


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

April 26, 2016

To: Honorable Members of the
Budget and Finance Committee

From: Sharon M. Tso 
Chief Legislative Analyst

Overview of the 2016-17 Proposed Budget

As requested by your Committee, we have prepared the attached overview of the 2016-17 Proposed Budget, as submitted by the Mayor on April 20, 2016.

If we can be of further assistance in this matter, please let us know.

Attachment: Overview of the 2016-17 Budget
As Submitted by the Mayor

**OVERVIEW OF THE
2016-17 BUDGET**

AS SUBMITTED BY THE MAYOR

**Presented To
Budget and Finance Committee**

**Prepared By
Sharon M. Tso
Chief Legislative Analyst**

Mayor's Budget Shortfall

\$-89.90M*

- **General Fund Base Revenue Change (\$14.10M)**
 - ▶ 2015-16 Budgeted Revenue (\$5,410.40M)
 - Less Elimination of 2015-16 One-Time Revenues (\$-145.82M)
 - Plus Projected 2015-16 Ongoing Revenues (\$159.92M)
 - ▶ 2016-17 Revenue Estimate (From Four-Year 2015-16 Budget Outlook) (\$5,424.50M)

- **Anticipated 2016-17 Expenditure Changes in the 2015-16 Budget Outlook to Maintain Current Level and Fund Obligatory Increases (\$104.00M)**
 - ▶ Employee Compensation Adjustments (\$75.90M)
 - ▶ Police Overtime (\$5.00M)
 - ▶ City Employee Retirement System (\$10.30M)
 - ▶ Fire and Police Pensions (\$15.50M)
 - ▶ Workers Compensation Benefits (\$13.30M)
 - ▶ Health, Dental and Other Benefits (\$26.20M)
 - ▶ Debt Service (\$-5.60M)
 - ▶ Unappropriated Balance (\$-89.90M)
 - ▶ New Facilities (\$-4.00M)
 - ▶ City Elections (\$16.70M)
 - ▶ Capital Investment Expenditure Program (Streets and Sidewalks) (\$40.60M)

TOTAL BUDGET DEFICIT \$-89.90M

*Projected Deficit from 2015-16 Four-Year Outlook

BUDGET BALANCING ACTIONS

- **New/Expanded Revenue Proposed for 2016-17 above the 2015-16 Outlook (\$133.82M)**
 - ▶ One - Time Revenues (\$117.66M)
 - ▶ Ongoing Revenues above the 2015-16 Outlook (\$16.16M)

- **Adjustments to the 2015-16 Outlook to Reflect 2016-17 Proposed Expenditures (\$-12.09M)**
 - ▶ Expenditures Required to Maintain Current Level Service (\$-0.86M)
 - ▶ Employee Compensation Adjustments (\$7.41M)
 - ▶ Police - Overtime (\$5.00M)
 - ▶ City Employees' Retirement System (\$11.89M)
 - ▶ Fire and Police Pensions (\$-21.83M)
 - ▶ Workers Compensation Benefits (\$-18.30M)
 - ▶ Health, Dental, and Other Benefits (\$3.61M)
 - ▶ Debt Service (\$-2.24M)
 - ▶ Unappropriated Balance (\$13.09M)
 - ▶ New Facilities (\$0.77M)
 - ▶ City Elections (\$-1.53M)
 - ▶ Capital Investment Expenditure Program (Streets and Sidewalks) (\$-9.10M)

- **Efficiencies/Reductions Included in the 2016-17 Proposed Budget (\$-18.91M)**
 - ▶ Aging - One-Time Salary Reduction (\$-0.01M)
 - ▶ Aging - Salary Savings Rate Adjustment (\$-0.01M)
 - ▶ Animal Services - Expense Account Adjustment (\$-0.29M)
 - ▶ Animal Services - Salary Savings Rate Adjustment (\$-0.22M)
 - ▶ Building and Safety - Salary Savings Rate Adjustment (\$-0.13M)
 - ▶ CAO - One-Time Salary Reduction (\$-0.13M)
 - ▶ CAO - Salary Savings Rate Adjustment (\$-0.13M)
 - ▶ City Attorney - One-Time Salary Reduction (\$-0.57M)
 - ▶ City Clerk - Salary Savings Rate Adjustment (\$-0.08M)
 - ▶ Controller - Expense Account Reduction (\$-0.20M)
 - ▶ Controller - One-Time Salary Reduction (\$-0.28M)
 - ▶ Controller - Salary Savings Rate Adjustment (\$-0.17M)
 - ▶ Disability - Expense Account Reduction (\$-0.04M)
 - ▶ EWDD - Deletion of Vacant Positions (\$-0.01M)
 - ▶ Finance - Deletion of Vacant Positions (\$-0.57M)
 - ▶ Finance - One-Time Salary Reduction (\$-0.40M)
 - ▶ Fire - One-Time Salary Reduction (\$-2.30M)
 - ▶ Fire - Salary and Expense Account Reduction (\$-0.51M)
 - ▶ General Services - Alternative Fuel Reduction (\$-0.10M)
 - ▶ General Services - Citywide Leasing Account (\$-0.79M)
 - ▶ General Services - Reduction to Citywide Petroleum Account (\$-4.00M)
 - ▶ General Services - Salary Savings Rate Adjustment (\$-0.64M)

- ▶ ITA - Communication Services Reduction (\$-1.94M)
- ▶ Personnel - Expense Account Reductions (\$-0.40M)
- ▶ Personnel - Salary Savings Rate Adjustment (\$-0.40M)
- ▶ Police - Expense Account Reductions (\$-0.05M)
- ▶ PW/Board - Expense Account Reductions (\$-0.02M)
- ▶ PW/Board - One-Time Salary Reduction (\$-0.40M)
- ▶ PW/Board - Salary Savings Rate Adjustment (\$-0.04M)
- ▶ PW/Contract Administration - Expense Account Reductions (\$-0.14M)
- ▶ PW/Contract Administration - Salary Savings Rate Adjustment (\$-0.30M)
- ▶ PW/Engineering - Expense Account Reductions (\$-0.60M)
- ▶ PW/Engineering - Salary Savings Rate Adjustment (\$-0.29M)
- ▶ PW/Sanitation - Expense Account Reduction (\$-0.47M)
- ▶ PW/Street Services - Expense Account Reduction (\$-0.21M)
- ▶ PW/Street Services - Salary Savings Rate Adjustment (\$-0.02M)
- ▶ Transportation - Expense Account Reduction (\$-1.01M)
- ▶ Transportation - One-Time Salary Reductions (\$-0.70M)
- ▶ Transportation - Salary Savings Rate Adjustment (\$-0.34M)

- **Increased Services in the 2016-17 Proposed Budget (\$49.53M)**
 - ▶ Aging - Senior Community Service Employment Program (\$0.45M)
 - ▶ Animal Services - Homeless Services Support (\$0.03M)
 - ▶ Building and Safety - Administrative Support and Overtime Adjustment (\$0.31M)
 - ▶ Building and Safety - Financial Services Unit (\$0.02M)
 - ▶ City Attorney - Citywide Nuisance Abatement Program (\$0.18M)
 - ▶ City Attorney - Claims and Risk Management Division Support (\$0.03M)
 - ▶ City Attorney - Employment Litigation Division (\$0.14M)
 - ▶ City Attorney - General Litigation Division (\$0.12M)
 - ▶ City Attorney - Neighborhood Prosecutor Program (\$0.06M)
 - ▶ City Attorney - Police Litigation Division (\$0.06M)
 - ▶ City Attorney - Workers' Compensation Division (\$0.06M)
 - ▶ City Clerk - Neighborhood Council Online Funding Program Platform (\$0.01M)
 - ▶ Controller - Citywide Payroll Administration Expenses (\$0.09M)
 - ▶ Controller - Payroll System Support (\$0.05M)
 - ▶ Disability - Administrative Support (\$0.03M)
 - ▶ Disability - Small Business ADA Consultation Program (\$0.00M)
 - ▶ Finance - Accounting Support (\$0.10M)
 - ▶ Finance - LATAX Support (\$0.10M)
 - ▶ Finance - Revenue Management Support (\$0.03M)
 - ▶ Fire - Certified Unified Program Agency (CUPA) (\$0.05M)
 - ▶ Fire - Consulting Services (\$0.80M)
 - ▶ Fire - Project Manager for Communications Technology Projects (\$0.08M)
 - ▶ Fire - Software Integration of Training Records (\$0.05M)
 - ▶ GCP - Homeless Shelter Program, Count, and Vouchers (\$28.32M)
 - ▶ General Services - Administrative and Quality Assurance Services for Library (\$0.11M)
 - ▶ General Services - Asset Management System (\$2.40M)

- ▶ General Services - Energy and Water Conservation Program (\$0.14M)
- ▶ General Services - Increased Maintenance for Alternative Fuel Repair Shops (\$0.22M)
- ▶ General Services - Infrastructure for Body Worn Video Cameras (\$1.03M)
- ▶ General Services - Jet A-1 Fuel Site Inspection and Maintenance Program (\$0.05M)
- ▶ General Services - Load Bank Testing for Emergency Generators (\$0.20M)
- ▶ General Services - Water and Electricity Billing and Usage Monitoring (\$0.08M)
- ▶ General Services - Workplace Safety Program (\$0.04M)
- ▶ ITA - ADA/Section 508 Compliant Websites (\$0.13M)
- ▶ ITA - Avionics Maintenance (\$0.10M)
- ▶ ITA - City Network (\$0.43M)
- ▶ ITA - Critical Incident Response and Managed Security Service (\$0.23M)
- ▶ ITA - Network Bandwidth for City Cloud Infrastructure (\$0.10M)
- ▶ ITA - Payroll System Project Support (\$0.45M)
- ▶ ITA - Staffing for the Integrated Security Operations Center (\$0.06M)
- ▶ Other Special Purpose Fund - Innovation Fund (\$0.20M)
- ▶ Personnel - Expansion of Alternative Dispute Resolution Program (\$0.05M)
- ▶ Personnel - Expansion of Safety Program (\$0.09M)
- ▶ Personnel - Public Safety Advertising for Police Officer Recruitment (\$0.12M)
- ▶ Personnel - Strategic Workforce Development Task Force (\$0.95M)
- ▶ Planning - California Environmental Quality Act Thresholds (\$0.50M)
- ▶ Planning - Comprehensive Community Plan Program (\$1.48M)
- ▶ Planning - Systems Expense and Equipment Account Adjustment (\$0.07M)
- ▶ Police - Mobile and Supporting Infrastructure Technology (\$0.52M)
- ▶ Police - Redeploy Officers from Detention to Field Assignments (\$1.47M)
- ▶ Police - Replace Smog Check Machines (\$0.10M)
- ▶ PW/Board - Public Works Trust Fund Nexus Study (\$0.05M)
- ▶ PW/Contract Administration - Mobile Devices for Inspection (\$0.08M)
- ▶ PW/Contract Administration - Office of Wage Standards Support (\$2.40M)
- ▶ PW/Contract Administration - Proposition O Program (\$0.12M)
- ▶ PW/Contract Administration - Services to the DWP (\$0.66M)
- ▶ PW/Engineering - Above Ground Facilities Support (\$0.06M)
- ▶ PW/Engineering - Engineering Database Enhancement (\$0.09M)
- ▶ PW/Engineering - Tree Removal CEQA Review (\$0.06M)
- ▶ PW/Sanitation - Clean Streets Los Angeles - Fourth Strike Team (\$1.61M)
- ▶ PW/Sanitation - Trash Receptacle Program Expansion (\$0.49M)
- ▶ PW/Street Services - Sustainability Officer (\$0.10M)
- ▶ Transportation - Accelerated ExpressPark (\$0.13M)
- ▶ Transportation - Budget and Administration Support (\$0.04M)
- ▶ Transportation - DWP Water Trunk Line Program - Construction (\$0.08M)
- ▶ Transportation - DWP Water Trunk Line Program - Traffic Signals (\$0.54M)
- ▶ Transportation - Radio System Consoles (\$0.48M)
- ▶ Transportation - Various Professional Contractual Services Support (\$0.07M)

- **New Services/New Facility Expenses in the 2016-17 Proposed Budget (\$25.39M)**
 - ▶ Animal Services - EIR - Trap/Neuter/Return Program (\$0.50M)
 - ▶ CAO - Citywide Homelessness Initiative (\$0.12M)
 - ▶ City Attorney - Office of Wage Standards Support (\$0.26M)
 - ▶ Disability - ADA/Section 508 Compliant Documents (\$0.04M)
 - ▶ GCP - Estelle Van Meter Mini Multipurpose Senior Center (\$0.45M)
 - ▶ GCP - Gang Injunction Curfew Settlement Agreement (\$7.50M)
 - ▶ GCP - Homelessness Support (\$0.30M)
 - ▶ GCP - LA RISE (\$2.00M)
 - ▶ General Services - Credit Card Chip Readers for Parking Lots (\$0.07M)
 - ▶ General Services - Lease of Electric Vehicles (\$0.03M)
 - ▶ Housing - Seismic Retrofit Cost Recovery Program (\$0.15M)
 - ▶ Housing - Seismic Retrofit Program Appeal Hearings (\$0.08M)
 - ▶ Housing - Seismic Retrofit Tenant Habitability Reviews (\$0.10M)
 - ▶ ITA - FMS Managed Application Support (\$1.00M)
 - ▶ ITA - Payroll and Human Resources Systems Requirements Study (\$0.51M)
 - ▶ Other Special Purpose Fund - Metropolis Hotel Project Trust Fund (\$1.34M)
 - ▶ Other Special Purpose Fund - Sewer Construction and Maintenance Fund (\$8.58M)
 - ▶ Other Special Purpose Fund - Village at Westfield Topanga Trust Fund (\$2.18M)
 - ▶ PW/Engineering - Electric Vehicle and Solar Power Engineering (\$0.07M)
 - ▶ PW/Engineering - FUSE Fellow Program (\$0.07M)
 - ▶ Transportation - Citywide Local Return (\$0.06M)

TOTAL BUDGET BALANCING ACTIONS \$89.90M

SIGNIFICANT ISSUES

2016-17 AND FUTURE YEARS

Six years ago, the City faced a \$492.0M budget deficit for 2010-11 while the City's economy was still suffering the effects of the Great Recession. This deficit, along with subsequent deficits in the years that followed, were addressed by the City Council and Mayor through difficult choices while preserving public safety and basic public services. As a result of decisions made over the ensuing years, Council and Mayor reduced the structural deficit by over 80 percent and improved the City's overall financial condition such that in 2016-17, the City's Proposed Reserve Fund and Budget Stabilization Fund would be at their highest levels in history. In spite of these improvements, demands for public services continue to rise while the City's budgetary situation is challenged by other financial pressures related to City revenues and underfunded needs.

Liability claims in the City, for example, have skyrocketed over the past few years and 2015-16 legal payouts are projected to be more than double the 2015-16 Adopted Budget allocation of \$54M. Employee health benefit and pension costs continue to rise, despite concerted efforts by the City and our labor partners to control costs through modifications to the City's pension plans, employee contributions to health benefits and reductions in various expenditures. Much of the City's infrastructure, such as roads and sidewalks, is in need of significant repair and improvements that will require investment of tens of millions of dollars each year. Basic services for seniors, youths, the disabled, and other vulnerable populations that were reduced in past years due to cuts in federal block grant funding and have received additional funding in recent years through Council action are still in need of further restoration.

In February of this year, the City Council and Mayor endorsed a comprehensive set of policies, programs, and principles in an effort to address a pressing human concern in the City: homelessness. The adopted plan includes multiple strategies and programs that, when funded, will ensure a coordinated approach to serving the needs of the homeless and work toward a goal of reducing homelessness in the City of Los Angeles to functional zero. The Mayor's 2016-17 Proposed Budget begins that financial commitment by recommending a variety of potential funding sources, some of which may require further study before proceeding. Complicating the financial challenge of identifying adequate resources for short-term and long-term solutions to homelessness is City's changing revenue climate and the continued demand for resources to fund other high priority public services.

Last year, the City's structural deficit was projected to be eliminated by 2018-19. Changes in revenue assumptions and new budgetary demands have modified those projections such that the structural deficit will not be eliminated until after 2021-22. These revised projections may need to be further modified if budgetary assumptions are not met, due to higher than anticipated salary, pension or healthcare costs from current labor negotiations, a slowdown in the economic climate,

SIGNIFICANT ISSUES

pending legal challenges to City revenue sources, and any discretionary actions that may take place in the future that affect revenue. It is clear that the City should remain on the same prudent financial course that has allowed policymakers to weather past financial challenges while increasing budget reserves, funding Council and Mayoral priorities, and minimizing the impact of cuts to public services.

The Mayor's 2016-17 Proposed Budget allocates funding to many high priority programs and services including police and firefighter hiring, pavement and sidewalk repair, improvements to the City's technology systems and communications infrastructure, and support for ongoing programs and services to improve customer service online and at the public counter. The Proposed Budget also continues the City's commitment to domestic violence prevention, services for seniors, programs focused on youth development, gang prevention and intervention, and programs to improve the quality of life in the City, such as the Clean Streets program and Citywide Nuisance Abatement.

Major initiatives addressed in the 2016-17 Proposed Budget include:

- ▶ Initial funding to implement the Comprehensive Homelessness Strategy (\$138M)
- ▶ First of a multi-year investment in Sidewalk Repair (\$31M)
- ▶ Continued funding of programs and services for the disabled (including sidewalks, bus pads, Section 508-compliant electronic access to online services, etc.)
- ▶ Maintaining the balances in the Budget Stabilization Fund (\$92.4M), and increasing the Reserve Fund (\$322.3M).
- ▶ Investing in the expedited update of the City's 35 Community Plans.
- ▶ Fully staffing a new Office of Wage Standards to enforce the City's minimum wage and wage theft prevention unit.
- ▶ Launching the City's Vision Zero Initiative to improve the safety of City streets and intersections.

As the City searches for a reliable and sufficient source of funding to fully implement the City's Comprehensive Homeless Strategy without detracting from other public services, existing revenue sources should be validated and monitored closely to ensure revenue projections will be met. Additional concerns are to-be-achieved revenue that may not materialize; the possible cost of expiring labor agreements and liability claims; and the potential of an adverse court ruling in the DWP Power Revenue transfer litigation and the legal matter involving the Independent Living Center of Southern California v. City. Despite these concerns, the City Council and Mayor have shown in the past that prudent and measured policymaking backed by a healthy financial reserve will allow the City to continue to fulfill its policy priorities.

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POLICY CONSIDERATIONS

- Compliance with Financial Policies:** In the CAO's Supporting Information for the Budget and Finance Committee, the CAO reports on the compliance of the 2016-17 Proposed Budget with the following areas of the City's Financial Policies:

City Financial Policies		Mayor's Proposed Budget
Reserve Fund	The Reserve Fund shall be 5% of the General Fund Budget.	Proposes a Reserve Fund of \$322M which equates to a Reserve Fund rate of 5.80% of General Fund revenues, as compared to a 5.79% rate for the 2015-16 Adopted Budget. (See discussion on the Reserve Fund).
Capital & Infrastructure	To the extent possible, the City shall annually budget 1% of General Fund revenue to fund capital or infrastructure improvements.	Provides 1.60% of General Fund revenue for capital and infrastructure projects (\$88.92M), which exceeds the 1% investment threshold by \$33.3M.
One-Time Revenue	To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures.	A total of \$117.7M in one-time revenue is programmed in 2016-17, including a \$35.2M transfer from the Reserve Fund, \$63.6M from a sales tax bonus related to the Triple Flip, and a portion of the Special Parking Revenue Fund transfer to the General Fund (\$4.6M of the \$28.1M transfer). According to the CAO Supporting Documents, one-time expenditures totaling \$120.6M are included in the 2016-17 Proposed Budget. As such, there are no excess one-time financial resources budgeted for ongoing expenditures in this year's budget.

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<p>Pension and Retirement Funding</p>	<p>When the required contribution rate falls significantly below the normal cost rate, the City will set aside the incremental rate amount for one-time expenditures only.</p>	<p>A credit has not been earned; therefore funding is not set aside in accordance with this policy.</p>
<p>Budget Stabilization Policy</p>	<p>This fund is intended to prevent overspending during prosperous years and provide resources to help maintain service levels during lean years.</p>	<p>A total of \$92.4M is included in the 2016-17 Proposed Budget for the Budget Stabilization Fund. Ordinance No. 182928 requires a deposit into the BSF in years when seven General Fund Tax revenues have a combined growth rate above 3.4 percent. According to the Mayor's Proposed Budget, the combined growth rate for 2016-17 is projected to be 3.4 percent, which would not trigger a requirement for a deposit into the Fund for 2016-17.</p>
<p>Debt Policy</p>	<p>This Policy guides the use of General Fund revenue to pay debt service. Debt should be used to finance essential capital assets with a useful life of six years or more. City operations, maintenance, or capital equipment should be funded with pay-as-you-go financing.</p> <p>The ratio of total debt service payments (including voter approved debt) shall not exceed 15% of General Fund revenues, and the ratio for non-voter approved debt, alone, shall not exceed 6 %.</p>	<p>The 2016-17 Proposed Budget complies with this Policy, inasmuch as proposed debt will result in a total debt ratio of 6.40% (as compared to 6.98% for 2015-16) and a non-voter approved debt ratio of 4.20% (as compared to 4.46% for 2015-16). Both of these debt ratios are within the debt ceilings established by the City's Debt Policy. Note that the 2016-17 Proposed MICLA program of \$254M is significant, compared to issuances in the last decade ranging from \$29M to \$170M.</p> <p>These calculations do not include obligations created by payment plans or other long-term equipment leases that create an obligation to the General Fund, such as the proposed 4-year zero-interest purchase arrangement for police vehicles and a 7 year payment plan for LAPD/LAFD radios.</p>

April 26, 2016

OFFICE OF THE CHIEF LEGISLATIVE ANALYST

SIGNIFICANT ISSUES

- **One Time Revenue/Expenditure:** The Supporting Information to the Budget and Finance Committee describes \$117.7M in one-time revenue and \$120.6M in one-time expenditures, complying with the City's Financial Policy. Past budgets have programmed one-time revenue sources to pay for ongoing expenses which has the potential of adding to a structural deficit. Statistically, over the past twelve fiscal years, on average, the Mayor's proposed budgets have identified \$109M in one-time revenues. Over this same time period, the Mayor's proposed budgets have programmed an average of \$90M in one-time expenditures. These expenditures do not include allocations for resolution authority positions.

Further details of the one-time revenues versus one-time expenditures are as follows:

- ▶ **One-Time Revenue** identified in the 2016-17 Proposed Budget includes: Triple Flip-Sales Tax Replacement Bonus (\$63.6M); Reserve Fund Transfer (\$35.2M); Special Parking Revenue Fund Transfer above Base Level Transfer (\$4.6M); and Various Licenses, Permit, Fees and Fines (\$14.4M).
 - ▶ **One-Time Expenditures** totaling \$120.6M include: Homelessness New/Expanded Services (\$41.3M); Various CIEP Municipal Facilities Projects (\$7.27M); Fire SCBA Face Pieces and Cylinders (\$3.9M); City Clerk Municipal Elections (\$14.8M) and Expanded Outreach (\$0.3M); General City Purposes Gang Injunction Curfew Settlement Agreement (\$7.5M); Sewer and Construction Maintenance Fund Reimbursement (\$8.6M); Police Replacement Vehicles (\$4.1M); Police Elysian Park Training Facility Expenses (\$0.8M); Great Streets utility relocation (\$0.1M); Electric Vehicle Charging Stations (\$1M); General Services Asset Management System Support (\$2.2M); General Services Infrastructure for Body Worn Video Cameras (\$1M); Information Technology Supply Management System Replacement Project (\$6.3M); and Fire Second Set of Turnouts (\$1M).
 - ▶ An additional \$12M is set aside in the Unappropriated Balance as a One-Time Expenditure for the Reserve for Mid-Year Adjustments. The Proposed Budget states that in addition to addressing unanticipated 2016-17 shortfalls, a portion of the funding within this line item may be used toward: Fire Station Alerting System; Seismic Retrofit Fee Waivers; Clean Streets within Council Districts 1,8, and 9; and Day Laborer Program.
- **Functional Transfers and Program Realignment:** The Proposed Budget transfers functions as follows:
 - ▶ Petroleum Administrator from the City Administrative Officer (CAO) to the Board of Public Works (one position).
 - ▶ FilmLA Contract Administrator from the Economic and Workforce Development Department to the Board of Public Works (one position).
 - ▶ Neighborhood Council Funding Program from the Department of Neighborhood Empowerment (DONE) to the City Clerk (nine positions) and joint administration of the Neighborhood Empowerment Trust Fund by DONE and the City Clerk.

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- ▶ Fire and Police Department Public Safety Dispatch Support from the Information Technology Agency to Fire (22 positions) and Police (20 positions).
- ▶ Recreation and Parks recreational program staffing from three Housing Authority of the City of Los Angeles sites (nine positions) to the City's Clean and Safe Spaces Parks Program and Citywide programming.

The Proposed Budget also includes various transfers and realignments within departments to reflect new organizational structures.

The Proposed Budget includes in Exhibit H instructions to the CAO to report on the feasibility of transferring the Commission on the Status of Women from the Housing and Community Investment Department to a more appropriate department and instructions to General Services, CAO and the City Clerk to report on future options for the use of Piper Technical Center Space currently occupied by the City Clerk's Election Division, given the future transition of the City's municipal election responsibilities to the County of Los Angeles.

- **Performance Budgeting:** On March 20, 2012, the Council requested the Mayor's Office to work with the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and the Office of the Controller to phase in a performance-based budget process starting with the Department of City Planning and the Bureau of Street Lighting for their 2012-13 Proposed Budget. The Council also directed all remaining City Departments and Bureaus to engage in strategic planning, including the establishment of measurable goals and performance metrics of those goals, for inclusion in the 2013-14 budget process. The CAO and CLA were further directed to report on the feasibility of activating the performance-based budgeting modules in the Financial Management System (FMS) within the next two years.

The 2016-17 Proposed Budget indicates that the budgeting system for this year is a modified program budget, incorporating elements of performance, line-item, program, functional, and zero-based budgeting. In addition, the Proposed Budget includes the following:

- ▶ **Performance-Budget Implementation:** The 2016-17 Proposed Budget provides contractual services funding (\$0.2M) to the Information Technology Agency for the Performance Budgeting Module and the Financial Management System (FMS).
- ▶ **Priority Outcomes:** The Proposed Budget identifies the following four Priority Outcomes that guided the Mayor's budgetary decision-making:
 - Make Los Angeles the best run big city in America.
 - Promote good jobs for Angelenos all across Los Angeles.
 - Create a more livable and sustainable city.
 - Ensure our communities are the safest in the nation.

The Priority Outcome, with which each departmental program most closely aligns, is listed in the program description, including metrics, where available, to measure goals. Metrics associated with each program are used to evaluate progress towards achieving priority

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- outcomes and to compare effectiveness between programs, as included in the Proposed Budget documents.
- **Community Based Development Organizations (CBDOs):** In 2015-16, the City Council added over \$8M to ensure funding of various CBDOs that once received Community Development Block Grant (CDBG) funding. The availability of CDBG funds for these programs continues to decline. The Mayor's Proposed Budget provides funding for a number of programs restored by the Council in 2015-16:
 - ▶ **Family Source Centers (non-profit managed)** - \$4.8M in General City Purposes (GCP) funds is provided to support five non-profit contracts that do not have CDBG funding, bringing the total number of fully-funded Family Source Centers to 16.
 - ▶ **Commission Support** - Increased funding of \$0.2M (for a total of \$0.6M) is included in the General City Purposes budget for the Commission for Community and Family Services, Commission on the Status of Women, and the Human Relations Commission.
 - ▶ **Domestic Violence Shelter Operations Support** - Additional funding of \$0.1M, previously funded with CDBG, is added to the Housing Community and Investment Department budget along with continued funding of \$1.1M to support Domestic Violence Shelter Operations.
 - ▶ **AIDS Coordination and HIV Prevention** - For the AIDS Coordination program, one position which was previously funded with CDBG, will be fully funded with General Funds (\$0.1M). HIV Prevention contracts have been provided an additional \$0.4M to offset the elimination of CDBG funding.
 - ▶ **Public Works Beautification and Anti-Graffiti Programs** - Graffiti Abatement (\$1.7M), Clean and Green Program (\$0.8M), and the LA River Corps Program (\$0.2M) that were CDBG-funded in previous years are all proposed for funding in 2016-17.

Other programs are not funded or have funding gaps in the 2016-17 Proposed Budget. These include City-Run Family Source Centers, Day Laborer program, Aging Services Delivery System and several youth or youth hiring programs.

Additionally, the Proposed Budget reflects reductions in the Community Development Trust Fund for the following departments: Aging, City Attorney, Disability, Economic Development Department, Housing, Community and Investment Department, and Personnel.

- **State Budget Impact:** The State budget as currently proposed does not significantly impact local governments. Strength in the economy has resulted in strong revenues that support the State budget. In addition, Constitutional protections prevent the State from taking most local revenues.

The Governor will release a revised budget in mid-May 2016. This is the document that will receive the greatest attention in Sacramento and has the potential to include additional matters that could affect local governments. It is anticipated that the State Budget will be

SIGNIFICANT ISSUES

adopted by June 15, 2016. City staff will monitor the May revise and report potential concerns that could affect the City budget at that time and as the Legislature conducts its review.

Significant new sources of funding may become available to local agencies as a result of proposals currently under consideration by the legislature. Bills are under consideration that would generate additional funds for affordable housing development and transit and transportation improvements. In addition, several bills are under consideration that would allocate cap-and-trade funds for a diverse array of uses. City staff will monitor this legislation and identify sources of funds that may be relevant to City purposes.

- **2024 Olympic Games:** City staff are working with LA24, the bid committee working to bring the 2024 Olympic and Paralympic Games to Los Angeles. At present, there is no expectation that the City will bear any General Fund costs associated with the bid or hosting the 2024 Olympic Games. The City will be hiring an independent financial consultant to evaluate the budget to be prepared by LA24 for the 2024 Olympic Games, but the Memorandum of Understanding between the City and LA24 provides that LA24 will reimburse the City for all costs associated with that consultant.
- **DWP Governance Reform:** Currently under consideration by the Rules, Elections, Intergovernmental Relations, and Neighborhoods Rules Committee (Rules Committee), is a Motion (Fuentes-Wesson-O'Farrell), introduced on January 22, 2016, which outlines a series of proposals to reform the governance structure of the Department of Water and Power (DWP) in an effort to allow for more efficient decision-making. The Motion requests the City Attorney to prepare amendments to the City Charter and Administrative Code for inclusion in a 2016 ballot measure. Pursuant to the request of the Rules Committee, the Offices of the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO) provided a report with various options that the Council may consider with regard to reforming DWP's governance structure.

While many of the options listed in the CAO/CLA report would not impact the City's General Fund, if Council oversight over certain matters is eliminated in a manner which does not provide special consideration for mitigating risks to the City, then the General Fund could be impacted over time. Particularly, a change to remove City Council oversight over rate setting, debt issuance, and salary setting could negatively impact the City's General Fund and/or credit rating. In addition, changes to the Power Revenue Transfer could have a substantial impact on the General Fund.

Exhibit H of the Proposed Budget contains an instruction to the City Administrative Officer to report on the key elements of DWP reform that can be implemented within the City's existing authority, including, but not limited to, increasing the number of DWP exempt staff and expanding the General Manager's procurement authority thresholds.

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REVENUES

- **Revenue Outlook:** We have reviewed the revenue estimates and believe that, while many of the projections included in the Proposed Budget are in line with general trends for ongoing revenue sources, some revenue sources could be at risk (\$5.8M from short-term rental agreement, \$47M from sale of surplus property, and \$20M from a yet-to-be-determined Housing Linkage Fee). The Proposed Budget estimates revenue growth for 2016-17 through 2020-21 based on historical average receipts, with some exceptions. Total General Fund receipts for 2016-17 are estimated to grow 4.4 percent above revised 2015-16 receipts, which includes \$117.7M from one-time sources, such as the sales tax replacement bonus, the Special Parking Revenue Fund, the Reserve Fund and various Licenses, Permits, Fees and Fines (primarily salvage of surplus helicopters and Stores Revolving Fund reversion). Growth from the economy-sensitive components is expected to be 7.2 percent for 2016-17.
- **DWP Power Revenue Transfer:** The transfer from the Power Revenue Fund is based on a percentage of prior-year gross operating power revenue, not to exceed net income. The 2016-17 rate remains at eight percent of the total operating revenue for the previous year, as established by the Board of Water and Power Commissioners. The amount included in the 2016-17 Proposed Budget is \$291M, which is \$16M more than the 2015-16 Adopted Budget amount of \$275M. Charter Amendment J requires the LADWP to submit its preliminary budget for the upcoming fiscal year to the City Council by March 31 to allow the Council to consider the impacts of the DWP budget on the City. This document was submitted to the Council on March 17, 2016. It should be noted that the DWP transfer has been recently subjected to legal challenge and will be an issue to be monitored during the next fiscal year.
- **Fees:** The following fee increase and new fee are recommended in the 2016-17 Proposed Budget:
 - ▶ **Bureau of Engineering:** Exhibit H includes an instruction requesting the City Attorney, with assistance from the Bureau of Engineering, to prepare and present ordinances to amend the Los Angeles Municipal Code and the Los Angeles Administrative Code to update and increase various fees and permits for special services provided by and collected by the Bureau of Engineering.
 - ▶ **Affordable Housing Linkage Fee:** The 2016-17 Proposed Budget assumes increased revenue (\$20M) to the Affordable Housing Trust Fund from the partial year implementation of an Affordable Housing Linkage Fee. This funding would be used for the development of accessible affordable and permanent supportive housing. Two resolution authorities are added without funding in the Housing and Community Investment Department to provide entitlement and construction permit facilitation services to streamline the approval process for affordable housing construction projects. Funding for the positions will be provided by an interim appropriation from the Affordable Housing Trust Fund, contingent on approval of the proposed Affordable Housing Linkage Fee and receipt of fee revenues.

SIGNIFICANT ISSUES

- **Property Based Revenue:** In 2016-17, property-related revenues will account for 32 percent of City General Fund revenue. The County Assessor has not provided assumptions for property tax growth and the Proposed Budget assumes a 6.5 percent growth in total assessed value for 2016-17. As the final quarter of 2015-16 property tax-sales tax replacement (triple-flip) remittances were delayed, a \$63.5M one-time increase to property tax receipts will be realized. Relative to the 2015-16 revised forecast of \$1.65B, the 2016-17 Proposed Budget projects that property tax revenues will increase by \$131.1M to \$1.79B, including the \$63.5M one-time amount. In future fiscal years, the Proposed Budget forecasts that property taxes will increase by 0.8 percent in 2017-18 to \$1.8B, then rise by four percent in each of the next three fiscal years to reach \$2B in 2020-21.

Community Redevelopment Agencies (CRA) were eliminated on October 1, 2011 with the enactment of AB 1x26. Their dissolution triggered the subsequent redistribution of former tax increment revenue to various taxing entities, including the City. The Proposed Budget notes that the City began receiving additional property tax payments (former tax increment) beginning in June 2012. Until 2013-14, the City also received one-time funds from the due diligence review of former CRA funds. The Proposed Budget anticipates that the City will receive \$54.6M in former CRA revenues in 2016-17.

- **Documentary Transfer Tax:** The documentary transfer tax is one of the most volatile of the City's General Fund Revenue sources. Changes from year to year in documentary transfer tax revenue can be magnified when home prices and sales volume move together. Projections in the 2016-17 Proposed Budget anticipate stable revenue due to moderate growth in sales and prices. Tax revenue from the Documentary Transfer Tax is generated when real property is sold or when a controlling interest in a legal entity that owns real property in the City is transferred. It is assessed at the time of sale or transfer, at a rate of \$2.25 per \$500 of value. Documentary Transfer Tax revenues reached a peak of \$217M in 2005-06, but dropped to \$84M by 2008-09. In 2016-17, Documentary Transfer Tax revenues are expected to grow by 4.3 percent relative to the 2015-16 revised forecast, from \$192M to \$200.2M, and are projected to grow by an average of 6.4 percent in each of the next four fiscal years, increasing to \$255.6M by 2020-21.
- **Transient Occupancy Tax:** The Transient Occupancy Tax (TOT) is levied on rent of hotel or motel rooms and is collected by the operator and remitted to the City monthly. Fiscal Year 2014-15 revenue reflected the loss of one-time tax amnesty revenue and 2015-16 assumed an additional \$5M from an unrealized tax collection and remittance agreement with short-term rental websites, such as Airbnb, which has not yet been finalized. Current year receipts are ahead of plan and will more than offset these losses. The Proposed Budget assumes seven percent growth in TOT for a total anticipated revenue of \$246.6M in 2016-17. This amount includes an anticipated \$5.8M TOT Negotiated Collection from yet-to-be executed tax collection agreements between the City and short-term rental websites. The TOT Negotiated Collection is expected to increase 4.7 percent over the next four fiscal years to \$6.9M in 2020-21. Transient Occupancy Tax revenues are projected

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to grow to \$289M by 2020-21. TOT total revenues should continue to be monitored along with all other revenue sources.

- **Sales Tax:** The Proposed Budget estimates sales tax revenue for 2016-17 will total \$520M. For comparison, the 2015-16 Adopted Budget anticipated \$426.1M, and estimates were subsequently revised downward to \$416.4M due to the impact of declining retail sales. The Proposed Budget notes, however, that approximately \$91M of the \$103.6M increase is due to a restoration of the City's normal sales tax receipts resulting from the end of the State's "triple flip." In addition, the City's sales tax base is projected to increase by \$12.6M (three percent increase in 2016-17) which is considered average growth. The sales tax base is projected to increase by 2% in 2017-18 and future years.
- **Business Tax:** Business tax reform to date includes a 15 percent tax rate reduction, a small business exemption, a start-up incentive, a bad debt deduction, entertainment industry tax relief, tax simplification through consolidation of business tax classes, internet tax relief, a film production tax credit, the mutual fund exemption, and exemptions for new car dealerships. The 2014-15 Adopted Budget also included a phased in reduction to the highest business tax rate beginning on January 1, 2016, which was subsequently enacted by Ordinance No. 183419. For 2016-17, the Proposed Budget reflects a 2.2 percent growth on base revenues offset by a \$13.5M reduction in revenue for the 2017 tax period as the second year of the three-year phased in reduction to the highest business tax rate. The 2016-17 Proposed Budget anticipates net business tax revenues of \$502M, a 0.7 percent decrease from the 2015-16 estimated year-end total of \$505M.

The projections in Proposed Budget for 2017-18 reflect implementation of the remaining tax rate reductions included in Ordinance No. 183419 offset by 2.4% growth. Including the impact of the adopted rate reductions, forecasts in the Proposed Budget estimate that base business tax revenue will decrease from \$502.3M in 2016-17 to \$498.6M in 2017-18, then increasing for growth in 2018-19 and beyond.

SIGNIFICANT ISSUES

MAJOR FUNDS

- Reserve Fund:** The 2016-17 Proposed Budget anticipates a \$322.3M Reserve Fund, consisting of a \$152.9M Emergency Reserve and a \$169.4M Contingency Reserve. This equates to 5.80 percent of total General Fund revenues of \$5.56B. The 2015-16 Adopted Budget Reserve Fund was \$313.4M, which equated to 5.8 percent of General Fund revenues at that time.

Charter Amendment P, approved by the voters in March 2011, requires the establishment of an Emergency Reserve Account that contains no less than 2.75 percent of General Fund receipts and a separate Contingency Reserve Account in the Reserve Fund. Expenditures from the Reserve Account are limited by Charter Amendment P. Funding in the Contingency Reserve may be used to cover shortfalls in City revenue or pay for unexpected expenses.

In addition, the City of Los Angeles enacted a Reserve Fund Policy in 2005 that provides for a phase-in of increasingly larger percentages of the General Fund to be deposited into the Reserve Fund. The goal specified in this Policy is a Reserve Fund of five percent of General Fund revenues within ten years. This goal was achieved in each of the past three fiscal years and the Mayor's Proposed Budget for 2016-17 continues to meet that goal.

The following chart illustrates the state of the Reserve Fund on July 1 for the past five years:

	Actual	Actual	Actual	Actual	Proposed
	2012-13	2013-14	2014-15	2015-16	2016-17
Contingency Reserve	\$108.0M	\$192.9M	\$241.7M	\$293.8M	\$169.4M
Emergency Reserve	<u>\$125.1M</u>	<u>\$133.8M</u>	<u>\$141.3M</u>	<u>\$148.8M</u>	<u>\$152.9M</u>
Total on July 1 of FY	\$233.1M	\$326.7M	\$383.0M	\$442.6M	\$322.3M
% of General Fund	5.12%	6.71%	7.45%	8.18%	5.80%
Amount Transferred to Balance the Budget	\$0M	\$0M	\$117.5M	\$60.3M	\$35.2M

The Emergency Reserve Account in the 2016-17 Proposed Budget is \$152.9M, which equates to 2.75 percent of General Fund revenues and, therefore, complies with the requirements of Charter Amendment P.

The Proposed 2016-17 Budget relies on a Reserve Fund transfer. The proposed transfer is \$35.2M. Any transfers from the Reserve Fund are considered a one-time revenue source. Last year's 2015-16 Adopted Budget included an \$60.3M Reserve Fund transfer.

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The Proposed Budget also includes \$92.4M in the Budget Stabilization Fund (BSF), as discussed below in more detail. When this is added to the Reserve Fund, the 2016-17 Budget contains total reserves of \$414.6M or 7.46 percent of the General Fund. Additionally, a total of \$12M in funding is set aside in the Unappropriated Balance as reserves for expenditures that may be needed later in the fiscal year.

- **Budget Stabilization Fund:** A Budget Stabilization Fund (BSF) was created as part of the 2009-10 Adopted Budget to help reduce the impact on services during years of slow revenue growth or declining revenue. An initial deposit of \$0.5M was made to the BSF in 2009-10. The 2014-15 Adopted Budget increased the balance in the BSF to \$62.1M. In April 2014, the City enacted Ordinance No. 182928 which established the requirements for deposits into and withdrawals from the BSF, consistent with the provisions of the Charter Amendment P, as approved by the voters in March 2011. One of those requirements states that a deposit must be made into the BSF in any year when the combined growth rate of the seven major revenue categories exceeds 3.4 percent. In 2016-17, the Mayor's Proposed Budget estimates that the combined growth rate will be 3.4 percent, which does not trigger the deposit requirement. The BSF fund balance for 2016-17 will remain at \$92.4M, which is the highest to date.

- **Affordable Housing Trust Fund:** Established in 2000, the City's Affordable Housing Trust Fund (AHTF) finances the acquisition, rehabilitation and construction of affordable housing throughout the City. In the 2015-16 Consolidated Plan, a total of \$30.8M in HOME and CDBG funds was provided for the AHTF Program Delivery. In 2015-16, a \$28.3M allocation was made. The 2016-17 Proposed Budget appropriates \$78.2M in Special Purpose Funds to the AHTF, \$47M of which are anticipated proceeds from the proposed sale and/or the conveyance value of surplus properties during 2016-17 and a total of \$20M from a proposed Affordable Housing Linkage Fee. These funds are intended to be used in support of the City's Homeless Strategy.

The AHTF has historically been funded with various sources, including the Consolidated Plan's allocation of HOME and CDBG funds, redevelopment funds and other state and federal resources. In 2008, the AHTF was funded at approximately \$108M. Due to the 2012 elimination of redevelopment agencies, the AHTF lost approximately \$50M in annual tax increment, while state and federal sources significantly diminished. The AHTF did not receive General Fund until 2013, when a one-time \$16M General Fund allocation was made for permanent supportive housing projects to serve the chronically homeless. Additionally, in 2015-16, a \$5M General Fund allocation was made to the AHTF, with an additional \$5.0M anticipated to be from a negotiated payment of TOT revenue from Airbnb and other short-term rental sites.

- **Building and Safety Building Permit Enterprise Fund:** The Proposed Budget includes anticipated total revenues in 2016-17 of \$263.7M. Appropriations for 2016-17 include: \$18.5M for a Reserve for Compensated Time Off - Prior Years; a \$27.7M Reserve for

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Future Costs; a \$8M Reserve for Revenue Fluctuations; and a \$3.6M Reserve for Unanticipated Costs.

- **Capital Finance Administration Fund:** The Capital Finance Administration Fund includes \$230.1M for the debt service cost for outstanding issuances to date. This amount is \$5.5M (2.31%) less than 2015-16. The proposed amount reflects no lease payments for the Los Angeles Convention and Exhibition Center and Motorola Lease Radios because final lease payments were made in 2015-16. The Proposed Budget reflects a new \$110M commercial paper program established in 2015 to finance capital improvements for the Los Angeles Convention Center; a direct placement of \$26.4M to refinance existing Bureau of Street Lighting outstanding loans and to finance other improvements to the City's street light system; and an increase in debt service (\$2M) to reflect a proposed increase in the MICLA Commercial Paper Program from \$335M to \$395M.
- **City Ethics Commission - Matching Campaign Funds Trust Fund:** The Proposed Budget provides an appropriation of \$3.3M in the City Ethics Commission Public Campaign Matching Fund. This amount is a \$0.003M (0.1 percent) increase from 2015-16. The proposed 2016-17 appropriation, combined with the projected cash balance from 2015-16, would provide a total Fund balance of \$14.4M, as required by Charter Section 471(c)(1). The Charter requires an annual appropriation of \$2M (1991 dollars) per fiscal year adjusted by the Consumer Price Index (CPI) (Los Angeles-Riverside-Orange County metropolitan area), unless special circumstances are met. As adjusted, the required amount for 2016-17 is \$3.3M.
- **Human Resources Benefits and Workers' Compensation Fund:** The Human Resources Benefits and Workers' Compensation Fund (HRB) provides for direct payments, exclusive of personnel and administrative costs, for various human resources benefits provided to City employees. The Proposed Budget increases the appropriation to the Human Resources Benefit programs to \$636.3M, a four percent increase from the 2015-16 Adopted Budget. The Proposed Budget includes variable assumptions with regard to healthcare costs, number of employees hired and costs associated with Workers' Compensation. Increased costs included in the Proposed Budget for the HRB Fund mostly result from anticipated health benefits rates in the Civilian FLEX Benefits (\$21.5M) and Police Health and Welfare Program (\$9.5M). Significant cost decreases to the HRB Fund result from an anticipated reduction in Workers' Compensation expenditures (\$-5M), and a \$3M reduction in Contractual Services for a Workers' Compensation contractor that is not utilized as frequently as in past years.
- **Innovation Fund:** In 2015-16, the Adopted Budget included \$0.9M in General City Purposes to establish the Innovation Fund. Revenue in this Fund is to be used for qualified innovative initiatives, proposals, competitions, and/or micro-projects that are selected for an award by the Innovation and Performance Commission based on award criteria that has been established by the Mayor and Council. This Fund is administered by the City

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- Administrative Officer. The Proposed Budget allocates \$1.1M to this Fund under Other Special Purpose Funds. Funds (\$0.1M) and resolution authority are continued for one position in the CAO's office to provide administrative support to the Commission.
- During 2015-16, the Council approved a total of \$0.7M in allocations for ten projects, as recommended by the City Administrative Officer, for ideas that have been reviewed and approved by the Innovation and Performance Commission. Any unallocated balance for the Innovation Fund will roll over to 2016-17. The Commission has two more meetings scheduled during 2015-16 and may identify additional items to be funded with the remaining approximate balance of \$0.5M.
- **Neighborhood Empowerment Fund:** The Neighborhood Empowerment Fund 2016-17 Proposed Budget is \$6.1M. Appropriations include \$2.4M for the Department of Neighborhood Empowerment, \$3.6M for the Neighborhood Council Funding Program and approximately \$0.2M for the Neighborhood Empowerment Future Year Account. Funding for the Neighborhood Council Funding Program decreased by approximately 12 percent due to the deletion of one-time supplemental appropriations made to Neighborhood Councils in 2015-16. The Proposed Budget anticipates a total of 96 Neighborhood Councils for 2016-17. Each Neighborhood Council is proposed to receive an annual allocation of \$37,000.
 - **Sewer Construction and Maintenance Fund:** The Sewer Construction and Maintenance (SCM) Fund provides funding for the Clean Water Program. Services include sewage conveyance and treatment, water reclamation, industrial sewage management, environmental monitoring and a capital program. The SCM Fund is operated and maintained by the Bureau of Sanitation, with funding provided through the Sewer Service Charge (SSC). The Proposed Budget reflects a 6.5 percent adjustment in the SSC on July 1, 2016. Funding for the SSC Low-Income Subsidy is \$2.4M and is the same level as the current year. The SCM's capital program includes funding for the following projects:
 - ▶ **Digester Gas Utilization Project (DGUP):** A total of \$37M is allocated for the DGUP to install a co-generation system at the Hyperion Treatment Plant in order to make the plant more self-sufficient and utilize sustainable energy. This project will be completed by January 2017;
 - ▶ **Electronic Wastewater Control System (EWCS):** \$19.3M is allocated in the SCM to replace the electronic wastewater control system at the four treatment plants and the collection system;
 - ▶ **Advanced Wastewater Purification Facility (AWPF):** \$22.9M is allocated to expand the AWPF at the Terminal Island Water Reclamation Plant, increasing recycled water production by seven million gallons per day and improving the disinfection process; and
 - ▶ **Funding** of \$55.0M is included for the construction of various collection system projects.

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The SCM Fund recognizes the first of four \$8.6M annual payments from the General Fund to reconcile the SCM Fund's overpayment of related costs to the Bureaus of Sanitation, Contract Administration and Engineering since 2011.

- **Solid Waste Resources Revenue Fund:** The Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (Solid Waste Fee) is imposed on all single-family dwellings in the City and upon multiple-unit dwellings for which the City provides refuse collection services. All receipts from the Solid Waste Fee are deposited into the Solid Waste Resources Revenue Fund (SWRRF) and are used for principal and interest payments, lease payments, direct acquisitions and associated expenses to acquire and repair sanitation equipment used in the collection and disposal of household refuse. The Solid Waste Fee was increased in September 2008 to achieve full cost recovery of the City's solid waste resources program. The Proposed Budget provides \$10M for capital expenses for the solids program. Funding needs will be evaluated and determined on a priority basis.
 - ▶ **Solid Waste Lifeline Program:** The Proposed Budget provides \$8.52M in General Funds to reimburse SWRRF for costs attributed to the Lifeline Rate Program. The ceiling for the number of subscribers in this program is 51,400.
 - ▶ **Clean Fuel Collection:** Funding of \$30M is provided for acquisition of compressed and liquefied natural gas collection trucks to achieve a 100 percent clean fuel refuse fleet. The current fleet of 789 trucks has 546 operating on clean fuel.
 - ▶ **Solid Waste Tip Fees:** The solid waste tip fees for residential collection are funded at the current level of \$58M through Special Purpose Fund Appropriations.
 - ▶ **Container Replacement Program (CRP):** Funding of \$13M is provided for cash financing for the annual replacement of approximately 215,000 worn, damaged and lost residential containers. The funding also supports technology improvements for the container asset management system.
 - ▶ **Rate Stabilization Reserve:** Funding of \$61M is provided for the Rate Stabilization Reserve to address unanticipated economic uncertainties. Also, funding of \$5M is provided for liability claims, which was previously allocated as a special purpose fund appropriation.

- **Stormwater Pollution Abatement Fund:** The Stormwater Pollution Abatement (SPA) imposes a fee on all properties in the City based on stormwater runoff and pollutant loading associated with property size and land use. The charge is collected by the Los Angeles County Assessor on the annual property tax bill and annual receipts are approximately \$28.4M. SPA funds are used to treat and abate stormwater per guidelines provided by the U.S. Environmental Protection Agency. The SPA charge has not been adjusted in more than 20 years. The Proposed Budget is \$55M, which is a \$15M increase from the 2015-16 Budget due to a carryover of prior year savings. Because of National Pollutant Discharge Elimination System (NPDES)/MS4 requirements, the City's operational costs will increase and the existing SPA charge of \$1.92 per month for a typical single family home is not

SIGNIFICANT ISSUES

enough to cover the incremental costs. The City is working on revenue alternatives to provide sufficient funding for projects. The Proposed Budget provides for non-capital expenses, which includes planning operational, monitoring for compliance (\$10.1M). The Proposed Budget also reflects the 2015-16 implementation of a new MS4 permit compliance inspection fee for commercial and industrial facilities which will increase 2016-17 revenues by \$2.3M.

- ▶ Proposition O: Voter approval of Proposition O authorized the issuance of \$500M in general obligation bonds to fund water quality improvement projects, although it does not provide funds for operation and maintenance. The total remaining bonds to be sold is \$60.5M. A dedicated revenue stream will be needed in future years to operate and maintain the facilities constructed with Proposition O funds.

- **Street Lighting Maintenance Assessment Fund (SLMAF):** In the 2014-15 Budget, this Fund was projected to have a deficit of \$6.3M beginning in 2015-16 and reach a deficit of \$13.4M in 2016-17 to maintain the existing capital program and current service levels. The 2016-17 Proposed Budget does not include a Five-Year Forecast for the Fund. The Proposed Budget provides \$66.2M to the SLMAF, allocating this amount across various departments and expenditures, including Reimbursement of General Fund Costs (\$9.4M). To address the possible need for an assessment increase, funding was provided in 2014-15 (\$1.2M) for the Bureau of Street Lighting to undertake work associated with reassessing the Los Angeles City Lighting Districts. No additional funding is included in the Proposed Budget for the continuation of this work. Additionally, funding was included in 2014-15 and 2015-16 for the High Voltage Interface Program. The Proposed Budget provides \$2.1M in 2016-17 to continue this program. Funding was included in 2015-16 (\$1.4M) for the Fire Hydrant Conflict Program, which was not continued in the Proposed Budget. The Proposed Budget includes funding (\$0.2M) for electrical vehicle infrastructure, (\$1.2M) fleet replacement, and (\$1M) tree trimming.

- **Proposition A:** The Proposed Budget provides a total appropriation of \$209M, including:
 - ▶ **Transit Services:** Funding (\$76M) is continued to maintain current levels; fuel contingency funding is now included as part of the operating contracts.
 - ▶ **Expansion/Enhancement of Transit Services:** \$10M is set aside pending a line-by-line analysis and assessment study.
 - ▶ **New TAP Equipment:** Funds are provided (\$0.5M) to purchase the necessary equipment to remove TAP from old buses and reinstall the devices on the City's expanded replacement transit bus fleet.
 - ▶ **Bikeshare Pilot Program:** A total of \$2.1M is provided for the operations and maintenance of the Program, which was established as part of the Regional Program implemented with Metro.

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- ▶ **Downtown Los Angeles Streetcar:** Funds are transferred from the Measure R Local Return Fund appropriation (\$0.6M) to support the ongoing project management needs.
 - ▶ **Transit Maintenance Facilities:** Funds are provided (\$15M) to support the purchase of four existing maintenance facilities that are currently leased from City contractors.
 - ▶ **Replacement Buses:** The Proposed Budget includes funds (\$3.8M) to replace nine Commuter Express buses that have reached the end of their useful life.
 - ▶ **Smart Technology:** Funds are provided (\$1.8M) to upgrade the existing 2G network on all DASH and Commuter Express buses to the 3G network.
 - ▶ **Matching Funds:** Funds are provided (\$13M) as part of the City's ongoing commitment to a three percent match for major Metro transit projects that will be constructed within the City limits.
 - ▶ **Transit Bus Security Services:** Funding is provided (\$1.4M) for LAPD to provide transit security on DASH buses. In prior years, this service was provided by the Los Angeles County Sheriff and funding was directly allocated by Metro. Due to a shift in responsibility from the County to the City, the funding allocation for these services will be provided by Metro and is recognized as a revenue receipt.
 - ▶ **Reserve for Future Transit Services:** Funding continues to be set aside to reduce the need for service reductions in future years. This funding is reduced from \$148.1M in 2015-16 to \$50.9M in the Proposed Budget.
- **Proposition C Transit Improvement Fund:** The Proposed Budget provides \$86M in total appropriations, including:
- ▶ **ATSAC Maintenance:** Funds (\$0.7M) are provided to support ongoing maintenance needs.
 - ▶ **Traffic Signal Supplies:** \$2M is provided to support the purchase of traffic signal supplies; additional funding is provided in the Measure R Local Return Fund.
 - ▶ **Open Streets (Ciclavía):** Funding (\$0.3M) is continued for open streets events.
 - ▶ **Departmental Appropriations:** Funding is continued for a variety of transportation work programs, including additional positions to support the Metro Purple Line Extension workload: Contract Administration (two additional positions, \$3.4M), Engineering (three additional positions, \$6.8M), Street Lighting (two additional positions, \$2.1M), Street Services (three additional positions, \$8.2M) and Department of Transportation (five additional positions, \$36.3M).
 - ▶ **LED Replacement Modules:** Funds (\$2.5M) are continued for the fourth year in the replacement cycle for traffic control lights and pedestrian crosswalks.
 - ▶ **General Fund Reimbursement:** An additional \$4.4M above the 2015-16 amount is provided for a total reimbursement of \$21.4M.
 - ▶ **Paint and Sign Maintenance:** In 2015-16 funds (\$1.5M) were provided to support the purchase of paint and sign equipment relative to striping and pavement markings. For 2016-17, funds are provided in the Measure R Local Return Fund.

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- ▶ **Pavement Preservation Overtime:** In 2015-16 funds (\$0.7M) were provided to support the overtime costs associated with striping, pavement marking and/or traffic loop replacements. For 2016-17, funds are provided in the Measure R Local Return Fund.
- **Measure R Local Traffic Relief and Rail Expansion Funds:** The Proposed Budget provides funds (\$23.7M) to the Bureau of Street Services to continue the City's Pavement Preservation Plan, including construction of 1,500 access ramps, the Great Streets Initiative, and implementation of Vision Zero safety improvements along the High Injury Network. Funding is also provided in the 2016-17 Proposed Budget for the following:
 - ▶ \$1.6M to General Services for materials testing support for the City's Pavement Preservation Program.
 - ▶ \$0.4M to the Bureau of Engineering for hiring hall and contract survey for the Great Streets Initiative and the review of design projects for Vision Zero. The reduced funding reflects a funding shift to the General Fund for 2016-17.
 - ▶ \$0.7M for Pavement Preservation Overtime and reflects a shift of partial funding from Proposition C to Measure R.
 - ▶ \$0.3M to the Bureau of Street Lighting for various street lighting projects for Vision Zero.
 - ▶ \$7.8M to the Department of Transportation for the Great Streets Initiative, Vision Zero, other Active Transportation Initiatives, and to support a new Safety Campaign.
 - ▶ \$0.4M to City Planning to support Great Streets projects, Vision Zero efforts, streetscape plans, and/or the new Community Partners program.
 - ▶ \$3M for ATSAC System Maintenance, including one-time funding for a study to plan for the replacement of the video transport network.
 - ▶ \$2.2M in continued funding for the City's bicycle program and pedestrian program, consistent with the policy of committing five percent of the estimated local return revenue to each program.
 - ▶ \$1M in continued funding for median island maintenance.
 - ▶ \$1.2M for purchase of traffic signal supplies and reflects a shift of partial funding from Proposition C to Measure R.
 - ▶ \$2.5M for increased for paint and sign maintenance to reflect a shift in funding from Proposition C Fund.
- **Special Parking Revenue Fund (SPRF):** The Proposed Budget provides for a transfer to the budget of \$28.1M, which is comprised of a base level of \$23.5M and \$4.6M in additional revenue from unencumbered prior year appropriations. Funding is decreased to \$4.4M for capital equipment purchases for a variety of continuing initiatives, such as electronic locks for parking meters, single-space meters and pay stations for new parking meter zones and off-street facilities. Funding is provided for expanding the ExpressPark Program to the Venice area on an accelerated timeline (\$0.2M); a pilot program to return parking meter revenue to communities for local parking projects and services (\$0.6M); parking studies in Silverlake, Venice, Echo Park, Leimert Park, Washington Boulevard, and Lankershim

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Boulevard (\$0.4M); and to create an electronic inventory of the City's parking assets (Code the Curb Project) (\$1.1M). Funds are continued for parking meter collection services (\$3M), contractual services (\$25M), and for parking administration services, including new positions for Accelerated ExpressPark and the Code the Curb projects (\$5M).

■ **Telecommunications Liquidated Damages and Los Franchise Fees Fund Telecommunications Development Account (TDA)**

The TDA is funded by cable television franchise fees and liquidated damages. The cable television franchise fee is a payment to the City for use of City streets and rights of way, and consists of five percent of gross revenue received by cable companies. Telecommunications franchise fees are divided between the TDA (40 percent) and the General Fund (60 percent). The TDA also receives one percent of franchise holders gross receipts for capital costs related to Public, Educational and Government (PEG) Access programming. TDA funding may be used for PEG Access programming and other telecommunications uses. Pursuant to a settlement of the Time Warner litigation (Council File 16-0022), a portion of PEG Access funds previously restricted to capital expenditures is now eligible to be used for PEG operational costs. A portion of the five percent franchise fee funding may also be transferred to the General Fund and used for other purposes.

For 2016-17, total available TDA funding will be \$30.9M, a \$4.4M decrease from 2015-16. Funds that are not appropriated are held in a reserve account. It is anticipated that \$1.3M in funds dedicated to PEG capital costs will be placed in the 2016-17 reserve account.

- ▶ **Transfer from TDA:** The Administrative Code provides that TDA funds (excluding the one percent restricted capital cost funding) may be transferred to the General Fund by majority vote of the Council and approval of the Mayor. In 2015-16, the Adopted Budget transferred \$5.2M. The 2016-17 Proposed Budget proposes no transfer from the TDA to the General Fund.
- ▶ **PEG Access Programming:** \$1.2M is provided for salaries and related expenses of employees supporting PEG Access functions.
- ▶ **Telecommunications Uses:** \$10.5M is provided for various telecommunications expenditures, including salaries and related expenses of employees supporting the 311 Call Center.
- ▶ **Unappropriated Balance:** In 2015-16, funds from the anticipated resolution of a cable franchise dispute were provided in the Unappropriated Balance for data network modernization (\$2.7M) and Channel 36 (\$0.1M). No funds were set aside in the Unappropriated Balance for 2016-17.
- ▶ **Grants to Third Parties (Citywide Access Channel):** A total of \$0.5M is provided for Channel 36 capital equipment items, which are funded by PEG capital cost franchise fees. This represents a 41 percent increase from 2015-16 and the same level of funding provided in 2014-15.
- ▶ **L.A. CityView Channel 35 Operations:** A total of \$0.9M is provided for contractual services for municipal programming, closed caption services, press room tapings, airing of Fire and Police Commission meetings, various operating supplies, and maintenance of equipment.

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- ▶ **PEG Access Capital Costs (Restricted):** Funding of \$11M is provided for various PEG access capital related expenditures, including capital equipment for Channel 35, closed captioning equipment, and equipment for the Channel 35 studio. The funding represents an increase of \$10.3M from 2015-16.
- ▶ **Reserve for PEG Access Capital Costs (Restricted):** Funds totaling \$1.3M that are not appropriated from the PEG capital cost franchise fees are held in reserve.

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EXPENDITURES

- Efficiencies and Reductions:** The Mayor's 2016-17 Proposed Budget includes \$18.9M in Efficiencies and Reductions. Most of the savings from Efficiencies and Reductions come from one-time reductions to departmental salary accounts, expense accounts, deletion of vacant positions, and upward adjustments to departmental salary savings rates. The Proposed Budget also reduces funding in the General Services Department for Alternative Fuel (\$-0.1M), the Citywide Leasing Account (\$-0.8M), the Citywide Petroleum Account (\$-4M), and Communications Services funding in the ITA (\$-1.9M).
- Potentially Underfunded Accounts:** There are several accounts that may not have sufficient funding based on current expenditure patterns, as indicated in the following chart:

Potentially Underfunded Accounts	2015-16 Adopted Budget	2015-16 Estimated Expenditures	2016-17 Proposed Budget	Comments
Fire Overtime	\$175M	\$177M	\$166M	It may be necessary to transfer sworn salaries to overtime accounts based on expenditure patterns
Fire Salaries-Sworn	\$355.6M	\$354.3	\$359.2M	Current contract expires June 2016.
Police Overtime	\$85M	\$95M	\$90M	May be sufficient if control measures are successfully implemented by the Department
Petroleum	\$46M	\$35M	\$41M	Should be sufficient if costs remain level
Outside Counsel Costs	\$2.5M	N/A	\$1M	May be insufficient and could require a transfer
Liability Claims	\$54M	\$110M	\$69M	May be insufficient based on anticipated 2016-17 activity

- Salary Accounts:** The Proposed Budget recognizes \$3.2M in General Fund savings through salary savings rate adjustments to reflect the anticipated level of attrition and vacancies for the following departments: one percent increases in the Salary Savings rates of Aging (\$-0.01M), Animal Services (\$-0.2M), Building and Safety (\$-0.1M), the City

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OFFICE OF THE CHIEF LEGISLATIVE ANALYST

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Administrative Officer (\$-0.1M), City Clerk (\$-0.1M), Controller (\$-0.2M), General Services (\$-0.6M), Neighborhood Empowerment (\$-0.02M), Personnel (\$-0.4M), Public Works Board (\$-0.04M), and Public Works Bureau of Engineering (\$-0.3M). Salary savings rates are also proposed for increase in Public Works Contract Administration (1.4 percent or \$-0.3M), Public Works Bureau of Street Services (0.1 percent or \$-0.02M), Transportation (0.5 percent or \$-0.3M), and Recreation and Parks (0.5 percent or \$-0.5M). The Proposed Budget also reduces the Information Technology Agency salary savings rate from its current level of two percent to 1.5 percent (\$-0.3M) and the Bureau of Sanitation salary savings rate from 5.6 percent to three percent (\$-2.4M).

One-Time Salary Reductions: The Proposed Budget includes a total General Fund savings of \$4.8M from one-time salary reductions for Aging (\$-0.01M), the City Administrative Officer (\$-0.1M); City Attorney (\$-0.6M), Controller (\$-0.3M), Finance (\$-0.4M), Fire Department (\$-2.3M), Public Works Board (\$-0.4M), and Transportation (\$-0.7M). These one-time budget reductions reflect savings generated by positions filled in-lieu, maintaining vacancies, and anticipated attrition.

- **Outside Counsel Expenditures:** The Proposed Budget provides \$1M in the Unappropriated Balance for City Attorney Outside Counsel contracts for both general litigation and Workers' Compensation, which is a reduction of \$1.5M in the amount set aside in the 2015-16 Adopted Budget. Funding is transferred to the City Attorney budget during the fiscal year as needed, subject to the approval of the Mayor and Council.
- **Liability Claims/Judgment Obligation Bonds:** A total appropriation of \$68.5M is proposed for Liability Claims in 2016-17, which is an increase of \$14.5M over the 2015-16 Adopted Budget but is \$41.5M less than the estimated expenditures for 2015-16 (\$110M).

The Proposed Budget allocates \$9M to pay debt service for Judgment Obligation Bonds issued to finance liabilities resulting from adverse decisions by the California courts in the Harper case (post-Rampart) (\$20.6M) and the May Day settlement (\$50.9M). This amount is the same as the allocation in the 2015-16 Adopted Budget.

The Proposed Budget also includes \$4.1M in funding for Attorney Conflict Panel cases managed by the City Administrative Officer, which is level to funding from 2015-16. In addition, a \$50M allocation set aside in the 2015-16 Unappropriated Balance will be reappropriated as a reserve for potential tax litigation liabilities.

- **Partially Funded/Unfunded Positions** - The Mayor's Proposed Budget includes a total of 468 partially funded and unfunded positions. A total of 401 positions have partial funding, while the remaining 67 are authorized without funding. Full year funding will be required to continue the partially funded and unfunded positions beginning in 2017-2018. Typically, new positions are provided nine-months funding because it is assumed that the positions cannot be filled immediately on July 1. The Proposed Budget includes numerous positions with funding for six months or less.

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- **Changes in Authorized Positions** - The 2016-17 Proposed Budget adds a net 471 positions, based on an increase of 503 regular positions and a decrease of 32 resolution positions compared to 2015-16 Adopted Budget. This includes 149 regular authorities added to the Department of Building and Safety, 95 regular sworn and civilian authorities added to the Fire Department, 43 regular positions added to Planning, 40 regular authorities for Police, and 85 regular authorities for Sanitation. Resolution authorities are typically provided for programs with a limited duration or to provide transition authority.
- **Deletion of Filled Positions** - The 2016-17 Proposed Budget recommends the deletion of ten filled positions: two in the Office of Finance (one Senior Management Analyst I and one Senior Management Analyst II); and eight in the Housing and Community Investment Department (one Senior Project Coordinator, four Project Coordinators, and three Senior Project Assistants). It is anticipated that these positions will be absorbed into other vacancies.

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FUNDING ACROSS DEPARTMENTS

- **Homelessness:** On February 9, 2016 the Council adopted the Comprehensive Homeless Strategy (CHS) which includes 64 strategies to address homelessness. Upon adoption of the CHS, the Council prioritized funding for 13 Strategies in 2015-16 and 14 in 2016-17. The priority strategies are listed in the January 27, 2016 Homelessness and Poverty Committee Report, Council File 15-1138-S1. At least \$1.85B is needed over the next ten years to ensure the housing needs are met for current homeless individuals and those entering homelessness. In addition, funding will also need to be identified to implement the CHS and provide services to homeless individuals.

The Mayor's 2016-17 Proposed Budget provides approximately \$138M for homeless housing and services for the homeless. This represents a \$120M increase in funding for homeless services and housing over 2015-16. Approximately \$71.2M of the \$138M will fund housing, services and department operations, including an increase in the total allocation to the Los Angeles Homeless Services Authority (LAHSA) from \$23M in 2015-16 to \$51M in 2016-17. Of the \$71.2M allocation, \$64.8M will be paid from the General Fund and the remainder (\$6.4M) will be paid from special funds in Animal Services, City Planning, EWDD, Library, and Recreation and Parks. The Proposed Budget characterizes \$41.3M of the General Fund allocation as "One-Time Expenditures," but many of the programs and services are ongoing and will likely require appropriations in future fiscal years.

Sources of funding for the General Fund allocation include Citywide savings totaling \$19M from department efficiencies and reductions, and \$7.8M in unspent 2015-16 appropriations, which includes unspent funding for Rapid Re-Housing (\$5M), technical improvements to the Coordinated Entry System (\$0.5M), and the Winter Shelter Program (\$0.1M).

In addition to the \$71M allocated to City departments and LAHSA for homeless services, the Proposed Budget recommends that a total of \$67M in funding from a new Housing Linkage Fee (\$20M) and the sale of surplus property (\$47M) be used by the HCID to develop affordable and permanent supportive housing.

Significant programs funded through the Mayor's Proposed 2016-17 Homeless Budget include the following:

- ▶ \$4.6M for LAHSA's operating Budget;
- ▶ \$15.2M for LAHSA's CES Crisis and Bridge Housing for Singles and Youth program to provide shelter and case management;
- ▶ \$13.2M for time-limited RRH for Singles and Youth to address acute housing needs for people with their own means of income (including a \$5M reappropriation of unspent 2015-16 funds);
- ▶ \$0.6M to fund Domestic Violence Shelters;
- ▶ \$0.9M to expand homeless services such as storage and hygiene needs at existing Access Centers;
- ▶ \$2.1M for the establishment of all-purpose homeless Navigation Centers;

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- ▶ \$4.5M to expand the Los Angeles Regional Initiative for Social Enterprise (LA RISE) job development program (\$2M from the General Fund with the remainder to be paid from grant funds);
- ▶ \$8.3M to support Public Right-of-Way Clean-Ups which includes \$4.5M to the Police Department; and
- ▶ \$1.5M to expand and improve Recreation and Parks Department public restrooms facilities.

The Mayor's Proposed Budget also includes funding for departmental programs not listed in the Homeless Budget that will impact homeless individuals including the following: the Los Angeles Fire Department's Nurse Practitioner's Unit, the Los Angeles Police Department's System-wide Mental Assessment Response Teams, and the Bureau of Sanitation's Clean Streets Los Angeles program.

- **Disabled Access:** In addition to personnel and resources allocated to the Department on Disability, the Proposed Budget provides funding for services and positions in other City departments to improve the disabled community's access to public information. Funding (\$0.1M) is added to the Information Technology Agency in the Contractual Services and Office and Administrative accounts to develop and maintain websites that comply with website accessibility standards, in compliance with ADA/Section 508. In addition, the Telecommunications Development Account (TDA) provides funding for L.A. City View Channel 35 Operations for Contractual Services for closed caption services.
- **Great Streets and Vision Zero Initiatives:** The Proposed Budget provides funding for the Great Streets and Vision Zero Initiatives to transform the City's roadway infrastructure to support multiple transportation modes and reduce traffic fatalities. The Great Streets Program was created through the Mayor's Executive Directive in October 2013 to focus on streetscape and roadway improvements in fifteen transportation corridors. The Great Streets Initiative activities transitioned from the Mayor's Office to the Department of Transportation in 2015-16. The concept of the Vision Zero Initiative is to significantly reduce traffic injuries and fatalities, prioritizing safety over faster traffic flows when planning and restructuring roads. The Proposed Budget appropriates funding across multiple City departments for activities that support both Great Streets and Vision Zero initiatives, including funding for:
 - ▶ **Department of Transportation:** Funding is included for street maintenance and safety improvements projects along the High Injury Network (HIN) (\$0.7M), engineering and traffic study reviews necessary to renew or extend speed zone limits along the HIN (\$0.4M), development of a Vision Zero Policy (\$1.3M), and project management coordination (\$2M).
 - ▶ **Bureau of Engineering:** Funding is included to review existing projects, coordinate design changes and utility relocation along the HIN (\$0.3M) and for design and survey of non-standard curb ramps and other civil engineering design support (\$0.1M).

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- ▶ **Bureau of Street Services:** The Proposed Budget includes funding to construct safety improvements and resurfacing (\$5M) and to provide code enforcement, tree trimming, overnight sweeping, and concentrated improvements and roadway repairs (\$2M).
 - ▶ **Bureau of Street Lighting:** Funding is included to provide design, coordination, and construction engineering services for various street lighting projects along the HIN (\$0.4M).
 - ▶ **Department of City Planning:** Funding is included for various studies and evaluations (\$0.6M).
 - ▶ **General City Purposes:** The Proposed Budget adds funding for unspecified expenses (\$0.3M).
 - ▶ **Unappropriated Balance:** Funding for Utility relocation costs associated with upgrading access ramps to ensure timely project delivery (\$0.1M) are set aside in the Unappropriated Balance.
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- **Sustainable City pLAN for Los Angeles:** The Proposed Budget includes various programs and positions to support the Sustainable City pLAN for Los Angeles, an initiative with the goal of transforming the City's environment and economy and equity over the next 20 years. To support this initiative, the Proposed Budget includes: 1) \$8.2M to expand the City's street cleaning efforts; 2) \$1.7M to maintain graffiti abatement and anti-graffiti coating of murals; 3) \$31M to fix sidewalks, including curb ramp remediation; 4) \$150M to support the Pavement Preservation Program; 5) \$6.5M for tree trimming; 6) \$60M for the purchase and basic remediation of the Taylor Yard G2 parcel as part of the efforts to revitalize the Los Angeles River; 7) \$1.2M for the Los Angeles Police Department (LAPD) to lease 200 Electric Vehicles (EV) and to operate EV charging stations at police facilities; 8) \$5.5M in MICLA funding to expand the Solar Array Project at the Convention Center and install solar panels on the Police Department Motor Transport Division parking lot structure; 9) \$3.8M for various sustainability projects at libraries; 10) \$2.3M for the continued replacement of inefficient street lights with 7,500 LED fixtures/equipment and 15,000 remote units that monitor energy usage; and, 11) \$1.8M to continue converting streetlights to low voltage conduits to reduce energy consumption and increase safety.
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- **Gang Reduction and Youth Development (GRYD) Office:** The Proposed Budget includes in the General City Purposes budget \$26.4M in funding for the Gang Reduction and Youth Development (GRYD) Office, a \$0.3M (one percent) increase over 2015-16. The GRYD program provides prevention, intervention, and re-entry services in an effort to reduce crime in various parts of the City. The program was expanded by increasing the number of GRYD zones from 17 to 23 in 2015-16. This expansion covers 73 percent of all areas where gang-related violence occurs, as follows (GRYD zones grouped by the corresponding LAPD Bureau):
 - ▶ Central Bureau - Hollenbeck 1, Hollenbeck 2, Hollenbeck 3, Newton 1, and Newton 2, Northeast, Rampart 1, and Rampart 2

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- ▶ West - Olympic, Hollywood, and Pacific
 - ▶ South - 77th 1, 77th 2, 77th 3, Harbor, Southwest 1, Southwest 2, Southeast 1, Southeast 2, and Southeast 3
 - ▶ Valley - Mission, Foothill, and Devonshire-Topanga
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- **Summer Night Lights:** The Summer Night Lights (SNL) program is administered by the Department of Recreation and Parks. The allocation to SNL of \$1.7M will be used to provide programming on designated days between the hours of 7:00 p.m. to 11:00 p.m. A total of \$0.29M is also provided by the Arts and Cultural Facilities and Services Trust Fund for the arts component of SNL. Funding is provided to the Department of Recreation and Parks for positions, as-needed salaries, overtime, hiring hall, fringe benefits hiring hall, and various expense accounts, to support the SNL program.

 - **Pavement Preservation Plan:** The Proposed Budget fully funds a Pavement Preservation Plan of 2,400 lanes miles, including funding (\$3.3M) set aside in the Unappropriated Balance. The Plan consists of 855 miles of resurfacing and 1,545 miles of slurry. The Proposed Budget also continues 350,000 pothole repairs. Beginning in 2012-13, Measure R Local Return Funds were provided to increase the Plan's mileage by 200 miles to 2,200. In prior fiscal years, funding for the Plan remained steady due to the availability of Federal American Recovery and Reinvestment Act (ARRA) of 2009 (\$53M), funding (\$124M) from California Transportation Bond Program (Prop 1B). These funding sources are no longer available. Through the use of Measure R, Proposition C, Special Gas Tax funds, Street Damage Restoration Fee, Traffic Safety Fund, and the General Fund, the City continued the Pavement Preservation Program through 2015-16. The continued use of General Funds (\$44.1M) and an increase in Measure R funds (\$25M) are providing the majority of the cost relief in 2016-17. Other funding sources for 2016-17 include: Special Gas Tax (\$64.7M), Proposition C (\$6.9M), and Street Damage Restoration Fee (\$9.1M). The 2015-16 Adopted Budget included funding in the Unappropriated Balance (\$12M); however, it is anticipated that only \$3.2M will be used to pay for ongoing expenditures. The remaining funding (\$8.5M) is continued in the Proposed Budget for ongoing expenditures.

 - **Sidewalk Repair Program:** A Settlement Agreement was negotiated relative to the class action lawsuit, Mark Willits, et al. v. the City of Los Angeles and was approved by the Council in 2014-15. Court approval of the Settlement Agreement is pending. The terms of the Settlement Agreement include an annual commitment by the City of \$31M (adjusted every five years to maintain present value) for 30 years to improve sidewalk access and remove barriers, excluding new construction and alterations. The Proposed Budget includes an appropriation of \$23.3M from the General Fund, \$4.1M in Measure R Local Return Funds for the construction of access ramps and \$3.6M from Proprietary Departments for repairs to sidewalks and pedestrian facilities adjacent to their properties. The Proposed Budget allocation includes \$6.2M for the Access Request Program and \$5M to curb ramp installation remediation. In 2014-15 and 2015-16, sidewalk repair focused on sidewalks adjacent to City facilities. In March 2016, the Council approved a new framework for the

SIGNIFICANT ISSUES

DEPARTMENT ISSUES (in alphabetical order)

- **Aging:** The Proposed Budget reduces funding (\$0.1M) from the Community Development Trust Fund because insufficient Community Development Block Grant funding was allocated in the 42nd Year Consolidated Plan for the administration of various programs and services. Funding (\$0.5M) has been added under Contractual Services for the Echo Park Mini Multipurpose Senior Center which was previously funded through the General City Purposes budget. One-time funding has been added for expansion of the Senior Community Service Employment Program (SCSEP), a program that provides part-time work-based training for older unemployed Californians who have poor unemployment prospects, in support of the City's Comprehensive Homeless Strategy. Funding for Evidence Based Wellness Programs and gap funding related to cuts to Older Americans Act Social Service programs have not been continued.
- **Animal Services:** The Proposed Budget adds regular authority, without funding, for eleven new Animal Control Officers to address field operations and animal control service needs, and regular authority and six-months funding (\$0.1M) for one position to serve as the Department's liaison to the homeless community. One-time funding (\$0.5M) is added to fund an Environmental Impact Report for the Trap/Neuter/Return program for feral cats. Off-budget funding is authorized for temporary housing during emergencies for companion animals of the homeless community (\$0.1M) and to fund 4,000 additional spay/neuter surgeries to pets of homeless and low income individuals (\$0.5M).
- **Building and Safety:** The 2016-17 Proposed Budget shows an overall net decrease to the Department's Budget of \$2.5M or 2.3 percent. Funding (\$3.8M) and 29 positions are provided for the Residential and Commercial Complaint Services Program to reduce response times to customer complaints and funding (\$0.6M) is also provided for As-Needed Code Enforcement Services for 120-day appointments to reduce the anticipated backlog of code enforcement cases, both of which are partially funded by the Building and Safety Permit Enterprise Fund. Additionally, funding (\$0.1M) and one position is provided for local enforcement agency support, and funding (\$0.4M) and three positions are provided to support the Off-Site Sign Periodic Inspection Program, both of which are reimbursed by special funds. Funding (\$10M) and 25 half-time positions are provided for administrative support and overtime adjustments, funded by the Building and Safety Building Permit Enterprise Fund and the Foreclosure Registry Program. Two positions are also added to support the implementation of the Energy and Water Efficiency Ordinance.

The Proposed Budget adds 13 positions, without funding, for the Monitoring, Verification, and Inspection Program, and provides overtime and expense funding (\$0.2M), to be funded by the Planning Case Processing Fund. In addition, one Deputy Superintendent of Building I position is added to oversee the Department's Technology Support and Development Services Systems.

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Funding (\$1M) and six positions are continued for the Parallel Design-Permitting Process. The program has been expanded to include mid-sized projects (valued between \$5M-\$10M) which account for 70 percent of the projects annually submitted for plan check.

The following programs funded by the Building and Safety Permit Enterprise Fund are continued: Airport Plan Check Services (three positions) reimbursed by Department of Airports; Structural e-Plan Check Services (eleven positions); Soft Story Plan Check (nine positions); Structural Plan Check (six positions); Backfile Conversion (five positions); Non-Ductile Concrete Plan Check (six positions); Green Buildings ePlan Check (2 positions); Mechanical Plan Check (four positions); Electrical Plan Check and Test Lab (five positions); Green Building Plan Check (three positions); Airport Plan Check for the Green Buildings and Electrical/Mechanical Engineering projects (two positions) reimbursed by Department of Airports; Grading Plan Check (seven positions); Assistant Inspector Program - Residential (six positions); Residential Inspection Program (six positions); Airport Inspection Services (six positions) reimbursed by Department of Airports; Assistant Inspector Program - Commercial (nine positions); Major Project Construction (five positions) reimbursed by project owners; Soft Story Inspection (nine positions); Commercial Inspection Program (26 positions); New Construction Sign Inspection Program (two positions); Commercial Elevator Inspection Services (five positions); Engineering Case Management (five positions); Inspection Case Management (nine positions); Concierge Services Program (seven positions); Annual Inspection Monitoring Program (one position); BuildLA (three positions); Systems Project Management (four positions); Financial Reporting (three positions); Fiscal Operations and Infrastructure Support (two positions); Mobile Inspection Application (three positions); Information Technology Procurement Support (one position); Online Structural Inventory (four positions); Subject Specialty Group Call Center (five positions); Administrative Services Division Support (three positions); Commission Office Support (one position); Emergency Management Coordination (one position); Diversity and Inclusion Initiatives (two positions); and the Financial Services Unit (seven positions).

■ **City Administrative Officer:** The Proposed Budget continues various positions in the Office, including two positions, without funding, for Strategic Workforce Analysis support to assess the size and scope of the City workforce and develop a local hiring plan. Funding for the Asset Management Strategic Planning Unit (\$0.8M) is also continued and four positions are regularized to develop and implement strategic plans for the City's real estate assets.

Six-months funding (\$0.2M) is added for two positions to implement a Comprehensive Strategic Plan to address and manage homelessness issues. Funding (\$0.2M) is also added for one position to support the CRA/LA Bond Oversight Program. Funding and resolution authority for the Petroleum Administrator is continued and transferred to the Board of Public Works. Funding is continued (\$0.1M) for FUSE Corps fellows.

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- **City Attorney:** The Proposed Budget provides funding to continue numerous programs approved during the year by the City Council on an interim basis. The City Attorney's General Fund budget allocation increased by \$0.8M but Special Funds are reduced by \$1.9M, for a net overall decrease of \$1.1M. The Proposed Budget increases the number of positions by a net 17.

Funding and staffing are continued in the City Attorney's Office for the Tobacco Enforcement Program, Gang Prosecution Programs, the Citywide Nuisance Abatement Program, Neighborhood Prosecutor Program, Proposition D Enforcement, Land Use Support, Area Planning Commission Support, Administrative Citation Enforcement Program, Family Violence Unit, Proposition 47 Prosecutors, Qui Tam Affirmative Litigation, and California Environmental Quality Act planning support. Funding for new services includes \$0.4M for positions in the Office of Wage Standards to support the minimum wage and wage theft enforcement programs.

The City Attorney will continue to provide legal support for the proprietary and independent departments (LACERS, Pensions, Harbor, Airports, DWP, and Housing Authority), and will oversee the City's outside counsel contracts. Funding (\$0.2M) is continued for one position to provide legal services related to intellectual property for the DWP, Airports, and Harbor. Funding from the Consolidated Plan that partially supports a position providing legal advice was reduced (\$-0.1M) due to insufficient funding in this year's Consolidated Plan.

- **City Clerk:** The Proposed Budget allocates \$0.8M for five positions to administer the Neighborhood Council Funding Program, transfers this function from the Department of Neighborhood Empowerment to the City Clerk, and adds six-months funding and four new positions to the City Clerk to support this program. One position is also added to serve as the Council Ombudsperson at all Council meetings and to provide training on the Council's legislative processes and Community Impact Statements. This position is funded by the elimination of two vacant positions.

The Proposed Budget allocates \$14.8M for the administration of the 2017 Primary Nominating and General Municipal Elections for eight odd-numbered Council Districts, three Citywide races (Mayor, City Attorney, and Controller), and elections for even-numbered seats on the Boards of the Los Angeles Unified School District (LAUSD) and the Los Angeles Community College District (LACCD). Election expenses for the LAUSD and LACCD will be reimbursed by these agencies. Funding (\$0.3M) is also provided for expanded outreach services to fund focus groups and public service announcements, as recommended by the Municipal Elections Reform Commission. Funding is not included for measures which may be placed on the November 2016 ballot.

- **City Planning:** The Proposed Budget continues the following: re:codeLA to rewrite and update the City's Zoning Code (four positions); Mobility Team and Great Streets Initiative (two positions); General Plan Update (six positions); Targeted Code Amendments Unit

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(three positions); Boyle Heights Community Plan (one position); Transit Oriented Planning (nine positions); Los Angeles International Airport Master Plan (two positions); LARiverWorks (one position); Development Service Centers Public Counters (seven positions); West Los Angeles Public Counter (five positions); Zoning Review Program (ten positions); Geographic Project Planning (13 positions); Condition Compliance Unit (five positions); Monitoring, Verification, and Inspection Program (ten positions); Valley Plaza Project (one position); Urban Design Studio (two positions); Expedited Case Processing (two positions); Project Planning Training Unit (three positions); Major Projects Section (three positions without funding); Planning Case tracking System Support (two positions); Land User Survey Data (one position); BuildLA (three positions); Fiscal Management (one position); and the Venice Local Coastal Program (two positions).

The following reflects increased services in the Proposed Budget:

- ▶ One-time funding for the California Environmental Quality Act Thresholds (three positions);
- ▶ Case Management (two positions);
- ▶ Metro Public Counter (two positions without funding);
- ▶ Funding for the Valley Public Counter;
- ▶ West Los Angeles Public Counter (one position without funding);
- ▶ Major Projects Environmental Reporting (three positions without funding);
- ▶ One-time funding for Website Redesign;
- ▶ Funding for Systems Expense and Equipment Account Adjustments; and
- ▶ Comprehensive Community Plan Program (28 positions) to update the City's 35 Community Plans within three years.

The Proposed Budget continues six positions, without funding, to establish a new Sign Unit to review all applications for Sign Districts, study Citywide signage issues, and develop new sign regulations. Also, the Proposed Budget continues funding for four positions to support a new Housing Unit, to comprehensively address the City's housing, health, and homelessness concerns.

Funding is not continued for various resolution positions, including two assigned to Neighborhood Conservation.

- ▶ **Controller:** The Proposed Budget continues funding (\$0.2M) for one position for the Supply Management System replacement project that will integrate the City's procurement system with the Financial Management System. Resolution authority and six-months funding (\$0.08M) is added for one position to transition PaySR to reduce reliance on custom programming, increase City support, and generate savings. One-time expense funding (\$0.9M) is added for check printing, MyPayLA maintenance, and computer equipment.
- ▶ **Cultural Affairs:** The Proposed Budget continues funding (\$0.1M) for a Performing Arts Director to provide oversight, management, programming, marketing and outreach, and

SIGNIFICANT ISSUES

development of public-private partnerships. To enhance Community Arts, nine-months funding (\$0.6M) is included for six administrative support staff and eleven half-time staff to support the following art centers: Los Angeles Municipal Art Gallery, Barnsdall Art Centers, Sun Valley Youth Arts Center, William Grant Still Arts Center, Watts Art Center, and the Lincoln Heights Junior Arts Center. In addition, nine-months funding (\$0.3M) is allocated for two full-time Art Instructors and five half-time Art Instructors at the Watts Art Center/Charles Mingus Art Center and the Barnsdall Park Junior Art Center. Funding (\$0.2M) is added to Contractual Services for various technology enhancements and website services, including the implementation of Phase II of the Department's new website to include a web-based festival permitting application. The Proposed Budget also provides \$0.2M to increase the number of outdoor performing arts festivals, and \$0.1M to restore and light murals produced for the 1984 Olympics.

- **Disability:** The Proposed Budget continues funding (\$0.1M) for one position that serves as a liaison for the City's Sidewalk Repair Program, to help prioritize and track projects. Funding (\$0.2M) is also provided for one new and one continuing position to provide information and referral services to persons with disabilities regarding various public services. Funding is added to develop an online training course to assist with Section 508 compliance. The Proposed Budget continues funding for the AIDS Coordinator's Office positions and HIV prevention no longer funded with Community Development Block Grant funds. Funding (\$0.4M) is allocated for the City's AIDS Prevention Program, Women and AIDS Prevention and Treatment Program, and media outreach efforts, and for the City's HIV prevention contracts (\$1M).
- **Economic and Workforce Development Department:** A total of \$17.7M is proposed for allocation to the Department in the 2016-17 Proposed Budget, of which \$0.9M will be from the General Fund. The department's 2016-17 Proposed Budget is \$2.6M (12.7 percent) lower than the 2015-16 budget. The majority of funding for EWDD comes from the Workforce Innovation Opportunity Act Fund (\$12.3M) and the Community Development Trust Fund (\$2.2M).

One position, the FilmLA Contract Administrator, and funding (\$0.2M) is transferred from the Department to the Board of Public Works. A total of \$11.6M is set aside in General City Purposes for the Gang Injunction Curfew Settlement Agreement to provide class members access to job readiness programs (\$7.5M), Los Angeles Regional Initiative for Social Enterprise (LA Rise) demonstration project, which provides employment to job seekers with a history of homelessness (\$2M); Summer Youth Employment Program, which will support the placement of 909 young people at various work sites (\$2M); and, Great Streets (\$0.1M).

- **Emergency Management Department:** The Mayor's Proposed Budget provides funding (\$0.7M) for a total of seven positions (four regular and three resolution authorities) for emergency planning, training and exercise functions and to support Homeland Security and Public Safety grant-funded projects. Funding is also continued for one position to

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coordinate responses to any public health emergencies, to be fully reimbursed from grant funds.

- **Ethics Commission:** The Proposed Budget funds an electronic filing system for Statements of Economic Interests - Form 700 (\$0.1M) and provides six-months funding (\$0.1M) for one position to complete mandatory audits of the General and Special elections. Also included is one-time funding for temporary clerical support for disclosure filings and matching funds payment requests for the 2017 Municipal Elections.
- **Finance:** The Proposed Budget adds six-months funding (\$0.2M) and two regular positions to improve LATA reporting and data collection. One resolution authority is continued without funding to support the Administrative Citation Enforcement (ACE) Program, to be fully reimbursed by the Code Compliance Fund. The Proposed Budget provides funding (\$0.2M) for one regular Accountant position and six-months funding for one regular Senior Accountant position. Six-months funding (\$0.06M) is added for one regular position to support the Revenue Management Division. One-time funding is continued (\$0.1M) for Oracle Database Management software licenses and system support. The Proposed Budget reduces funding in the Department's salaries account (\$-0.5M) and deletes seven vacant positions (\$-0.8M).
- **Fire Department:** The Mayor's Proposed Budget includes an increase of \$47.7M for Fire-related resources. The Fire Department's operating budget increases by \$6.7M. In addition, \$41M is included for the acquisition of fire-related equipment. The Mayor's Proposed Budget continues funding and position authority for various programs approved on an interim basis in 2015-16.
 - ▶ **Continuation of Engine Company:** The Proposed Budget provides \$2.1M and regular authority for 12 positions consisting of six Firefighter IIIs, three Fire Captain Is, and three Engineer of the Fire Department positions to staff Engine Company 35 in the Los Feliz community.
 - ▶ **Restoration of Engine Company:** The Proposed Budget includes \$2.7M and regular authority for 12 positions consisting of six Firefighter IIIs, three Fire Captain Is, and three Engineer of the Fire Department positions to staff Engine Company 69 in the Pacific Palisades community. The restoration of this Engine Company was approved during 2015-16.
 - ▶ **Fast Response Unit:** Funding (\$0.4M) and resolution authority for one Firefighter III and one Firefighter III/Paramedic to staff a Fast Response Vehicle (FRV) operating as a mobile triage unit to service high call volume areas. The FRV Pilot Program was approved during 2015-16.
 - ▶ **Handheld Radios:** The Proposed Budget authorizes the purchase of 3,000 handheld radios for an estimated cost of up to \$18.5M. However, it is anticipated that the City will negotiate a financing plan that will defer payments for the radios from one to two years and thereafter require five annual payments. The Police

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Department and Fire Department will negotiate a deal jointly in order to maximize cost savings.

- ▶ **Nurse Practitioner Response Unit:** The Proposed Budget adds six-months funding (\$0.1M) and resolution authority for one Firefighter III/Paramedic for the Nurse Practitioner Response Unit. An additional six-months funding for this program was provided off-budget by the Innovation Fund .
- ▶ **Firefighter Hiring and Training:** The Proposed Budget provides \$17.6M to hire and train 230 new Firefighters. Two 20-week classes will be conducted at the Valley Recruit Training Academy (Drill Tower 81) starting in October 2016 and March 2017, and two 20-week classes will be conducted at the Harbor Recruit Training Academy (Drill tower 40) starting in November 2016 and May 2017.
- ▶ **Replacement Helicopter:** \$18M is provided in MICLA financing to purchase one Augusta AW 139 helicopter. This will enable the Department to retire one Bell 412 helicopter which has exceeded its useful life.
- ▶ **Fleet Replacement Program:** \$23M is provided in MICLA financing for the Fleet Replacement Program, which includes five Aerial ladder trucks, nine triple combination pumpers, nine emergency command vehicles and 15 ambulances, as well as various other emergency and non-emergency vehicles.
- ▶ **Consulting Services:** Funding (\$0.8M) is included in the Contractual Services Account for information technology (IT) consulting services, including the development of an IT plan for the Department.
- ▶ **Public Safety Dispatch Support:** The Proposed Budget transfers funding (\$3.7M) and regular authority for 22 positions from the Information Technology Agency to the Fire Department. These positions provide technical support for the operation of the Metropolitan Fire Communications Dispatch Center, and this support function will now be provided by the Fire Department.
- ▶ **Project Manager for Communications Technology Projects:** The Proposed Budget adds six-months funding (\$0.1M) and resolution authority for one Battalion Chief to serve as the Project Manager for the various technical projects at the Metropolitan Fire Communications Division, including the Automatic Vehicle Locator (AVL) project, the Computer-Aided Dispatch (CAD) project, the CAD to CAD project, and others.
- ▶ **Fire Share of Unrestricted Revenue:** Based on the Fire Department's budget allocation, the Department's share of unrestricted revenue will decrease from 18 percent (\$817.9M of \$4.5B) in 2015-16 to 17.1 percent (\$799.8M of \$4.7B) in the 2015-16 Proposed Budget. This is due to reductions in related and indirect costs. While the percentage does not appear significant, each one percent equates to approximately \$46M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose.
- ▶ **Second Set of Turnouts:** The Proposed Budget provides funding (\$1M) for the purchase of a second set of Firefighter turnout gear. This funding is for the third year of a five-year replacement plan.

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- ▶ **SCBA Face Pieces and Cylinders:** The Proposed Budget provides \$3.8M in funding for the purchase of Self-Contained Breathing Apparatus (SCBA) face pieces and cylinders to comply with 2013 National Institute for Occupational Safety and Health Standards.
- **General Services Department:**
 - ▶ **Materials Testing Support:** The Proposed Budget continues funding (\$2.7M) and 14 positions that support ongoing construction projects and testing of materials for proprietary departments and outside agencies.
 - ▶ **Asset Management System:** Funding is continued (\$2.5M) and two resolution positions for the procurement and implementation of a new Asset Management System.
 - ▶ **Water and Electricity Billing and Usage Monitoring:** One resolution authority is provided, without funding, and one existing position is transferred from Real Estate Services to Building Maintenance Division, and funding is added (\$0.08M) for upgraded software and resources to support the water and electricity bill processing function.
 - ▶ **Pavement Preservation Program:** Funding of \$0.4M is continued for three resolution authorities to provide maintenance and repair of vehicles for the Bureau of Street Services and the Department of Transportation and the purchase of a new Universal Testing Machine used for testing various asphalt mixes for heavy-loaded streets.
 - ▶ **Administrative and Quality Assurance Services for Library:** Funding (\$0.2M) is added for two regular authorities and custodial supplies to provide administrative and quality assurance services to ensure the health and safety of library patrons. The Library Department will fully reimburse the cost of these positions.
 - ▶ **Building Maintenance Support Services for Library:** Funding (\$0.2M) and one regular position are continued to provide on-site maintenance management for the Central Library. The Library Department will fully reimburse the costs of this position.
 - ▶ **Energy and Water Conservation Program:** Funding (\$0.1M) is added for five existing half-time positions to monitor the performance of various projects and work with contracts on energy audits of existing City facilities.
 - ▶ **Maintenance and Repair of Alternative Fuel Sites:** The Proposed Budget adds funding (\$0.3M) to the Contractual Services Account for the maintenance and repair of the City's 15 alternative fuel repair shops.
 - ▶ **Body Worn Video Cameras:** One-time funding (\$1M) is added for infrastructure improvements required to implement the Body Worn Video Camera program.
 - ▶ **Decreased Leasing Expenses:** Funding is decreased (\$-0.8M) for the Citywide Leasing Account as a result of the relocation of City departments and termination of lease agreements.

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- ▶ **Electric Vehicle Infrastructure Program:** The Proposed Budget continues one resolution authority and adds funding (\$0.1M) for one position to implement the City's Electric Vehicle (EV) Program.
 - ▶ **Credit Card Chip Readers for Parking Lots:** One-time funding (\$0.1M) is added to the Contractual Services Account to upgrade the pay stations at the LA City Mall and Lot 2.
 - ▶ **Access Control and Badging Operations:** The Proposed Budget continues funding (\$0.1M) and adds regular authority to manage the Civic Center badging and access control.
 - ▶ **Workplace Safety Program:** Six-months funding (\$0.1M) and one regular authority are added to conduct various duties to prevent on-the-job accidents and claims.
 - ▶ **Citywide Equipment Replacement Program:** The Proposed Budget includes \$36.2M in MICLA financing for vehicle and equipment replacement.
 - ▶ **Load Bank Testing for Emergency Generators:** One-time funding (\$0.2M) is added to the Contractual Services Account for the annual load bank testing of the City's emergency generators.
 - ▶ **Lease of Electric Vehicles:** The Proposed Budget adds funding (\$0.03M) for the lease of 12 electric vehicles for six months.
 - ▶ **Jet A-1 Fuel Site Inspection and Maintenance Program:** Six-months funding and one regular authority is added to perform inspections, testing, and maintenance in support of this program.
 - ▶ **Reductions to Fuel Accounts:** The Proposed Budget reduces funding in the Citywide Petroleum Products Account to lower fuel prices (\$-4M) and for LNG fuel services which were provided on a temporary basis in 2015-16 (\$-0.1M).
 - ▶ **Sidewalk Repair Program:** Funding (\$0.1M) and one regular authority are added to provide materials testing support services for the sidewalk repair work.
 - ▶ **Supply Services Division:** The Proposed Budget continues funding (\$0.1M) and adds one regular authority to conduct data collection and analysis for the Division's productivity reports.
 - ▶ **Supply Management System Replacement:** Funding of \$1.1M and nine positions are continued to implement and support the City's Supply Management System Replacement project.
 - ▶ **Chief Sustainability Officer:** Funding is continued (\$0.2M) for one Chief Management Analyst to oversee the implementation of the Sustainability Plan.
- **Housing and Community Investment Department:** A total of \$63.7M is proposed in the 2016-17 Budget, which includes a \$1.8M (2.8 percent) decrease from 2015-16. The Proposed Budget continues funding to support the Affordable Housing Trust Fund programs (\$0.7M), the Affordable Housing Loan Portfolio (\$2.0M) and support for the Consolidated Plan, various commissions, as well as, service delivery and management of the City's housing programs. The majority of funding for HCID comes from the Systematic Code Enforcement Fee Fund (\$27.4M) and Community Development Trust Fund (\$13M).

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A total of \$43.8M is set aside in General City Purposes for the Homeless Shelter Program (\$34.9M), LAHSA Downtown Sobering Center (\$0.45M), Los Angeles Homeless Count (\$0.55M), Operation Healthy Streets (\$2.1M), and Rapid Re-Housing Vouchers (\$5.8M).

- **Information Technology Agency:** The Proposed Budget transfers funding (\$6.7M) and 42 positions that provide technical support for the operation of public safety dispatch centers to the Police Department (20 positions) and Fire Department (22 positions). One resolution authority previously authorized for ITA will be continued in the Fire Department. Funding is continued for Public Safety Radio Tower Maintenance (\$0.8M), Mobile Application Software and Hosting Services (\$0.1M), Vehicle Management System Support (\$0.06M), Supply Management System Support (three positions, \$1.6M), Financial Management System Support (\$0.2M), BuildLA (two positions, \$0.3M), Supply Management System Replacement Project (three positions, \$6.9M), Financial Applications Data Backup System Replacement (\$0.4M), Network Security Maintenance and Support (\$0.3M), and Web Content Management System (\$0.2M).

The Proposed Budget adds or increases funding for the following:

- ▶ **Former Proposition F and Q Project Support:** Three positions (\$0.5M) that were previously authorized off-budget to support construction of Fire Station 39 and the North Central Animal Shelter.
- ▶ **Avionics Maintenance:** Funding (\$0.1M) to support avionics parts and maintenance.
- ▶ **3-1-1 Speech Analytics:** One-time funding (\$0.04M) for speech analytics software.
- ▶ **Payroll System Project Support:** Six-months funding (\$0.5M) and one regular authority for programming and enhanced payroll and human resource functionality.
- ▶ **FMS Managed Application Support:** One-time funding (\$1M) to transit to vendor-hosted cloud services.
- ▶ **Payroll and Human Resources Systems Requirements:** One-time funding (\$0.5M) to conduct a comprehensive assessment of the City's need for a replacement payroll system and centralized Human Resources Management System.
- ▶ **Critical Incident Response and Managed Security Service:** Funding (\$0.2M) for monitoring and management of intrusion prevention and critical security incident response.
- ▶ **Integrated Security Operations Center:** Six-months funding (\$0.1M) and one regular authority to support the operations center.
- ▶ **Network Bandwidth for City Cloud Infrastructure:** Funding (\$0.1M) to establish and support the infrastructure and extend the City data network to cloud network services.
- ▶ **Power Generator:** MICLA funding (\$0.5M) to install a power generator at the Marvin Braude Building.

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- ▶ **City Network:** Six-months funding (\$0.5M) and two regular authorities to upgrade the City network and replace obsolete equipment.
- ▶ **ADA/Section 508 Compliant Websites:** Funding (\$0.1M) to develop and maintain websites that meet accessibility standards.

The Proposed Budget reduces funding (\$-1.9M) in the Communications Services Account to reflect anticipated expenditures. Exhibit H of the Proposed Budget instructs the ITA, with the assistance of the City Attorney, to report on the City's wireless spectrum.

- **Library:** Pursuant to Charter Amendment L approved by Los Angeles City voters in March 2011, the Library Department received a graduated increase to the Charter mandated appropriation. The Library now receives an appropriation equal to 0.300 percent of the assessed value of all property in the City, the full amount to be received under the Charter Amendment. For 2016-17, this allocation totals \$157.9M, an \$10.3M increase from 2015-16.
 - ▶ **General Fund Reimbursements:** The Proposed Budget includes the payment of all Library direct and related costs, consistent with Charter Amendment L which includes, but is not limited to, pension and employee health benefits, utilities, maintenance, security and MICLA reimbursements (\$59.2M).
 - ▶ **Library Improvements and Service Enhancements:** A total of \$3.8M has been provided for alterations and improvements at the Van Nuys Branch Library (\$1M) and the Central Library (\$2.8M). In addition, to enhance service at various locations, \$2.6M is allocated for branch libraries (\$2M) and the Central Library (\$0.6) to fund positions as well as kiosks, laptops and tablets available for checkout, consultant services for the digitization program, and office equipment and furnishings. Funding (\$0.8M) is also provided to enhance the Library's Immigration Integration Program.
 - ▶ **Increased Security:** An increase of \$0.2M has been added for increased security for a total of \$4.9M for security services provided by the Police Department's Security Services Division. One-time funding has also been provided to upgrade security cameras at Central Library (\$0.4M) and to fund two security vehicles to patrol the branch libraries (\$0.1M).
 - ▶ **Homelessness Engagement Enhancement:** Funding (\$1.5M) is allocated for positions, equipment and materials for enhanced homeless engagement. In addition to three Driver II positions, funds are provided for one Tech-Mobile and two Bookmobiles to serve homeless shelters, encampments and low-income housing areas; laptop computers for social work staff and non-profits; outreach materials; and security guards at libraries in communities with higher concentrations of homeless individuals.
 - ▶ **Increased Services:** The Proposed Budget provides funding for Information Technology Service Enhancements (\$0.7M), Information Technology Information and Support (\$3.4M), Public Information and Outreach Enhancement (\$0.4M), Staff Support Enhancement (\$0.6M), and Human Resources Support (\$0.3M).

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- **Neighborhood Empowerment:** The Proposed Budget transfers to the City Clerk funding (\$0.6M) and five staff related to the administration of the Neighborhood Council Funding Program and deletes two vacant department positions assigned to this program. The Proposed Budget adds six-months funding (\$0.2M) for three positions to implement the Council-approved Neighborhood Council Subdivision and Boundary Adjustment Policy; adds one-time funding (\$0.03M), for administrative support for Neighborhood Council board member development; and increases contractual services funding (\$0.03M) for the Civic University to enable Neighborhood Councils to become more effective in advocating for their communities. One-time funding (\$0.3M) is also allocated for the development of the Online Voting System Platform for the 2016 Neighborhood Council board member elections.
- **Personnel:** To lead succession planning efforts and oversee work on the Strategic Workforce Development Task Force, the Proposed Budget adds regular authority and six-months funding (\$0.1M) for one Assistant General Manager position. The Proposed Budget provides funding (\$1.4M), continues six resolution authorities, and adds four more resolution authorities to support the work of this Task Force and the Targeted Local Hiring Working Group. Funding is increased (\$0.1M) for outreach and recruitment of Police Officer candidates. The Proposed Budget also continues the following: funding (\$1M) and resolution authority for six positions to develop and administer exams for Building and Safety and DWP, with costs to be reimbursed by client departments; funding (\$2.1M) and resolution authority for twelve positions to eliminate the examination backlog during 2017; funding (\$0.3M) and two resolution authorities to assist departments with succession planning and funding (\$0.3M) for software to support career development; funding (\$0.1M) and resolution authority for one position to implement the Affordable Care Act, to be reimbursed by the Employee Benefits Trust Fund; funding is added (\$0.3M) for two continuing positions added during 2015-16 to implement the City's Employee Wellness Program, to be reimbursed by the Employee Benefits Trust Fund; and funding and regular authority for one position to provide human resources support to Building and Safety (\$0.2M), and two positions to investigate misconduct allegations (\$0.3M).

The Proposed Budget adds one-time contractual funding (\$0.2M) to expand the Electronic Content Management System (ECMS); adds six-months funding (\$0.1M) and one staff to expand the Alternative Dispute Resolution Program; and adds funding (\$0.1M) and two positions to expand the City's Safety Program through ergonomic and safety training. The Proposed Budget reduces funding (\$-0.3M) that was not included in the Program Year 42 Housing and Community Development Consolidated Plan.

- **Police Department:** In total, the Mayor's Proposed Budget includes an increase of \$62M for police-related resources. The Police Department's operating budget increases by \$48M, with an additional \$13M being provided through MICLA financing and from the Forfeited Assets Trust Fund for various purchases. In addition, the General City Purposes Budget includes \$1.5M for LAPD's Domestic Abuse Response Teams.

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- ▶ **Police Sworn Hiring:** The proposed budget assumes the attrition of 425 sworn officers during 2016-17, including 98 required to leave under the DROP program. Funding to hire 656 Police Officers to offset attrition and meet the department deployment goal of 10,000 sworn officers is included in the budget, at a total cost of \$19.3M.
- ▶ **Sworn Overtime Funding:** \$90M is provided in the Proposed Budget for sworn overtime, consistent with the provisions in Memorandum of Understanding 24 (Lieutenant and below).
- ▶ **System-wide Mental Assessment Response Teams:** The Proposed Budget includes \$0.2M from the Supplemental Law Enforcement Services Fund to double the deployment of System-wide Mental Assessment Response Teams (SMART) and to extend coverage to a 24-hour schedule. SMART units co-deploy Police Officers with Los Angeles County Department of Mental Health clinicians to provide intervention, referral and/or placement for mentally ill persons.
- ▶ **Redeployment of Officers from Detention to Field Assignment:** The Proposed Budget adds regular authority for eleven Detention Officers (DO) positions and provides \$2M in funding to hire up to 45 DOs to staff the Metropolitan Detention Center (MDC). This will allow for the redeployment of 64 Officers from the MDC to field duties.
- ▶ **Replacement Helicopters:** \$8.6M is included in MICLA financing to purchase two Airbus H125 helicopters. This will enable the Department to retire two patrol helicopters that have exceeded their useful life.
- ▶ **Replacement Vehicles:** A total of \$10M is allocated to purchase a minimum of 685 replacement Police vehicles. A total of \$6.2M is allocated for the first of four annual payments to purchase a minimum of 165 Black and White vehicles, 52 motorcycles, 112 undercover vehicles and 108 other emergency vehicles that have met or exceeded their useful life. The Department will purchase these vehicles through installment agreements with manufacturers and dealers at zero-percent interest with a total cost of \$20.2M over four years. This is a new approach to the usual cash financing of such vehicles. A total of \$3.7M is provided in MICLA financing to purchase 48 specialized vehicles with life spans of ten years or more and the Library will provide \$0.1M for the purchase of two security vehicles to patrol the branch libraries.
- ▶ **Elysian Park Training Facility Expenses:** The Proposed Budget includes \$0.7M for the relocation and equipment expenses associated with the August 2016 reopening of the Police Academy in Elysian Park.
- ▶ **Replacement Radios:** The Proposed Budget authorizes the purchase of 11,500 handheld and 3,000 vehicle radios for the Department at an estimated cost of \$72.5M. However, it is anticipated that the City will negotiate a financing plan that will defer payments for the radios for one to two years and thereafter require five annual payments. The Police Department and Fire Department will negotiate a deal jointly in order to maximize cost savings. Because of the long term of the financing

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- agreement, close monitoring will be necessary to ensure that the City is not making payments on equipment beyond its useful life.
- ▶ **Body-Worn Video (BWVC) Implementation:** The Proposed Budget provides \$5.5M for the implementation of the BWVC program. This includes regular authority and three months funding (\$0.2M) for one Police Special Investigator, six Police Performance Auditors, one Management Analyst I and one Senior Administrative Clerk who will support the project, as well as Contractual Services (\$3M) and Office and Administrative funds (\$2.4M) for BWVC hardware, software, application development, cellular connectivity/data, infrastructure and related technology. The Department plans to deploy BWVCs for 7,000 officers, including all patrol officers and officers assigned to specialized units such as Metro Division, bicycle units, and gang units. Partial funding is provided by the Supplemental Law Enforcement Services Fund (\$5M). An additional \$0.4M in unspent BWVC funds from 2015-16 will be reappropriated for the 2016-17 fiscal year. Note that the Council has not yet made a policy decision on the BWVC program. If approved, this allocation will be the first of five annual payments.
 - ▶ **Public Safety Dispatch Support:** The Proposed Budget transfers \$3.2M in funding and regular authority for 20 positions from the Information Technology Agency to the Police Department. These positions provide support for the operation of the Metropolitan and Valley Dispatch Centers, which will now be assumed by the Police Department.
 - ▶ **Police Share of Unrestricted Revenue:** Based on the Police Department's budget allocation, the Department's share of unrestricted revenue will increase from 53.3 percent (\$2.4B of \$4.5B) in 2015-16 to 54.2 percent (\$2.5B of \$4.7B) in 2016-17. While the percentage does not appear significant, each one percent equates to approximately \$45M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose.
 - ▶ **Human Trafficking and Prostitution Enforcement Detail:** The Proposed Budget provides funding (\$0.5M) in the Sworn Overtime Account for enforcement efforts aimed at combating and preventing human trafficking and prostitution.
 - ▶ **Electronic Control Devices:** The Proposed Budget provides \$0.5M from Forfeited Assets Trust Fund for the third of five annual payments to purchase 2,270 Electronic Control Devices (TASERS) to be equipped by LAPD Officers in the field.
 - ▶ **Computer-Aided Dispatch:** The Proposed Budget includes \$1.7M for the completion of the Computer-Aided-Dispatch (CAD) system upgrade, which was initiated in 2015-16. The CAD system manages and automates the dispatch of personnel and equipment based on 9-1-1 and non-emergency calls. The CAD upgrade will enable the department to reduce response times, share improve information sharing and allow text and video data to be received and distributed through 9-1-1 dispatch centers.
- **Public Works Board:** Funding and staff for two department functions are transferred to the Board in the Proposed Budget: the City's Petroleum Administrator is transferred from the

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CAO's office (\$0.2M), and the Film LA Contract Administrator position is transferred from the Economic and Workforce Development Department (\$0.2M). The Proposed Budget continues funding for graffiti abatement (\$1.7M), the Clean and Green program (\$0.8M), and the L.A. River Corps program (\$0.2M). One-time funding (\$0.1M) is provided for a forensic review and nexus study of deposits held in the Public Works Trust Fund. Four positions and nine-months funding (\$0.4M) are added to support the Sidewalk Repair Program. One position and funding (\$0.1M) is added to provide the Board with administrative support and to assist with film and television related projects.

- **Public Works Contract Administration:** The Proposed Budget continues four positions, adds 18 positions, and allocates \$3.1M for the Office of Wage Standards to administer the new minimum wage and wage theft enforcement programs. The Proposed Budget continues funding and position authority for a variety of inspection and compliance programs, including the Metro/Expo Work Program, the Transportation Grant program, the City's Sidewalk Repair Program, Bureau of Sanitation's Wastewater and Business Inclusion programs, Bridge Improvement Program, and Harbor, Airport, and Department of Water and Power support. The cost of these positions will either be reimbursed or paid directly from special funds. In addition, the Proposed Budget adds resolution authority and nine-months funding for three additional inspectors for the Metro/Expo Work Program; four additional inspectors for the Sidewalk Repair Program; funding (\$0.2M) for two additional inspectors for the Clean Water Bond (Proposition O) program; and funding (\$0.1M) and two positions to support the acceleration of the Metropolitan Transportation Authority (Metro) Purple Line extension. The Proposed Budget realigns department staff to support the construction of Fire Station 39 and the North Central Animal Shelter, both of which were formerly funded off-budget.
- **Public Works Engineering:** The Proposed Budget continues funding for Plan Check activities (four positions, \$0.9M), Expedited B-permit reviews (seven positions, \$1.2M), Citywide Development Services Case Management (one position, \$0.2M), Sidewalk Dining (one position, \$0.1M), Metro/Expo Authority Annual Work Program (21 positions, \$3.6M), Transportation Grant Fund Annual Work Program (22 positions, \$3.7M), Active Transportation Program (six positions, \$0.9M), Pavement Preservation Support (four positions, \$1M), Great Streets Initiative (hiring hall and contractual services, \$0.1M), Street and Transportation Program (six positions, \$0.9M), Pavement Preservation Plan Support (four positions, \$1M), Sidewalk Repair Program (ten positions, \$1.7M). Four resolution authorities are continued from 2015-16 for City Hall East Electrical Upgrades (one position), the Downtown Los Angeles Streetcar Project (one position) and Asphalt Plant (two positions). Funding (\$0.2M) is also provided in contractual services for the second phase of the Bureau's electronic project document control system.

Partial year funding and position authority is added for Above Ground Facilities Support (one resolution position, \$0.1M), Tree Removal CEQA Review (one regular authority, \$0.1M), Clean Water Capital Improvement Program Support (eight resolution positions,

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\$0.8M), Sidewalk Repair Program (ten positions and nine-months funding and regular authority for one Deputy City Engineer, \$1.7M), Vision Zero (two resolution positions, \$0.3M), Metro Purple Line Extension (three resolution positions, \$0.2M), Electric Vehicle and Solar Power Engineering (one resolution position, \$0.1M), Former Proposition F and Q Project Support (four positions, \$0.4M), and the Engineering Database Enhancement (one resolution position, \$0.1M). Five positions are added without funding for the Major Transit and Transportation Construction Management Committee (one position), Architectural Support for Recreation and Parks Projects (two positions), and Construction Management (two positions). The Proposed Budget also includes funding for Phase 2 of the Electronic Project Document Control System (\$0.2M), and the new FUSE Fellow Program (\$0.1M). Funding is reduced (\$-0.4M) in the Contractual Services Account to generate continued savings in the Stormwater Pollution Abatement Fund.

■ **Public Works Sanitation:**

- ▶ **Operation Healthy Streets:** A total of \$2.2M is provided to address the sanitary and health conditions in the Skid Row and Venice areas by providing outreach and notification, inspections and health assessments, removal of health hazards, collection and storage of items in the public right-of-way, street sweeping, and sanitizing of sidewalks.
- ▶ **Citywide Clean Streets Program:** The Proposed Budget allocates to the Bureau funding (\$5.1M) and resolution authority for 30 positions to staff three teams in the Citywide Clean Streets Program to address illegal dumping and abandoned waste in the public right-of-way and alleyways. Six-month's funding (\$1.9M) and 11 positions are added to staff a fourth team. Prior year funding for this program was allocated in the General City Purposes budget. Funding (\$0.7M) is also continued for five positions to support the Citywide Clean Streets Program. This program was originally approved in 2014-15 with \$5M in funding set aside in the Unappropriated Balance.
- ▶ **Citywide Exclusive Franchise System:** Funding (\$4.7M) and resolution authority for 36 positions is continued to implement Phase II of the new Exclusive Franchise System for Commercial and Multi-Family Solid Waste Collection to develop the infrastructure, systems, and protocols for inspections, zero waste compliance, and customer service programs. In addition, nine-months funding (\$4M) is allocated to fund 19 full-time positions and 45 as-needed customer service representatives to begin Phase III of this franchise system which includes customer service inspection and franchise hauler audits. Funding is included in the Proposed Budget from the Citywide Recycling Trust Fund, which consists of private waste hauler compliance fees. Funds may be used to pay for industrial, commercial and multi-family recycling programs. Further review may be necessary to determine if this source of funds will adequately sustain this program over the long term.
- ▶ **Clean and Green Community Program Support:** Funding (\$0.1M) and resolution authority for one Project Assistant is continued to support the Clean and Green

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- ▶ Community Program. A second position and funding (\$0.1M) previously assigned to support this Program was reassigned for governmental affairs support.
 - ▶ **Solid Waste Integrated Resources Plan:** The Proposed Budget continues funding (\$0.9M) and six resolution authority positions for the Solid Waste Integrated Resources Program, which is a master plan that addresses the infrastructure and financial needs for the City to achieve a zero waste goal by 2025.
 - ▶ **Other Funding:** The Proposed Budget continues funding for various programs in the Bureau, including Multi-family Bulky Item Program Phase II for condominiums and townhomes (\$0.5M), Clean Up Green Up program (\$0.2M), the Street Indexing program to measure street cleanliness (12 positions, \$1M), and the Used Oil Program (\$0.1M).
 - ▶ **Chief Sustainability Officer:** The Proposed Budget adds regular authority for one Chief Management Analyst to serve as the Bureau's Chief Sustainability Officer, partially funded through the deletion of one Environmental Affairs Officer.
 - ▶ **Advanced Water Purification Expansion Project:** Six months funding (\$0.3M) and six positions are added to increase recycled water production from five million gallons per day to 12 million.
- **Public Works Street Lighting:**
- ▶ **LED Conversion Program:** The Proposed Budget continues funding (\$2.7M), and resolution authority for ten positions to support Phase II of the LED Conversion Program.
 - ▶ **Copper Wire Theft Prevention:** Funding (\$1.1M) is continued for one resolution authority and supplies for the Copper Wire Theft Prevention program, including expense funding for replacement copper wire and lockable pull boxes to prevent future theft.
 - ▶ **Co-Location Small Cell Communication:** Funding (\$3M) and twelve resolution authority are continued and nine-months funding and four resolution positions are added for the Co-Location Small Cell Communication program. The cost of this program is expected to be reimbursed from telecommunications companies' purchase of these devices.
 - ▶ **High Voltage Conversion Program:** Funding (\$2.1M) and three resolution authorities are continued and five new resolution positions are added. Funding for materials (\$3.3M) and contract support (\$5M) will be expended directly from the MICLA fund.
 - ▶ **Sidewalk Repair Program:** One-time funding (\$0.03M) is added to repair and update street lighting infrastructure.
 - ▶ **Vision Zero:** The Proposed Budget adds partial year funding (\$0.5M) and five resolution authorities for street lighting projects along the High Injury Network to facility implementation of the Vision Zero objectives.
 - ▶ **Metro Purple Line Extension:** Partial year funding (\$0.1M) and two resolution authorities are added to provide support for the acceleration of the project.

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- ▶ **Assistant Director:** Partial year funding (\$0.1M) and one regular authority is added for one Assistant Director to provide additional management oversight for the Design group.
- ▶ **Personnel Adjustment:** Reallocation of one Senior Management Analyst II to one Chief Management Analyst is included in the Proposed Budget. The salary cost will be absorbed by the Bureau.
- **Public Works Street Services:** The Proposed Budget continues funding for the following services:
 - ▶ **Great Streets Initiative:** Funding (\$2M) for 14 positions and various expense accounts is included to support this initiative.
 - ▶ **Pavement Preservation:** Funding is continued for the following elements of the Pavement Preservation Plan: \$0.7M to perform 40,476 small asphalt repairs, in addition to the 309,524 repairs funded in the base budget, for a total of 350,000 repairs. Funding (\$0.8M) is also set aside in the Unappropriated Balance for the Bureau to implement a concrete streets pilot project.
 - ▶ **Sidewalk Repair Program:** The Proposed Budget provides \$10M for 31 positions (five repair crews) and various expenses related to street tree work associated with sidewalk repair and \$4M for 23 positions to construct 916 sidewalk access ramps, in support of the Sidewalk Repair Program that was approved in 2014-15.
 - ▶ **Bus Pad and Stop Improvements:** Funding (\$1.8M) is continued for eleven positions and various expense accounts to construct 30 concrete bus pads and landings to improve accessibility at bus stops.
 - ▶ **GPS Technology:** One-time funding (\$0.03M) is continued for GPS Technology Supplies installed in 2014-15 to make street cleaning routing more efficient by digitally capturing information and using the data to redesign and consolidate routes.
 - ▶ **Street and Transportation Project Support:** Funding is provided (24 positions, \$2.9M) to construct various streetscape and transit enhancement projects.
 - ▶ **Tree Trimming:** Funding (\$6.7M) for five positions, contract services, and overtime is provided to trim approximately 28,600 trees and respond to on-demand tree trimming needs for approximately 4,500 trees for community and Citywide events.
 - ▶ **Median Island Maintenance:** In 2015-16, \$2M was provided for median island maintenance, consisting of a General Fund appropriation (\$1M) to the Bureau and Measure R funds (\$1M). The Proposed Budget includes funding (\$1M) for median island maintenance from Measure R.
 - ▶ **Continuing Services:** The Proposed Budget includes positions and funding to continue the following services: Streetscape and Transit Enhancements (54 positions, \$6.3M), Street and Transportation Project Support (24 positions, \$2.9M), Public Right-of-Way Construction Enforcement during rush hour (four positions, \$0.5M), Metro/Expo Authority Annual Work Program (eight positions, \$1.4M), Design of Bikeways and Pedestrian Facilities (five positions, \$0.8M), Assistant

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- ▶ Bureau Director to act as the Bureau's Sustainability Officer (\$0.1M), and Mobile Device Support (one position, \$0.2M).
- ▶ **New Services:** The Proposed Budget includes one-time funding (\$0.5M) to construct safety improvements for the Vision Zero initiative, funding and position authorities (three resolution authorities, \$0.3M) for the acceleration of the Metro Purple Line expansion project .
- **Recreation and Parks:**
 - ▶ **Related Costs:** The Charter-mandated appropriation to the Department of Recreation and Parks is increased by \$11.1M for a total of \$171M for 2016-17. The Department will reimburse the General Fund an additional \$7M, for a total of \$59.8M, for pensions, Medicare, Civilian Flex Programs and other related costs including Utilities.
 - ▶ **Utilities Increase:** Increased funding (\$5.2M) has been added to address Department of Water and Power rate increases. These costs, the majority of which is for water (\$4.6M), are expected to increase for the next three fiscal years (through 2019-20) and are estimated to be approximately \$3M to \$4M annually.
 - ▶ **Comprehensive Homeless Strategy:** Funding has been added for the Park Restroom Enhancement Program (\$1.2M) which will increase the frequency of restroom cleaning by once per day at 15 park locations. This funding is in addition to the \$1M in funding provided in 2015-16 for additional maintenance. The Department will expand restroom hours at various park locations to meet the needs of park patrons. The Proposed Budget adds funding (\$0.2M) for ground maintenance and security services at Gladys Park located at Skid Row. Funding for both programs supports the City's Comprehensive Homeless Strategy.
 - ▶ **Enhanced Programs:** The Proposed Budget adds \$0.5M to implement the Girls Play Los Angeles Program to increase girls' participation in the Department's sports leagues. The Clean and Safe Spaces Park Program (CLASS Parks) is provided increased funding (\$0.5M) to enhance programs at the 36 existing sites.
 - ▶ **Continued/New Positions:** Funding (\$0.2M) and regular authority has been added for the Chief Sustainability Officer position that was added as a resolution authority in 2015-16. Resolution authority with no dedicated funding has been proposed for a Legislative Representative position.
 - ▶ **Housing Authority of City of Los Angeles (HACLA) Transfer:** The Proposed Budget notes that the Department no longer operates three HACLA Recreation Centers (Nickerson Gardens, Jordan Downs, and Ramona Gardens). Positions and funding are transferred to enhance the CLASS Parks Program.
 - ▶ **Capital Improvement Expenditure Program (CIEP):** For 2016-17, a total of \$3M will be used to offset known project shortfalls in addition to allocating funds to the Rancho Cienega Recreation Center, Algin Sutton Pool, Van Ness Pool and various bathroom improvements (previously discussed as part of the Comprehensive Homeless Strategy).

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■ **Transportation:**

- ▶ **Development Review Support:** Funding (\$0.5M) is continued for three positions to support the processing of traffic studies.
- ▶ **Expedited Plan Review:** Funding (\$0.5M) is continued for three positions to support the workload for expedited traffic control plan reviews.
- ▶ **Permit Parking Program:** Funding (\$0.4M) is continued for three positions to support the operation and administration of the Permit Parking Program.
- ▶ **Special Events Overtime:** Funding (\$2M) is continued to provide traffic control services for emergency response and non-reimbursable special events.
- ▶ **Other New Initiatives:** Partial year funding is included for the following new initiatives:
 - Mobility Hubs Program (nine-months funding for one position, \$0.1M)
 - Grants Fund Manager (six-months funding for one position, \$0.08M),
 - Accelerated ExpressPark (nine-months funding for two positions, \$0.2M),
 - Special Parking Revenue Fund Local Return (nine-months funding for one position, \$0.09M),
 - Radio System Consoles (\$0.5M for eight new symphony consoles),
 - Director of Field Operations Management Support (nine-months funding for one position, \$0.1M),
 - Vision Zero - Speed Zone Survey Work (nine-months funding for two positions and contractual services, \$0.4M),
 - Vision Zero - Street and Safety Improvements (nine-months funding for four positions, \$0.7M),
 - Downtown Bus Operations Facility Development Project Management (nine-months funding for one regular position, \$0.1M),
 - Metro Purple Line Extension (six-months funding for five positions, \$0.4M),
 - Bikepath Maintenance Program Management (six months funding for one position, \$0.06M),
 - Budget and Administration Support (six-months funding for one Chief Management Analyst, \$0.1M),
 - One-time funding is added (\$0.1M) to conduct a review of the franchise ordinance and a study of various modes of transportation can achieve the goals of the Mobility Plan.
- ▶ **Transportation Grant Project Review:** Funding is continued for one accountant position (\$0.1M) to implement the recommendations included in the Controller's audit relative to accounting policies and procedures.
- ▶ **Transportation Project Delivery Support:** Funding is continued for 21 positions (\$3.3M) to support the implementation and management of highway and transportation capital grant-funded projects, in coordination with other departments.
- ▶ **Traffic and Street Maintenance Support:** Funding is continued for 14 positions

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- (\$1.4M) to support critical maintenance of signs and traffic control devices to reduce accidents on public streets.
- ▶ **Pavement Preservation Program:** Seventeen positions and one-time contractual services funding (\$8.1M) are continued to provide additional support to meet the goal of 2,400 miles of street resurfacing in 2016-17. Funding for ten positions (\$1M) is also continued to provide two additional traffic loop replacement crews and research support for design plans.
 - ▶ **District Office Support:** Continue funding (\$0.6M) and add four regular authorities to support the workload at the district offices and continue funding (\$0.6M) and five resolution authorities to support the service backlog for field operations and data collection required for traffic survey work.
 - ▶ **Speed Hump Program:** Continue funding (\$0.1M) and one position to support the program.
 - ▶ **Traffic Signals Support:** Seventy-four positions (\$9.9M) are continued to support the on-going workload relative to the design, construction, maintenance, and operation of all traffic signals to ensure the traffic network and the City's ATSC infrastructure is working effectively, as well as support the Metro/Expo Annual Work Program.
 - ▶ **Metro/Expo Authority Annual Work Program:** Eight positions (\$1.1M) are continued to support the construction of major transit projects in the City, including design review and project management. Nine-months funding is added (\$0.2M) for two positions to act as inspectors on Metro's Transit Priority System (TPS) projects.
 - ▶ **ACTIVE Transportation:** Thirteen positions (\$1.7M) are continued to work on the Pedestrian Plan, the Bicycle Plan, People Street program, and other mobility initiatives that improve safe streets, the quality of life, and access to neighborhoods and businesses.
 - ▶ **Great Streets Initiative:** Funding for four positions (\$2M) and contractual services is continued to provide project management and coordination for this initiative.
 - ▶ **Vision Zero:** Funding is continued (\$1.3M) for six positions to support the development of the Vision Zero Policy, as well as funding for contractual services to conduct outreach and the develop a Vision Zero campaign.
 - ▶ **Support for Film Industry:** Funding is continued for four positions (\$0.3M) to provide additional temporary sign posting for filming activity.
 - ▶ **Sustainability Plan:** Funding and one regular Chief Management Analyst authority is added (\$0.2M) to act as the Department's Chief Sustainability Officer and to oversee the implementation of the Plan. This position was an unfunded resolution authority in 2015-16.
 - ▶ **Communications Center Support:** Funding is continued for two regular positions (\$0.2M) to support the 24-hour Communication Center.
 - ▶ **Part-Time Traffic Officer Program:** Funding has been reduced (\$-0.8M) to reflect a one-time salaries account transfer (\$1.7M) to provide 100,000 hours of part-time traffic officer support to augment full-time traffic officer activities. Funding is

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continued (\$0.4M) for four supervisory and administrative positions overseeing this program.

- ▶ **DWP Water Trunk Line Program:** Funding is continued (\$0.9M) for three positions and nine-months funding for four positions to support the design and construction work associated with the increased workload in 2016-17.
 - ▶ **General Administration Support:** Funding is continued (\$0.7M) for four regular positions, including an Assistant General Manager, to support the Department.
- **Zoo:** The 2016-17 Proposed Budget estimates \$14.2M in admissions revenues. Admission fees have increased in each of the past eight years, but no increase is anticipated this year. The Proposed Budget adds reimbursable funds to support GLAZA special events (\$0.08M), reindeer care (\$0.01M) and bird show and daily operations (\$0.05M). Funding is provided (\$0.1M) for a new fee-based giraffe feeding visitor experience and the Tom Mankiewicz Conservation Carousel (\$0.2M). Funding and resolution authority are continued for one Behavioral Enrichment Program Coordinator (\$0.1M) and for budget staff (\$0.08M).

Pursuant to the City's MOU with GLAZA for Marketing/Public Relations, the Proposed Budget allocates \$1.6M from the Zoo Enterprise Trust Fund to GLAZA as a Marketing Refund. This amount will fluctuate and is dependent on admissions revenue for 2016-17.

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NON-DEPARTMENTAL AND OTHER

- **General City Purposes:** The Proposed Budget increases funding for programs and services by \$38.2M (29.3 percent). Funding for the General City Purposes budget will increase from \$130.7M to \$168.9M. A summary of significant changes in the Proposed Budget are as follows:
 - ▶ **Aging Programs - Various:** One-time funds in the amount of \$0.2M are deleted with regard to the Family Caregiver Program, Elder Abuse Prevention Program, and other Older American Support Programs to offset reductions from sequestration. Funding is not continued in the Proposed Budget.
 - ▶ **Estelle Van Meter Mini Multipurpose Senior Center:** New funds are provided in the amount of \$0.5M for the operation of a mini multi-purpose center at the Estelle Van Meter Center, to expand services for approximately 5,000 seniors.
 - ▶ **LA RISE:** Funding is provided for the L.A. Regional Initiative for Social Enterprise (LA RISE) (\$2M), in support of job development services for homeless individuals. This program is administered by the Economic and Workforce Development Department (EWDD) and is supplemented by \$2.5M in grant funds from a Workforce Innovation Fund grant provided to EWDD.
 - ▶ **Gang Injunction Curfew Settlement Agreement:** \$7.5M in new funding is provided to assist participants of the gang injunction curfew settlement agreement with job readiness development.
 - ▶ **Family Source Centers:** Funding in the amount of \$4.8M is included for five non-profit Family Source Center (FSC) contracts which did not receive funding by the Community Development Block Grant or Community Services Block Grant. Funding is also included for the Los Angeles Unified School District contract for continued co-location of pupil services and attendance counselors at the FSCs.
 - ▶ **Homeless Shelter Program:** The Homeless Shelter Program line item has been increased by \$24.9M to a total of \$34.9M. This reflects expanded services, consistent with implementation of the City's Comprehensive Homeless Strategy. Provided services are as follows: an additional 882 shelter beds through the Winter Shelter Program, and increased funding to L.A. Homeless Services Authority (LAHSA) for the Coordinated Entry System, shelter programs, emergency response teams, housing vouchers, and other support services. Funding (\$2.1M) is transferred from the Homeless Services for Veterans line item. In addition, current year funding for El Niño response will be re-appropriated for LAHSA programs.
 - ▶ **Los Angeles Homeless Count:** The U.S. Department of Housing and Urban Development (HUD) has changed its requirement for a bi-annual homeless count to an annual basis. The City is required to conduct this count of homeless populations in order to compete for, and receive, approximately \$88M in annual grant funding for the delivery of homeless services. \$0.5M is allocated to provide a comprehensive homeless count which includes 95 percent of all census tracts in the Los Angeles Continuum of Care.

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- ▶ **Homeless Services for Veterans:** This line item was new to the 2015-16 Budget and allocated funds to LAHSA for homeless services for veterans. Funding for this item has been transferred to the Homeless Shelter Program line item, and there will be no impact to the overall services provided for this program.
- ▶ **Homelessness Support:** New funding in the amount of \$0.3M is provided to the Mayor's Office to support homelessness initiatives.
- ▶ **Operation Healthy Streets:** Funding for Operation Healthy Streets has been increased by \$0.1M (6.8 percent), to comply with new minimum wage standards. Total proposed funding through General City Purposes for Operation Healthy Streets is \$2.1M.
- ▶ **Rapid Re-Housing Vouchers:** This new funding line item provides \$5M for housing vouchers. In addition, partial funding is provided to the Department of Cultural Affairs for cultural programming and to the Tourism and Convention Board. Funding will be appropriated from Transient Occupancy Tax receipts, upon receipt through an agreement with short-term rental companies. The total budget for this program is \$5.8M.
- ▶ **Lifeline Reimbursement Program:** An increase of \$0.09M reflects an anticipated 50,000 subscribers to the Solid Waste Resources Revenue Fund (SWRRF) Lifeline Program. The maximum number of subscribers provided in the program is 51,400.
- ▶ **Clean Streets Citywide:** Approximately \$9M in new funding was provided in 2015-16 to address illegal dumping, alleyway cleanups, and homeless encampments citywide. This program is now included in the Bureau of Sanitation's operating budget, and has been deleted from the General City Purposes fund.
- ▶ **Gang Reduction and Youth Development (GRYD) Office:** The Proposed Budget includes \$26.4M in funding, a \$0.3M (1.1 percent) increase. The additional funding is provided for juvenile re-entry services and crisis response times. Partial funding (\$0.03M) is provided by the Forfeited Assets Trust Fund.
- ▶ **Open Data and Digital Services:** An additional \$0.6M is provided for improvements to the Business Assistance Virtual Network and the myLA311 application. Total funding for this program is approximately \$1.3M.
- ▶ **Equity and Community Well-Being:** Increased funding in the amount of \$0.2M is provided to offset costs for positions previously funded by the Community Development Block Grant. Total funding for this program is \$0.6M.
- ▶ **Domestic Abuse Response Teams:** \$1.5M is allocated for Domestic Abuse Response Teams. The program is receiving an additional \$0.5M to maintain services for 21 sites across the City.
- ▶ **Council Community Projects:** Funding for these projects was reduced from \$5.0M to \$1.2M (77 percent). The selection of these projects was based on project readiness, construction timelines, total project funding gaps, and anticipated community outcomes. Funds are provided for Project Save (\$0.6M) and the Rita Walters Learning Complex (\$0.6M).

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- **Capital Improvement Expenditure Program (CIEP):** Existing policy states that the City shall annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. For 2016-17, General Fund revenues are projected to be \$5.6B, resulting in a one percent target of \$55.6M. The 2016-17 Proposed Budget provides \$21.5M in base-level funding from the General Fund for CIEP. An additional \$23.3M in General Funds is provided for Sidewalk Repairs and \$44.1M is provided for the Pavement Preservation Program, including \$40.8M in various departments' budgets and \$3.3M in the Unappropriated Balance. The total General Fund amount allocated for capital and infrastructure improvements is \$88.9M or 1.6 percent.
 - ▶ **Municipal Facilities:** The total 2016-17 program cost for Municipal Facilities capital improvements is \$176.6M, consisting of \$12M in General Fund appropriations, \$3M in special fund appropriations, and \$161.6M in Municipal Improvement Corporation of Los Angeles (MICLA). In addition to ongoing capital projects that address critical infrastructure repairs and improvements, assessment and clean-up of contaminated soil at yards and fueling locations, capital repair programs at major City facilities (e.g. Figueroa Plaza, Marvin Braude Building, Police Administration Building, Public Safety Facilities, and the Public Works Building), other major projects include: LAPD Property Warehouse (\$28M); construction of a new Fire Station 39 (\$23M) and the Northeast Police Station parking structure (\$9.7M); renovation of the North Central Animal Shelter (\$15M); conservation, energy audits, and upgrades at municipal facilities (\$0.5M); and acquisition and remediation of the Taylor Yard G2 Parcel (\$60M).
 - ▶ **Physical Plant:** The Proposed Budget includes \$15.2M in CIEP funding for Physical Plant projects. Funding of \$2.2M is provided from the Stormwater Pollution Abatement Fund and \$1.2M from the General Fund for three flood control projects, the Sepulveda Channel Low Flow Treatment Facility, and the Ballona Creek Low Flow Treatment Facility water quality improvement projects; \$0.7M from the Special Gas Tax Street Improvement Fund; \$8.3M from the General Fund is provided for street repair, street lighting, and street safety related projects; and \$1.6M is provided from the Local Transportation Fund to continue design and construction of City bikeway projects.
 - ▶ **Clean Water Capital Improvement Expenditure Program:** A total of \$245.3M in CIEP funding is included for Clean Water projects. Current major capital projects include: various collection system projects (\$55M); replacement of the electronic wastewater control system at four treatment plants and the collection system (\$19.3M); construction of the Digester Gas Utilization Project (DGUP) at the Hyperion Treatment Plant (\$37.3M); and expansion of the Advanced Wastewater Purification Facility (AWPF) at the Terminal Island Water Reclamation Plant (\$22.9M).

- **Fire and Police Pension Fund**
 - ▶ The City's 2017-18 contribution to Pensions is \$617.6M, a decrease of \$5.8M over the 2015-16 budget contribution. The decrease in the Pensions contribution

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reflects the results of the most recent LAFPP valuation, lower than expected cost of living adjustment (COLA) increases during 2014-15 for retirees, beneficiaries, and Deferred Retirement Option Program (DROP) members, lower than expected salary increases for active members, as well as a higher than expected return on valuation value of assets (after smoothing). The Proposed Budget anticipates paying the entire Pension contribution in July 2016 by funding the required contribution through the issuance of Tax and Revenue Anticipation Notes (TRANs). As a result, the pension fund is expected to gain additional interest earnings on the payment, which would reduce the required City contribution by 3.4 percent or \$21M. The System's funded ratio, using actuarial value of assets, increased from 80.8 percent to 85 percent as of June 30, 2015. The contribution rate as a percentage of salary is 44.54 percent compared to 46.51 percent for 2015-16.

■ Los Angeles City Employees' Retirement System (LACERS)

- ▶ The City's total contribution to LACERS is \$564.4M, which includes a total of \$99.9M in payments from the Airports (\$78.2M) and Harbor (\$21.8M). This total also includes direct payments from LACERS (\$3.4M) and LAFPP (\$3.2M) for their portion of the required contribution. The City's General Fund portion of the total amount to be paid to LACERS in 2016-17 is \$457.9M, a \$23.3M increase over the 2015-16 required contribution. The City's increased contribution to LACERS is due to increases in payroll and the replacement of the lesser Tier 2 benefit plan for new hires with the new Tier 3 benefit plan. The increase has been partially mitigated by a net \$5.9M credit to the General Fund from the total 2015-16 "true up" adjustment resulting from the reconciliation of prior year's budgeted covered payroll with actual covered payroll for the General Fund, Harbor, and Airports (-\$20M), offset by a one-time lump sum payment (\$14.1M) from the General Fund for the retroactive upgrade of past Tier 2 members to Tier 1.

The System's funded ratio increased from 68.1 percent to 70.7 percent as of June 30, 2015. The Proposed Budget anticipates paying the entire 2016-17 contribution in July 2016 through Tax and Revenue Anticipation Notes (TRANs), which will generate a 3.4 percent discount to the City (\$15.6M). The contribution rate for Tier 1 as a percentage of salary is 28.16 percent compared to 28.75 percent in 2015-16; Tier 3 contribution is 24.96 percent.

- **MICLA Debt Issue:** The Capital Finance Administration Fund includes \$230.1M for debt service cost for outstanding issuances to date. This amount is \$5.5M (2.3 percent) less than 2015-16. The proposed amount reflects no lease payments for issuances for real property and Motorola Lease Radios because final payments were made in 2015-16. Outstanding debt related to the Los Angeles Convention Center (LACC) was refunded in November 2015 through MICLA as the lessor and new lease payments are now reflected in the Proposed Budget. In November 2015, a new \$110M commercial paper program was established for LACC capital improvements.

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The Proposed Budget includes a total of \$92.1M in MICLA financing in 2016-17 for the following projects: Fire Vehicle Replacement (\$23.1M); GSD Vehicle Replacement (\$35.6M); GSD Emergency Generator Replacement (\$0.6M); a Police Airbus AS350 B-3E Helicopter (\$8.6M); Fire Helicopter Replacement (\$18M); Information Technology Agency City Network Rescue Plan (\$2M); Marvin Braude Generator (\$0.5M); and purchase of Police Vehicle Replacement (\$3.7M).

Debt financing is proposed for capital improvements at the Los Angeles Convention and Exhibition Center, including, but not limited to: Escalator and Elevator Repair and Modernization Program (\$0.3M); South Hall Lighting System (\$0.1M); Signage Upgrade to Programmable Signs (\$0.2M); Meeting Room Sound System Upgrade (\$0.4M); and the Solar Array Project on the South Hall (\$2M). Debt financing is also provided for purchases, including, but not limited to: Police Property Warehouse (\$28M); Taylor Yard G2 (\$60M), New Fire Station No. 39 (\$23M); North Central Animal Center Renovations (\$15M); and the Northeast Police Station Parking Structure (\$9.7M).

As noted in the Compliance with Financial Policies section earlier in this report, the proposed debt financing is a significant increase over prior years.

- **Tax and Revenue Anticipation Notes (TRANS):** The 2016-17 Proposed Budget includes funding totaling \$1.1B to pay debt service on TRANS issued to fund the City's annual required contributions to the City Employees' Retirement System (LACERS) (\$464.3M, including interest) and the Fire and Police Pension Fund (Pensions) (\$625.5M, including interest). In addition, \$5.2M in funding is also included to pay debt service for the issuance of TRANS to meet short-term cash flow needs occurring early in the fiscal year when certain revenues have not yet been received. The July 2016 payment of the entire annual contribution to LACERS and Pensions will allow both Funds to earn additional interest to be used to discount the required City contribution. The net savings to the City for early payment to the pension systems through the issuance of TRANS is approximately \$22.2M. For comparison, \$1.07B in TRANS were authorized in the 2015-16 Adopted Budget, while \$1.05B was authorized in 2014-15 and \$955.9M in 2013-14.
- **Unappropriated Balance:** The Unappropriated Balance (UB) includes funds identified for specific purposes, including contingencies for accounts that may experience shortages or start-up funding for projects or programs that would need funding during the fiscal year, but are not fully developed at the time the budget is adopted. The 2016-17 Proposed Budget includes \$27M in the UB, which is a \$76.6M decrease from the 2015-16 Adopted Budget allocation of \$103.6M. The 2016-17 Proposed Budget earmarks funds for the following:
 - ▶ BID Assessments on City Properties (\$0.5M) to pay assessments on City-owned property within the boundaries of proposed Business Improvement Districts (BIDs) to be established in 2016-17.

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- ▶ Civilian FLEX-Healthcare Reform Act Compliance (\$1M) to provide healthcare benefits for employees anticipated to be eligible for benefits under the Patient Protection and Affordable Care Act.
 - ▶ Electrical Vehicle Charging Stations (\$1M) to provide front funding to purchase and install electrical vehicle charging stations at various locations Citywide. Reimbursement is anticipated for Department of Water and Power (DWP) rebates.
 - ▶ Great Streets (\$0.1M) to provide for utility relocation costs associated with upgrading access ramps in compliance with the American's with Disabilities Act (ADA) and street safety projects as part of the Great Streets Initiative.
 - ▶ Implementation of Public Right-of-Way Cleanup (\$3.7M) to pay salaries and expenses related to the implementation of this Program and the City's Comprehensive Homeless Strategy.
 - ▶ Office of Public Accountability Studies (\$0.8M) to continue studies benchmarking DWP operations.
 - ▶ Outside Counsel Including Workers' Compensation (\$1M) for outside counsel attorneys to assist in litigation and transactional matters.
 - ▶ Pavement Preservation (\$2.6M) to continue the Pavement Preservation Plan of at least 2,400 lane miles.
 - ▶ Pavement Preservation (\$0.8M) for the Bureau of Street Services to implement a concrete streets pilot project.
 - ▶ Reserve for Mid-Year Adjustments (\$12M) to support General Funded department operations to address shortfalls that may arise.
- **Exhibit H "Required Ordinance Changes and Other Budgetary Actions":** Exhibit H outlines actions necessary to be taken by the Council and Mayor in order to implement the Proposed Budget. In past years, the Proposed Budget has also included instructions in Exhibit H and proposals on policy matters for which Council has already taken action, or that may require further refinement and discussion in a Council Policy Committee and full Council prior to endorsement. The 2016-17 Proposed Budget contains a few of these types of instructions that have not been considered by Council Policy Committees, such as the transfer of the Petroleum Administrator, amendment of the Stores Revolving Fund, the allocation of surplus property proceeds to the City's homeless strategy, and the transfer of the Neighborhood Council Funding Program.

Instructions in Exhibit H of the 2016-17 Proposed Budget include the following Ordinance changes:

- ▶ Authorize the issuance of up to \$1.5 billion in Tax and Revenue Anticipation Notes for short-term cash flow needs and to make contribution payments to LACERS and Los Angeles Fire and Police Pension Funds.
- ▶ Streamline the lien-approval process for code enforcement activities provided by Building and Safety.

IMPACT ON DEPARTMENTS AND PROGRAMS

- ▶ Transfer the responsibilities of the Petroleum Administrator from the CAO to the Board of Public Works.
- ▶ Amend the Stores Revolving Fund to release existing surpluses and encumbrances remaining within the account in the amount of \$3.9 million in 2016-17, and authorize the Controller to transfer the like amount to the General Fund as 2016-17 revenue. This provision shall sunset at the conclusion of 2016-17.
- ▶ Establish a Homeless Services Trust Fund.
- ▶ Allocate all proceeds from the sale of surplus property sold during 2016-17 to the City's homelessness strategy and to the development of affordable housing and be deposited into the Affordable Housing Trust Fund.
- ▶ Transfer the Neighborhood Council Funding Program from DONE to the City Clerk and establish joint administration of the Neighborhood Empowerment Trust Fund by DONE and the City Clerk.
- ▶ Update and increase various fees and permits for special services provided by the Bureau of Engineering.
- ▶ Prepare all revenue-generating ordinances no later than thirty days after final budget adoption.

The following are instructions contained in Exhibit H:

- ▶ Instruct the CAO to report on its negotiations with Southern California Gas Company regarding its long-term franchise agreement with the City.
- ▶ Instruct the CAO to report on the feasibility of individually metering all City facilities.
- ▶ Instruct the CAO to report on the feasibility of transferring the Commission on the Status of Women from the Housing and Community Investment Department to a more appropriate department.
- ▶ Instruct the CAO to report on the key elements of Department of Water and Power (DWP) Reform that can be implemented within the City's existing authority.
- ▶ Instruct the Office of Finance to report on modernizing the City's business license structure to appropriately incorporate all elements of the "sharing economy" (e.g., Airbnb, Uber, and Lyft).