


REPORT OF THE CHIEF LEGISLATIVE ANALYST

April 26, 2017

To: Honorable Members of the
Budget and Finance Committee

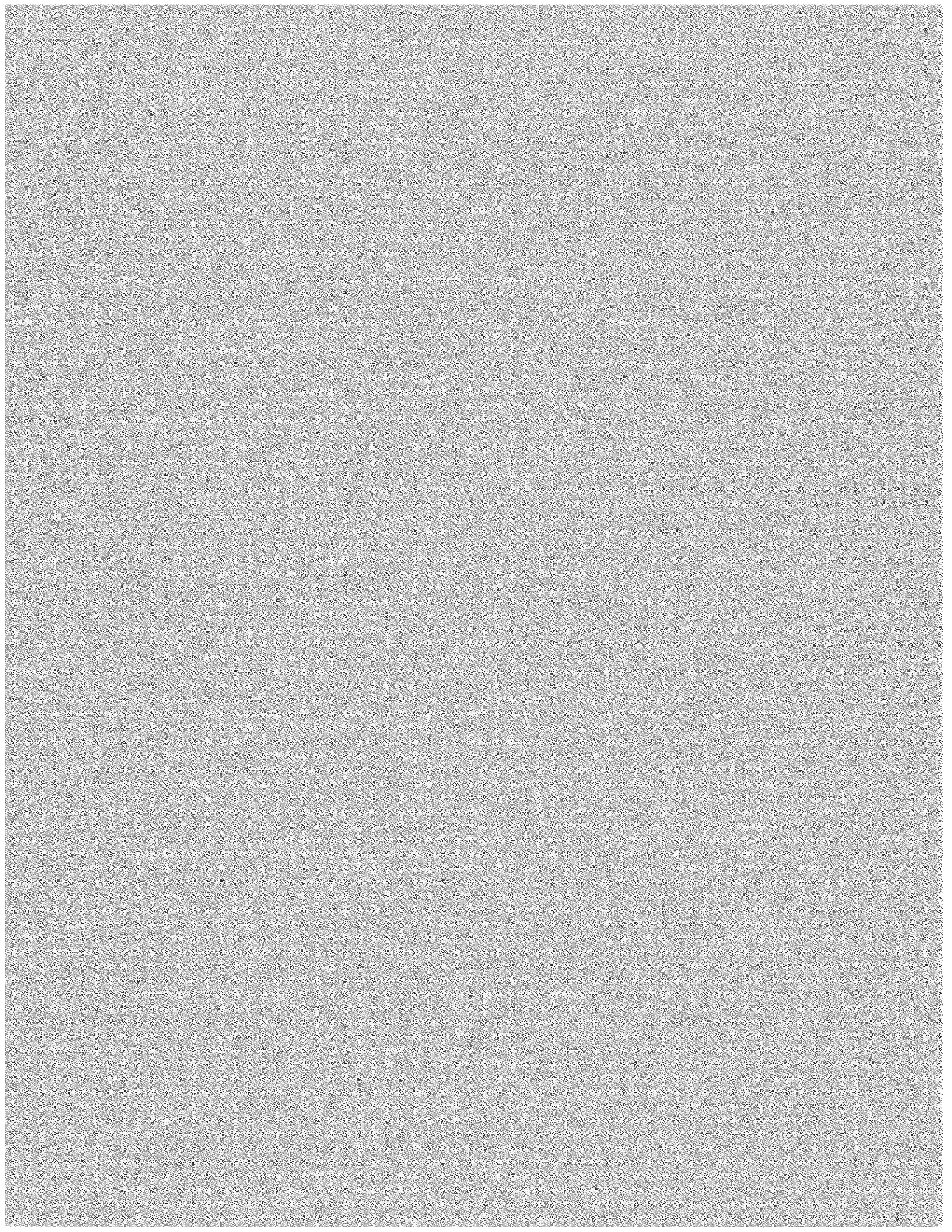
From: Sharon M. Tso 
Chief Legislative Analyst

Overview of the 2017-18 Proposed Budget

As requested by your Committee, we have prepared the attached overview of the 2017-18 Proposed Budget, as submitted by the Mayor on April 20, 2017.

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

Attachment: Overview of the 2017-18 Budget
As Submitted by the Mayor



**OVERVIEW OF THE
2017-18 BUDGET**

AS SUBMITTED BY THE MAYOR

**Presented To
Budget and Finance Committee**

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

General Fund Base Revenue Change (\$35.40M)

- ▶ 2016-17 Budgeted Revenue (\$5,576.40M)
 - Less Elimination of 2016-17 One-Time Revenues (\$-124.80M)
 - Plus Projected 2017-18 Ongoing Revenues (\$160.20M)
- ▶ 2017-18 Revenue Estimate (From Adopted 2016-17 Budget Outlook) (\$5,611.80M)

■ Anticipated 2017-18 Expenditure Changes in the 2016-17 Budget Outlook to Maintain Current Level and Fund Obligatory Increases (\$120.00M)

- ▶ Employee Compensation Adjustments (\$86.50M)
- ▶ Police Overtime (\$10.00M)
- ▶ City Employee Retirement System (\$22.70M)
- ▶ Fire and Police Pensions (\$27.70M)
- ▶ Workers Compensation Benefits (\$14.80M)
- ▶ Health, Dental and Other Benefits (\$32.60M)
- ▶ Debt Service (\$4.20M)
- ▶ Delete One-Time Costs (\$-18.30M)
- ▶ Comprehensive Homeless Strategy (Reduction of One-Time Costs) (\$-41.40M)
- ▶ Unappropriated Balance (\$-17.20M)
- ▶ City Elections (\$-19.20M)
- ▶ CIEP - Municipal Facilities and Physical Plant (\$-5.60M)
- ▶ CIEP - Sidewalks (\$1.90M)
- ▶ CIEP - Pavement Preservation (\$2.70M)
- ▶ Net - Other Adds and Deletions (\$18.60M)

TOTAL BUDGET DEFICIT \$-84.60M

*Projected Deficit from 2016-17 Four-Year Outlook

BUDGET BALANCING ACTIONS

- **New/Expanded Revenue Proposed for 2017-18 above the 2016-17 Budget Outlook (\$167.46M)**
 - ▶ One -Time Revenues (\$31.41M)
 - ▶ Ongoing Revenues (\$136.05M)

- **Adjustments to the 2016-17 Outlook to Reflect 2017-18 Proposed Expenditures (\$87.55M)**
 - ▶ Expenditures Required to Maintain Current Level Services (\$41.63M)
 - ▶ Employee Compensation Adjustments (\$33.79M)
 - ▶ Police Sworn Overtime (\$20.98M)
 - ▶ City Employee Retirement System (\$-31.56M)
 - ▶ Fire and Police Pensions (\$-1.84M)
 - ▶ Workers Compensation Benefits (\$-3.30M)
 - ▶ Health, Dental, and Other Benefits (\$8.93M)
 - ▶ Debt Service (\$-3.16M)
 - ▶ Delete One-Time Costs (\$4.99M)
 - ▶ Comprehensive Homeless Strategy (\$16.41M)
 - ▶ Unappropriated Balance (\$33.67M)
 - ▶ City Elections (\$-0.36M)
 - ▶ CIEP - Municipal Facilities and Physical Plant (\$9.95M)
 - ▶ CIEP - Sidewalks (Funding Realignment) (\$-11.45M)
 - ▶ CIEP - Pavement Preservation (\$-21.00M)
 - ▶ Net - Other Adds and Deletions (\$-10.13M)

- **Efficiencies/Reductions Included in the 2017-18 Proposed Budget (\$-34.89M)**
 - ▶ Aging - Emergency Alert Response System (\$-0.09M)
 - ▶ Aging - One-Time Expense Account Reduction (\$-0.08M)
 - ▶ Aging - One-Time Salary Reduction (\$-0.01M)
 - ▶ Animal Services - Expense Account Reduction (\$-0.15M)
 - ▶ Animal Services - One-Time Salary Reduction (\$-1.33M)
 - ▶ Animal Services - Salary Savings Rate Adjustment (\$-0.23M)
 - ▶ Building and Safety - Expense Account Reduction (\$-0.01M)
 - ▶ Building and Safety - One-Time Salary Reduction (\$-0.04M)
 - ▶ Building and Safety - Salary Savings Rate Adjustment (\$-0.09M)
 - ▶ City Administrative Officer - Expense Account Reduction (\$-0.20M)
 - ▶ City Administrative Officer - One-Time Salary Reduction (\$-0.27M)
 - ▶ City Attorney - Expense Account Reduction (\$-0.07M)
 - ▶ City Attorney - One-Time Salary Reduction (\$-2.15M)
 - ▶ City Attorney - Salary Savings Rate Adjustment (\$-1.18M)
 - ▶ City Clerk - Expense Account Reduction (\$-0.00M)
 - ▶ City Clerk - One-Time Salary Reduction (\$-0.24M)
 - ▶ City Planning - Expense Account Reduction (\$-0.13M)

- ▶ City Planning - One-Time Salary Reduction (\$-0.05M)
- ▶ City Planning - Salary Savings Rate Adjustment (\$-0.09M)
- ▶ Controller - Expense Account Reduction (\$-0.04M)
- ▶ Controller - One-Time Salary Reduction (\$-0.43M)
- ▶ Controller - Salary Savings Rate Adjustment (\$-0.11M)
- ▶ Disability - ADA Assistant Contracts (\$-0.03M)
- ▶ Disability - Expense Account Reduction (\$-0.06M)
- ▶ Disability - Increase Salary Savings Rate (\$-0.02M)
- ▶ Disability - One Time Salary Reduction (\$-0.01M)
- ▶ Economic and Workforce Development - Expense Account Reduction (\$-0.08M)
- ▶ Economic and Workforce Development - One-Time Salary Reduction (\$-0.01M)
- ▶ Economic and Workforce Development - Workforce Development Support (\$-0.01M)
- ▶ Emergency Management - One-Time Salary Reduction (\$-0.01M)
- ▶ Employee Relations Board - Expense Account Reduction (\$-0.00M)
- ▶ Employee Relations Board - One-Time Salary Reduction (\$-0.00M)
- ▶ Finance - Expense Account Reduction (\$-0.20M)
- ▶ Finance - One-Time Salary Reduction (\$-0.64M)
- ▶ Finance - Salary Savings Rate Adjustment (\$-0.61M)
- ▶ Fire - Expense Account Reduction (\$-0.35M)
- ▶ Fire - Metropolitan Fire Communications Dispatch (\$-0.07M)
- ▶ Fire - One-Time Salary Reduction (\$-8.13M)
- ▶ Fire - Salary Savings Rate Adjustment (\$-0.34M)
- ▶ General Services - Expense Account Reduction (\$-0.96M)
- ▶ General Services - One-Time Salary Reduction (\$-1.00M)
- ▶ General Services - Petroleum Account Reduction (\$-0.98M)
- ▶ Housing and Community Investment - Expense Account Reduction (\$-0.07M)
- ▶ Housing and Community Investment - One-Time Salary Reduction (\$-0.09M)
- ▶ Information Technology Agency - Deletion of Vacant Position (\$-0.17M)
- ▶ Information Technology Agency - Expense Account Reduction (\$-1.12M)
- ▶ Information Technology Agency - One-Time Salary Reduction (\$-0.20M)
- ▶ Information Technology Agency - Salary Savings Rate Adjustment (\$-0.39M)
- ▶ Personnel - Expense Account Reductions (\$-0.32M)
- ▶ Personnel - One-Time Salary Reduction (\$-0.31M)
- ▶ Police - Expense Account Reduction (\$-1.41M)
- ▶ Police - One-Time Contractual Services Reduction (\$-0.03M)
- ▶ Police - One-Time Salary Reduction (\$-1.00M)
- ▶ Police - World Police and Fire Games (\$-0.52M)
- ▶ PW/Board - Expense Account Reduction (\$-0.03M)
- ▶ PW/Board - One-Time Salary Reduction (\$-0.24M)
- ▶ PW/Contract Administration - Expense Account Reductions (\$-0.08M)
- ▶ PW/Contract Administration - One-Time Salary Reduction (\$-0.81M)
- ▶ PW/Contract Administration - Salary Savings Rate Adjustment (\$-0.21M)
- ▶ PW/Engineering - Deletion of Vacant Positions (\$-0.22M)
- ▶ PW/Engineering - One-Time Salary Reduction (\$-0.36M)
- ▶ PW/Engineering - Salary Savings Rate Adjustment (\$-0.29M)
- ▶ PW/Engineering - Various Account Reductions (\$-0.87M)

- ▶ PW/Sanitation - Expense Account Reduction (\$-0.14M)
- ▶ PW/Sanitation - One-Time Salary Reduction (\$-0.06M)
- ▶ PW/Street Services - One-Time Salary Reduction (\$-0.40M)
- ▶ PW/Street Services - Various Account Reductions (\$-2.35M)
- ▶ Transportation - Expense Account Reduction (\$-1.69M)
- ▶ Transportation - One-Time Salary Reduction (\$-1.07M)

- **Increased Services in the 2017-18 Proposed Budget (\$14.22M)**
 - ▶ City Attorney - Body-Worn Video Camera Program Prosecutorial Support (\$0.87M)
 - ▶ City Attorney - Department of Water and Power (DWP) Division (\$0.31M)
 - ▶ City Attorney - Los Angeles World Airports (LAWA) Division (\$0.13M)
 - ▶ City Attorney - Port of Los Angeles (POLA) Division (\$0.15M)
 - ▶ City Clerk - Neighborhood Council Elections (\$0.58M)
 - ▶ City Clerk - Office of Public Accountability Support (\$0.07M)
 - ▶ Controller - Controller Executive Management Support (\$0.11M)
 - ▶ Finance - Customer Support (\$0.33M)
 - ▶ Finance - Delinquent Account Tracking System Upgrade (\$0.07M)
 - ▶ Finance - Field Audit Case Selection and Management Software (\$0.43M)
 - ▶ Finance - Payment Card Industry Operations Support (\$0.03M)
 - ▶ Fire - Emergency Response Systems Enhancements (\$0.25M)
 - ▶ Fire - Fire Station Alerting System (\$1.00M)
 - ▶ Fire - Network Staffing System Replacement (\$0.50M)
 - ▶ Fire - Youth Programs (\$0.18M)
 - ▶ General Services - Custody Safety Measures (\$0.06M)
 - ▶ General Services - Fire Alarm System (\$0.16M)
 - ▶ General Services - Helicopter Maintenance for Public Safety Departments (\$0.24M)
 - ▶ General Services - Increased Warehouse Support (\$0.15M)
 - ▶ General Services - Library Department Support (\$0.36M)
 - ▶ General Services - Payment Services Group (\$0.15M)
 - ▶ General Services - Preventative Maintenance Services (\$0.40M)
 - ▶ General Services - Procurement Reform Services (\$0.13M)
 - ▶ Information Technology Agency - Database Licenses (\$0.12M)
 - ▶ Information Technology Agency - Identity Management System Replacement (\$0.30M)
 - ▶ Information Technology Agency - Procurement Automation (\$1.00M)
 - ▶ Information Technology Agency - Social Media Management (\$0.15M)
 - ▶ Innovation Fund (\$0.10M)
 - ▶ Personnel - Electronic Content Management System (\$0.22M)
 - ▶ Personnel - Occupational Health Management Software (\$0.09M)
 - ▶ PW/Board - As-Needed Accounting Services (\$0.08M)
 - ▶ PW/Board - Graffiti Abatement Funding Increase (\$2.00M)
 - ▶ PW/Board - Marketing (\$0.03M)
 - ▶ PW/Board - Petroleum Administration (\$0.30M)
 - ▶ PW/Engineering - Central District B-Permit Processing (\$0.10M)

Mayor's Budget Balancing Solutions

\$84.60M

- ▶ PW/Engineering - Citywide B-Permit Case Management Group (\$0.29M)
- ▶ PW/Sanitation - Clean Streets Los Angeles, Fifth Team (\$1.30M)
- ▶ PW/Sanitation - Trash Receptacle Program Expansion (\$1.39M)
- ▶ Transportation - One-Stop Metro Development Support (\$0.09M)

- **New Services in the 2017-18 Proposed Budget (\$15.98M)**
 - ▶ Accessible Housing Fund (\$11.05M)
 - ▶ Animal Services - Administrative Support (\$0.07M)
 - ▶ Cannabis Regulation (\$0.79M)
 - ▶ City Administrative Officer - Proposition HHH Facilities Bond Program (\$0.07M)
 - ▶ City Clerk - Cannabis Regulation (\$0.10M)
 - ▶ GCP - Census Operations and Outreach (\$0.42M)
 - ▶ GCP - Crisis Response Team (\$0.18M)
 - ▶ GCP - FUSE Corps Fellows (\$0.39M)
 - ▶ GCP - Justice Fund (\$1.00M)
 - ▶ GCP - Office of Re-Entry (\$0.15M)
 - ▶ Housing and Community Investment - Proposition HHH (\$0.07M)
 - ▶ Personnel - Anytime Anywhere Testing, Pilot Program (\$0.07M)
 - ▶ Police - Associate Community Officer Program (\$1.00M)
 - ▶ Police - Community Surveys (\$0.10M)
 - ▶ World Police and Fire Games (Convention Center Revenue Fund) (\$0.31M)
 - ▶ World Police and Fire Games (GCP - Rec and Parks) (\$0.20M)

TOTAL BUDGET BALANCING ACTIONS \$84.60M

SIGNIFICANT ISSUES

2017-18 AND FUTURE YEARS

The City has faced enormous fiscal obstacles in the past few years. Seven years ago, the City had a projected \$492M budget deficit for 2010-11, while the City's Reserve Fund dropped to 2.79 percent of General Fund revenue, and the local economy continued to stagnate from the lingering effects of the Great Recession. The City Council and the Mayor faced what seemed like insurmountable financial odds to preserve public safety and basic public services while rebuilding the City's fiscal health. As a result, last year, in 2016-17, the City began recovering from many of its past financial difficulties stronger and more fiscally sound, with the largest Reserve Fund and Budget Stabilization Fund in history. While the City still faces a structural deficit, past decisions have provided a strong base from which to address those fiscal challenges.

Throughout all of the years that City faced financial difficulties, City leaders did not lose focus on pressing environmental and social issues affecting the quality of life of City residents and the adopted budgets reflected those priorities. Most recently, in 2016 while the City was still facing a large structural deficit, City leaders enacted a comprehensive set of strategies to address the growing problem of homelessness in the City, and the Mayor and Council's 2016-17 Adopted Budget shared that commitment by programming significant City resources to implement those strategies. With the passage of Proposition HHH and Measure H, the citizens of Los Angeles City and County sent a strong message of support for this effort. The 2017-18 Proposed Budget continues that commitment with an allocation of over \$130M to be used to provide temporary housing, and outreach to connect homeless persons to services, as well as a host of other services to address the burdens facing the homeless population.

In recent years, the Mayor's proposed budgets have focused on restoring funding for basic public services and programs that suffered reductions because of revenue shortfalls caused by the economic recessions. Last year, the Mayor supported an effort initiated by the City Council to budget local funds for a wide variety of community services when federal funds were no longer available. This is also reflected in the Proposed 2017-18 budget.

The Mayor's 2017-18 Proposed Budget continues the restoration effort by taking large, albeit cautious, steps while dealing with multiple new challenges to the City's budget. The 2017-18 Proposed Budget invests in a wide variety of capital projects (sidewalks, roadways, technology, City facilities) and dedicates funds to ensure adequate levels of staffing to improve public services (sworn and civilian hiring, succession planning, employee training). Programs and services proposed for expansion are funded from both traditional and newly-approved revenues. Prudently, the Proposed Budget includes a Reserve Fund that modestly exceeds the City's Financial Policy goal, and sets aside supplemental funds that may be needed during the year to address unanticipated expenses or liabilities.

Many of the recommendations in the Mayor's 2017-18 Proposed Budget rely on new revenues from voter-approved sales tax revenues for transportation (Measure M) and homeless services (Measure H), bond funding for homeless housing (Measure HHH), a voter-approved cannabis tax

SIGNIFICANT ISSUES

(Proposition M), and a State legislative measure for transit (Senate Bill 1). While there is some certainty that all of these new revenues will materialize, the timing and level for each remains unclear. Therefore, any expenditures that rely on these sources of revenue should be structured in a measured and flexible manner. In addition, of increasing concern are recent communications from federal leaders signaling potential risk to the City's federal grant-funded programs, many of which have historically provided critical services for many of the City's most vulnerable residents. Upcoming federal legislative deliberations should be closely monitored to ensure that the City's concerns are voiced.

Of added concern is the 2017-18 Proposed Budget's reliance on revenue from to-be-achieved sources that have not received final policy approval from the City Council. These include funds from a billboard leasing proposal that the Mayor expects to generate \$12M next year, \$10M from a housing linkage fee still under discussion, General Funds from pipeline franchise revenue, no earmarking of Transient Occupancy Taxes from short-term rental agreements for affordable housing, and the LAPD's assumption of patrol responsibility for all Metro and rail lines in the City payable from the Metropolitan Transit Authority. In this respect, the Mayor's budget hinges on particular policy outcomes that may not come to fruition.

On the horizon are future concerns that, while not yet realized, could hamper future efforts to restore City services. The governing boards of both of the City's pension systems are considering changes to their investment assumptions that, if enacted, could alter the City's financial status and jeopardize service restoration efforts to date. Additionally, many of the City's employment agreements with labor partners will expire in 2018 and may also have an impact.

It is within this context that the Mayor has continued the effort to not only restore basic public services, but also address pressing concerns about homelessness, traffic and public safety. As was the case with recent budgets, the Mayor's 2017-18 Proposed Budget continues initiatives supported by the City Council and reflects many of its budget priorities. Major initiatives addressed in the Mayor's 2017-18 Proposed Budget include the following:

- Prioritized funding for public safety by committing to continue hiring police and firefighters, and providing both departments with the resources and materials needed.
- Combining street reconstruction with the Vision Zero Initiative by investing funding from multiple sources to achieve a goal of zero traffic fatalities in the City by 2025 by prioritizing safety over faster traffic flows through such projects as installation of high visibility crosswalks, upgrading of street signs, development of street re-design plans, and traffic signal optimization.
- Prioritized street repavement to an annual goal of 2,400 miles annually and a renewed focus in restoring the City's streets in worst condition.
- Expands staffing and resources to update each of the City's Community Plans every six years and guide future development projects.
- Continues the City's commitment to fix sidewalks, repair access ramps and replace trees across the City, by investing \$31M each year over the next 30 years.
- Increases resources to improve the health and safety of homeless encampment conditions while helping homeless residents move off of the streets and into housing.

SIGNIFICANT ISSUES

- Expands the City's graffiti removal program to expedite responses to constituent requests.
- Continues the City's commitment to the environment through investment in electric vehicle infrastructure, reductions in greenhouse gas emissions, and the global green economy.

This Mayor and City Council have shown a willingness and creativity to make difficult decisions that balance the needs for improved public services with the fiscal realities of uncertain revenues. As details emerge on each of the new revenue sources entrusted to the City by voters, the City's budget is well situated to build on its restoration efforts and continue to meet the public's demand for improved services. The City should remain vigilant and make a concerted effort to protect the revenue base by adopting a careful and fiscally prudent budget, while remaining prepared to react to external factors throughout the fiscal year.

SIGNIFICANT ISSUES

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 2017-18 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 \$294M which equates to a Reserve Fund rate of 5.09% of General Fund revenues, as compared to a 6.01% rate for the 2016-17 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 1.29% of General Fund revenue for capital and infrastructure projects (\$75M), which exceeds the 1% investment threshold by \$16.78M.
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 \$31.4M in one-time revenue is programmed in 2017-18, including \$18.4M from License Permit Fees and Fines along with \$9M from the Special Parking Revenue Fund. According to the CAO Supporting Documents, one-time expenditures totaling \$70M are included in the 2017-18 Proposed Budget. As such, there are no excess one-time financial resources budgeted for ongoing expenditures in this year's budget.
Pension and Retirement Funding	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.	A credit has not been earned; therefore funding is not set aside in accordance with this policy.
Budget Stabilization Policy	This fund is intended to prevent overspending during prosperous years and provide resources to help maintain service levels during lean years.	A total of \$95M is included in the 2017-18 Proposed Budget for the Budget Stabilization Fund (BSF). 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. The CAO estimates that the combined growth rate for 2017-18 is projected to be 5.3 percent, which would require a transfer into the Fund. However, the Proposed Budget allocates the required deposit to capital projects to meet the Capital/Infrastructure 1% Financial Policy, and as such, no transfer is made into the Fund in 2017-18.

April 26, 2017

OFFICE OF THE CHIEF LEGISLATIVE ANALYST

SIGNIFICANT ISSUES

<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 with less than a six-year useful life 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 2017-18 Proposed Budget complies with this Policy, inasmuch as proposed debt will result in a total debt ratio of 6.30% (as compared to 6.32% for 2016-17) and a non-voter approved debt ratio of 4.32% (as compared to 4.12% for 2016-17). Both of these debt ratios are within the debt ceilings established by the City's Debt Policy.</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 5-year purchase arrangement for police vehicles and motorcycles.</p>
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- **One Time Revenue/Expenditure:** The Supporting Information to the Budget and Finance Committee describes \$31.4M in one-time revenue and \$70M 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 thirteen fiscal years, on average, the Mayor's proposed budgets have identified \$103M in one-time revenues. Over this same time period, the Mayor's proposed budgets have programmed an average of \$88.5M 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 2017-18 Proposed Budget includes: Community Redevelopment Agency Surplus Property Sales (\$3.8M); License Permit Fees and Fines (Stores Revolving Fund, property sales, reimbursements, and fund closures) (\$18.5M); Special Parking Revenue Fund (\$9.1M).
- ▶ **One-Time Expenditures** totaling \$70M include: Animal Services - Emergency Housing for Homeless Community Pets (\$0.1M); CIEP - Municipal Facilities Vision Theater (\$6M); CIEP - Physical Plant Various Projects (\$6.2M); ITA Supply Management System Replacement Project (\$3.6M); Fire Department Body Armor Replacement (\$0.1M); Bureau of Sanitation - Clean Streets program related cost reimbursements (\$4.7M); Gang Injunction Curfew Settlement Agreement (\$1.5M in General City Purposes and \$3M in the Unappropriated Balance), Justice Fund (\$1M) and World Police and Fire Games (\$0.2M); General Services Infrastructure for Body Worn Cameras (\$1M); Vera Davis Center (\$0.1M); Public Works Graffiti Abatement Funding Increase (\$2M); Police Department Los Angeles County MTA Security (\$5.9M); Other Special Purpose Funds for Sewer and Construction

SIGNIFICANT ISSUES

Maintenance Fund Reimbursement (\$8.6M); and \$1M for Tree Trimming and Alleys set aside in the Unappropriated Balance.

- ▶ An additional \$10M is set aside in the Unappropriated Balance as a One-Time Expenditure for the Reserve for Mid-Year Adjustments.
- **Functional Transfers and Program Realignment:** The Proposed Budget transfers functions as follows:
 - ▶ Office of Public Accountability from the City Administrative Officer (CAO) to a new independent Office (seven positions).
 - ▶ Neighborhood Council Funding Program Support from the Department of Neighborhood Empowerment (DONE) to the City Clerk (one position). The administration of the Neighborhood Council Funding Program was transferred to the City Clerk in 2016-17.
 - ▶ Right-of-Way Franchise Regulation from the Department of Transportation (DOT) to the Board of Public Works.

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

The Proposed Budget also includes in Exhibit H instructions to the City Attorney and Department of Building and Safety to prepare ordinances to delegate the public hearing process for liens from the Council to the Board of Building and Safety Commissioners. Also included in Exhibit H are instructions to the City Attorney to prepare an ordinance to establish the Office of Public Accountability as a separate and independent City department and provide that the administrative support will be performed by the City Clerk instead of the CAO.

- **Federal Grant Programs:** In the past two years, the Council has added funding to the Budget to ensure that various programs that once received Community Development Block Grant (CDBG) are continued. The availability of CDBG funds for these and other programs continues to decline. With the recent changes in leadership at the federal level, future grant funding, which may also include public safety, transportation, environmental, cultural, workforce and other housing and social service funds, remains uncertain. The continued availability of federal grants is an area that must be closely monitored this fiscal year and in future years. The CAO and the Chief Legislative Analyst (CLA) have been instructed to report separately on the status of grant funding.

In keeping with Mayor and Council action in the prior two fiscal years, the Mayor's Proposed Budget for 2017-18 continues funding for a number of programs that have been funded by CDBG in prior years:

- ▶ **AIDS Coordination and HIV Prevention** - Funding of \$1.4M is continued in the Department on Disability for AIDS Policy and Planning and HIV Prevention programs.

SIGNIFICANT ISSUES

- ▶ **Commission Support** - Funding for support of various commissions, including the Commission on the Status of Women, Human Relations Commission and the Commission on Community and Family Services is continued in the Housing and Community Investment Department (HCID) budget.
- ▶ **Day Laborer Program** - Continued funding of \$0.8M is included in the budget for the Economic and Workforce Development Department (EWDD).
- ▶ **Domestic Violence Shelter Operations Support** - Funding of \$1.2M is continued in HCID to support Domestic Violence Shelter Operations.
- ▶ **Family Source Centers (non-profit managed)** - Funding of \$4.8M is included in the HCID budget to allow continued full funding, along with CDBG funds, of 16 Family Source Centers.
- ▶ **Public Works Beautification and Anti-Graffiti Programs** - Graffiti Abatement (\$8.4M), Clean and Green Program (\$1M) and the LA River Corps Program (\$0.2M) that were either fully or partially CDBG funded in previous years are all proposed for funding in 2017-18.
- ▶ **Youth Development** - Continued funding is included in the EWDD budget for YouthSource Centers, Hire LA and the Cash for College program.

Other programs may have potential funding gaps in the 2017-18 Proposed Budget. These include Aging Evidence Based Programs, AIDS/HIV Prevention Programs, grant administration and job development programs.

- **State Budget:** The State budget, as currently proposed, does not significantly impact local governments. The Governor will release a revised budget in mid-May 2017 (the May Revise). 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 adopted by June 15, 2017. 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.

On April 6, 2017, the California Legislature passed Senate Bill 1 (SB 1), which will provide significant additional revenue for transportation programs, including a substantial allocation to local governments to support road improvements. The California Department of Transportation estimates that the City of Los Angeles will receive more than \$922M over ten years for the local roads and streets program, although estimates are being refined. Staff will monitor the May Revise for information concerning the implementation of programs associated with SB 1. The 2017-18 Proposed Budget anticipates additional receipts of \$23.4M.

- **2024 Olympic Games:** On January 27, 2017, the City Council approved various actions related to moving forward the Candidature process to bring the 2024 Summer Olympic and Paralympic Games (2024 Games) to the City of Los Angeles. The International Olympic Committee is expected to make a decision in September 2017 as to whether the 2024 Games will be awarded to Los Angeles or Paris. If the 2024 Games are awarded to the City, additional staffing may be needed in 2017-18 to support planning and coordinating efforts.

SIGNIFICANT ISSUES

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. For example, the Proposed Budget anticipates \$12M from a billboard proposal and \$10M from an affordable housing linkage fee, both of which are still pending before Council Committees. The Proposed Budget also assumes that the City Council will continue to deposit into the General Fund receipts for pipeline franchises and revenue from short-term rental agreements although actions regarding these sources are pending before Council. The Proposed Budget also anticipates the LAPD's assumption of patrol responsibility for all Metro and rail lines in the City payable from the Metropolitan Transit Authority. The Proposed Budget estimates revenue growth for 2017-18 through 2021-22 based on historical average receipts, with some exceptions. Total General Fund receipts for 2017-18 are estimated to grow 4.45 percent above revised 2016-17 receipts, which includes \$34.1M from one-time sources, such as the sale of Community Redevelopment Agency surplus properties, various Licenses, Permits, Fees and Fines (primarily Stores Revolving Fund reversion and a transfer from the Special Parking Revenue Fund). Growth from the economy-sensitive components in 2017-18 is expected to be 5.3 percent above the 2016-17 Adopted Budget.
- **DWP Power Revenue Transfer:** The transfer from the Power Revenue Fund is based on prior-year gross operating power revenue, not to exceed net income. The 2017-18 transfer will be subject to the approval of the Board of Water and Power Commissioners. The amount included in the 2017-18 Proposed Budget is \$242.5M, which is \$48.5M less than the 2016-17 Adopted Budget amount of \$291M. Charter Amendment J requires the DWP 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. The Board of Water & Power Commissioners considered their 2017-18 Preliminary Fiscal Year DWP Budget on March 21, 2017; however, that document has not yet been transmitted to the City Council.
- **Fees:** The following fee adjustments are included in the 2017-18 Proposed Budget:
 - ▶ **Fire:** Various unspecified fee increases will equate to \$1M in additional revenue in the Fire Department.
 - ▶ **Planning:** Various unspecified special fund planning fees are proposed to increase revenue by \$2.8M.
 - ▶ **PW Board:** The Tree Replacement Fee (\$0.01M) and the Collection Fee (\$0.02M) are included in the Proposed Budget.
 - ▶ **Zoo:** The 2017-18 Proposed Budget assumes additional revenue (\$0.8M) from the increase of Zoo Admission Fees in the amount of approximately \$1 per ticket.

SIGNIFICANT ISSUES

- **Property Based Revenue:** In 2017-18, property-related revenues (\$1.8B) will account for nearly 32 percent of City General Fund revenue. The Proposed Budget assumes a 5.8 percent growth in total assessed value for 2017-18. In future fiscal years, the Proposed Budget forecasts that property taxes will increase by 4.3 percent in 2018-19 to \$1.9B, then rise steadily by four percent in each of the next three fiscal years to reach \$2.1B in 2021-22. 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 \$74.1M in former CRA revenues in 2017-18.
- **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 2017-18 Proposed Budget anticipate moderate revenue growth due to leveling sales volume and increasing 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. Documentary Transfer Tax revenues are expected to grow by 3.5 percent relative to the 2016-17 revised forecast, from \$211.7M to \$219.1M, exceeding for the first time the peak revenues of 2005-06. Documentary Tax Revenues are projected to grow by an average of 3.5 percent in each of the next four fiscal years, increasing to \$251.7M by 2021-22.
- **Transient Occupancy Tax:** The Transient Occupancy Tax (TOT) is levied on hotel or motel rooms and other properties rented for 30 days or less, and is collected by the operator and remitted to the City monthly. The TOT rate is 14 percent, of which 13 percent is remitted to the General Fund and one percent is remitted to the Greater Los Angeles Visitors and Convention Bureau Trust Fund. 2016-17 revised revenue reflects the addition of TOT Collection Agreement Revenue in the amount of \$27.5M, mainly attributed to the tax collection and remittance agreement with short-term rental and home sharing websites, such as Airbnb.

The Proposed Budget assumes five percent growth in TOT revenue, for a total anticipated revenue of \$282.1M in 2017-18. This amount includes the annualized revenue from the short-term rental and home sharing remittance agreement. Transient Occupancy Tax revenues are projected to grow to \$335M by 2021-22. TOT total revenues should continue to be monitored along with all other revenue sources.
- **Sales Tax:** The Proposed Budget estimates that sales tax revenue for 2017-18 will total \$528.7M compared to the 2016-17 Adopted Budget amount of \$520M. With the end of the State's "triple flip," the City will begin to receive its full share of the sales tax as it was before

SIGNIFICANT ISSUES

the “triple flip” was enacted. The City’s sales tax base is projected to increase by \$8.7M (1.7 percent) in 2017-18, with the slower growth attributable to lower gasoline prices, the continued shift to online retailing, and a shift from taxed goods to untaxed services. The Proposed Budget anticipates improvement to average growth beginning in 2018-19 due to anticipated increases in gasoline prices. However, the impact to consumer spending of the upcoming sales tax increases in Measure M (transportation) and Measure H (homeless services) is unknown. Also, the enactment of Proposition M (cannabis) will result in reduced sales tax from exempt medical cannabis sales, offset by increased revenue from recreational sales.

- **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 2017-18, the Proposed Budget reflects a 3.4 percent growth on base revenues, offset by a \$15.3M reduction in revenue for the 2018 tax period as the final year of the three-year phased in reduction to the highest business tax rate. The 2017-18 Proposed Budget anticipates net business tax revenues of \$515.6M, a 0.4 percent increase from the 2016-17 estimated year-end total of \$513.7M.

The projections in the Proposed Budget for 2018-19 and beyond reflect implementation of the tax rate reductions included in Ordinance No. 183419, offset by two percent growth.

SIGNIFICANT ISSUES

MAJOR FUNDS

- Reserve Fund:** The 2017-18 Proposed Budget anticipates a \$294.4M Reserve Fund, consisting of a \$158.9M Emergency Reserve and a \$135.5M Contingency Reserve. This equates to 5.09 percent of total General Fund revenues of \$5.78B. The 2016-17 Adopted Budget Reserve Fund was \$335M, which equated to 6.01 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 2017-18 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
	2013-14	2014-15	2015-16	2016-17	2017-18
Contingency Reserve	\$192.9M	\$241.7M	\$293.8M	\$181.7M	\$135.5M
Emergency Reserve	<u>\$133.8M</u>	<u>\$141.3M</u>	<u>\$148.8M</u>	<u>\$153.4M</u>	<u>\$158.9M</u>
Total on July 1 of FY	\$326.7M	\$383.0M	\$442.6M	\$335.1M	\$294.4M
% of General Fund	6.71%	7.45%	8.18%	6.00%	5.09%
Amount Transferred to					
Balance the Budget	\$0M	\$0M	\$60.3M	\$35.5M	\$0

The Emergency Reserve Account in the 2017-18 Proposed Budget is \$158.9M, which equates to 2.75 percent of General Fund revenues and, therefore, complies with the requirements of Charter Amendment P.

The Proposed 2017-18 Budget does not rely on a Reserve Fund transfer. Any transfers from the Reserve Fund are considered a one-time revenue source. Last year's 2016-17 Adopted Budget included an \$35.5M Reserve Fund transfer.

SIGNIFICANT ISSUES

The Proposed Budget maintains \$95.8M in the Budget Stabilization Fund, as discussed below in more detail. When this is added to the Reserve Fund, the 2017-18 Budget contains total reserves of \$399M or 6.90 percent of the General Fund. Additionally, a total of \$10M 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 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 2017-18, the Mayor's Proposed Budget estimates that the combined growth rate will be 5.3 percent, which triggers the deposit requirement. This would require a transfer into the BSF of \$75M, per the CAO's calculation. However, the Proposed Budget recommends using the amount that would otherwise be deposited into the BSF to comply with the City's Financial Policy that the City shall annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. As such, no transfer is proposed and the BSF fund balance for 2017-18 will remain at \$95.8M, 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 2017-18 Consolidated Plan, a total of \$30M in HOME and CDBG funds was provided for the AHTF Program Delivery. In 2016-17, a \$28.3M allocation was made.

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.

In 2015-16, a \$5M General Fund allocation was made to the AHTF, with an additional \$5M anticipated from a negotiated payment of TOT revenue from Airbnb and other short-term rental sites. However, these collection agreements did not materialize, so no funds were available for deposit into the AHTF.

SIGNIFICANT ISSUES

In 2016-17, the Budget appropriated \$78.2M in Special Purpose Funds to the AHTF, \$47M of which was anticipated to be proceeds from the proposed sale and/or the conveyance value of surplus properties during 2016-17, and \$20M from a proposed Affordable Housing Linkage Fee. The conveyance and sale of surplus properties are in process and the Linkage Fee proposal is pending Council consideration.

The 2017-18 Proposed Budget anticipates \$10M from the proposed Affordable Housing Linkage Fee. Funding and resolution authority for two positions is also included in the Housing and Community Investment Department's budget to help streamline the multifamily affordable housing approval process (CF 17-0171).

Exhibit H in the 2017-18 Proposed Budget expresses the Mayor's recommendation that the Council disapprove a pending proposal (CF 14-1635-S2) that would earmark or divert a majority of TOT revenue derived from short-term rentals or home sharing into the AHTF.

- **Building and Safety Building Permit Enterprise Fund:** The Proposed Budget includes anticipated total revenues of \$328.2M in 2017-18. Appropriations for 2017-18 include: \$190M for programs, staff and administrative expenses; \$18.5M for a Reserve for Compensated Time Off - Prior Years; a \$36.3M Reserve for Future Costs; an \$8M Reserve for Revenue Fluctuations; a \$47.1M Reserve for Unanticipated Costs; and an \$18M Contingency for Obligatory Changes. The appropriation to the Office of Finance is eliminated (\$0.8M in 2016-17) and funding for Bank Fees is reduced from \$2.4M to \$0.1M.
- **Capital Finance Administration Fund:** The Capital Finance Administration Fund includes \$242.6M for the debt service cost for outstanding issuances to date. This amount is \$12.5M (5.43 percent) more than 2016-17. The proposed amount reflects a direct loan of \$39.3M to finance improvements to the City's street light system and the refunding of revenue bonds for the Police Headquarters/Public Works Building, Figueroa Plaza, capital equipment, and real property that resulted in \$131M in net present value savings to the General Fund over the life of the bonds. The Proposed Budget also includes lease financing of approximately \$25M over five years for the purchase of police vehicles.
- **City Ethics Commission - Matching Campaign Funds Trust Fund:** The Proposed Budget provides an appropriation of \$3.2M in the City Ethics Commission Public Matching Campaign Fund. This amount is a \$-0.03M (0.9 percent) decrease from 2016-17. The proposed 2017-18 appropriation, combined with the projected cash balance from 2016-17, would provide a total Fund balance of \$13.7M, 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 2017-18 is \$3.2M.

SIGNIFICANT ISSUES

- **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 \$682.5M, an 8.4 percent increase from the 2016-17 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 (\$32.9M), Police Health and Welfare Program (\$7.5M), and Workers' Compensation (\$11.5M). Cost decreases to the HRB Fund result from an anticipated reduction in Contractual Services for a Workers' Compensation contractor (\$-0.3M) to reflect savings in Alternative Dispute Resolution Program services and a \$0.5M reduction in Unemployment Insurance to reflect projected expenditures.

- **Innovation Fund:** In 2016-17, the Adopted Budget included \$0.9M for the Innovation Fund in Other Special Purpose Funds. 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 Administrative Officer. The Proposed Budget allocates \$1M to this Fund under Other Special Purpose Funds. Funds (\$0.1M) are continued for one position in the CAO's office to provide administrative support to the Commission, to be paid by the Innovation Fund.

During 2016-17, the Council approved a total of \$0.9M in allocations for six projects, as recommended by the CAO, 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 2017-18. The Commission has two more meetings scheduled during 2016-17 and may identify additional items to be funded with the remaining approximate balance of \$0.1M.

- **Neighborhood Council Fund:** The Neighborhood Council Fund provides funding to certified Neighborhood Councils each Fiscal Year. On October 27, 2016, Council adopted Motion (Wesson - Krekorian) which provided an additional appropriation (\$0.5M) to supplement Neighborhood Council budgets. This action increased each Neighborhood Council budget from \$37K to \$42K annually. The Neighborhood Council Fund continues the Neighborhood Council budgets at \$42K each, for a total appropriation of \$4M for 96 certified Neighborhood Councils. In addition, \$0.1M in the Unappropriated Balance is included for the formation of three additional Neighborhood Councils.

SIGNIFICANT ISSUES

- **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, 2017. Funding for the SSC Low-Income Subsidy allocated in the General City Purposes Budget is \$1.9M, which is \$0.5M lower than the 2016-17 allocation. The SCM's capital program includes funding for the following:
 - ▶ **Digester Gas Utilization Project (DGUP):** The DGUP will be in full operation in 2017-18 producing digester gas, a renewable energy source, which will be used to provide steam for its digester and electrical energy for plant operations and reduce utility expenses. The Proposed Budget allocates \$8.5M in contractual services funding for DGUP management services.
 - ▶ **Advanced Wastewater Purification Facility (AWPF):** This project was completed in January 2017, doubling its water production from five to 12 million gallons per day. This project will generate an estimated \$10.9M in revenue from sale of recycled water, including \$9M to the Department of Water and Power. Funding (\$16.8M) is included in the CIEP to expand production by an additional seven million gallons per day.

The SCM Fund recognizes the second 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. The first annual reimbursement occurred in 2016-17.

- **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 \$6.0M in General Funds to reimburse SWRRF for costs attributed to the Lifeline Rate Program. The budgeted amount represents a decrease to the number of subscribers. The ceiling for the number of subscribers in this program is 51,400.

SIGNIFICANT ISSUES

- ▶ **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 787 trucks has 568 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:** Funding of \$14M 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 \$79M 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.
 - ▶ **Water and Electricity Expenses:** Funding of \$1.9M is provided for water and electricity expenses. These costs were previously paid from the Citywide Water and Electricity Fund and will now be paid directly by the Bureau of Sanitation.
- **Stormwater Pollution Abatement Fund:** The Stormwater Pollution Abatement (SPA) charge 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 since 1993. The Proposed Budget is \$39.9M, which is a \$15.1M decrease from the 2016-17 Budget due to a reduction in reimbursements and delays in the implementation of a new MS4 permit compliance inspection fee for commercial and industrial facilities. As a result of new National Pollutant Discharge Elimination System (NPDES)/MS4 requirements, the City's operational costs will increase. In 2016-17, \$2.3M was budgeted for these fees. The existing SPA charge of \$1.92 per month for a typical single family home is insufficient 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, and monitoring for compliance (\$12.3M). Funds are no longer provided for operation and maintenance expenses associated with TMDL compliance or for green infrastructure projects. \$1.9M is provided in the CIEP for the Ballona Creek Low Flow Treatment Facility.

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.

SIGNIFICANT ISSUES

- **Street Lighting Maintenance Assessment Fund (SLMAF):** The Proposed Budget provides \$67.9M to the SLMAF, allocating this amount across various departments and expenditures, including Reimbursement of General Fund Costs (\$12.8M). To address the possible need for an assessment increase, funding was provided in 2016-17 (\$0.2M) for the Bureau of Street Lighting to undertake work associated with reassessing the Los Angeles City Lighting Districts. Additionally, funding was included in 2014-15, 2015-16, and 2016-17 for the High Voltage Conversion Program. No additional funding is included in the 2017-18 Proposed Budget for either reassessments or the High Voltage Conversion program. The Proposed Budget includes funding (\$2.4M), financed by the Municipal Improvement Corporation of Los Angeles (MICLA), to accelerate this program. The Proposed Budget includes funding (\$1M) for fleet replacement, tree trimming (\$1M), and graffiti removal (\$0.3M).
- **Local Transportation Fund:** Funds from one-fourth of one percent of the sales tax are allocated annually on a per capita basis to cities and the County by the Metropolitan Transit Authority (Metro) to develop bicycle and pedestrian facilities. Local agencies may either draw down these funds or place them on reserve. Funds must be spent within the fiscal year in which they have been allocated. Failure to do so may result in the lapse of these allocations.

The Proposed Budget includes a total revenue of \$12.5M, which includes all of the City's funding held in reserve at Metro (\$11.5M). This reserve amount reflects a \$9.3M, or 430 percent increase, from 2016-17.

The Proposed Budget appropriates the funding, as follows:

- ▶ Bureau of Street Services (\$0.9M) for the repair and construction of sidewalk access ramps.
 - ▶ ATP Cycle 1 Safe Routes To School Bike/Pedestrian Rehabilitation Project (\$4.6M)
 - ▶ Ongoing bike path maintenance and refurbishment (\$0.6M)
 - ▶ Expo Bike Path Phase II Northvale Segment (\$1.3M)
 - ▶ Los Angeles River Bikeway Project (\$0.6M)
 - ▶ Open Streets Program (\$1.4M)
 - ▶ Sidewalk engineering consulting services (\$1.4M)
 - ▶ Sidewalk repair contractual services (\$1.8M)
- **Proposition A:** The Proposed Budget provides a total appropriation of \$256.9M, including:
 - ▶ **Transit Services:** Funding (\$95.2M) is provided to continue DASH services (\$71.8M) and for the continued operation of Commuter Express service (\$15.3M) and Cityride (\$8.1M); fuel contingency funding continues to be included as part of the operating contracts.
 - ▶ **DASH Phase 2:** \$14.4M is in the Unappropriated Balance for five new DASH routes that will be identified in a pending a line-by-line analysis and assessment study.

SIGNIFICANT ISSUES

- ▶ **DASH Expanded Hours:** Funds are provided (\$19.2M) to increase DASH services, which includes longer hours and Sunday service.
- ▶ **Eco-Rapid transit Joint Powers Agreement (JPA):** Funds are provided (\$0.1M) for annual membership.
- ▶ **Bikeshare Operations and Maintenance:** A total of \$3M is provided for the operations and maintenance of the Program, which was established as part of the Regional Program implemented with Metro.
- ▶ **Downtown Los Angeles Streetcar:** Funds are provided to support the engineering and design services (\$0.2M) and for the long-term operations and maintenance of the proposed project (\$6M).
- ▶ **Transit Maintenance Facilities:** Funds are provided (\$20M) to support the purchase of four existing maintenance facilities that are currently leased from City contractors.
- ▶ **CNG Bus Facility:** Funds are provided (\$1M) to support the construction contingency costs for the Downtown Bus Inspection and Maintenance Facility Project.
- ▶ **DASH Bus Purchase Program Expansion:** Funds are provided (\$10M) to purchase 25 new buses for the expanded service hours.
- ▶ **Replacement Bus:** The Proposed Budget includes funds (\$1M) to purchase one electric Commuter Express bus to replace one that has reached the end of its useful life.
- ▶ **Vision Zero Bus Stop Security Lighting:** Funds are provided (\$0.5M) for lighting improvements at bus stops on or near the High Injury Network.
- ▶ **Transit Bus Auto Vehicle Locator System:** Funds are provided (\$0.2M) to change the Commuter Express fleet radios from analog to digital.
- ▶ **Matching Funds:** Funds are provided (\$15M) 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 Facility Security and Maintenance:** Funds are increased (\$2M) for various maintenance and minor capital improvement projects at City-owned and maintained transit facilities.
- ▶ **Ride and Field Checks:** Funds are provided for an objective third party to conduct checks for transit vehicles. In 2016-17, this service was provided by the transit operators and included in that line item.
- ▶ **Transit Bus Security Services:** Funding is included (\$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 City 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 increased from \$44.9M in 2016-17 to \$57.2M in the Proposed Budget.

SIGNIFICANT ISSUES

- **Proposition C Transit Improvement Fund:** The Proposed Budget provides \$86.9M in total appropriations, including:
 - ▶ **Traffic Signal Supplies:** \$0.7M is provided to support the purchase of traffic signal supplies; additional funding is provided in the Measure R Local Return Fund and the Traffic Safety Fund.
 - ▶ **Departmental Appropriations:** Funding is continued for a variety of transportation work programs, including continuation of positions to support the Metro Purple Line Extension workload: Contract Administration (two positions, \$3.6M), Engineering (three positions, \$6.9M), Street Lighting (two positions, \$2.2M), Street Services (three positions, \$8.5M) and Department of Transportation (five positions, \$37.4M).
 - ▶ **General Fund Reimbursement:** An additional \$4.2M above the 2016-17 amount is provided for a total reimbursement of \$25.6M.
 - ▶ **Bicycle Path Maintenance:** In 2016-17 funds (\$0.6M) were provided to support the purchase of paint and sign equipment relative to striping and pavement markings. For 2017-18, funds are continued in the Local Transportation Fund.
 - ▶ **LED Replacement Modules:** In 2016-17, funds were provided to replace traffic control lights and pedestrian crosswalks. Funds are not required for 2017-18, as there are sufficient funds available in prior year appropriations.

- **Measure M Local Return Fund:** In November 2016, the voters in Los Angeles County approved an additional one-half cent sales tax within Los Angeles County, with an increase to one percent on July 1, 2039, with revenues to be used for certain transportation improvements. Collection of Measure M sales tax receipts will begin on July 1, 2017 and the first disbursement of funds is expected in the second quarter of 2017-18.

The Proposed Budget anticipates receipt of \$42M and includes a transfer of \$3M to the Transportation Grant Fund to front-fund various positions that will work on Metro Measure M transit projects; and, provides funds (\$0.1M) to the Board of Public Works to administer the Local Return Fund; \$0.3M to the Bureau of Engineering for management and planning of the Street Reconstruction Program; and \$13.7M for the construction of 19 street projects and one bicycle path.

Funding is also provided in the 2017-18 Proposed Budget for the following:

- ▶ \$1M for paving alleys.
- ▶ \$1M for the reconstruction of concrete streets.
- ▶ \$1.1M for median island maintenance.
- ▶ \$1M for the installation of speed humps.
- ▶ \$20M for the reconstruction of failed streets with \$3M dedicated for Vision Zero-related improvements on reconstructed streets.
- ▶ \$0.2M for additional traffic studies and surveys.
- ▶ \$0.5M for Vision Zero safety education.

SIGNIFICANT ISSUES

- **Measure R Local Traffic Relief and Rail Expansion Funds:** The Proposed Budget provides funds (\$24.7M) 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 2017-18 Proposed Budget for the following:
 - ▶ \$1.5M to General Services for materials testing support for the City's Pavement Preservation Program.
 - ▶ \$0.5M 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, 20 pedestrian refugee islands and bus stop refugee islands.
 - ▶ \$0.7M for Pavement Preservation overtime.
 - ▶ \$0.5M to the Bureau of Street Lighting for various street lighting projects for Vision Zero.
 - ▶ \$5.7M to the Department of Transportation for the Great Streets Initiative, Vision Zero, other Active Transportation Initiatives. One-time contractual services funding for General Services (\$1.5M) and Vision Zero (\$0.7M) has been shifted to a special purpose fund appropriation.
 - ▶ \$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.
 - ▶ \$2.3M 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.
 - ▶ \$2M for purchase of traffic signal supplies.
 - ▶ \$2.5M is continued for paint and sign maintenance.
 - ▶ \$1.5M in one-time contract funding for advanced planning and construction improvements on Great Streets corridors.
 - ▶ \$0.7M in one-time contractual services for various Vision Zero projects and programs and reflects a shift from the Department of Transportation's operating budget.

- **Measure H:** In March 2017, Los Angeles County voters approved Measure H which will levy a one quarter cent sales tax for ten years to fund homeless services. Estimates are that Measure H will generate \$355M per year for 10 years. Funding will initially be available in the County's 2017-18 Budget. The County has stated that, to the extent feasible, funding will be distributed based on need relative to the Point-In-Time Count of Homeless Individuals. Programs to address homelessness and serve homeless individuals or those at risk of homelessness are included within 21 of the County's Homeless Initiative Strategies which are divided in to the following six categories:
 - Preventing Homelessness;
 - Creating a Coordinated Entry System;
 - Providing Case Management;
 - Subsidized Housing;
 - Increasing Income; and
 - Increasing Affordable and Homeless Housing.

SIGNIFICANT ISSUES

Specific programs within these categories that will receive funding include:

- ▶ Preventing and diverting people from becoming homeless
- ▶ Outreach
- ▶ Rapid Re-Housing units
- ▶ Providing housing for those individuals exiting institutions such as hospitals, jails and foster care
- ▶ Permanent supportive housing
- ▶ Supportive services

The level of funding these programs will receive is being determined concurrently with the City's Budget process throughout April and May 2017. The County has convened a 50 member Measure H Revenue Planning Work Group made up of County staff, representatives from regional councils of government, the Los Angeles Homeless Services Authority, homeless policy experts such as Shelter Partnership and LA Family Housing, persons with lived homeless experience, faith leaders, and two members from the City (the City Administrative Officer and the General Manager of the Housing and Community Investment Department).

On May 4, 2017, the Measure H Revenue Planning Work Group will be considering specific funding proposals for each of the Strategies. The proposals will include funding for 2017-18 and tentative funding guidelines for the following two fiscal years. After the May 4 meeting, the County will release draft funding proposals to the public, following which public comment will be incorporated into a refined draft funding proposal presented to the Board of Supervisors' Homeless Deputies in late May. Final approval of the Measure H funding proposal by the County Board of Supervisors is currently planned for mid-June 2017.

The following is a listing of 2016-17 one-time funded homeless programs totaling approximately \$32M contained in the 2017-18 Proposed Budget that are reliant on Measure H revenues:

- Access Centers (\$0.9M);
- Coordinated Entry System (CES) Crisis and Bridge Housing for Singles and Youth System (\$7.9M);
- Domestic Violence Program for Singles and Families (\$0.6M);
- Homeless Family Solution System Crisis Housing for Families (\$1.1M);
- Navigation/Open Door Centers (\$2.1M);
- CES Regional Coordination (\$0.4M);
- Rapid Re-Housing (RRH) Vouchers (\$5M);
- CES RRH for Singles and Youth System (\$13.3M); and
- LAHSA's outreach and engagement activities associated with Public Right-of-Way Clean Ups (\$1M).

SIGNIFICANT ISSUES

- **Proposition HHH:** In November 2016, voters approved Proposition HHH (Prop HHH) authorizing the City to issue up to \$1.2B in General Obligation bonds to finance the development of permanent supportive housing, affordable housing, and facilities that provide services to the homeless population. Bond proceeds may only finance acquisition and capital improvements, not operations or services. To meet Prop HHH oversight requirements, two oversight committees, the Citizens Oversight Committee (COC) and the Administrative Oversight Committee (AOC) were formed. The COC and AOC facilitate the implementation of the Prop HHH Housing and Facilities programs and make funding recommendations to Council, through a Project Expenditure Plan (PEP). The departmental sponsors, responsible for developing and carrying out the programs, were also designated. The departmental sponsor for the Housing Program is the HCID. The departmental sponsor for the Facilities Program is the CAO.

The proposed 2017-18 PEP recommends \$89M in funding under the Prop HHH Program (\$77M for housing and \$12M for facilities). The Prop HHH Housing Program is expected to fund up to nine housing projects, including 615 new or rehabilitated housing units, of which 440 are Permanent Supportive Housing units. The Prop HHH Facilities Program is expected to fund up to six projects, including one City facility. The five non-City projects include service centers, clinics, and transitional housing. The proposed City service center would provide storage facilities, shower and bathroom facilities, navigation services, and other services.

The proposed 2017-18 PEP was approved by the COC and AOC in March 2017 and is expected to be transmitted to Council for consideration in April. Upon Council approval, the CAO will proceed with the bond issuance process with an expected bond closing date of July 2017, at which time the City would receive bond proceeds.

The CAO, HCID and the Office of the City Attorney are proposed for funding in 2017-18 to carry out work associated with the implementation of Prop HHH, some of which is expected to be reimbursed by bond proceeds. In addition, the new Accessible Housing Program attributes a number of Prop HHH funded units to satisfy the terms of the related Settlement Agreement.

- **Special Gas Tax Improvement Fund:** The Special Gas Tax Street Improvement Fund receives monies from the State's Excise Tax on the sale of gasoline and from federal reimbursements through the Surface Transportation Program-Local. These monies provide funding to various departments and to the CIEP-Physical Plant for eligible activities and projects. Funding is apportioned to the City through various formulas in accordance with the Streets and Highways Code and through annual federal legislation relative to the Surface Transportation Program.

The Proposed Budget anticipates the receipt of \$23.4M from Senate Bill 1 (Beall) "The Road Repair and Accountability Act of 2017," which increases several taxes and fees to raise \$52.4B over ten years in new transportation revenue to be used for deferred maintenance on the state highways and local streets. The legislation was approved by the

SIGNIFICANT ISSUES

Legislature on April 6, 2017 and is expected to be signed by the Governor in the next few weeks.

For 2017-18, the new revenue and special purpose fund appropriations for traffic signal installation for Vision Zero (\$6M), concrete streets (\$2.4M), and street reconstruction/Vision Zero (\$15M) are proposed based on the recent passage of Senate Bill 1. Funding will be contingent upon compliance with the provisions contained in the legislation, which may include the submission and approval of a capital plan for the use of these funds. An instruction for the CAO and Board of Public Works to report is included in Exhibit H of the Proposed Budget.

- **Special Parking Revenue Fund:** The Proposed Budget provides for a transfer to the Reserve Fund of \$32.6M, which is comprised of a base level of \$23.5M and \$9.1M in additional revenue from unencumbered prior year appropriations. Funding is increased to \$10.8M 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 Blossom Plaza easements and improvements (\$0.1M); Code the Curb Project (\$1.1M); and, development of a pilot program to return parking meter revenue to communities for local parking projects and services (\$0.6M). Funds are continued for parking meter collection services (\$3.1M); contractual services (\$23.1M); and parking administration services (\$5.4M). Funds are increased for the maintenance, repair and utility service for off-street lots (\$3.7M) and parking studies, including a study at Reseda and Canoga Park (\$0.5M).

- **Telecommunications Liquidated Damages and Lost 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. A portion of the five percent franchise fee funding may also be transferred to the General Fund and used for other purposes.

For 2017-18, total available TDA funding will be \$19.9M. Funds that are not appropriated are held in a reserve account. It is anticipated that no funds will be placed in the 2017-18 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. The 2017-18 Proposed Budget proposes no transfer from the TDA to the General Fund.
- ▶ **PEG Access Programming:** \$1.3M is provided for salaries and related expenses of employees supporting PEG access functions.

SIGNIFICANT ISSUES

- ▶ **Telecommunications Uses:** \$9M is provided for various telecommunications expenditures, including salaries and related expenses of employees supporting the 311 Call Center.
- ▶ **Grants to Third Parties (Channel 36 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 the same level of funding provided in 2016-17.
- ▶ **L.A. CityView Channel 35 Operations:** A total of \$1.2M 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.
- ▶ **PEG Access Capital Costs (Restricted):** Funding of \$2.8M 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 a decrease of \$8.2M from 2016-17.
- ▶ **Reserve for PEG Access Capital Costs (Restricted):** No funds are held in reserve in 2017-18.

SIGNIFICANT ISSUES

EXPENDITURES

- **Efficiencies and Reductions:** The Mayor's 2017-18 Proposed Budget includes \$34.9M 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 Department of Aging for the Emergency Alert Response System (\$-0.09M), the Department on Disability for ADA Assistant Contracts (\$-0.03M), the Economic and Workforce Development Department for Workforce Development Support (\$-0.01M), the Fire Department for Metropolitan Fire Communications Dispatch (\$-0.07M), the Citywide Petroleum Account (\$-1M), the Police Department contractual services account (\$-0.03M) and a commensurate reduction for the World Police and Fire Games (\$-0.5M) for which funding is included in the General City Purposes budget.
- **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	2016-17 Adopted Budget	2016-17 Estimated Expenditures	2017-18 Proposed Budget	Comments
Fire Overtime	\$6.5M	\$9.8M	\$6.5M	It may be necessary to transfer sworn salaries to overtime accounts based on expenditure patterns
Fire Salaries-Sworn	\$356.2M	\$359.9M	\$407.7	May be sufficient but should be monitored with recent MOU approval
Police Overtime	\$90M	\$93M	\$120M	\$41M of 2017-18 Proposed Budget allocation is dedicated to MTA contract
Outside Counsel Costs	\$1.75M	N/A	\$1.35M	May be insufficient and could require a transfer
Liability Claims	\$69M	\$205M	\$89M (plus \$20M UB reserve)	May be insufficient based on anticipated 2017-18 activity

SIGNIFICANT ISSUES

- **Outside Counsel Expenditures:** The Proposed Budget provides \$1.4M in the Unappropriated Balance for City Attorney Outside Counsel contracts for both general litigation and Workers' Compensation, which is a reduction of \$0.4M in the amount set aside in the 2016-17 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 (JOBs):** A total appropriation of \$89.1M is proposed for Liability Claims in 2017-18, which is an increase of \$20.6M over the 2016-17 Adopted Budget, but is \$115.4M less than the estimated expenditures for 2016-17 (\$204.5M, which includes \$57.8M in special fund payouts). A Reserve for Extraordinary Liability (\$20M) also has been set aside in the Unappropriated Balance.

The Proposed Budget allocates \$9M to pay debt service for JOBs 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 approximately the same as the allocation in the 2016-17 Adopted Budget.

In April 2017, Council adopted a resolution authorizing the issuance of up to \$60M in JOBs. The bond proceeds are proposed to reimburse the Reserve Fund for various liability payouts that have occurred throughout 2016-17. The CAO has reported that to proceed with the bond issuance, the court must approve the action. The adopted resolution authorizes the CAO to initiate the court validation action. The CAO notes that at a later date, it will present other bond documents, including a Preliminary Official Statement and a purchase contract for the Bonds for Council review and approval. Receipt of JOB funds are not included in the Proposed Budget.

The Proposed Budget also includes \$5.1M in funding for Attorney Conflict Panel cases managed by the CAO, which is a \$1M increase from the 2016-17 allocation.

- **Partially Funded/Unfunded Positions** - The Mayor's Proposed Budget includes a total of 442 partially funded and unfunded positions. A total of 306 positions have partial funding, while the remaining 136 are authorized without funding. Full year funding will be required to continue the partially funded and unfunded positions beginning in 2017-18. Typically, new positions are provided nine-months funding because it is assumed that the positions cannot be filled immediately on July 1.
- **Changes in Authorized Positions** - The 2017-18 Proposed Budget adds a net 458 positions, based on an increase of 214 regular positions and an increase of 244 resolution positions compared to 2016-17 Adopted Budget. This includes 20 regular authorities added to the Department of Building and Safety, 46 regular positions added to Planning, 11 regular authorities for Cultural Affairs, 28 regular authorities for the Department of General Services, 9 regular positions added to Police, and 98 regular authorities for the Bureau of Sanitation. Resolution authorities are typically provided for programs with a limited duration.

SIGNIFICANT ISSUES

- **Deletion of Filled Positions** - The 2017-18 Proposed Budget recommends the deletion of 41 filled positions: Five in the City Attorney's Office (Deputy City Attorney IIs); one in the City Clerk (Field Engineering Aide); two in Emergency Management (Emergency Management Coordinator I); three in the Office of Finance (Customer Service Specialists); five in Housing and Community Investment (one Project Coordinator, one Senior Project Coordinator, two Financial Development Officer Is, and one Financial Development Officer II); three in the Information Technology Agency (one Communications Engineer, one Communications Electrician Supervisor, and one Communications Engineering Associate III); 18 in the Bureau of Contract Administration (three Senior Electrical Inspectors, four Senior Construction Inspectors, and 12 Construction Inspectors); three in the Bureau of Engineering (one Architect, one Senior Civil Engineer, and one Structural Engineer). It is anticipated that these positions will be absorbed into other vacancies.

SIGNIFICANT ISSUES

FUNDING ACROSS DEPARTMENTS

- **Homelessness:** The Mayor's 2017-18 Proposed Budget provides approximately \$130M for homelessness-related programs including: temporary housing; outreach to connect homeless persons to services, department programs to serve the homeless, City staff salaries, and programs and administrative costs at the Los Angeles Homeless Services Authority (LAHSA). The 2017-18 Proposed Budget allocation includes \$36.8M in General Funds and \$93.8M in Special Funds, of which \$89.1M is from Measure HHH bond proceeds. The 2017-18 Proposed Budget is a six percent decrease from the \$138M allocation in the 2016-17 Adopted Budget. It should be noted that County Measure H proceeds are also anticipated to support homeless services within the City.

Significant programs funded through the Mayor's Proposed 2017-18 Budget include the following: LAHSA administrative costs (\$1.8M); Coordinated Entry System, Crisis and Bridge Housing for Singles and Youth System (\$7.3M); Emergency Response Teams (\$2.3M); Operation Healthy Streets (\$2.1M); Safe Parking and Mobile Showers (\$0.8M); Winter Shelter Program (\$0.3M); Aging Department Older Workers Employment Program (\$0.5M); Spay/Neuter vouchers for pets of homeless individuals (\$0.5M); City Planning Department Housing Unit staff costs (\$0.6M); Fire Department programs that serve homeless individuals with minor medical or substance abuse issues (\$0.9M); Domestic Violence Shelters (\$1.2M); restroom access and maintenance (\$1.5M); and Proposition HHH housing and facility developments to serve the homeless (\$89M).

The Proposed Budget also funds Police Department Homeless Outreach Partnership Endeavor (HOPE) Teams (\$4.7M), and Bureau of Sanitation HOPE Teams, Clean Streets and Operation Healthy Streets (\$11.4M).

New programs included in the 2017-18 Proposed Budget include the Fire Department's Fast Response Unit (\$0.3M), SOBER Unit (\$0.3M), Nurse Practitioner Response Unit (\$0.2M), temporary drinking fountains during hot weather (\$0.1M), funding for Department Staff (HCID, City Attorney and CAO) to implement Measure HHH (\$1.3M), and funding for Skid Row Restroom maintenance (\$0.5M).

The Mayor's Proposed 2017-18 Budget also includes funding for homeless related programs not included in the Homeless Budget such as Capital and Infrastructure Funding for the Venice Beach restroom on Rose Avenue (\$0.5M) and the North Hollywood Day Laborer/Homeless Services Center (\$0.5M), as well as funding in LAPD's base budget for a Police Commander for Homelessness (\$0.2M).

Measure H, approved by County voters discussed earlier, is also anticipated to provide funding for homeless services in the City.

Additionally, the Economic and Workforce Development Department's Los Angeles Regional Initiative for Social Enterprise (LA RISE) job development program received \$4.5M in 2016-17, which included \$2M in General City Purposes Funds. The 2017-18 Proposed Budget maintains the \$2M in federal funding for the LA RISE program.

SIGNIFICANT ISSUES

- **Accessible Housing Program:** A total of \$35.9M is proposed in the 2017-18 Budget, for a new Accessible Housing Program. Relative to the class action lawsuit, *Independent Living Center of Southern California v. the City of Los Angeles, et al*, the approved Settlement Agreement requires the City to invest \$200 million over ten years to implement the Accessible Housing Program and to produce 4,000 units of accessible rental housing within ten years. Funding in 2017-18 is expected to produce 88 accessible units.

The Proposed Budget allocates \$11.1M from the General Fund, \$11.7M in Special Funds and \$13.1M in funding from Other Funds (Low Income Housing Tax Credits attributed to the construction of Prop HHH accessible units) to satisfy the terms of the related Settlement Agreement.

The Proposed Budget includes funding to HCID and the Office of the City Attorney for administrative costs to implement the requirements of the Settlement Agreement (\$6.5M); includes Special Funds, specifically Proposition HHH bond proceeds and HOME Investment Partnership Program for the construction of accessible units (\$11.7M); and, adds funding in the Unappropriated Balance for costs associated with inspecting accessibility, conducting accessibility retrofits, and reporting on project compliance (\$2M).

- **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 (\$0.1M) for L.A. City View Channel 35 Operations for Contractual Services for closed caption services. The Proposed Budget allocates one-time funding (\$0.1M) to the Library Department to purchase technical equipment for low-vision patrons in compliance with ADA requirements. Additional contractual services funding (\$1.5M) is provided to support the Housing and Community Investment Department's Accessible Housing Program which is mandated by a settlement agreement to ensure persons with disabilities have access to the City's affordable housing programs and that 4,000 units are made fully accessible over the term of the agreement.
- **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 No. 1 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 achieve the goal of zero traffic fatalities in the City by 2025, 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:

SIGNIFICANT ISSUES

- ▶ **Department of Transportation:** Funding is included for street maintenance and safety improvements projects (\$0.3M), engineering and traffic study reviews necessary to renew or extend speed zone limits along the High Injury Network (\$0.4M), positions for the management and coordination for the Great Streets Initiative (\$0.6M), and positions to support the Vision Zero planning and implementation efforts (\$1M).
 - ▶ **Bureau of Engineering:** Funding is included to review existing projects, coordinate design changes and utility relocation, perform community and Council outreach to facilitate implementation of Vision Zero objectives (\$0.4M), for design and survey of non-standard curb ramps and other civil engineering design support for the Great Streets Initiative (\$0.1M), and to support the Street Reconstruction Program, as part of Vision Zero (\$0.4M).
 - ▶ **Bureau of Street Services:** The Proposed Budget includes funding to support the Great Streets Initiative (\$1.9M), including contract tree trimming in Great Streets Corridors; and one-time funding for overtime (\$0.3M) and various expense (\$0.2M) to construct safety improvements for Vision Zero.
 - ▶ **Bureau of Street Lighting:** Funding is included for design, coordination, and construction engineering services for various street lighting projects to facilitate implementation of the Vision Zero objectives (\$0.7M).
 - ▶ **Department of City Planning:** Funding is included for positions to support the Mobility Plan and the Great Streets Initiative (\$0.8M).
 - ▶ **General City Purposes:** The Proposed Budget continues funding for unspecified expenses (\$0.2M) for the Great Streets Initiative.
 - ▶ **Police Department:** Funding is provided within the Sworn Overtime Account for traffic and speed enforcement details targeting high-priority collision locations identified in the Vision Zero Initiative (\$1.5M).
 - ▶ **Proposition A:** Funds are provided (\$0.5M) for lighting improvements at bus stops on or near the High Injury Network.
 - ▶ **Measure R:** The Proposed Budget includes \$1.5M in one-time contract funding for advanced planning and construction improvements on Great Streets corridors and \$0.7M in one-time contractual services for various Vision Zero projects and programs and reflects a shift from the Department of Transportation's operating budget; conceptual design and community outreach for Vision Zero (\$0.3M) and continued implementation of the Vision Zero campaign (\$0.2M).
 - ▶ **Measure M:** The Proposed Budget includes \$20M for the reconstruction of failed streets with \$3M dedicated for Vision Zero-related improvements on reconstructed streets.
 - ▶ **Special Gas Tax Improvement Fund:** Funding includes \$15M for street reconstruction related to the Vision Zero Initiative, \$6M for Vision Zero traffic signal installation, and \$0.5M for Vision Zero safety education.
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- **Gang Reduction and Youth Development (GRYD) Office:** The Proposed Budget includes in the General City Purposes budget \$26.1M in funding for the GRYD Office, a \$0.2M decrease from 2016-17. The decrease will be transferred to a new line item for the Office of Re-entry for juvenile reentry services. The GRYD program provides prevention,

SIGNIFICANT ISSUES

intervention, and re-entry services in an effort to reduce crime in various parts of the City. The program was expanded in 2015-16 by increasing the number of GRYD zones from 17 to 23. 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
 - ▶ 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
- **Pavement Preservation Plan:** The Proposed Budget allocates \$130.8M to fully fund a Pavement Preservation Plan of 2,400 lanes miles. 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 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 2016-17. The Proposed Budget includes a reduction in General Funds (\$-18.5M) for the program to recognize departmental efficiencies. Funding sources for 2017-18 include: Special Gas Tax (\$65.2M), Proposition C (\$7M), Street Damage Restoration Fee (\$8.3M), Measure R (\$24.9M) and General Fund (\$25.5M).
- **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 expected in Summer 2017. 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 \$20.3M from the General Fund, \$3.1M in the Local Transportation Fund, and \$4M in Measure R Local Return Funds for the construction of access ramps and \$2.7M 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 for 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 Sidewalk Repair Program that includes the repair of sidewalks adjacent to private property. In December 2016, the Mayor and Council approved a Citywide Sidewalk Repair Incentive and Cost-Sharing Rebate Program. The Proposed Budget includes \$1.7M for implementation of this program.

SIGNIFICANT ISSUES

■ Immigrant Affairs:

- ▶ **Justice Fund:** Funding (\$1M) is included in the General City Purposes budget (GCP) and will provide funds for non-profit legal representation for undocumented, low-income individuals and families facing removal proceedings. The Los Angeles Justice Fund was proposed during the 2016-17 fiscal year to be a \$2M allocation and administered by the CAO.
- ▶ **Immigration Integration Assistance:** Funding is continued (\$0.3M) in the GCP budget and is administered by the Mayor's Office. The program focuses on the development of programs and partnerships with community organizations to assist with immigration integration throughout the City.
- ▶ **Library:** Funding is proposed for the following: Contractual Services funding for Immigrant Integration Assistance (\$0.1M); New Citizenship Walk-In Centers (\$0.2M); and New American Initiative (\$0.4M) to assist legal permanent residents providing information on citizenship requirements, test preparation, and assistance with eligibility determination for citizenship.

SIGNIFICANT ISSUES

DEPARTMENTAL BUDGETS (in alphabetical order)

- **Aging:** The Proposed Budget reduces funding (\$0.04M) from the Community Development Trust Fund because insufficient Community Development Block Grant funding was allocated in the 43rd Year Consolidated Plan for the administration of various programs and services. Funding (\$0.5M) has been added under Contractual Services for the Estelle Van Meter Mini Multipurpose Senior Center which was previously funded through the General City Purposes budget, and funding (\$0.5M) has been continued for the Echo Park Mini Multipurpose Center. One-time funding (\$0.5M) has been continued for the Older Workers Employment Program, 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 is not continued (\$-0.1M) for the Emergency Alert Response System (EARS) pilot program which concluded in 2016-17.
- **Animal Services:** The Proposed Budget adds regular authority with funding (\$0.1M) to provide administrative support to the Board of Animal Services Commissioners. One-time funding (\$0.1M) is added for the purchase of equipment to provide temporary emergency housing for companion animals of the homeless community. Resolution authority with nine-months funding (\$0.1M) is continued to recruit, manage, train, and track volunteers. Resolution authority with funding (\$0.1M) is continued to support the Administrative Citation Enforcement (ACE) Program.
- **Building and Safety:** The 2017-18 Proposed Budget shows an overall net increase to the Department's Budget of \$8.5M or 8.16 percent. Funding (\$0.2M) and resolution authority are added for one Zoning Engineer. Funding (\$0.8M) and resolution authority are continued for two positions and six positions are added for the Existing Building Energy and Water Efficiency program. Six-months funding (\$0.3M) and resolution authority are added for both the Expanded Residential Inspector Training Program (five positions) and the Expanded Commercial Inspector Training Program (five positions) for a total of ten positions and \$0.6M in funding. Funding is provided by the Building and Safety Enterprise Fund.

The Proposed Budget continues 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. Funding (\$0.6M) is also provided for Intermittent Code Enforcement Services for 120-day appointments to maintain the backlog of code enforcement cases at 7,500 cases, to be partially funded by the Building and Safety Enterprise Fund. In addition, funding and resolution authority for one Assistant General Manager Position (Deputy Superintendent of Building I) (\$0.3M) is continued to oversee the Department's Technology Support and Development Services Systems.

The following programs funded by the Building and Safety Permit Enterprise Fund are continued: Airport Plan Check (three positions), Airport Plan Check Services (two positions) and Airport Inspection (six positions) reimbursed by Department of Airports; Existing Building Energy and Water Efficiency (two positions); Soft Story Plan Check (ten positions); Backfile Conversion (five positions); Non-Ductile Concrete Plan Check (six positions);

SIGNIFICANT ISSUES

Residential Inspector Training Program (six positions); Residential Inspection Program (six positions); Commercial Inspector Training Program (nine positions); Major Projects (five positions) reimbursed by project owners; Soft Story Inspection (nine positions); New Construction Sign Inspection Program (two positions); Engineering Case Management (four positions); Inspection Case Management (nine positions); Concierge Services Program (seven positions); Online Structural Inventory (four positions); and Diversity and Inclusion Initiatives (two positions).

Funding for the following programs funded by the Building and Safety Permit Enterprise Fund are also continued and regular position authority is added: Green Building Plan Check (three positions); Grading Plan Check (seven positions); BuildLA (three positions); Mobile Inspection Application (three positions); Information Technology Procurement Support (one position); Emergency Management Coordination (one position); Diversity and Inclusion Initiatives (two positions); and, Special Fund Administration Support (one position).

- **Cannabis Regulation:** The Mayor's Proposed Budget provides regular authority and a total of \$1M for five positions and overtime (\$0.6M), various office expenses (\$0.2M), and related costs (\$0.2M) to establish a Cannabis Regulation Department. This Department will develop rules and regulations for the implementation of local and State laws related to cannabis use and to administer the application, licensing, renewal and revocation processes for cannabis-related businesses in the City. All Program Costs will be fully offset by permit and license revenues to be deposited into the General Fund. The 2017-18 Proposed Budget recognizes \$1.3M in revenue from Cannabis licenses and permits. The Mayor's Proposed Budget adds five commissioners to establish the Cannabis Licensing Commission.
- **City Administrative Officer:** The Proposed Budget continues various positions in the Office of the CAO, including resolution authority and funding for one position for the CRA/LA Bond Oversight Program and two positions for Strategic Workforce Analysis support to assess the size and scope of the City workforce and develop a local hiring plan. Funding (\$0.3M) is continued and regular authority added for two positions to support implementation and monitoring of the City's Comprehensive Homeless Strategy.

Funding (\$0.4M) is added for two continued positions for Strategic Workforce Analysis support. Nine-months funding (\$0.1M) and resolution authority is added for one position for Development Reform and Permit Streamlining Support, to be funded by the Building and Safety Enterprise Fund and Planning Case Processing Fund. Nine-months funding (\$0.1M) and resolution authority is also added for one position for Proposition HHH Facilities Bond Program support, to be front-funded by the General Fund and partially reimbursed by bond proceeds.

The Proposed Budget deletes from the CAO funding (\$2.8M) for seven resolution authority positions and various expense accounts to establish a separate Office of Public Accountability, effective July 1, 2017, with administrative support to be provided by the City Clerk.

SIGNIFICANT ISSUES

- **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 \$7M, and the Special Funds are increased by \$3M, for a total increase of \$10M. The Proposed Budget increases the number of resolution authorities by 34.

Funding and staffing are continued in the City Attorney's Office for the Administrative Citation Enforcement Program, Proposition D Enforcement, Proposition 47 Prosecutors, Neighborhood Prosecutor Program, Citywide Nuisance Abatement Program, Employment Litigation Division, Workers' Compensation Division, Police Litigation Division, Claims and Risk Management Division Support, Qui Tam - Affirmative Litigation, California Environmental Quality Act (CEQA) support, Office of Wage Standards, Foreclosure Registry Program, and legal support for Community Planning. Funding for new services includes \$1.3M for 14 positions for legal support of the Body Worn Camera program.

The Proposed Budget adds funding (\$0.2M) and resolution authority for staff support to HCID on matters resulting from the Independent Living Center settlement. Resolution authority is continued without funding for one position to provide legal support for the Homelessness Reduction and Prevention, Housing and Facilities Bond Issue program and will be reimbursed by bond proceeds.

The City Attorney will continue to provide legal support for the proprietary and independent departments (LACERS, Pensions, Harbor, Airports, DWP, and LAHSA), and will oversee the City's outside counsel contracts. Funding (\$0.8M) and various resolution authorities are provided to further support LAWA, the DWP, and the Port of Los Angeles.

- **City Clerk:** The Proposed Budget continues funding for the administration of the Neighborhood Council Funding Program, and also transfers funding (\$0.2M) and regular authority for one position to administer contracts for Neighborhood Council meeting and office spaces. Funding (\$0.6M) is also provided for the administration of the 2018 Neighborhood Council Board Member Elections.

The Proposed Budget adds one-time funding (\$0.1M) for the purchase of trash liners for Business Improvement Districts. Funding (\$0.1M) and regular authority is added for one position to support the Department of Cannabis Regulation, to be fully offset by to-be-established permit and license revenues from the Cannabis Regulation program. Funding (\$0.1M) and regular authority is also added for one position to provide administrative support to the Office of Public Accountability, to be fully reimbursed by the Department of Water and Power. One-time funding (\$0.04M) from the Telecommunications Development Account is added for translation and captioning services during Council Committee meetings.

- **City Planning:** The Proposed Budget continues funding and resolution authority for the following: re:codeLA to rewrite and update the City's Zoning Code (four positions), to be funded with revenue from a temporary increase to the General Plan Maintenance Fee; Targeted Code Amendments Unit (three positions); Policy Planning Housing Unit (two

SIGNIFICANT ISSUES

positions); Mobility Plan and Great Streets Initiative (three positions); Transit Oriented Planning (four positions); Los Angeles International Airport Master Plan (two positions); LARiverWorks (one position); West Los Angeles Public Counter (six positions); Case Management (two positions); Development Services Housing Unit (four positions); Metro Public Counter (nine positions); Zoning Review and Parallel Development Process (ten positions); Enhanced Case Management (two positions); Valley Plaza Project (one position); Expedited Case Processing (two positions); Major Projects Environmental Reporting (three positions); Citywide Projects Management (four positions); Grant and Invoice Management (one position); Administration and Commission Support (four positions); and Trust Fund Management (one position). In addition, the Proposed Budget continues one-time funding (\$0.5M) in the Contractual Services Account for the General Plan Update, to be provided by the Planning Long-Range Planning Fund.

The Proposed Budget also continues funding and adds regular authority for the following: Comprehensive Community Plan (28 positions); Boyle Heights Community Planning Program (one position); Development Services Centers Public Counters (seven positions); BESt Program (five positions); Land Use Survey Data (one position); BuildLA (three positions); and Deputy Director of Planning (one position).

The following reflects increased services and other adjustments in the Proposed Budget:

- ▶ Four-months funding (\$1.3M) and resolution authority added for the Expanded Community Plan Program, to reduce the Community Plan update rate from ten years to six years (24 positions). Note that this is in addition to the continued funding (\$3.8M) and added regular authority for the Comprehensive Community Plan (28 positions);
- ▶ Funding (\$0.3M) added for the Venice Local Coastal Program (two positions);
- ▶ One-time expense funding (\$0.6M) for the Metro Public Counter - 4th Floor Remodel;
- ▶ Funding (\$0.2M) added for Expense Account Adjustments to address increased costs of contracts and supplies;
- ▶ Funding and regular authority added for External Affairs Position Adjustment for one position to serve as the Department's External Affairs Office, and funding and regular authority for one City Planner is deleted; and
- ▶ Funding and regular authority added for Citywide Planning Position Adjustment for one position to review statistical and demographic data, and funding and regular authority for one City Planner is deleted.

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. One position for the Alameda District Specific Plan is also continued without funding, to be reimbursed through a MOU with LA Metropolitan Transportation Authority (MTA) that will provide up to \$0.5M for the Specific Plan update.

SIGNIFICANT ISSUES

- **Controller:** The Proposed Budget continues funding (\$0.2M) for one position and helpdesk software for the Supply Management System replacement project that will integrate the City's procurement system with the Financial Management System. Resolution authority without funding is added for one accounting position to conduct a comprehensive reconciliation of all City fund balances to ensure the proper oversight and usage of each fund. Funding (\$0.2M) is continued for one position to transition PaySR to reduce reliance on custom programming, increase City support, and generate savings. Funding (\$0.2M) is added and resolution authority is continued for one position to support the Controller on community engagement, emerging technology, and legislative practices. Additionally, the Proposed Budget includes an instruction to allow the Controller to reappropriate up to \$0.5M for the Accounting Pool salaries and audit services.
- **Cultural Affairs:** The Proposed Budget restores funding (\$0.5M) that was reduced to fund half-time positions and Mural Registration and Outreach. To enhance Community Arts, funding (\$0.6M) is continued for six administrative support staff and ten 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, funding (\$0.3M) is continued 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 also added for Citywide/Regional Arts Support and Community Cultural Programs to sponsor additional Citywide exhibits and cultural programs. In addition, the Proposed Budget adds nine-months funding (\$0.2M) and resolution authority for three positions to provide full-time support for the Hollyhock House. Funding (\$0.15M) is added and resolution authority continued for one position to provide public information and marketing support. Further, the Proposed Budget adds one-time funding (\$0.1M) to restore and light murals produced for the 1984 Olympics. Funding (\$0.2M) is also added to provide additional grants to community-based arts and culture service providers, and funding (\$0.2M) and regular authority is also provided to consolidate department contracting activities.
- **Disability:** The Proposed Budget continues funding (\$0.1M) and adds regular authority for one Senior Project Coordinator that serves as a liaison for the City's Sidewalk Repair Program, to help prioritize and track projects. This position will also implement the Small Business ADA Consultation program. Funding (\$0.2M) is continued and regular authority added for two positions to provide information and referral services to persons with disabilities regarding various public services. Funding (\$0.2M) is also continued with regular authority added for two Management Analysts to provide supplemental training, outreach, and support for Section 508 compliance efforts. The Proposed Budget continues funding (\$0.5M) for the AIDS Coordinator's Office positions and HIV prevention no longer funded with Community Development Block Grant funds. One-time funding is continued for the City's HIV prevention contracts (\$0.9M).

SIGNIFICANT ISSUES

- **Economic and Workforce Development Department:** A total of \$20.1M is proposed for allocation to the Department in the 2017-18 Proposed Budget, of which \$4.4M will be from the General Fund. The department's 2017-18 Proposed Budget is \$0.03M (0.1 percent) higher than the 2016-17 budget.

The Proposed Budget continues resolution authority and funding (\$2.9M) for 18 positions to support Economic Development and Job Creation. Resolution authority and funding (\$1.1M) are also continued for ten positions to implement the Youth Workforce Development program. Funding (\$2M) and resolution authority are also continued for 12 positions for YouthSource Centers, HireLA, and Cash for College. The majority of funding for EWDD comes from the Workforce Innovation Opportunity Act Fund (\$11.5M) and the Community Development Trust Fund (\$2M). Contractual Services funding (\$0.8M) is provided for the continuation of Day Laborer programs. Resolution authority and funding (\$2M) are continued for 13 positions to implement the 2017-18 Workforce Development Board Annual Plan and other workforce grants for Adult Workforce services.

Resolution authority without funding is added to help manage the City's legal obligation under the gang injunction curfew settlement agreement.

A total of \$2.3M is set aside in General City Purposes (GCP) for EWDD to administer the Youth Employment Program. A total of \$4.5M is set aside, comprised of \$1.5M in GCP and \$3M in Unappropriated Balance (UB), for EWDD and the CAO to administer the Gang Injunction Curfew Settlement Agreement, which will provide class members access to job readiness programs. Also included in GCP is a reduction of \$2.0M for the Los Angeles Regional Initiative for Social Enterprise (LA RISE) program, which provides employment to job seekers with a history of homelessness.

- **Emergency Management Department:** The Mayor's Proposed Budget provides funding for three positions (two resolution and one regular authority) for emergency planning, training, and emergency exercise functions, including one position to coordinate responses to any public health emergencies, to be fully reimbursed from grant funds. Resolution authority for two Emergency Management Coordinator I positions is not continued.
- **Finance:** The Proposed Budget adds nine-months funding for one position and contractual services to manage the City's Payment Card Industry Data Security Standards Program, with the cost mostly offset by the deletion of one vacant position. Funding (\$0.1M) is also added for annual maintenance of the LATAx Oracle Database Management Software; contractual funding (\$0.5M) and one resolution authority to support the modernization of the LATAx system; nine-months funding (\$0.5M) and six resolution authorities to improve operational management and long-term planning related to customer service; funding (\$0.1M) and one regular authority to support the ACE Program, to be fully reimbursed by the Code Compliance Fund. The Proposed Budget provides one-time contractual funding for: audit selection and case management software (\$0.4M); upgrading the delinquent account tracking and management system (\$0.1M); and modernizing the interest allocation system for funds that participate in the investment pool (\$0.1M).

SIGNIFICANT ISSUES

- **Fire Department:** The Mayor's Proposed Budget includes an increase of \$43.7M for Fire-related resources. The Fire Department's operating budget increases by \$23.7M. In addition, \$20M is included in the MICLA program for the acquisition of fire-related equipment.
 - ▶ **Continuation of Engine Company:** The Proposed Budget provides \$2.8M and continues resolution 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 9 in downtown Los Angeles (Skid Row).
 - ▶ **Fast Response Unit:** Funding (\$0.3M) and resolution authority for one Firefighter III and one Firefighter III Paramedic are included to staff a Fast Response Vehicle operating as a mobile triage unit serving high-volume areas .
 - ▶ **Helitanker Lease Cost Increase:** The Proposed Budget increases funding in the Contractual Services account by \$0.2M to address cost increases for a dedicated helitanker aircraft for aerial firefighting services during the annual brush fire season.
 - ▶ **Fire Station Alerting System:** The Proposed Budget adds \$1M in one-time funding to the Contractual Services Account for the planning, design, development and initial implementation of an updated Fire Station Alerting System. This system will replace the obsolete communication network lines and equipment with more reliable modern equipment.
 - ▶ **EMS Nurse Practitioner Response Unit:** The Proposed Budget provides continued funding (\$0.3M) and resolution authority for one Emergency Medical Service (EMS) Nurse Practitioner Supervisor and one Firefighter III/Paramedic for the Nurse Practitioner Response Unit (NPRU). The NPRU responds to non-urgent, low acuity level call requests and provides intervention services to 9-1-1 "super user" patients. Additional response units may be privately funded.
 - ▶ **Sobering Center Emergency Resource Unit:** \$0.3M is provided off-budget by the Innovation Fund for the Sobering Center Emergency Resource (SOBER) Unit, and resolution authority for one Emergency Medical Service Nurse Practitioner will be added through the 2017-18 Personnel Authority Resolution. This program provides emergency medical assistance and referral of serial inebriates to the Los Angeles County Sobering Center in the Skid Row area.
 - ▶ **Firefighter Hiring and Training:** The Proposed Budget provides \$10M to hire 195 Firefighters and complete training for two recruit classes initiated in 2016-17. Three 20-week training classes will be conducted at the Valley Recruit Training Academy (Drill Tower 81), scheduled to begin in August 2017, January 2018 and June 2018. One class of 48 recruits that began in March 2017 will graduate in August 2017, and another class of 36 that started in April 2017 at the Harbor Recruit Training Academy (Drill Tower 40) will graduate in September 2017.
 - ▶ **Youth Programs:** Funding (\$0.1M) and resolution authority for one Senior Project Coordinator for Youth Programs coordination is included in the Proposed Budget. \$0.1M is provided in the Overtime Variable Staffing Account to provide sworn support for the coordination and implementation of youth development programs to introduce and educate students about career opportunities in the fire service.

SIGNIFICANT ISSUES

- ▶ **Body Armor Replacement:** The Proposed Budget provides \$0.6M in one-time funding for the final year of a three-year plan to purchase body armor used by sworn members when entering an immediately Dangerous to Life or Health environment.
- ▶ **Fleet Replacement Program:** The Proposed Budget provides \$20M in the MICLA financing program for the replacement of 106 fire apparatus and installation of radio packages on fire vehicles. This includes four aerial ladder trucks, eight triple combination pumpers, five emergency command vehicles, fourteen ambulances, one fleet utility service truck, ten emergency sedans, eleven crew cab pickup trucks, 15 non-emergency electric sedans, 28 non-emergency sedans, four EMS battalion command vehicles, two arson utility vehicles, two side load cargo vans, one passenger van and one helicopter auxiliary unit.
- ▶ **Emergency Response Systems Enhancements:** The Proposed Budget provides nine-months funding (\$0.4M) and regular authority for one Data Base Architect and two Programmer Analysts to support the development, enhancement, and ongoing maintenance of the Computer Aided Dispatch and related emergency response systems.
- ▶ **Fire Share of Unrestricted Revenue:** Based on the Fire Department's budget allocation, the Department's share of unrestricted revenue will increase from 17.1 percent (\$791.6M of \$4.6B) in 2016-17 to 17.2 percent (\$823.1M of \$4.8B) in the 2017-18 Proposed Budget. 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.
- **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 (\$1.9M) and regular authority is added for three positions to administer the Citywide Asset Management System.
 - ▶ **Load Bank Testing:** One-time funding (\$0.7M) is continued in the Contractual Services Account for the Load Bank Testing Program and to provide for emergency circumstances that occur outside of routine maintenance.
 - ▶ **Water and Electricity Billing and Usage Monitoring:** Funding (\$0.1M) is continued and regular authority added for one Accounting Clerk to support the water and electricity billing system.
 - ▶ **Library Department Support:** Funding (\$0.4M) and regular authority is added for one position and for Overtime, Contractual Services, and Custodial Supplies to provide additional custodial services at the Central and branch libraries. The Library Department will fully reimburse these expenses.
 - ▶ **Preventative Maintenance Services:** Six-months funding (\$0.7M) and regular authority are added for 11 positions for Citywide building maintenance services. Funding is also provided to purchase two vehicles, with the cost to be offset through reductions in Hiring Hall Salaries and Benefits Hiring Hall accounts.

SIGNIFICANT ISSUES

- ▶ **Body Worn Video Cameras:** One-time funding (\$1M) is continued for infrastructure improvements required to implement the Body Worn Video Camera program.
- ▶ **Fire Alarm System:** One-time funding (\$0.2M) is added to install a new fire alarm system in Personnel Department's Medical Services Division.
- ▶ **Sale of Surplus Properties:** Contractual Services funding (\$0.1M) is continued for appraisals related to the sale of surplus properties in support of the Comprehensive Homeless Strategy.
- ▶ **Decreased Leasing Expenses:** Funding is decreased (\$-0.3M) for the Citywide Leasing Account as a result of the relocation of City departments and termination of lease agreements.
- ▶ **Pavement Preservation Program:** Funding (\$0.4M) and resolution authority is continued for three Heavy Duty Equipment Mechanics to maintain the construction equipment for the Department of Transportation and Bureau of Street Services in support of the Pavement Preservation Program.
- ▶ **Petroleum Account Reduction:** A one-time reduction (\$-1.5M) in the Petroleum Account is proposed to reflect anticipated expenditures due to low fuel prices and Department expenditures.
- ▶ **Helicopter Maintenance for Public Safety Departments:** Funding is added (\$0.2M) to maintain helicopters for the Police and Fire Departments.
- ▶ **Supply Management System Replacement:** Funding (\$0.9M) is continued and regular authority added for seven positions to provide ongoing support for the City's Supply Management System Replacement project.
- ▶ **Payment Services Group:** Funding (\$0.02M) and regular authority are added for three positions to supervise the centralized unit that processes vendor payments for commodity purchases, with the cost to be partially offset by the deletion of one Supply Services Manager I.
- ▶ **Increased Warehouse Support:** Resolution authority without funding is added for four Storekeeper IIs and six-months funding (\$0.2M) and resolution authority are added for six additional positions in support of 62 Citywide warehouses.
- ▶ **Procurement Reform Services:** Nine months funding (\$0.2M) and regular authority are added for one Prima Program Manager and resolution authority without funding is included for two Management Analysts to improve City's procurement and contracting processes.
- ▶ **Electric Vehicle Program:** The Proposed Budget adds regular authority without funding for one position previously authorized as a resolution authority to implement the City's Electric Vehicle (EV) Program.
- **Housing and Community Investment Department:** A total of \$78.7M is proposed in the 2017-18 Budget, which includes a \$13.8M (21.3 percent) increase from 2016-17. The Proposed Budget adds funding and resolution authority for 17 positions for the new Accessible Housing Program (\$6.2M), and front funds a total of seven resolution authorities for the new Proposition HHH program (\$0.2M). The Proposed Budget continues and adds funding for Rent Stabilization Ordinance programs (\$1.6M), continues one-time funding for the Domestic Violence Shelter Program (\$1.2M), and continues funding to support Affordable Housing Trust Fund Programs (\$0.8M). Funding is continued to support non-

SIGNIFICANT ISSUES

profit Family Source Centers and a Los Angeles Unified School District contract (\$4.8M), which were previously funded under General City Purposes. Combined grant funding and General Funds will allow full funding of 16 Family Source Centers. The majority of funding for HCID comes from the Systematic Code Enforcement Fee Fund (\$27.4M) and the Community Development Trust Fund (\$13M).

A total of \$17M is set aside in General City Purposes for the Homeless Shelter Program (\$14.4M), Los Angeles Homeless Count (\$0.6M) and Operation Healthy Streets (\$2.1M). A total of \$2M is set aside in the Unappropriated Balance for the Accessible Housing Program Retrofit Contracts to carry out accessibility inspections, conduct accessibility retrofits, and report on project compliance.

- **Information Technology Agency:** Funding is continued for the Supply Management System Replacement Project (three positions, contractual funding, \$4.7M) and for cybersecurity tools (\$0.5M in contractual funding), to be partially reimbursed by the Sewer Construction and Maintenance Fund and the ATSAC Trust Fund.

The Proposed Budget adds or increases funding for the following:

- ▶ **Payroll System Project Support:** Funding (\$0.1M) to transition PaySR and reduce reliance on custom programming.
- ▶ **FMS Managed Application Support:** Funding (\$4.7M), three resolution authorities, and contractual services to transition to vendor-hosted cloud services.
- ▶ **Procurement Automation:** Funding for contractual services (\$1M) to automate the City's construction and personal services procurement process.
- ▶ **Database Licenses:** Funding (\$0.1M) to enable the City to increase cloud-hosting of applications.
- ▶ **Identity Management System Replacement:** Funding (\$0.3M) to replace the City's current system.
- ▶ **Social Media Management:** Funding (\$0.2M) for a social media management tool. One-time funding reductions are taken in other departments to pay for this effort.

The Proposed Budget restores funding (\$1.9M) in the Communications Services Account that was reduced on a one-time basis in 2016-17. The Proposed Budget also includes one-time reductions in various salary, expense, and equipment accounts (\$-11.6M), as well as the deletion of a vacant position (\$-0.2M). Exhibit H of the Proposed Budget instructs ITA to report on the feasibility of a consolidated 3-1-1 call center for all City services and, working with the City Attorney and City Administrative Officer, to develop a Voice Over Internet Protocol "Bring Your Own Device" policy.

- **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 2017-18, this allocation totals \$167.8M, a \$9.9M increase from 2016-17.
 - ▶ **General Fund Reimbursements:** The Proposed Budget includes the payment of all Library direct and related costs, consistent with Charter Amendment L which

SIGNIFICANT ISSUES

- includes, but is not limited to, pension and employee health benefits, utilities, maintenance, security and MICLA reimbursements (\$69.3M).
- ▶ **Library Improvements and Service Enhancements:** A total of \$1.8M has been provided for alterations and improvements at the various branch libraries (\$0.5M) and the Central Library (\$1.3M). In addition, to enhance service at various locations, \$0.5M is allocated for branch libraries and the Central Library (\$0.1M) to fund positions as well as scanners for public use, two digital microfilm readers, and one Knowledge Imaging Center to allow patrons to scan and email documents.
 - ▶ **Increased Security:** \$0.5M has been added for increased security for a total of \$5.4M for security services provided by the Police Department's Security Services Division.
 - ▶ **Homelessness Engagement:** Funding (\$0.4M) is allocated to support the Library Mobile Outreach program which brings library programs, services and resources to schools, community centers, shelters, senior centers, parks and other locations. Previous 2016-17 funding for increased security for branches with higher instances of homeless interaction and bookmobile operating expenses was not continued for 2017-18.
 - ▶ **New/Increased Services:** The Proposed Budget provides funding (\$0.4M) to enhance the Library's immigration assistance measures for the New Americans Initiative which will assist legal, permanent residents at all libraries by providing information on citizenship requirements, test preparation, and assistance with eligibility determination for citizenship. Funding (\$0.7M) and various positions are included to coordinate bilingual outreach, early literacy initiatives, the Student Success Card Program, and the adult literacy program.
- **Neighborhood Empowerment:** The Proposed Budget provides funding (\$0.1M) for outreach costs for the 2018 Neighborhood Council Board Member Elections. Funding (\$0.1M) and regular authority is also added for one administrative support position for the General Manager and the Board of Neighborhood Commissioners. The Proposed Budget also transfers to the City Clerk funding (\$0.2M) and regular authority for one position to administer contracts for Neighborhood Council meeting and office spaces.
 - **Personnel:** The Proposed Budget provides funding (\$1.3M) and continues ten resolution authorities to support the Strategic Workforce Development Task Force and the Targeted Local Hiring Working Group. These positions support implementation of the Letter of Agreement with the Coalition of Labor Unions. The Proposed Budget also continues the following: funding (\$0.2M) to conduct background checks for Los Angeles Police and Fire candidates; one-time funding (\$0.2M) for outreach and recruitment of police officer and firefighter candidates; funding (\$1.3M) and twelve resolution authorities for increased civil service examining support; funding (\$0.9M) and six resolution authorities to develop and administer exams for Building and Safety and DWP, with costs to be reimbursed by client departments; funding (\$0.2M) and one resolution authority to implement new PaySR functionalities; funding (\$0.1M) and one resolution authority for the Alternative Dispute Resolution Program; funding (\$0.3M) and two regular authorities for the City's Safety Program through ergonomic and safety training; funding (\$0.2M) and one resolution authority to support federal health care mandates, to be reimbursed by the Employee

SIGNIFICANT ISSUES

Benefits Trust Fund; funding (\$0.3M) for two resolution authorities added during 2015-16 to implement the City's Employee Wellness Program, to be reimbursed by the Employee Benefits Trust Fund; funding (\$0.3M) and two resolution authorities to assist departments with succession planning; and, funding (\$0.3M) and two resolution authorities to investigate misconduct allegations in the Department of Building and Safety, to be reimbursed by the Building and Safety Building Permit Enterprise Fund.

The Proposed Budget adds one-time contractual funding (\$0.1M) to implement the Anytime Anywhere Testing pilot program; adds one-time contractual funding (\$0.2M) for commuter, rideshare, and parking consultant services; adds contractual funding (\$0.1M) for electronic medical records software; and, adds contractual services funding (\$0.1M) for an electronic medical records system for City jails. One-time funding is added (\$0.2M) for Citywide training, per MOU 36 and 37, and contractual funding (\$0.2M) is added to expand the Electronic Content Management System. The Proposed Budget includes nine-months funding (\$0.3M), one-time expense funding and three resolution authorities to provide additional human resources support for the Bureau of Sanitation, to be reimbursed by the Sewer Construction and Maintenance Fund. Salaries funding is reduced (\$-0.3M) due to a reduction in the allocation from the Program Year 43 Housing and Community Development Consolidated Plan.

- **Police Department:** In total, the Mayor's Proposed Budget includes an increase of \$107.1M for police-related resources. The Police Department's operating budget increases by \$91M, with an additional \$16.1M being provided through MICLA financing, the Capital Finance Administration Fund 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.
 - ▶ **Police Sworn Hiring:** The proposed budget assumes the attrition of 419 sworn officers during 2017-18. Funding to hire 459 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 \$22M.
 - ▶ **Sworn Overtime Funding:** The Proposed Budget reduces funding provided by the General Fund by \$10M for sworn overtime, as an ongoing reduction to reflect savings generated by the implementation of sworn overtime controls. The Proposed Budget also includes a note to designate within the Sworn Overtime account funds for Human Trafficking and Prostitution Detail (\$1M) the Vision Zero Initiative (\$1.5M), a Custody Transport Detail (\$0.5M) and a seasonal detail at Will Rogers State Beach (\$1.3M).
 - ▶ **Los Angeles County Metropolitan Transportation Authority (Metro):** The Proposed Budget continues funding (\$7.5M) and resolution authority for 69 positions approved during 2016-17 to support the newly established Transit Services Bureau. The Transit Services Bureau will oversee the policing of Metro critical infrastructure and bus/rail lines in the City. The Proposed Budget also provides \$41M in Sworn Overtime, \$1.1M in Civilian Overtime, as well as \$6M for equipment and expenses related to policing Metro.
 - ▶ **Vision Zero Initiative:** A total of \$1.5M is allocated within the Sworn Overtime Account, as noted above, for traffic and speed enforcement details targeting high

SIGNIFICANT ISSUES

- priority collision locations identified in the Vision Zero Initiative. These details will seek to reduce injuries to pedestrians, bicyclists and motorists in areas with a high number of collisions and roadways certified by Engineering and Traffic Surveys.
- ▶ **2017 Police and Fire World Games:** The Proposed Budget includes a one-time budget reduction of \$0.5M in the Sworn Salaries Account to offset the costs for the use of the Los Angeles Convention Center and Department of Recreation and Parks facilities during the 2017 Police and Fire World Games.
 - ▶ **Police Commander for Homelessness:** The Proposed Budget adds regular authority for one Police Commander position to coordinate the LAPD's homelessness, illegal vending, and special events programs.
 - ▶ **Replacement Helicopter:** The Proposed Budget includes \$4M in MICLEA financing to purchase one Airbus H125 helicopter, which will enable the Department to retire one patrol helicopter which has exceeded its useful life.
 - ▶ **Electronic Control Devices (TASERS):** The Proposed Budget provides \$0.5M from the Forfeited Assets Trust Fund for the third of five annual payments to purchase 2,270 TASERS to equip LAPD Officers in the field.
 - ▶ **Associate Community Officer (A-Cop) Program:** The Proposed Budget provides \$1M for the A-Cop program, which will transition candidates from the LAPD's youth programs into the police academy. Candidates will be hired on a part-time basis through a student-worker apprenticeship program.
 - ▶ **Replacement Vehicles:** The Proposed Budget provides \$1.7M in funding to lease 300 electric vehicles (EV) as part of a five-year plan to replace 500 non-emergency passenger vehicles with EVs. \$5M in additional funding is provided in the Capital Finance Administration Fund for debt service on the lease financing of a minimum of 180 Black-and-White vehicles, 34 motorcycle, 152 undercover vehicles and 130 other emergency vehicles that have met or exceeded their useful lives. This funding is provided as the first of five annual payments to purchase \$25M worth of new police vehicles. An additional \$2.1M is provided in MICLEA funding for specialized vehicles. The Metropolitan Transportation Agency (Metro) is expected to reimburse the City \$4.5M for the purchase of 63 Black-and-White, five undercover and 16 other emergency vehicles necessary for the deployment of officers on Metro's bus and rail lines. It should be noted that police vehicles and motorcycles are typically cash financed, not purchased through MICLEA.
 - ▶ **Body-Worn Video Camera (BWVC) Program Implementation:** The Proposed Budget provides \$8.6M for the implementation of the BWVC program. This includes regular authority and seven months funding (\$0.35M) for six Police Performance Auditor Is and one Senior Administrative Clerk, as well as Contractual Services (\$5.2M) and Office and Administrative funds (\$3M) 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 by March 2018. Partial funding is provided by the Supplemental Law Enforcement Services Fund (\$7M).
 - ▶ **Community Surveys:** The Proposed Budget provides \$0.1M in one-time funding for the design and implementation of community trust surveys, in order to collect feedback from a random sample of 2,000 adults throughout the City, which will be

SIGNIFICANT ISSUES

used to make changes to better serve City residents.

- ▶ **Police Share of Unrestricted Revenue:** Based on the Police Department's budget allocation, the Department's share of unrestricted revenue will decrease from 53.1 percent (\$2.4B of \$4.6B) in 2016-17 to 52.8 percent (\$2.5B of \$4.7B) in 2017-18. 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.

- **Public Accountability:** Effective July 1, 2017, the Office of Public Accountability (OPA) is proposed to be an independent department. In prior fiscal years the OPA was budgeted within the Office of the CAO. The CAO has also provided administrative support to the OPA. The Proposed Budget transfers funding and regular authority for seven positions (\$1.1M), contractual services (\$1.2M), and other expenses (\$0.1M) from the CAO to the OPA. Beginning July 1, 2017, administrative support for the OPA will be provided by one Management Analyst added for this purpose in the Office of the City Clerk (\$0.1M).

- **Public Works Board:** The Proposed Budget continues funding for the graffiti abatement program (\$2M). To fund the Petroleum Administrator function that was transferred from the CAO's office in 2016-17, the Proposed Budget continues funding (\$0.4M) and adds regular authority for one Utility Rates Policy Specialist III and adds nine-months funding and regular authority for one Senior Management Analyst I, one Senior Environmental Engineer, and one Environmental Compliance Inspector. These positions are proposed to be divided across the Safety and Compliance and Franchise and Contract Administration divisions of the Office of Petroleum Administration and Safety (Office). The Utility Rates Policy Specialist III serves as the City's Petroleum Administrator. The Board of Public Work's January 23, 2017 report (C.F. 15-0837) relative to staffing and potential funding sources for the Office is pending before Council and the Budget and Finance Committee. The report requests resolution authority for six positions and recommends authorization for the annual use of no more than 10 percent or \$1.5M of all initial franchise revenues to fund the Office. The report recommends these funds be transferred to the Office prior to any other revenue transfers. Council has yet to make a determination regarding the appropriate staffing level and potential long term funding sources for the Office.

Funding (\$0.3M) and resolution authority is also continued in the Board of Public Works for three positions to provide accounting support to the Sidewalk Repair Incentive Rebate Program. Funding (\$0.1M) and resolution authority is added for one position to provide accounting support for Measure M projects. Funding for the Clean and Green program (\$2M) and the L.A. River Corps program (\$0.2M) is also continued in the Proposed Budget.

- **Public Works Contract Administration:** The Proposed Budget adds funding for an Assistant Director to oversee the Administrative Services, Office of Wage Standards, and Office of Contract Compliance group, with the cost offset by the deletion of funding and regular authority for two vacant positions. 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

SIGNIFICANT ISSUES

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. Resolution authority and funding for 22 positions (\$3.45M) is continued for the Office of Wage Standards. In addition, resolution authority without funding is added for seven positions to support the increased workload relative to enforcement of the Minimum Wage Ordinance for small businesses, and 11 positions for Measure M project support.

- **Public Works Engineering:** The Proposed Budget continues funding for Plan Check activities (six positions, \$0.9M), Expedited B-permit reviews (seven positions, \$1.2M), Sidewalk Dining (one position, \$0.1M), Above Ground Facilities Support (one resolution position, \$0.1M), Clean Water Capital Improvement Program Support (eight resolution positions, \$1.3M), Metro/Expo Authority Annual Work Program (21 positions, \$3.6M), Transportation Grant Fund Annual Work Program (22 positions, \$3.6M), Active Transportation Program (six positions, \$0.9M), Metro Purple Line Extension (three resolution positions, \$0.5M), Vision Zero (two resolution positions, hiring hall salaries, and contractual services, \$0.4M), Great Streets Initiative (\$0.1M), Pavement Preservation Support (four positions, \$1.1M), Sidewalk Repair Program (11 resolution authorities, \$1.8M), City Hall East Electrical Upgrades (one position, \$0.2M), Downtown Los Angeles Streetcar Project (one resolution authority, \$0.2M), Asphalt Plant (two positions, \$0.3M), Electric Vehicle and Solar Power Engineering (one resolution authority, \$0.2M), and Engineering Database Enhancement (one resolution position, \$0.2M).

The Proposed Budget continues funding for five resolution positions and adds partial year funding for three resolution authorities (\$1.2M) for the Citywide B-Permit Case Management Group. Partial year funding is also provided for Central District B-Permit Processing (one resolution authority, \$0.1M), Design Construction Management for Treatment Plants (two resolution authorities, \$0.3M), Construction Management for Sewers (four resolution authorities, \$0.5M), Pavement Preservation Survey Support (three resolution authorities, \$0.3M), Sidewalk Repair Program (one resolution authority, \$0.2M), Street Reconstruction/Vision Zero (two resolution authorities, \$0.4M), Los Angeles River Design and Project Management (three resolution authorities, \$0.4M),

Nine resolution authority are continued without funding for the Transportation Construction Management Committee (one position), Measure M Project Support (four positions), and Construction Management staffing (four positions). The Proposed Budget also includes funding (\$0.4M) for as-needed employment authority to address succession planning.

- **Public Works Sanitation:**
 - ▶ **Citywide Exclusive Franchise System:** The Proposed Budget continues funding (\$2M) and adds regular authority for 16 positions to implement Phase I of the new Exclusive Franchise System for Commercial and Multi-Family Solid Waste Collection. Funding (\$4.9M) and resolution authority for 36 positions are continued to implement Phase II of the Franchise System to develop the infrastructure, systems, and protocols for inspections, zero waste compliance, and customer service programs. In addition, funding (\$4.6M) and resolution authority is added to continue 19 positions to implement Phase III. Of the Phase III allocation, \$1.9M is provided as one-time funding in the as-needed salaries and overtime general

SIGNIFICANT ISSUES

- accounts to employ 85 as-needed customer service representatives to address increased workloads during the transition to franchise haulers. Funding is included in the Proposed Budget from the Citywide Recycling Trust Fund.
- ▶ **Low Impact Development Program Support & Plan Check Services:** The Proposed Budget adds nine-months funding (\$0.5M), resolution authority, and overtime funds for four positions to increase support for the Low Impact Development program. These costs are fully reimbursed from low impact development permit fees. Continued funding (\$0.4M) and resolution authority for three positions is also provided for the performance of plan check services for this program.
 - ▶ **Green Infrastructure Technical Support:** Nine-months funding (\$0.4M) and regular authority is added for four positions to ensure that recently completed Green Infrastructure Projects are producing their intended water quality benefits.
 - ▶ **Enhanced Watershed Management Program:** Continued funding (\$0.3M) and resolution authority is provided for two positions to support implementation of the Enhanced Watershed Management Plans.
 - ▶ **Coordinated Integrated Monitoring Program (CIMP):** Nine-months funding and regular authority is added for three positions to implement the CIMP (\$0.3M).
 - ▶ **San Fernando Valley Groundwater Recharge System:** The Proposed Budget continues funding (\$0.4M) and resolution authority for two positions to support the San Fernando Valley Groundwater Recharge System Advanced Water Purification Facility.
 - ▶ **Dental Facilities Program:** The Proposed Budget adds nine-months funding (\$0.2M) and regular authority for two positions to administer the Industrial Waste Management Division's new Dental Facilities Program to comply with recent Environmental Protection Agency regulations.
 - ▶ **Instrumental Chemistry Staffing:** The Proposed Budget adds nine-months funding (\$0.1M) and regular authority for one position to test and analyze recycled water samples to ensure compliance with new regulations.
 - ▶ **Call Center Staffing Resources:** Nine-months funding (\$0.6M) and regular authority for nine positions have been added to the Bureau's call center to provide supervision consistent with industry standards, reduce customer wait times, and reduce a backlog of 6,000 work orders.
 - ▶ **Operation Healthy Streets:** The Proposed Budget provides ongoing funding (\$0.3M) in the Contractual Service Account and one-time funding (\$0.1M) in the Operating Supplies Account for the replacement of 300 wire basket trash receptacles to support expanded Operation Healthy Street Services in Venice and Skid Row.
 - ▶ **Homeless Outreach Partnership Endeavor (HOPE):** Funding (\$2.7M) and resolution authority are continued for 17 positions for the City's four HOPE teams. The Proposed Budget adds nine-months funding (\$0.7M) and resolution authority for four positions for a fifth HOPE team. Nine-months funding (\$1.2M) and resolution authority for four positions are also added for a sixth HOPE team which will be deployed to the Los Angeles River.

SIGNIFICANT ISSUES

- ▶ **Citywide Clean Streets Program:** The Proposed Budget adds nine-months funding (\$1.6M) and regular authority for ten positions to staff a fifth Clean Streets Los Angeles team. This team will be deployed to areas of highest need to remove abandoned waste from the public right-of-way and clean homeless encampments.
 - ▶ **Trash Receptacle Program Expansion:** The Proposed Budget adds nine-months funding (\$1.8M) and regular authority for 16 positions to expand the Trash Receptacle Program by 1,750 receptacles to 5,500 receptacles.
 - ▶ **Solid Waste Integrated Resources Plan:** The Proposed Budget continues funding (\$0.6M) and four resolution authorities 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. Two vacant resolution authorities are not continued.
 - ▶ **Other Funding:** The Proposed Budget continues funding for various programs in the Bureau, including the Clean Up Green Up Program (\$0.2M), Multi-family Bulky Item Program Phase II for condominiums and townhomes (\$0.7M), and the Used Oil Program (\$0.1M).
 - ▶ **Qualified Industrial Stormwater Practitioner:** The Proposed Budget also includes nine-months funding (\$0.1M) for one position to serve as the Qualified Industrial Stormwater Practitioner to ensure compliance with the permitting and reporting requirements.
- **Public Works Street Lighting:**
- ▶ **LED Conversion Program Phase II:** The Proposed Budget continues funding (\$2.9M) for ten resolution authority positions, overtime, hiring hall, and contractual services accounts to support the fourth and final year 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 (\$3.3M) for sixteen resolution authorities, hiring hall, overtime, supplies and administrative accounts are continued for the program. The cost of this program is expected to be reimbursed from telecommunications companies' purchase of these devices.
 - ▶ **Accelerated High Voltage Program:** Funding (\$2.4M) for eight resolution authorities, overtime, hiring hall, and contractual services accounts are continued. Funding for materials (\$1.4M) and contract support (\$1M) will be expended directly from MICLA.
 - ▶ **Vision Zero:** The Proposed Budget continues funding (\$0.7M) for five resolution authorities and provides one-time funding for supplies for various street lighting projects to facilitate the implementation of the Vision Zero objectives.
 - ▶ **Transportation Grant Annual Work Program:** The Proposed Budget continues funding (\$0.7M) for five positions to support the Program.
 - ▶ **Metro/Expo Annual Work Program:** Funding (\$1.3M) and ten resolution authorities are continued to support the program. Two of the positions are shifted from the Metro Purple Line Extension Program.

SIGNIFICANT ISSUES

- ▶ **Traffic Signal Support:** Funding (\$0.7M) and five resolution authorities are continued for traffic signal support, including the installation of new signals and signal modifications.
 - ▶ **Fleet Leasing:** Funding (\$0.2M) is continued for the lease and maintenance of 11 vehicles and maintenance equipment to support field operations.
 - ▶ **Tunnel and Underpass LED Lighting Improvement:** Nine-months funding (\$0.3M) and three resolution authorities are added to support the program.
 - ▶ **Measure M Project Support:** Eight unfunded resolution authorities are added to support the design and construction workload for various Metro transit projects.
 - ▶ **Smart Cities Initiatives:** Nine-months funding (\$0.2M), two resolution authorities and one regular authority are added to provide support for street lighting technology initiatives.
- **Public Works Street Services:** The Proposed Budget continues funding for the following:
- ▶ **Great Streets Initiative:** Funding is continued (\$2M) for 13 positions and various expense accounts to support this initiative.
 - ▶ **Pavement Preservation:** Funding (\$0.7M) is continued for the Pavement Preservation Plan to perform 40,476 small asphalt repairs, in addition to the 309,524 repairs funded in the base budget.
 - ▶ **Sidewalk Repair Program:** The Proposed Budget provides \$10.9M for 71 positions and various expenses related to street tree work associated with sidewalk repair.
 - ▶ **Bus Pad and Stop Improvements:** Funding (\$1.8M) is continued for 11 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.
 - ▶ **Dead Tree and Stump Removal:** Funding is continued (\$0.8M) for eight positions, overtime, and various expenses.
 - ▶ **Tree Trimming:** Funding (\$6.5M) and resolution authority is continued for 13 positions, contract services, and overtime to trim approximately 33,000 trees and respond to on-demand tree trimming needs for approximately 4,500 trees for community and Citywide events.
 - ▶ **Median Island Maintenance:** The Proposed Budget continues 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, \$6.2M), Street and Transportation Project Support (24 positions, \$3.1M), Public Right-of-Way Construction Enforcement during rush hour (four positions, \$0.5M), Metro/Expo Authority Annual Work Program (eight positions, \$1.4M), Sidewalk Access Ramps (23 positions, \$4M), Vision Zero (\$0.5M), Design of Bikeways and Pedestrian Facilities (five positions, \$0.8M), Metro Purple Line Extension (three positions, \$0.5M), Assistant Bureau Director to act as the Bureau's

SIGNIFICANT ISSUES

Sustainability Officer (\$0.2M), Mobile Device Support (one position, \$0.2M), and Service Coordinator (one position, \$0.2M) to act as a liaison to the Mayor and Council.

- ▶ **New Services:** The Proposed Budget includes 17 resolution authorities without funding for Measure M Project Support; and partial funding for one resolution authority (\$1M) for oversight of the roadway infrastructure contract that is part of the Pavement Preservation Program.
- ▶ **Efficiencies to Services:** The Proposed Budget includes one-time budget reductions from salaries (\$-0.5M), various accounts (\$-2.6M), and the Pavement Preservation Program to reflect anticipated savings (\$-17.4M).

■ Recreation and Parks:

- ▶ **Related Costs:** The Charter-mandated appropriation to the Department of Recreation and Parks is increased by \$10.7M for a total of \$182M for 2017-18. The Department will reimburse the General Fund an additional \$10.7M, for a total of \$70.7M, for pensions, Medicare, Civilian Flex Programs and other related costs including Utilities.
- ▶ **Utilities Increase:** Increased funding (\$3.2M) has been added to address Department of Water and Power rate increases. The 2016-17 Proposed Budget noted that these costs are expected to continue to increase for the next two fiscal years (through 2019-20) and are estimated to be approximately \$3M to \$4M annually.
- ▶ **Comprehensive Homeless Strategy:** Funding has been continued for the Park Restroom Enhancement Program (\$1.1M) which will maintain the increased frequency of restroom cleaning by once per day at 15 park locations. Of this amount, \$0.2M was allocated to further increase the frequency of cleaning at five heavily used park locations. This is in addition to \$2.2M provided over the previous two fiscal years to increase cleaning at 50 heavily used locations. The Proposed Budget allocated \$0.3M to allow year-round 24-hour access to one public restroom (10 stalls) at Venice Beach. Funding (\$0.2M) has also been continued for ground maintenance and security services at Gladys Park located at Skid Row. Funding for these programs supports the City's Comprehensive Homeless Strategy.
- ▶ **Enhanced Programs:** The Proposed Budget adds \$0.3M to enhance the Girls Play Los Angeles Program to increase girls' participation in the Department's sports leagues. This is in addition to the \$0.5M provided in 2016-17 for the program. The Clean and Safe Spaces Park Program (CLASS Parks) is provided increased funding (\$0.1M) and one regular position to enhance program coordination and supervision as well as new health and wellness programs for CLASS Parks program participants at the existing sites.
- ▶ **Continued/New Positions:** As part of the Department's Park Ranger Regeneration Program, additional funding (\$0.4M) and six regular Park Ranger positions have been provided for dedicated patrols at Harbor Service District which includes Cabrillo Beach, Cabrillo Marine Aquarium, Harbor Regional Sports Complex, Harbor Golf Course, Peck Park, Pt. Fermin and Korean Bell. This is in addition to the \$1.3M provided in 2016-17 to implement Phase I restoration of the Park Ranger program.

SIGNIFICANT ISSUES

- ▶ **Capital Improvement Expenditure Program (CIEP):** For 2017-18, a total of \$2.5M will be used to construct and complete various projects that have already been approved and are under construction, as well as to be used to offset known project shortfalls. The Proposed Budget recommends funding to be allocated to the following projects: Van Ness Recreation Center, Echo Park Skate Park and Sheldon Arleta Park.

- **Transportation:**
 - ▶ **Measure M Project Support:** Resolution authority for 38 positions is added without funding to support the design and construction of Metro Measure M projects.
 - ▶ **Mobility Hubs Program:** Funding (\$0.1M) is continued for one position to support the implementation and integration of mobility hubs.
 - ▶ **Bikeshare and Carshare Programs:** Funding (\$0.3M) is continued for two positions to provide oversight and management of the programs.
 - ▶ **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.
 - ▶ **LAWA LAMP and Coastal Review Plan Support:** Funding (\$0.1M) is continued for one position, which was approved in 2016-17 to support environmental reviews, design and implementation of transportation improvement projects and review potential new developments.
 - ▶ **Community Plan Program:** Funding (\$0.3M) is continued for three positions, which were approved in 2016-17, to support the acceleration of updates to the City's community plans.
 - ▶ **Permit Parking Program:** Funding (\$0.4M) is continued for three positions to support the operation and administration of the Permit Parking Program.
 - ▶ **Accelerated ExpressPark:** Funding (\$0.3M) is continued for two positions to expedite the current timelines for expansion of the Program.
 - ▶ **Special Parking Revenue Fund Local Return:** Funding (\$0.1M) for one position is continued to manage the program, which will return parking meter revenue to communities for local projects and services. Funding (\$0.6M) is also provided through an appropriation in the Special Parking Revenue Fund to support project expenses.
 - ▶ **Other New Initiatives:** Partial year funding is included for the following new initiatives:
 - One-Stop Metro Development Support (nine-months funding for one position, \$0.1M)
 - Technology Strategy (nine-months funding for two positions, \$0.2M). Related consultant services funding (\$0.4M) is also provided through the Mobile Source Air Pollution Reduction Fund.
 - Parking Permits Program Increased Support (nine-months funding for one position, \$0.1M)
 - Expansion of Transit Services (nine-months funding for one position, \$0.1M)
 - Accounting Support (nine-months funding for one position, \$0.1M)

SIGNIFICANT ISSUES

- ▶ **Transportation Grant Project Review:** Funding is continued for two positions (\$0.3M) to support the oversight and management of timely grant billings and compliance with auditing policies and procedures.
- ▶ **Transportation Project Delivery Support:** Funding is continued for 21 positions (\$3.2M) 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 (\$1.5M) to support critical maintenance of signs and traffic control devices to reduce accidents on public streets.
- ▶ **Pavement Preservation Program:** Seven positions and one-time contractual services funding (\$7.3M) are continued to provide additional support to meet the goal of 2,400 miles of street resurfacing in 2017-18. Funding for ten positions (\$0.9M) is continued to provide three additional mark-out crews. Funding for ten positions (\$1M) is also continued to provide two additional traffic loop replacement crews and research support for design plans.
- ▶ **Director of Field Operations Management Support:** Funding is continued for one position (\$0.2M) to oversee program operations for the streets, signs, and traffic signal field staff.
- ▶ **Vision Zero - Street and Safety Improvements:** Funding is continued for four positions (\$0.3M) to perform street maintenance and safety improvements to facilitate implementation of Vision Zero.
- ▶ **District Office Support:** The Proposed Budget continues funding (\$0.6M) and five positions to support the service backlog for field operations and data collection required for traffic survey work.
- ▶ **Vision Zero - Speed Zone Survey Work:** Funding is continued for two positions (\$0.2M) to support the preparation of engineering and traffic study reviews required to renew or extend speed zone limits along the High Injury Network. One-time contractual funding is also provided in Measure R (\$0.2M) to supplement required manual field work.
- ▶ **Speed Hump Program:** Funding is added (\$0.4M) to continue three positions to support restoration and implementation of the program. Funding is also provided (\$1M) in Measure R to support citywide project expenses.
- ▶ **Traffic Signals Support:** 74 positions and funding (\$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 ATSAC infrastructure is working effectively, as well as support the Metro/Expo Annual Work Program.
- ▶ **Metro/Expo Authority Annual Work Program:** Eight positions and funding (\$1.2M) are continued to support the construction of major transit projects in the City, including design review and project management. Funding is also continued (\$0.2M) for two positions to act as inspectors on Metro's Transit Priority System projects.
- ▶ **ACTIVE Transportation:** Eight positions are continued and funding is added for four positions (\$1.6M), which were authorized as substitute authorities in 2016-17, 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

SIGNIFICANT ISSUES

- neighborhoods and businesses. Two Project Coordinators and two Project Assistants are not continued; one Principal Project Coordinator is realigned to Vision Zero.
- ▶ **Great Streets Initiative:** Three positions are continued and funding is added for one position (\$0.7M) to provide project management and coordination for this initiative. One Project Coordinator position is not continued. Funding is also continued (\$1.5M) for contractual services for advanced planning and construction improvements.
 - ▶ **Bikepath Maintenance Program Management:** One position is continued (\$0.1M) to provide increased workload support.
 - ▶ **Vision Zero:** Funding is continued for six positions and one position is added (\$1M) to continue to support Vision Zero planning and implementation efforts. One Senior Project Coordinator is not continued. Funding is added for contractual services to support conceptual design and community outreach (\$0.3M) and continued implementation of the Vision Zero campaign (\$0.2M).
 - ▶ **Support for Film Industry:** Funding is continued for four positions (\$0.4M) to provide additional temporary sign posting for filming activity.
 - ▶ **Part-Time Traffic Officer Program** Funding has been reduced (\$-0.9M) to reflect a one-time salaries account transfer (\$1.8M) to continue 83 part-time traffic officers. Funding is continued (\$0.4M) for four supervisory and administrative positions overseeing this program.
 - ▶ **Ombudsman Support:** Funding is continued (\$0.1M) for one Project Assistant to support the Ombudsman workload.
 - ▶ **Initial Reviews of Contested Citations:** Funding is added (\$1.5M) to continue 18 positions to conduct the initial review of contested citations, previously performed by the City's processing agency.
 - ▶ **DWP Water Trunk Line Program:** Funding is continued (\$0.9M) for six positions to support the ongoing design and construction work associated with the program. Funding is also continued for one position (\$0.1M) to support the increased construction workload for 2017-18.
 - ▶ **Metro Purple Line Extension:** Funding is continued for five positions (\$0.7M) to support acceleration of the Metro Purple Line extension project.
 - ▶ **Efficiencies to Services:** The Proposed Budget includes one-time salary reduction (\$-1.4M) and expense account reductions (\$-1.7M).
- **Zoo:** The 2017-18 Proposed Budget estimates \$14.7M in admissions revenues. Admission fees will increase by one dollar which is estimated to increase the Zoo's revenue by \$0.8M. The Proposed Budget adds reimbursable funds to support the GLAZA Behavior Enrichment Program (\$0.1M), reindeer care (\$0.01M), a new Curator of Conservation position (\$0.1M), and contact yard educational services \$0.1M). Additional funding is provided to enhance various educational programs (\$0.2M), including Overnight programs, Children & Family Classes, and Zoo Camp programming. The Proposed Budget notes that these enhancement costs will be offset by revenue generated by the programs. Funding and resolution authority for one Senior Park Services Attendant and one Park Services Attendant I has been added to supplement the Zoo's admission staff (\$0.1M). New funding in the amount of \$0.2M has been allocated for emergency medical services which will

SIGNIFICANT ISSUES

include on-site emergency medical staff as well as first-aid supplies. Funding is also added (\$0.3M) to conduct an environmental study for the Zoo Master Plan.

Pursuant to the City's MOU with GLAZA for Marketing/Public Relations, the Proposed Budget allocates \$1.3M from the Zoo Enterprise Trust Fund to GLAZA as a Marketing Refund. This amount will fluctuate and is dependent on admissions revenue for 2017-18.

SIGNIFICANT ISSUES

NON-DEPARTMENTAL AND OTHER

- **General City Purposes:** The Proposed Budget decreases funding for programs and services by \$29.8M (17.8 percent). Funding for the GCP budget will decrease from \$167.7M to \$137.9M. A summary of significant changes in the Proposed Budget are as follows:
 - ▶ **Medicare Contributions:** Additional appropriations are provided in the amount of \$2.8M to reflect an increase in gross wage earnings and the projected number of employees subject to Medicare.
 - ▶ **Aging Programs Various:** Funding provided during 2016-17 for services related to the Family Caregiver program, Elder Abuse Prevention program, and other Older American Support programs has been eliminated.
 - ▶ **Estelle Van Meter Mini Multi-Purpose Senior Center:** Funds for the operation of this program have been transferred to the Department of Aging. No funding is provided in the GCP for 2017-18.
 - ▶ **Justice Fund:** This new program will provide funds (\$1M) for non-profit legal representation for undocumented, low-income individuals, and families facing removal proceedings. Other entities are anticipated to provide funding for this program, to be administered by the California Community Foundation (CCF) through an executed agreement between CCF and the City.
 - ▶ **Annual City Audit/Single Audit:** Funding is increased for this line item due to an expansion of the scope of the audit.
 - ▶ **Clean Streets - Related Costs:** This line item is used to reimburse the Solid Waste Resources Revenue Fund for indirect costs for the Clean Streets program. The total allocation is \$4.7M. Increased funds in the amount of \$3.6M reflect the reimbursement for nine-months vehicle costs for expanded services in 2017-18.
 - ▶ **Lifeline Reimbursement Program:** Total funds for this program are \$7.9M, which will be used to reimburse the Solid Waste Resources Revenue Fund (SWRRF) in the amount of \$6M and Sewer Construction and Maintenance Fund (SCM) in the amount of \$1.9M. The reduction from 2016-17 of \$-0.3M reflects a decrease in the number of customers certified by the Department of Water and Power for the Sewer Service Charge subsidy.
 - ▶ **Special Event Fee Subsidy - Citywide:** These funds are used to pay for City costs associated with special events. Funding is reduced in the amount of \$0.6M, as the Arts and Cultural Facilities Trust Fund partial funding is not continued in 2017-18.
 - ▶ **LA RISE:** One-time funding (\$2M) was provided for the Los Angeles Regional Initiative for Social Enterprise (LA RISE) job development activities for homeless individuals. This program will not receive supplemental funding in the GCP. The Economic Workforce and Development Department will continue this program through a federal grant at a reduced level.
 - ▶ **Youth Employment Program:** \$2.3M in funding is provided to continue and enhance this employment and skills development program for youth. The appropriation has been increased by \$0.3M, due to the City minimum wage increase from \$10.50 to \$12.00 per hour effective July of 2017.

SIGNIFICANT ISSUES

- ▶ **Gang Injunction Curfew Settlement Agreement:** \$1.5M in funding is provided to assist participants of the gang injunction curfew settlement agreement with job readiness development. \$3M related to this program has been transferred to the Unappropriated Balance.
- ▶ **Family Source Centers:** Funding in the amount of \$4.8M for the non-profit Family Source Center program has been transferred to the Housing and Community Investment Department. Funding is no longer provided in GCP.
- ▶ **Homeless Shelter Program:** The Homeless Shelter Program line item has been decreased by \$20.1M for a remaining total of \$14.4M. This funding is used to provide services consistent with implementation of the City's Comprehensive Homeless Strategy. The reduction in funding is expected to be offset by an increase in funding to LAHSA from Measure H proceeds for homeless services within the City.
- ▶ **LAHSA Downtown Drop-In Center:** Funding in the amount of \$0.5M is not continued as Los Angeles County will be reprogramming the former center to provide other homeless services.
- ▶ **LAHSA Funding Enhancements:** One-time funding was provided in 2016-17 for the Coordinated Entry System Regional Coordination. While this funding has been discontinued, funding is continued for trauma informed care for first responders in the GCP Homeless Shelter Program line item.
- ▶ **Permanent Supportive Housing Environmental Impact Report:** This one-time funding is no longer required and has been discontinued.
- ▶ **Rapid Re-Housing Vouchers:** This line item provided \$5M in 2016-17 for housing vouchers. Funding was appropriated from TOT receipts through an agreement with short-term rental companies. TOT receipts from short-term rentals have been included as ongoing revenue for the City's General Fund. Funding for this program through GCP is not continued as it is anticipated that Measure H will provide additional resources.
- ▶ **Census Operations and Outreach:** New funding in the amount of \$0.4M is included in GCP for Census operations and outreach.
- ▶ **Crisis Response Team:** Administration of the Crisis Response Team is provided by new funding in the amount of \$0.2M.
- ▶ **Equity and Community Well-Being:** Funding for this program has been decreased by \$0.4M and transferred to the Housing and Community Investment Department. The remaining \$0.2M will support gender equity and other community engagement activities.
- ▶ **Gang Reduction and Youth Development Office:** The Proposed Budget includes \$26.1M in funding, a \$0.2M decrease from 2016-17. Partial funding is provided by the Forfeited Assets Trust Fund. \$0.2M has been transferred to the Office of Re-entry.
- ▶ **Great Streets:** The Proposed Budget includes \$0.2M to supplement the Great Streets program, which provides tree trimming and street cleanliness. This program has been reduced by \$0.1M.

SIGNIFICANT ISSUES

- ▶ **Hot Weather Program:** New funding is provided in the amount of \$0.1M to install temporary drinking fountains in areas with large homeless populations during summer heat waves.
 - ▶ **Immigration Integration:** Increased funding in the amount of \$0.2M is provided to develop programs and partnerships with community organizations to assist with immigration integration. Total appropriations for 2017-18 are \$0.3M.
 - ▶ **Office of Re-entry:** New funding (\$0.2M) is provided for the Office of Re-entry which focuses on addressing short- and long-term needs of justice-involved community members.
 - ▶ **FUSE Corps Fellows:** New funding in the amount of \$0.4M is provided to place FUSE Corps Fellows in City departments, including Neighborhood Empowerment, Bureau of Contract Administration, and ITA.
 - ▶ **Venice Beach 24-hour Public Restroom Access:** Funding for this item has been transferred to the Department of Recreation and Parks to provide 24-hour restroom access at Venice Beach.
 - ▶ **World Police and Fire Games:** New funding in the amount of \$0.2M is provided for costs associated with the World Police and Fire Games, to be hosted in Los Angeles in 2017.
- **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 2017-18, General Fund revenues are projected to be \$5.8B, resulting in a one percent target of \$57.8M. The 2017-18 Proposed Budget provides \$26M in base-level funding from the General Fund for CIEP. An additional \$20.3M in General Funds is provided for Sidewalk Repairs and \$21.9M is provided for the Pavement Preservation Program. The total General Fund amount allocated for capital and infrastructure improvements is \$68.2M or 1.2 percent.
- ▶ **Municipal Facilities:** The total 2017-18 program cost for Municipal Facilities capital improvements is \$49.9M, consisting of \$18.6M in General Fund appropriations, \$2.5M in special fund appropriations, and \$28.8M 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 projects include: Manchester Jr. Arts Center/Vision Theater improvements (\$6M); Municipal Buildings Energy and Water Management and Conservation (\$0.5M); Council District 8 Constituent Center Phase 2 (\$4M); and Warner Grand Theatre (\$0.1M).
 - ▶ **Physical Plant:** The Proposed Budget includes \$25M in CIEP funding for Physical Plant projects. Funding of \$14.7M from Measure M Local Return Fund (\$11.6M), the General Fund (\$1.7M), and the Special Gas Tax Street Improvement Fund (\$1.4M) is provided for street related improvements and one bicycle path. Funds totaling \$9.2M from General Fund (\$5.2M), Measure M Local Return Fund (\$2.1M), and the Stormwater Pollution and Abatement Fund (\$1.9M) are provided for one flood control project and seven water quality projects required by the Clean Water

SIGNIFICANT ISSUES

Act under the City Enhanced Watershed Management Program. Funds totaling \$1.2M from the Special Gas Tax Street Improvement Fund (\$0.7M) and the General Fund (\$0.5M) are provided for street lighting projects, including funding for lighting at pedestrian crosswalks as part of the Vision Zero pedestrian safety program.

- ▶ **Clean Water Capital Improvement Expenditure Program:** A total of \$323.1M in CIEP funding is included for Clean Water projects. Current major capital projects include: various collection system projects (\$104.6M); replacement of the electronic wastewater control system at four treatment plants and the collection system (\$20.4M); construction of the Venice Dual Force Main (\$30M); and expansion of the Advanced Wastewater Purification Facility (\$16.8M) at the Terminal Island Water Reclamation Plant.

- **Fire and Police Pension Fund (LAFPP):**
 - ▶ The City's 2017-18 contribution to LAFPP is \$636.8M, an increase of \$20.5M over the 2016-17 budget contribution. The increase in the LAFPP contribution is due to an increase in covered payroll, which is slightly offset by a decrease in the contribution rate. The lower contribution rate reflects the most recent LAFPP valuation, lower than expected cost of living adjustment increases during 2015-16 for retirees, beneficiaries, and Deferred Retirement Option Program members, lower than expected sworn salary increases for active members, as well as a higher than expected return on valuation of assets (after smoothing). The Proposed Budget anticipates paying the entire LAFPP contribution in July 2017 by funding the required contribution through the issuance of Tax and Revenue Anticipation Notes. 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 \$21.6M. The System's funded ratio, using actuarial value of assets, increased from 85 percent to 87.4 percent as of June 30, 2016. The contribution rate as a percentage of salary is 44.26 percent compared to 44.54 percent for 2016-17.

- **Los Angeles City Employees' Retirement System (LACERS)**
 - ▶ The City's total contribution to LACERS is \$550.2M, which includes a total of \$95.9M in payments from LAWA (\$74.7M) and Harbor (\$21.2M). This total also includes direct payments from LACERS (\$3.3M) and LAFPP (\$3M) for their portion of the required contribution. The City's General Fund portion of the total amount to be paid to LACERS in 2017-18 is \$447.9M, a \$11.5M decrease over the 2016-17 required contribution. The City's decreased contribution to LACERS is due to a decrease in the contribution rate and a larger 2016-17 true-up credit. The impact of these savings is partially offset by increases in covered payroll.

The System's funded ratio increased from 70.7 percent to 72.6 percent as of June 30, 2016. The Proposed Budget anticipates paying the entire 2017-18 contribution in July 2017 through Tax and Revenue Anticipation Notes, which will generate a 3.4 percent discount to the City (\$15.7M). The contribution rate for Tier 1 as a percentage of salary is 27.22 percent compared to 28.16 percent in 2016-17; Tier 3 contribution as a percentage of salary is 24.64 compared to 24.96 percent in 2016-17.

SIGNIFICANT ISSUES

- **MICLA Debt Issue:** The Capital Finance Administration Fund includes \$242.6M for debt service cost for outstanding issuances to date. This amount is \$12.5M (5.4 percent) more than 2016-17.

The Proposed Budget reflects \$131M in General Fund savings from various bond issuances that were fully refunded in June 2016. Also reflected is a direct loan of \$39.3M in MICLA financing for street lighting systems improvements that was completed in April 2017. The Proposed Budget notes that the CAO will execute a lease financing of \$25M over five years for the purchase of police vehicles that have met or exceeded the extended replacement criteria with the 2017-18 debt service totaling \$5.1M. It should be noted that these types of vehicles are usually acquired through a cash purchase.

The Proposed Budget includes a total of \$87.2M in MICLA Capital Equipment financing in 2017-18 for the following projects: Fire Vehicle Replacement (\$20M); GSD Vehicle and Equipment Replacement (\$37M); Police Vehicle Replacement (\$2.8M); Traffic Signal Safety Projects (\$6.8M); Police Helicopter Replacement (\$4M); and Clean Streets Vehicles (\$16.7M).

Debt financing is proposed for capital improvements at the Los Angeles Convention and Exhibition Center, including, but not limited to: the Escalator and Elevator Repair and Modernization Program (\$0.3M); Signage Upgrade to Programmable Signs (\$0.2M); Carpet Replacement (\$0.3M); Compactor Replacement (\$0.1M), Scrubber/Sweeper (\$0.09M); Security Surveillance System (\$0.4M); and South Hall Floor Remediation (\$0.3M). Debt financing is also provided for: Building Equipment Lifecycle Replacement (\$2.5M), Capital Improvements at several City-owned buildings (\$3.4M), Clean Streets Facilities (\$2.5M); Council District 8 Constituent Center (\$4M); Electric Vehicle Infrastructure (\$4.9M) and LAPD Electric Vehicle Chargers (\$2.7M); Municipal Buildings Energy and Water Management Conservation (\$3.5M), Space Optimization Tenant Work (\$2M), and Marvin Braude Building Capital Improvements (\$0.5M).

- **Tax and Revenue Anticipation Notes (TRANS):** The 2017-18 Proposed Budget includes funding totaling \$1.11B to pay debt service on TRANS issued to fund the City's annual required contributions to LACERS (\$457.4M, including interest) and Pensions (\$650.1M, including interest). In addition, \$6.1M 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 2017 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 \$21.4M. For comparison, \$1.1B in TRANS were authorized in the 2016-17 Adopted Budget, while \$1.07B was authorized in 2015-16 and \$1.05B in 2014-15.

SIGNIFICANT ISSUES

- **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 2017-18 Proposed Budget includes \$68.9M in the UB, which is a \$26.1M increase from the 2016-17 Adopted Budget allocation of \$42.7M. The 2017-18 Proposed Budget earmarks funds for the following:
 - ▶ Accessible Housing Program Retrofit Contracts (\$2M) to pay for contracts undergoing the Request for Proposal process for an expert accessibility consultant, expert architects, and general contractors.
 - ▶ BID Assessments on City Properties (\$0.4M) to pay potential assessments on CRA/LA-owned properties for which City liability is under discussion.
 - ▶ Capital Projects (\$2.3M) for various capital projects including the Rose Avenue Parking Lot Restroom at Venice Beach (\$0.5M), the Junipero Serra Branch Library (\$0.3M), Hollenbeck Park (\$1M), and the North Hollywood Day Laborer/Homeless Service Center (\$0.5M).
 - ▶ Civilian FLEX-Healthcare Reform Act Compliance (\$1M) to provide healthcare benefits under the Patient Protection and Affordable Care Act.
 - ▶ Commission on Revenue Generation (\$0.1M) to provide administrative support to this Commission.
 - ▶ Community Engagement (\$0.3M) for various community engagement activities throughout the City, including the Gospel Fest (\$0.03M) and the Topanga/West Valley PALS (\$0.3M).
 - ▶ DASH Services Expansion – Phase 2 (\$14.4M) for one-year operational costs for five new DASH routes, subject to the availability of ongoing funding to sustain the proposed expansion plan.
 - ▶ Equipment, Expenses, Alterations and Improvement (\$3.6M) for a contingency to address necessary adjustments to accounts.
 - ▶ Fire Boat Maintenance and Repairs (\$2.5M) for the Fire Department to haul out and perform one-time maintenance and repair for Fire Boat 2 (\$2M) and for regular maintenance and repair on the City's Fire Boat fleet (\$0.5M), pending execution of an agreement with the Harbor Department for reimbursement.
 - ▶ Fire Field Staffing (\$1.1M) to restore up to two unspecified Engine Companies, contingent upon the receipt of funding from the Staffing for Adequate Fire and Emergency Response grant.
 - ▶ Firefighter Escape Bailout System (\$0.8M) to purchase firefighter gear, pending receipt of funding from the Assistance to Firefighters Grant program.
 - ▶ Gang Injunction Settlement Agreement (\$3M) for employment and job readiness development to assist eligible participants in the Gang Injunction Curfew Settlement Agreement.
 - ▶ Minimum Wage and Wage Theft Enforcement (\$0.5M) to pay salaries and expenses related to investigation and enforcement of Minimum Wage compliance for small businesses.
 - ▶ Neighborhood Councils (\$0.1M) for the formation of three new Neighborhood Councils.

SIGNIFICANT ISSUES

- ▶ Network Hardware Replacement (\$0.9M) to move 30 percent of the City's network to a subscription-based model where the vendor will be responsible for ongoing costs.
 - ▶ Office of Public Accountability Studies (\$0.8M) to continue benchmarking studies related to DWP operations and identify potential cost reductions, to be fully reimbursed by DWP.
 - ▶ Outside Counsel Including Workers' Compensation (\$1.4M) to retain outside counsel to assist in litigation and transactional matters.
 - ▶ Project Restore (\$0.3M) for the restoration, preservation, and maintenance of City Hall and other historic City buildings.
 - ▶ Purposeful Aging (\$0.2M) to support the Purposeful Aging Los Angeles initiative to prepare the region for a rapidly aging population.
 - ▶ Reserve for Extraordinary Liability (\$20M) as a reserve for liability settlements.
 - ▶ Reserve for Mid-Year Adjustments (\$10M) to address shortfalls that may arise.
 - ▶ Short-Term Rental Enforcement (\$1M) to enforce proposed requirements relative to short-term rental properties within the City.
 - ▶ Tree Trimming and Alleys (\$1M) to provide contract tree trimming services (\$0.5M) and to pave and repair alleys (\$0.5M).
 - ▶ U.S. Economic Development Administration Grant Obligation (\$1.2M) to pay the U.S. Department of Commerce Economic Development Administration for past grant receipts related to a revolving loan program for business assistance.
- **New Initiatives:** The Proposed Budget includes over \$8.4M in new initiatives in 2017-18, of which approximately \$4.9M is from the General Fund. The remaining \$3.5M is funded from various special funds.
- ▶ **Cannabis Regulation Department and Cannabis Licensing Commission:** Funding is provided for five support positions for the Department and five commissioner positions to implement a new cannabis regulation and licensing program as a result of new State law and the passage of Proposition M in March of 2017.
 - ▶ **City Administrative Officer:** Staffing support is provided for the Homelessness Reduction and Prevention, Housing, and Facilities Bond Issuance program pursuant to Proposition HHH, approved by City voters in November of 2016.
 - ▶ **City Attorney:** Partial funding is included for the provision of legal services for the Homelessness Reduction and Prevention, Housing, and Facilities Bond Issuance program.
 - ▶ **City Clerk:** Funding is provided for administrative support for the Cannabis Regulation Department.
 - ▶ **Finance:** Expense funding is provided for field audit case selection and management software to refine the department's audit selection methodology, improve the tracking of performance metrics, and increase operational efficiency.
 - ▶ **General Services:** Partial funding is provided for three positions to identify efficiencies in the City's procurement and contracting processes.

SIGNIFICANT ISSUES

- ▶ **Housing and Community Investment:** Funding for underwriting support for the Homelessness Reduction and Prevention, Housing, and Facilities Bond Issuance program is included in the Proposed Budget.
- ▶ **Information Technology Agency:** Contractual services funding is provided for a social media management tool to manage the City's social media presence.
- ▶ **Library:** Partial funding is provided for 14 positions to plan and coordinate bilingual outreach, system-wide programming and initiatives, programs for early literacy initiatives, and the Student Success Card program.
- ▶ **Personnel:** Expense funding is provided for an "Anytime Anywhere" online civil service examination system, and for a consultant to help improve the City's commuter options and parking program through best practices.
- ▶ **Police:** Funding for one position to ensure coordinated implementation of the department's homelessness initiatives and coordination services with other governmental organizations.
- ▶ **Police:** Sworn overtime funding is provided to support the Vision Zero Initiative.
- ▶ **Police:** As-needed funding is provided for 44 students to participate in the Associate Community Officer Program.
- ▶ **Police:** Funding is provided by the Forfeited Assets Trust Fund for the provision of an employee identity management system that complies with federal regulations regarding bar code identification cards.
- ▶ **Police:** Expense funding is included to design and disseminate community trust surveys to a random sample of 2,000 adults in the City.
- ▶ **Public Works - Board:** Support is included for: 1) the administration of the Measure M Local Return Fund, pursuant to Measure M, approved by City voters in November 2016; and 2) coordination of the City's efforts to regulate exploration, drilling, and production activities and for support services to the Council, Mayor, and Board of Public Works Commissioners.
- ▶ **Public Works - Contract Administration:** Funding is provided for Measure M project support.
- ▶ **Public Works - Engineering:** Support is included for: 1) Measure M project design and construction; 2) administration of the Street Reconstruction program for Vision Zero; and 3) Los Angeles River design and project management.
- ▶ **Public Works - Sanitation:** Funding is provided for support of: 1) the Coordinated Integrated Monitoring Program; 2) Dental Facilities Program to enforce regulations regarding the installation of amalgam separators; 3) instrumental chemistry testing of water samples for the presence of contaminants; and 3) Stormwater Pollution Prevention Plans.
- ▶ **Public Works - Street Lighting:** Funding is included for Measure M project support.
- ▶ **Public Works - Street Services:** Funding is provided for Measure M project support.
- ▶ **Public Works - Street Services:** Support for oversight of the roadway infrastructure contract for the Pavement Preservation program is included.
- ▶ **Transportation:** Funding is included for Measure M project support.

SIGNIFICANT ISSUES

- ▶ **Transportation:** Support is provided for the creation of an in-house data analytics team to support the Transportation Technology Initiative.
- ▶ **Zoo:** Expense funding is provided by the Zoo Enterprise Trust Fund for on-site emergency medical staff and first-aid supplies.
- **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 2017-18 Proposed Budget contains a few of these types of instructions that have not been considered or are pending in Council Policy Committees, such as the establishment of the Office of Public Accountability as a separate department, amendment of the Stores Revolving Fund, and the digital billboard revenue policy.

Instructions in Exhibit H of the 2017-18 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 by delegating the public hearing process to the Board of Building and Safety Commissioners.
- ▶ Establish a policy that revenue generated from digital billboards be deposited into the General Fund.
- ▶ Amend the Municipal Code to allow the Economic and Workforce Development Department to expend the balance of collected Enterprise Zone Tax Credit Voucher fees for economic development activities.
- ▶ Amend the Stores Revolving Fund to release existing surpluses and encumbrances remaining within the account in the amount of \$4.3M in 2017-18, and authorize the Controller to transfer a like amount to the General Fund as 2017-18 revenue. This provision shall sunset at the conclusion of 2017-18.
- ▶ Establish the Measure M (Transportation) Local Return Fund.
- ▶ Establish the Office of Public Accountability (OPA) as a separate and independent City department, with administrative support to be provided by the City Clerk instead of the CAO.
- ▶ Amend the Municipal Code to increase illegal dumping fines and enable residents to better report illegal dumping activities to allow the City to recover its costs for enforcing illegal dumping activities and remediating illegal dumping violations.
- ▶ Amend the Administrative Code to allow for a transfer of the cash assets in the Bus Bench Advertising Program Revenue Fund, as well as any new revenue generated through the Martin Outdoor Media contract, to the General Fund.

SIGNIFICANT ISSUES

The following are instructions contained in Exhibit H:

- ▶ Instruct the CAO, working with the Mayor, Council, and an independent expert, to report on various fiscal risks facing the City, including the possible loss of federal funds, ongoing liability costs, infrastructure investments, workers' compensation, and increased pension contributions.
- ▶ Instruct the CAO to work with City departments involved in film permit coordination to develop recommendations on process improvements, appropriate staffing levels and feasible cost recovery.
- ▶ Request the Controller to work with the CAO and City Attorney to review uncommitted special fund account balances with interest accrued, and the existing restrictions for use of the funds.
- ▶ Instruct the Office of Finance to ensure that all departments are reimbursing the General Fund for merchant service fees.
- ▶ Instruct the Fire Department to develop an agreement with the Port of Los Angeles for reimbursement of fire boat repair and maintenance costs.
- ▶ Instruct the CAO to report on the requirements for California Senate Bill 1, the Road Repair and Accountability Act of 2017.
- ▶ Instruct the CAO work with the Police, Fire and General Services, as well as the proposed Chief Procurement Officer, to develop a comprehensive long-term plan on fleet replacement, including helicopters.
- ▶ Instruct the City Administrative Officer to report to the Municipal Facilities Committee on the feasibility of a consolidated 3-1-1 call center for all City services.
- ▶ Instruct the ITA to develop a Voice Over Internet Protocol "Bring Your Own Device" policy for a pilot program that allows salaried employees to use their own cell phones for City business.
- ▶ Instruct the Library Department to allow the DWP to direct bill the Library for water and electricity and to investigate the possibility of the Library contracting directly for custodial services, with the concurrence of the Board of Library Commissioners.
- ▶ Instruct the Personnel Department to finalize terms and obtain state approval for the creation and implementation of an Alternative Dispute Resolution program for the administration of Police sworn workers' compensation benefits.
- ▶ Instruct the Personnel Department and the CAO to report the Executive Employee Relations Committee on the creation of a new Data Analyst career series and a new Chief Procurement Officer job classification.
- ▶ Instruct the Personnel Department, with the assistance from the City Attorney and the CAO, to report on increasing the number of exempt positions to the maximum number allowed in Charter Section 1001(b)(4), taking into consideration the additional exemptions authorized under Section 4.24 of the Los Angeles Administrative Code.
- ▶ Instruct the Police Department to work with the CAO to report in the Financial Status Report on the progress made in the redeployment of sworn officers. The Department shall apply the current method of reporting for detention officers to include all other civilian classifications that redeploy sworn officers.
- ▶ Instruct the Department of Transportation to develop and implement a fine structure for parking violations within intersections that is in line with "Don't Block the Box" enforcement by Traffic Control Officers in other U.S. cities.

SIGNIFICANT ISSUES

- ▶ Instruct the Bureau of Sanitation to review costs related to the Clean Streets Program and provide recommendations on a strategy for the allocation of funds that will maximize the use of special funds.
- ▶ Instruct the Department of Recreation and Parks (RAP) to report on its capital program, including Quimby funds.
- ▶ Instruct RAP to report on the golf reservation Request for Proposal, golf program improvements, including additional revenues and overall strategic plan.
- ▶ Disapprove any proposed Ordinance amendments (C.F. 15-0387) that would delete references to the word 'oil' from the Los Angeles Administrative Code Chapter 100, Section 5.500 (Council District Real Property Trust Funds), to prevent a reduction in General Fund revenue on an ongoing basis.
- ▶ Disapprove any proposal to earmark or divert TOT revenue from short-term rentals or home sharing for specific purposes as referenced in CF 14-1635-S2 to avoid the reduction of General Fund revenue.
- ▶ Instruct the DOT to report on the impacts of regional regulation of Transportation Network Companies such as Lyft and Uber.
- ▶ Instruct DOT to continue to transition qualified part-time traffic officers to full-time employment, suspend hiring of part-time traffic officers by the beginning of the fourth quarter of the 2017-18 fiscal year, and be authorized to hire up to the maximum full-time position authority, subject to available funding.
- ▶ Instruct DOT to report on changes to current practices for the delivery of transportation grant projects.