efficient Process. Audit not yet reviewed by Audits & Govt Efficiency Committee	No response from DOT, yet (01/31/12)	NOT YET Controller is NOT SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$5,000,000		
Do you support this CONTROLLER'S RECOMMENDATION on PARKING METER COLLECTIONS?					YES	
Audit #58	05/11/11 - AUDIT - Citywide use of Cell Phones	Lack of diligence, Lack of Use or Improper use could save \$ 1M				DONE Controller is SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$1,000,000		
Do you support this CONTROLLER'S RECOMMENDATION on CELL PHONE USE?					YES	
Audit #57	04/28/11 - AUDIT - LADOT's Citation activities re: Scofflaw Activities	Lost Revenue from NOT CITING CARS with >5 Parking Citation could be -\$ 15M				DONE Controller is SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$15,000,000		
Do you support this CONTROLLER'S RECOMMENDATION on PARKING FINE SCORE LAWS?					YES	
Audit #56	04/12/11 - AUDIT - CAO's Report on LADWP's Use of ARRA Funds	Impact is on DWP's BUDGET (...not the City General Fund)			THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	NOT YET Controller is NOT SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				"\$ 10,000,000"		
Do you support this CONTROLLER'S RECOMMENDATION?					YES	
Audit #55	04/07/11 - PERFORMANCE AUDIT - DWP's Renewable Portfolio Standard Program	This does NOT IMPACT CITY BUDGET. (Genl Fund)			THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	NOT YET Controller is NOT SATISFIED
FINANCIAL IMPACT:				\$0		
					YES	
Audit #54	03/03/11 - AUDIT - LADWP use of ARRA Funds	This does NOT IMPACT CITY BUDGET. (Genl Fund)			THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	NOT YET Controller is NOT SATISFIED
FINANCIAL IMPACT:				\$0		
					YES	
Audit #53	01/14/11 - AUDIT - Treasurer & City Funds as of June 30, 2010					NO "REAL" DATA PROVIDED Controller is SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$10,000,000		
Do you support this CONTROLLER'S RECOMMENDATION on TREASURER'S EFFICIENCIES?					YES	

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #3 of 6 pages						
a.	Support and implement in a timely way the RECOMMENDATIONS in the	AMOUNT opened to QUESTION		ESTIMATED POTENTIAL BENEFIT to the	ACTIVE ACTION PLAN?	CONTROLLER's or RESPONDENT's EVALUATION
Audit #52	01/14/11 - F/U AUDIT - Treasurer			\$1,000,000	NO "REAL" DATA PROVIDED	Controller is SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$1,000,000		
Do you support this CONTROLLER'S RECOMMENDATION for TREASURER'S EFFICIENCIES?					YES	
Audit #51	01/14/11 - AUDIT - CAO's Oversight of ARRA Processes by the Office of Finance			\$10,000,000	NOT YET	Controller is NOT SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$10,000,000		
Do you support this CONTROLLER'S RECOMMENDATION for OFFICE OF FINANCE EFFICIENCIES?					YES	
Audit #50	12/14/10 - AUDIT - Special LA Housing Department Revenue Funds)	This does NOT IMPACT CITY BUDGET. (General Fund)	No measurable outcomes found by the Controller.	\$0	NO "REAL" DATA provided	Controller is NOT SATISFIED
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CONTROLLER'S RECOMMENDATION?					YES	THANK YOU for YOUR SUPPORT
Audit #49	10/27/10 - AUDIT - LAUSD FACILITIES & CONSTRUCTION SELECTION PROCESS	This does NOT IMPACT CITY BUDGET. (General Fund)		\$0	NOT YET	Controller is NOT SATISFIED
FINANCIAL IMPACT:				\$0		
Do you support the CONTROLLER'S recommendation re: MANAGING WC CLAIMS?					YES	THANK YOU for YOUR SUPPORT
Audit #48	10/13/10 - AUDIT - MANAGEMENT of WORKER'S COMPENSATION CLAIMS	Managed by the City Attorney, Personnel & the CAO	average 5.8 years to settle (1.0 year is the standard)	Over \$ 1.5 BILLION in TOTAL outstanding claims liability	NOT YET	NO ACTION, YET.
FINANCIAL IMPACT:				\$10,000,000		
Do you support the CONTROLLER'S recommendation re: MANAGING WORKER'S COMPENSATION CLAIMS?					YES	THANK YOU for YOUR SUPPORT
Audit #47	09/29/10 - AUDIT - PHOTO RED-LIGHT CAMERAS (to improve traffic safety and produce traffic citations)	NET COST: \$ 1.5 million in 2009 and \$ 1.0 million in 2008	PUBLIC IS OFFENDED by this "BIG BROTHER IS WATCHING YOU" imposition.	NO documentable IMPROVEMENT in traffic safety. Contract extended until April 2011.	There is CONTROVERSY as to WHETHER OR NOT this RED-LIGHT CAMERAS decrease accidents.	Controller Opposes CONTRACT RENEWAL in March 2011
FINANCIAL IMPACT:				\$0		
JUST LAST MONTH, THE PHOTO RED-LIGHT CAMERAS WERE DISAPPROVED and will be REMOVED					YES	THANK YOU for YOUR SUPPORT
Audit #46	09/16/10 - AUDIT of DEPARTMENT OF TRANSPORTATION (DOT) handling of ARRA (Special) Funds	This does NOT IMPACT CITY BUDGET. (General Fund)	DOT rec'd \$ 40 million, created only 9 of 26 jobs	Only 11% of DOT cars equipped in a 10 year contract	UNDETERMINED but POTENTIALLY VERY NEGATIVE to LA'S REPUTATION with the FED. GOVT.	Controller is NOT SATISFIED
FINANCIAL IMPACT:				\$0		
Should the City encourage the full hiring into these DOT ARRA-supported (Special funded) positions?					YES	THANK YOU for YOUR SUPPORT

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #4 of 6 pages							ESTIMATED POTENTIAL BENEFIT to the	ACTIVE ACTION PLAN?	CONTROLLER'S or RESPONDENT'S EVALUATION
a.	Support and implement in a timely way the RECOMMENDATIONS in the								
Audit #45	09/16/10 - AUDIT of DEPARTMENT OF PUBLIC WORKS (DPW) handling of ARRA (Special) Funds	This does NOT IMPACT CITY BUDGET. (General Fund)	DPW rec'd \$ 70.6 million, created only 45 of 238 jobs	FEDERAL OPINION OF L.A. MANAGEMENT ABILITY may have been damaged.	UNDETERMINED but ONE MORE EXAMPLE OF POOR MANAGEMENT.	\$0	NOT YET	Controller is NOT SATISFIED	
FINANCIAL IMPACT:									
Should the City encourage the full hiring into these DPW ARRA supported (Special Funded) positions?							YES	THANK YOU for YOUR SUPPORT	
Audit #44	08/10/10 - AUDIT - LADOT Contract with Integrated System Research for an Automated Vehicle Locator System	NOT YET FUNCTIONAL due to a LACK of available funding for ITA SUPPORT				\$1,000,000			
FINANCIAL IMPACT:							YES		
Audit #43	08/03/10 - Forensic AUDIT of J.H. Kishi Co. (contractor of Golf Cart Rentals for Rec. & Parks)	Kishi Co underpaid the City by at least \$ 16,252.		This issues showed Rec. & Park's willingness to keep services "in-house."	ISSUE RESOLVED?	\$16,252	NOT YET	Controller opposes CONTRACT RENEWAL & supports return of Golf Cart rental management to Rec. & Parks	
FINANCIAL IMPACT: Loss of \$ 16,252 (or more??) in fees.									
Do you believe the City should not manage its own parking, golf, Zoo, Convention Ctr. & museum etc?							YES		
Audit #42	07/27/10 - Semi-Annual Report on Anti-Gang Strategy (Second Report)	This does NOT IMPACT CITY BUDGET. (General Fund)	\$ 525,000 & 12 months spent	No measurable outcomes found by the Controller.		\$525,000	NOT YET	Controller is NOT SATISFIED	
FINANCIAL IMPACT: NO DEFINITE IMPACT ... We need effective gang control program data. We may need to develop a BETTER PROGRAM.								\$ 525,000 per year in potential savings	
Should the city contract for an INDEPENDENT EVALUATION of its gang control program?							YES	THANK YOU for YOUR SUPPORT	
Audit #41	07/01/10 - This is the SEMINAL AUDIT on CITYWIDE BILLING & COLLECTIONS by the Office of Finance. Most people have now downgraded the annual recovery to between \$ 10 & \$ 85 millions.	Even if these data are only 25% correct, "We are stuck in the mud with outdated practices since 2007."	According to these data, only 53% OF ALL OF THE CITY'S BILLS WERE COLLECTED.	MACIAS (Outside Advisor) found: \$ 553M billed \$ 293M received \$ 260M UNCOLLECTED in FY2006-2009	THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	\$ 260,000,000	... BUT ...	UPDATED DATA FOR SEVERAL CITY INCOMES and DEPARTMENTS FOLLOWS.	
FINANCIAL IMPACT:			CRITICALLY IMPORTANT!!!						
Should the City create an Inspector General independent of the OOF collections policies & activities?							YES	THANK YOU for YOUR SUPPORT	
Audit #41a	07/01/10 - AUDIT - PARKING CITATIONS written by DOT staff.	We are "stuck in the mud" with outdated practices since 2007	Only 46% of the City's PARKING FINES were collected. (?\$Billings over estimated)	MACIAS (Outside Advisor) found: \$ 282M billed \$ 130M received \$ 152M UNCOLLECTED in FY2006-2009	THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	\$ 152,000,000	... BUT ...	UPDATED DATA FOR SEVERAL CITY INCOMES and DEPARTMENTS FOLLOWS.	
FINANCIAL IMPACT:			CRITICALLY IMPORTANT!!!						
							YES		

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #5 of 6 pages

a. Support and implement in a timely way the CONTROLLER's 36 AUDITS.	AMOUNT opened to QUESTION			ESTIMATED POTENTIAL BENEFIT to the GENERAL FUND	ACTIVE ACTION PLAN?	CONTROLLER's or RESPONDENT's EVALUATION
Audit #41b 07/01/10 - AUDIT - AMBULANCE & EMERGENCY MEDICAL SERVICES (EMS)	We are "stuck in the mud" with outdated practices since 2007	Only 38% of the City's EMERGENCY MEDICAL BILLINGS were collected.	MACIAS (Outside Advisor) found: \$ 157M billed \$ 58M received \$ 99M UNCOLLECTED in FY2008-2009	THIS MATERIAL IS NOT INCLUDED IN THE TOTAL DEFICITS above.	... BUT ...	UPDATED DATA FOR SEVERAL CITY INCOMES and DEPARTMENTS FOLLOWS.

HEALTH CARE is a STATE/COUNTY RESPONSIBILITY, not a City Responsibility. The City's billing techniques are unsophisticated. Negotiate Specific Funds from the COUNTY and/or STATE for our Ambulance / EMS Services and transfer collections to the COUNTY.

FINANCIAL IMPACT: CRITICALLY IMPORTANT!!! \$ 152,000,000

Audit #41c 07/01/10 - AUDIT - PARKING FINES (one of 18 direct General Fund Incomes with citations written by the DOT with collections "outsourced" to SERCO.	The MACIAS REPORT estimated a COLLECTION RATE of 41%. We use a very "optimistic" RATE of 80%, here.	CASH FLOW data show \$ 90M banked (66%) of the \$ 137M in the FY2011-2012 BUDGET as of Feb. 22, 2012	Using Controller's FY2012-13 projections: \$ 141M billed \$ 113M collected \$ 28M UNCOLLECTED	The Commission on Revenue Enhancement (CORE) says that few if any Departments or the Office of Finance assess or collect late penalties or penalty interest on overdue accounts.	YES	Controller is NOT SATISFIED
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FINANCIAL IMPACT: Critically important to evaluate, negotiate and implement, soon. \$38,000,000

Should the City act to increase Parking Fine Collections and the efficiency of the Process? YES

Should the City contract for an independent evaluation of the DOT collections process and effectiveness? YES

Audit #41d 07/01/10 - AUDIT - PARKING USER's TAX (one of 18 direct General Fund incomes paid directly to the City.)	MACIAS didn't estimate a COLLECTION RATE for the PARKING USER's TAX. We will use 80%.	CASH FLOW data show \$ 53M banked (60%) of the \$ 88M in the FY2011-2012 BUDGET as of Feb. 22, 2012	Using Controller's FY2012-13 projections: \$ 89M billed \$ 71M collected \$ 18M UNCOLLECTED	The practices of creating sham company sales and taking CASH ONLY allows Parking Companies to evade and underestimate their Parking User's Tax.	NOT YET	Controller is NOT SATISFIED
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FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$25,000,000

Should stricter permitting, sales documentation and surveillance measures be applied to large Facilities? YES

Audit #41e 07/01/10 - AUDIT - AMBULANCE SERVICES	MACIAS estimated a COLLECTION RATE of 38%. We use 67%, here.	Some (unknown number) of the ambulance patients have no insurance; no way to pay.	Using FY2011-12 budget proposal: \$ 100M billed \$ 67M collected \$ 33M uncollected	Difficulties in billing and collecting from HMOs, MEDI-CAL and MEDI-CARE are well known to all Doctors & Hospitals. THE CITY HAS	NOT YET	Controller is NOT SATISFIED
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HEALTH CARE is a FEDERAL/STATE/COUNTY RESPONSIBILITY (not a City Responsibility). City's billing techniques are unsophisticated. The City "could" negotiate Specific Funds from the COUNTY for our Ambulance / EMS Services and ask the COUNTY to HANDLE & RECEIVE collections.

FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$23,000,000 <- a MINIMAL ESTIMATE.

Do you support IMPROVING the CITY'S BILLING & COLLECTIONS of Emergency Medical Services? YES

1.00 EFFICIENCY RECOMMENDATIONS - CONTROLLER AUDITS - page #6 of 6 pages

a.

Audit #41f 07/01/10 - non-AMBULANCE EMERGENCY MEDICAL SERVICES (EMS) for first aid, brief care, assessment, non-transport triage and on-site stabilization-BCLS-ACLS, etc.)

These non-transport services are often not billed.

No data found. Rough estimate of \$ 5M used, here.

NOT YET

Controller is NOT SATISFIED

FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$5,000,000 ← a MINIMAL ESTIMATE.

Do you support IMPROVING THE CITY'S BILLING & COLLECTIONS of non-Ambulance EMS Services?

YES

Audit #41g TRANSFERRING the unresolved FINANCIAL RESPONSIBILITY for AMBULANCE and EMERGENCY MEDICAL SERVICES (EMS) to the COUNTY and/or STATE.

ASSUMES THAT #41e and #41f HAVE BEEN SELECTED, too.

The "Total EMS Package" (collections) is at least \$ 60 million to \$ 90 million.

THIS AMOUNT IS NOT INCLUDED IN THE TOTAL DEFICITS, above.

NOT YET

Controller is NOT SATISFIED

HEALTH CARE is a STATE/COUNTY RESPONSIBILITY (not a City Responsibility). City's billing techniques are unsophisticated. Negotiate Specific Funds from the COUNTY for our Ambulance / EMS Services and have the COUNTY HANDLE & RECEIVE the collections.

FINANCIAL IMPACT (#41e + #41f + #41g = Sum of all EMS Service Costs) "\$ 62,000,000"

Do you support transferring the COUNTY and STATE to assume the City of LA's EMS services costs?

YES

THANK YOU for YOUR SUPPORT

Audit #41h 07/01/10 - AUDIT - BUILDING & SAFETY (issues and charges for permits and inspections)

DBS should be 80% self-funded from its own activities.

Cost Analysis would create a better basis for these fees.

Using FY2011-12: \$ 30M total budget \$ 23M from other sources → 20% of \$ 23M = \$ 18M of added revenue

NOT YET

Controller is NOT SATISFIED

FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$18,000,000

Do you support DEPARTMENTS that BUILDING & SAFETY should primarily self-fund?

YES

THANK YOU for YOUR SUPPORT

Audit #41i 07/01/10 - AUDIT - POLICE (charges for permits, false alarms, impounds and services to Airports.)

MACIAS estimated a COLLECTION RATE of 59%. We use 80% here

The estimate (to the right) is based on the FY2011-2012 BUDGET.

\$ 83M billed \$ 66M collected ===== \$ 17M UNCOLLECTED

NOT YET

Controller is NOT SATISFIED

FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$17,000,000

Do you support IMPROVING RELATED BILLING & COLLECTIONS related to PERMITS & CARD?

YES

SPECIAL RECOMMENDATION - Either move the 90% of the budgeted DWP POWER TRANSFER PAYMENT up to JULY or charge interest from July 1, each year...like any Property Tax or "Franchise Tax."

A modification may be made ...later... when the final, audited DWP Gross Receipts is reported.

Controller's CASH FLOW estimates \$ 304 million in Power User's Tax Income (10% of DWP Gross)

These funds, if received in July, could decrease the line of credit principle (\$ 400 million) of the TRAN over half.

An ALTERNATIVE is to charge DWP interest for the 8 - 10 months delay in their payment.

There is NO difficulty in estimating the DWP obligation for NEXT YEAR.

DWP's Power Transfer obligation is 8% of (\$ 304 million) Gross Power Receipts ... or about \$ 240 million in FY2012-13.

FINANCIAL IMPACT (INCREASED INCOME or SAVINGS): \$6,000,000

Do you support ADVANCING THE DWP'S POWER TRANSFER PAYMENT TO JULY?

YES

2.00 EFFICIENCY PRINCIPLES of the COMMISSION ON REVENUE ENHANCEMENT (CORE)						
a.			CORE ESTIMATES that a total of \$ 841 million have been lost (NOT COLLECTED) over	ESTIMATED POTENTIAL BENEFIT to the GENERAL FUND	ACTIVE ACTION PLAN?	CORE's or RESPONDENT's EVALUATION
Principle #1	October 2011 - Establish an INSPECTOR GENERAL	Office to prepare and publish analyses of City Collections Activities.			NOT YET	
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$700,000		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	
Principle #2	October 2011 - Establish a CENTRAL COLLECTION AGENCY	The first step is accurate documentation and prompt notification of charges from ALL Departments.	Then, the CCA sends bills, activates a fair appeals process, notifies slow payors and applies interest & penalties.	Finally, the CCA either collects the debt or turns it over for collection. In all cases, the CCA thoroughly reports its results.		
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	
Principle #3	October 2011 - Hold ALL Departments Accountable for prompt reporting of their charges.	This may include certain "incentives" for good performance.				
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	
Principle #4	October 2011 - Speed up ACCOUNTS RECEIVABLES PROCESSING	This includes more prompt "turnover" to collection agencies.				
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	
Principle #5	October 2011 - Make prompt payment easier. Provide more options.	A fair appeals process is essential to this system.				
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	
Principle #6	October 2011 - Intensify the PENALTIES for LATE and NON-PAYMENT					
FINANCIAL IMPACT (INCREASED INCOME or SAVINGS):				\$0		
Do you support this CORE'S RECOMMENDATION for an OFFICE OF THE INSPECTOR GENERAL?					YES	