

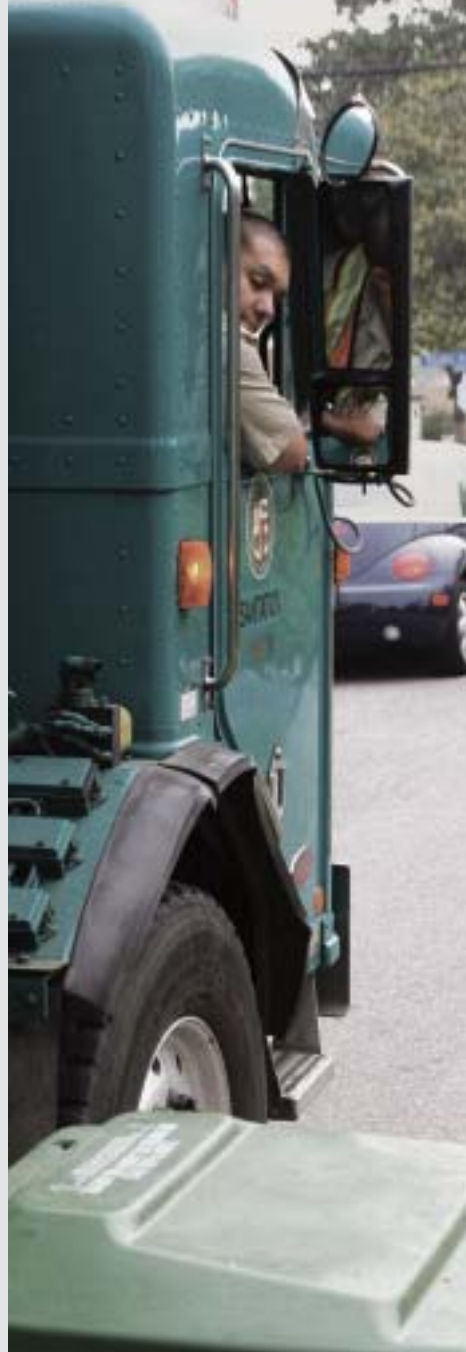


CITY OF LOS ANGELES

FISCAL YEAR 2010-2011

# Budget Summary

As Presented by Mayor Antonio R. Villaraigosa



**Focusing on Core Services**

# Focusing on Core Services



City of Los Angeles  
**Fiscal Year 2010-11  
Budget Summary**

As presented by

**Mayor Antonio R. Villaraigosa**

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[budget.lacity.org](http://budget.lacity.org)

April 20, 2010

*A Message From:*

## Antonio R. Villaraigosa

Mayor, City of Los Angeles



**O**ver its 229 year history, the City of Los Angeles has overcome numerous economic challenges and natural disasters. Today, our City is experiencing economic pressures unlike anything we have seen in recent decades. Unemployment in the City of Los Angeles is at 14.5%. Taxable retail sales dropped 12.6% in 2009 after a 6.5% decline in 2008. Construction activity is down almost 30% from its peak in 2006. The length and depth of the regional economic downturn has resulted in unprecedented declines in tax revenues, necessitating cuts in expenditures at a time of increased social needs.

For the last year and a half, we have all been rising to the challenge of shared sacrifice and focusing on preserving core services. The tough, yet necessary, measures we have implemented in FY2009-10 include prohibiting hiring for most civilian positions; adjusting the hiring schedule for new police recruits; reducing overtime costs in all departments; implementing a retirement incentive program for 2,400 employees; mandating unpaid days off for employees; eliminating or consolidating several small departments; seeking lower costs from vendors; modifying the deployment plan for fire resources; and initiating a small number of employee layoffs. Many of these cost savings have been achieved through revising agreements with the labor unions that represent City employees.

The cumulative impact of these actions has allowed us to offset a significant portion of the mid-year declines in tax revenues. However, we will need to draw down a portion of our Reserve Fund in order to close the City's FY2009-10 deficit. Although the revenue outlook for the City has improved over the last several months, we face yet another round of difficult decisions and spending cuts as we try to address a deficit for FY2010-11 of \$485 million.

My proposed budget for FY2010-11 addresses the \$485 million budget deficit by focusing on core services and taking the necessary actions to becoming more fiscally responsible. While some of the actions contained herein are purely for short-term survival, combined with the structural and ongoing changes proposed, my budget provides a roadmap towards fiscal sustainability.

– CONTINUED

*A Message From:*

## **Antonio R. Villaraigosa**

Mayor, City of Los Angeles

– CONTINUED

### **Focusing on Core Services**

In this budget, I have focused our limited resources on the City's core services: public safety, transportation and street services.

This budget stays true to the public safety commitments we made to the people of Los Angeles. We committed our city to create a 21<sup>st</sup> century police department that reflects the values of the communities it serves, is equipped to safeguard the lives and property of the people of Los Angeles, and is held to the highest ethical standards. This budget fulfills those commitments and provides funding to keep the police force at its current deployment levels and funds the hiring of additional personnel to speed the processing of DNA kits.

In November 2008, 68% of voters passed Measure R, the half-cent sales tax to finance new transportation projects and programs and the FY2010-2011 budget reflects the first full year of revenue from this Measure. According to a study by the Los Angeles Economic Development Corporation, Measure R construction projects could create more than half a million part-time and full-time jobs with total earnings of \$22.4 billion, or an annual average of 16,900 jobs with \$746 million in annual earnings. And now, we are working with the Federal Government to accelerate these transit plans to take full advantage of their economic and job creation potential.

Well maintained streets are critical to our transportation system and this budget provides for 735 miles of street resurfacing and crack sealing along some of this City's busiest roadways. The budget also provides for 300,000 small asphalt repairs to ensure that our streets are safe to travel.

### **Responsible Financial Management**

My proposed budget makes it abundantly clear that the City will carry out the actions necessary to become fiscally stable. Specifically, this budget addresses the structural deficit that has hampered the City for too long and proposes permanent solutions, including a 9% reduction in full-time positions. Furthermore, the Reserve Fund proposed in this budget is anticipated to begin the year with \$119 million in the Emergency Reserve Account, in compliance with our Financial Policies. By the end of FY 2010-11, the Reserve Fund will reach \$284 million which represents 6.5% of our General Fund budget.

I am resolved to keep the City of Los Angeles solvent. Working together, we will once more rise to the challenge before us and emerge a stronger and greater city.

Very truly yours,



Antonio R. Villaraigosa

## **Focusing on Core Services**

# Eliminating the \$485 million General Fund deficit for FY2010-11

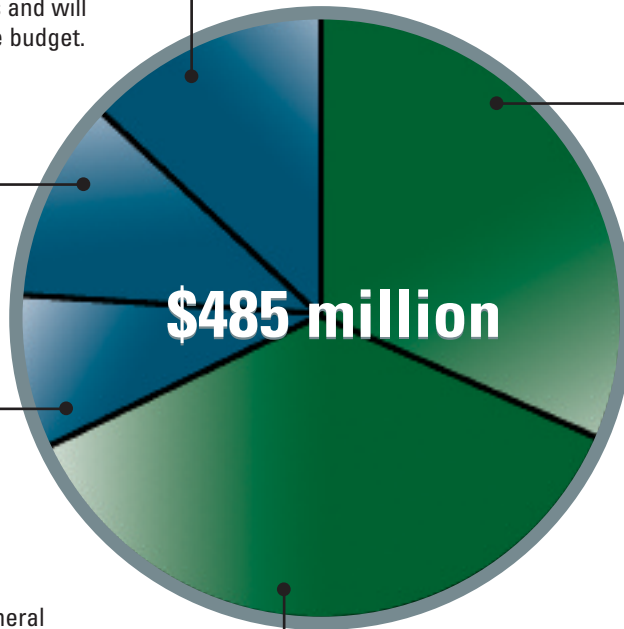
In January 2010, the City Administrative Officer released the Mid-Year Financial Status Report (FSR) which estimated the FY2010-11 budget deficit to be \$485 million. The Mayor's proposed budget eliminates this deficit using the five strategies described on this page.

## One-time Revenues: \$53 million

In FY2010-11, the City expects to receive one-time revenues related to the City's parking assets. A portion of these one-time revenues are to be recognized in the General Fund revenue category of licenses, permits, fees and fines and will be used to balance the budget.

## Employee Unpaid Days Off: \$63 million

Most civilian employees in General Fund positions will be required to take unpaid days off in FY2010-11 to reduce salary costs for the City. Certain employees will be exempt from this requirement, including traffic safety officers, employees of the Convention Center, Los Angeles Zoo, Recreation and Parks, and Public Library, and most special-funded employees. Sworn positions with the exception of special duty fire personnel are also exempt.



## Increased General Fund Revenues: \$154 million

Revenues from existing taxes and fees are now projected to be higher for FY2010-11 than previously estimated in the January 2010 FSR. However, the City's General Fund revenues still lag behind the budgeted revenues for FY2009-10.

## Freeze on Capital Spending from General Fund: \$39 million

For FY2010-11, the General Fund will not contribute to capital project expenses. Special-funded capital projects that do not rely on General Fund contributions will proceed as planned.

## Operational Cost Savings: \$176 million

The budget proposes reduced expenditures across City government, including layoffs, reduced payments to vendors and operational efficiencies.

 Ongoing solutions

 One-time solutions



# Reading the Budget Summary

The Budget Summary is presented in three sections:

① **Understanding the Economic Context** PAGE 5

This section provides an overview of economic trends in the City, County, and State, illustrating the depth and breadth of the multi-year economic downturn.

② **Managing Resources Wisely** PAGE 11

This section begins with a discussion and time-series graph for each of the six largest sources of General Fund tax revenue. The section continues with information on the various costs savings pursued by the City in the current fiscal year, and concludes with the budget tables and a proposed organizational chart.

③ **Focusing on Core City Services** PAGE 25

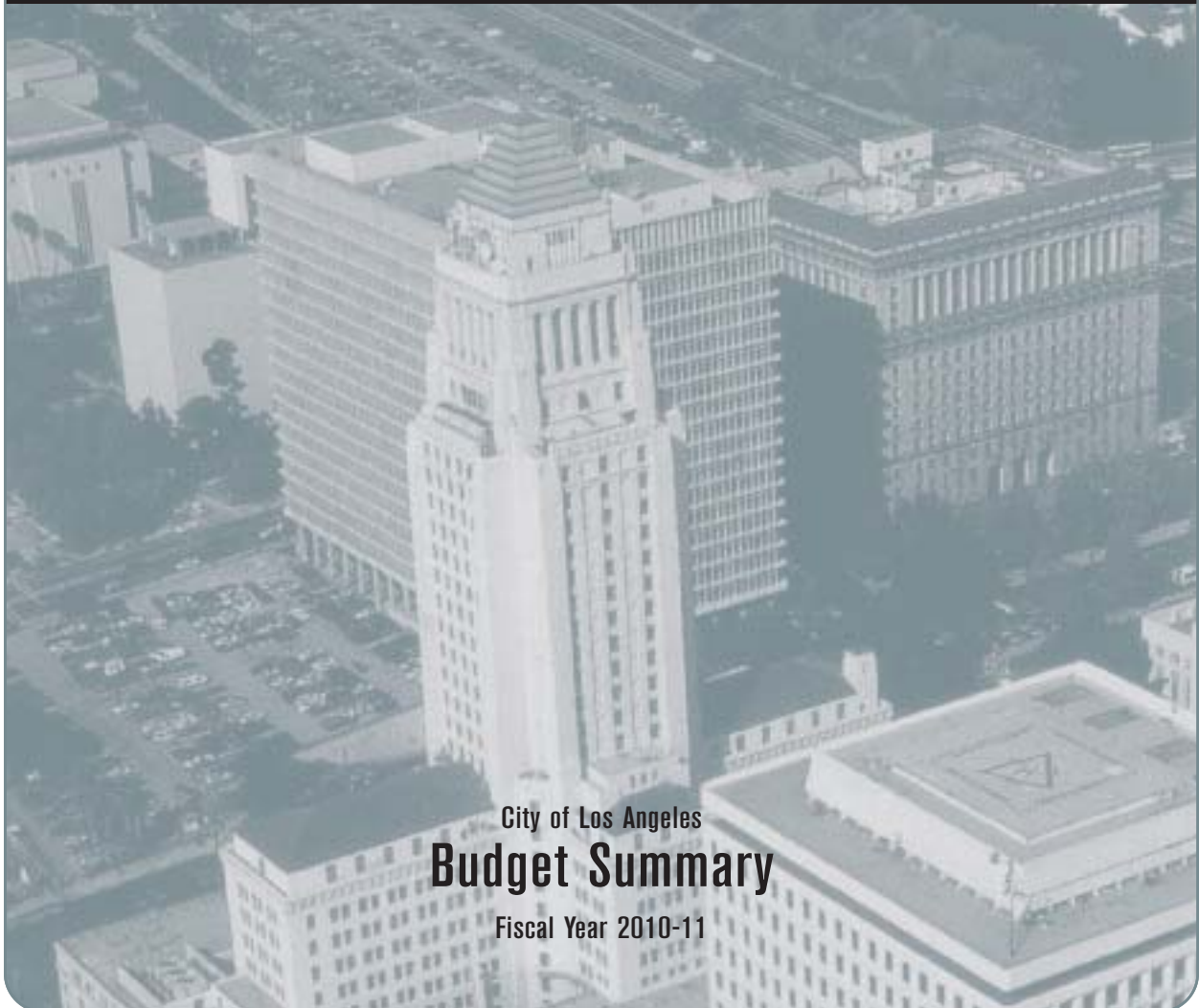
This section provides updates on the mission, goals, milestones, and cost-saving activities of selected City departments and programs. The services discussed are divided into four focus areas:

- **Public Safety**, including updates on the Police and Fire Departments and an overview of the Mayor's Gang Reduction and Intervention programs.
- **Transportation**, including updates on mass transit, street repaving, traffic signal synchronization and the modernization of the Los Angeles International Airport.
- **Community and Culture**, including updates on the Los Angeles Public Library and the Recreation and Parks Department, as well as a discussion of cost-savings in smaller Departments.
- **Environment**, including updates on efforts by the Department of Water and Power, Port of Los Angeles, and Bureau of Sanitation to improve the City's environmental quality.

## Focusing on Core Services

SECTION 1

**Understanding the  
Economic Context**



City of Los Angeles  
**Budget Summary**  
Fiscal Year 2010-11



**T**he economic downturn in our City, region and state is more intense and longer in duration than in the nation as a whole.

Certain indicators suggest that a national recovery has begun: the US gross domestic product increased 5.9% in the fourth quarter of 2009 and the national unemployment rate peaked in October. Yet similar indicators paint a more troubled picture for the state, the Southern California region, and the City of Los Angeles.

The length and depth of the economic downturn in our region has resulted in unprecedented declines in tax revenues, even as the cost of public employee health and pension benefits continues to grow. The City of Los Angeles, the county, school districts and public institutions of higher education are all confronting reduced resources at a time of increased social needs.



# ECONOMIC CONTEXT

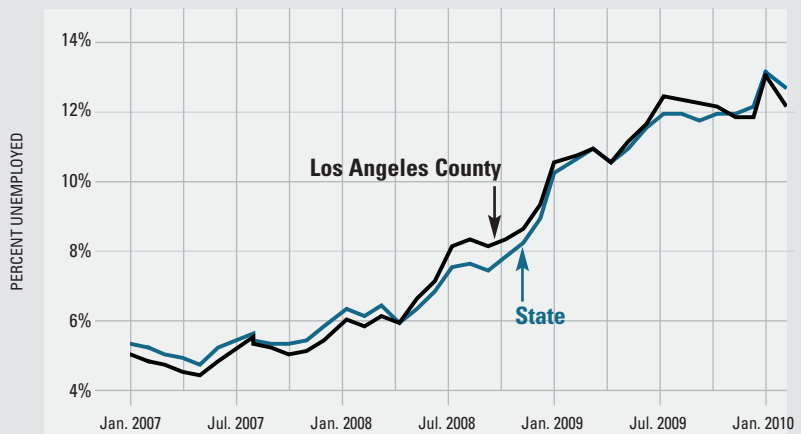
## UNEMPLOYMENT

In February 2010, the County's unemployment rate was 12.3% compared to 10.8% in the same period in 2009. The County's unemployment rate was similar to that of the State.

Based on a limited sample, the Employment Development Department (EDD) estimated that the unemployment rate in the City of Los Angeles was 13.6% in February 2010. When compared to other major cities in California, the unemployment rate in Los Angeles ranks in the middle: higher than San Jose and San Francisco, similar to neighboring Long Beach, and lower than Oakland and Sacramento.

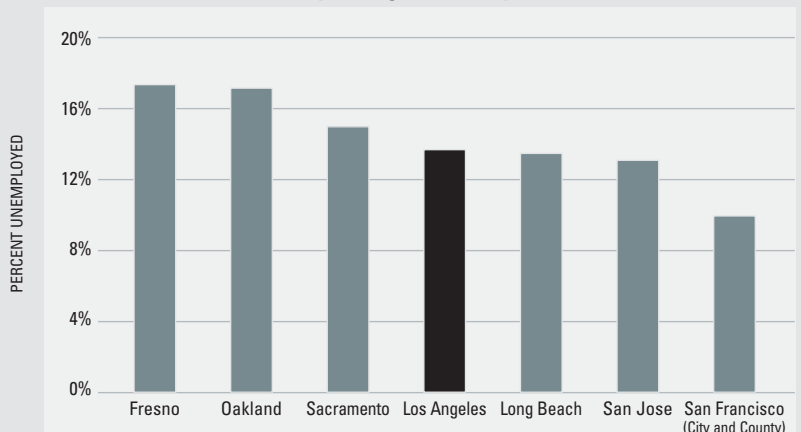
In March 2010, the Brookings Institution estimated that the gross municipal product of the Los Angeles metro area was down 3% in the fourth quarter of 2009 compared with the peak before the recession began. Also in March, the UCLA Anderson Forecast predicted a resumption of economic growth in California at the beginning of 2011 and a slow decline in the state unemployment rate, which could remain in double digits until 2012.

**UNEMPLOYMENT RATE:  
LOS ANGELES COUNTY vs. STATE OF CALIFORNIA**



Source: CA Employment Development Department

**UNEMPLOYMENT RATE IN MAJOR CALIFORNIA CITIES  
(February 2010 preliminary data)**



Source: CA Employment Development Department

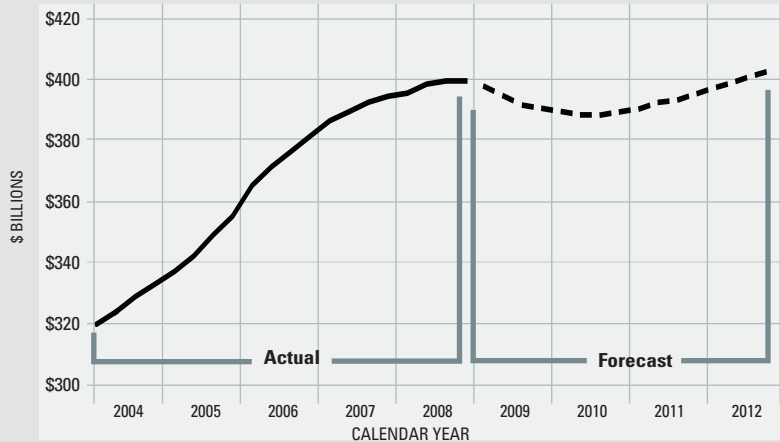
# Economic Context

## INCOME

According to the American Community Survey (ACS), per capita income for Los Angeles in 2008 was \$27,523, and the median family income was \$53,008.

Aggregate personal income (income received by individuals from wages/salaries, capital assets, transfer payments, and interest) steadily increased for Los Angeles from 2004 to the end of 2008, when it reached a peak of \$399 billion. In December 2009, Beacon Economics forecast a gradual decline in personal income in Los Angeles County until midway through 2010, followed by a resumption of growth.

AGGREGATE PERSONAL INCOME: LOS ANGELES COUNTY

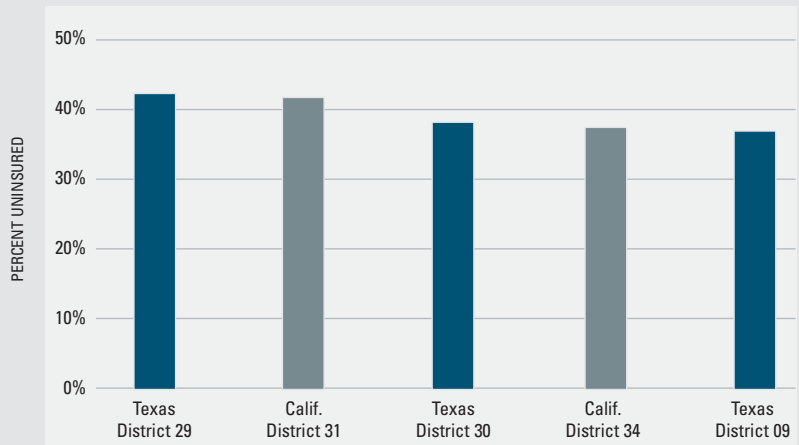


Source: Bureau of Economic Analysis; Forecast by Beacon Economics

## HEALTH INSURANCE

According to the ACS, one in three Los Angeles between 18 and 64 years of age did not have health insurance in 2008 and 15% of children were uninsured. An Urban Institute study using the ACS data found that two US Congressional Districts that include parts of the City of Los Angeles (CDs 31 and 34) were among the top five districts in the country by percentage of uninsured.

US CONGRESSIONAL DISTRICTS WITH HIGHEST PERCENT UNINSURED

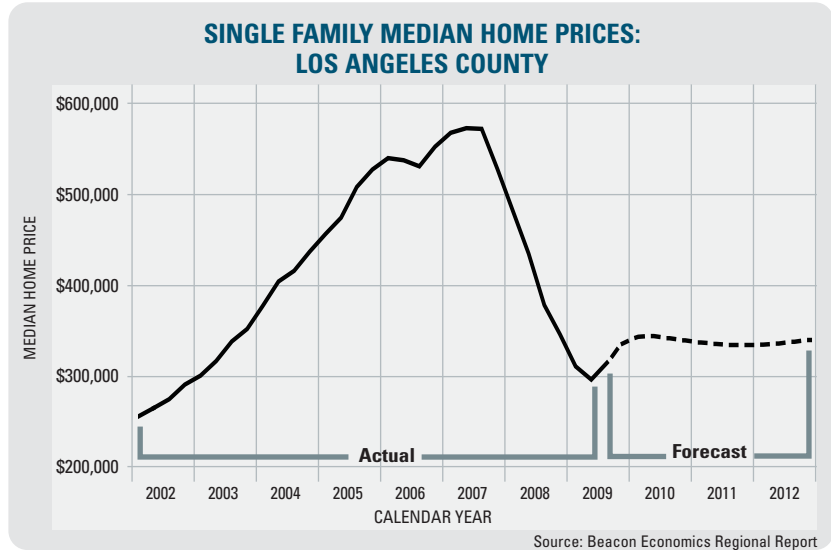


Source: Urban Institute; American Community Survey

# Economic Context

## RESIDENTIAL REAL ESTATE

In 2008, 39% of Los Angelenos lived in a home they owned, versus 61% who lived in a rented dwelling. The median price of single family homes in Los Angeles County has fallen significantly from the peak in early 2008 to levels previously seen in 2002 and 2003. In December 2009, Beacon Economics forecast a gradual increase in median prices in early 2010 followed by a flattening through 2012.

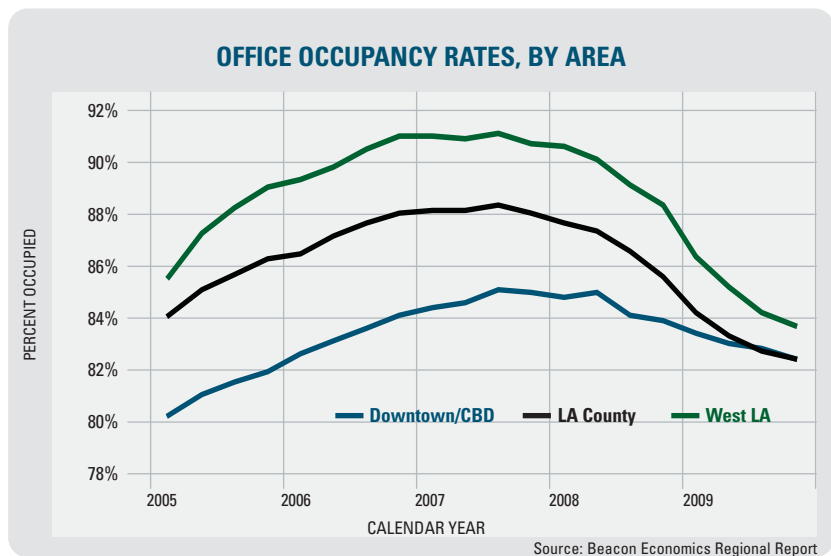


## COMMERCIAL REAL ESTATE

An analysis of the United States commercial real estate market conducted by Cushman & Wakefield at the end of 2009 found overall vacancy rates for industrial and office space to be at an all-time high.

In Los Angeles County, vacancy rates for commercial space were 17.7% for office space, 13.9% for retail space, and 8.1% for industrial space. Office occupancy rates in downtown, West Los Angeles, and in the County peaked in mid-2007 and have been on a steady decline since that time.

Cushman & Wakefield noted, however, that the supply of new space has not



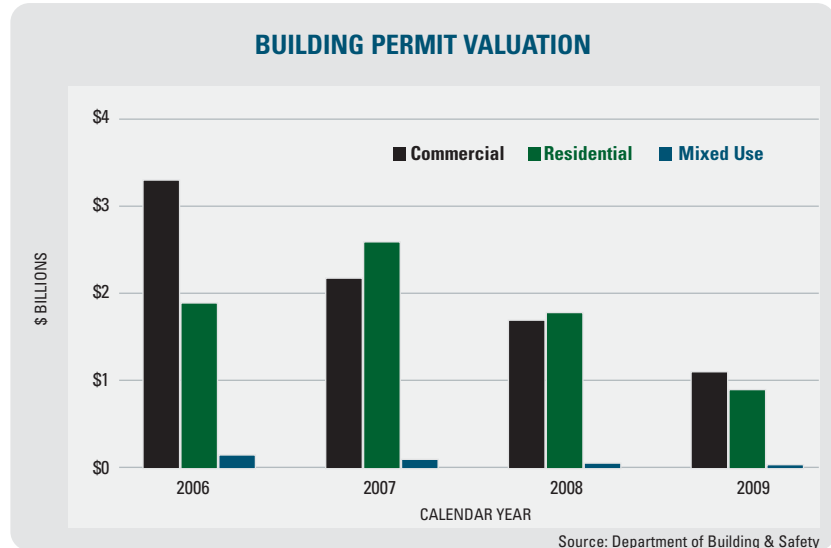
increased significantly in recent years, which may suggest a quicker economic rebound in this sector

compared with cities that experienced a major expansion of commercial space during the real estate boom.

# Economic Context

## CONSTRUCTION ACTIVITY

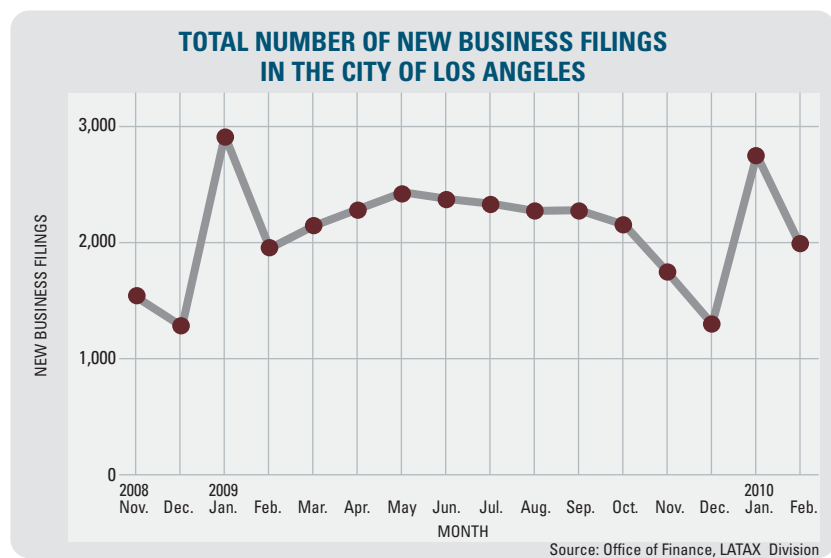
In 2009, the City's Department of Building and Safety (DBS) issued 13,681 commercial and mixed-use building permits, down 30% from the peak in 2006. Commercial permit valuation is also down, from a high of \$3.3 billion in 2006 to \$1.1 billion in 2009. The DBS data shows a modest increase in permit issuance in the second half of 2009.



## BUSINESS ACTIVITY

The number of new businesses submitting an initial filing with the Office of Finance is generally at its highest point every January. In January 2010, 2,766 new businesses made an initial filing with the Office of Finance, a 5.7% decline from the 2,822 new business filings in January 2009.

One of the region's most notable sectors, the entertainment and media sector, is showing signs of recovery. According to FilmLA, a nonprofit group responsible for streamlining the film permit process, on-location filming activity in the first quarter of 2010 increased 18% compared with the same period in 2009. FilmLA estimates

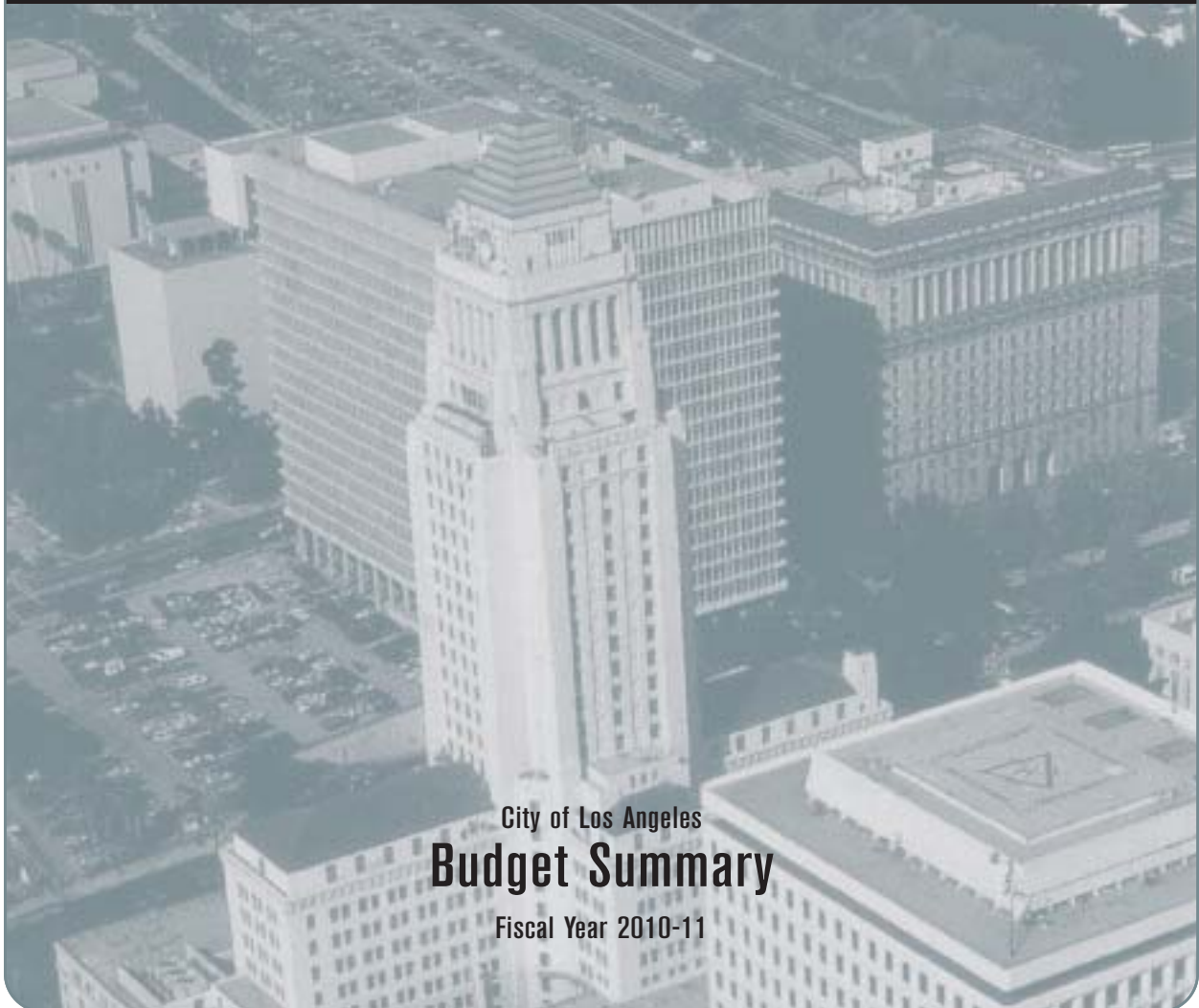


that 79 television pilots filmed in Los Angeles in FY2009-10. Production of television commercials increased by 61% compared to the first quarter of 2009.

In January 2010, the Mayor's Office hired a full-time staffer to focus on retaining and expanding jobs in the media sector.

SECTION ②

**Managing Resources Wisely**

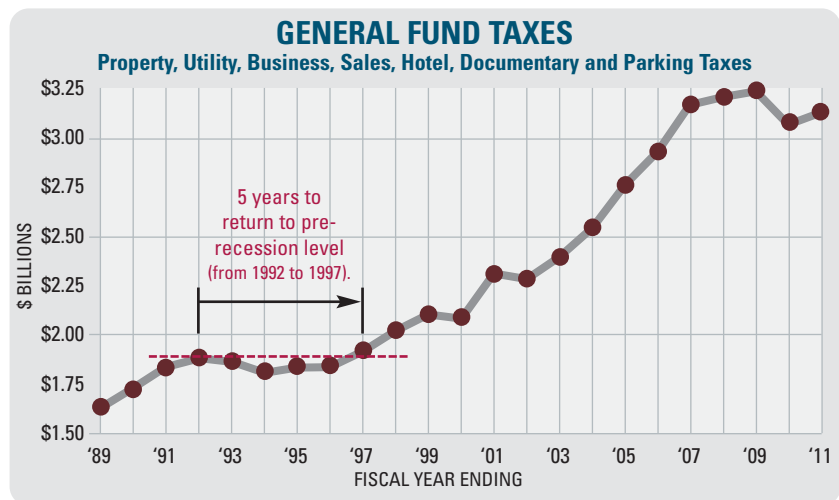


# REVENUE SOURCES

## Major General Fund revenues are:

- Property tax
- Business tax
- Utility users' tax
- Sales tax
- Documentary tax (property transfer)
- Transient Occupancy tax (hotel tax)
- Parking tax

These taxes comprise 71% of all General Fund receipts and are directly linked to the local economy.



The City's diverse tax base reduces the volatility of overall General Fund revenues. Each of these taxes is affected by the regional economy in different ways. Certain taxes react to changes in the economy within a few months, while others can lag by several years. For example, during the 2001 recession, hotel tax declined by 14%, sales tax declined by 2%, but property tax increased by 6%.

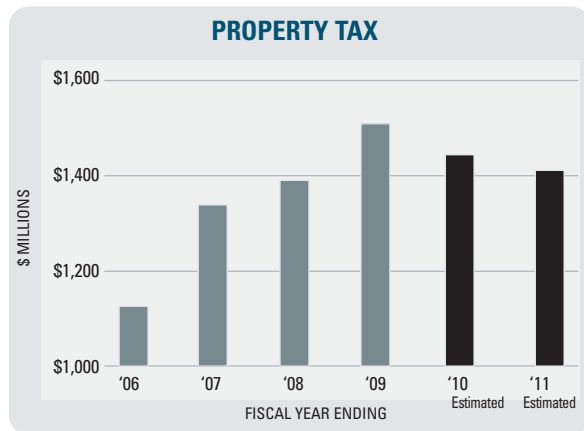
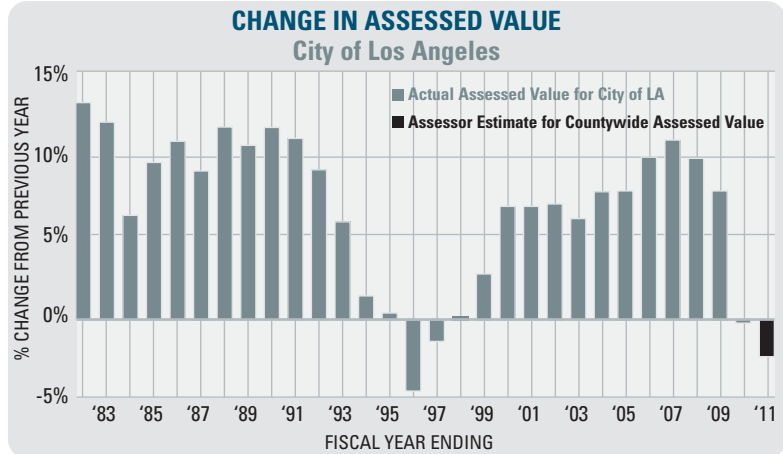
During the severe recession of the early 1990s, all major revenue categories declined; it took five years for General Fund tax revenues to return to the pre-recession level. Similarly, the current economic downturn has caused declines in all of the major tax categories. Although some taxes are beginning to rebound, it will take several years before City tax revenue returns to the pre-recession level.

# General Fund Revenue Sources

## PROPERTY TAX :

**\$1,409 million**

Property tax receipts are the largest source of the City's General Fund revenue, accounting for one-third of total receipts. Levies on secured and unsecured property are limited to 1% of the valuation of taxable property in the City. For calendar year 2010, the County Assessor projects a 2.7% decline in assessed value, reflecting declining real estate values and downward reappraisals.



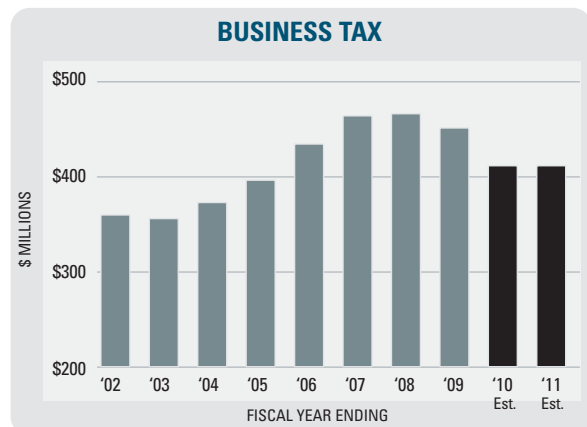
Property tax receipts are expected to decline by 4.2% in FY2009-10 and another 2.6% in FY2010-11. The principal categories of property taxes and their share of the property tax total are: secured receipts, including vehicle license fee replacement (87%); sales tax replacement (7%); redemptions, which often occur when a property changes hands (3%); and unsecured business equipment and inventory (3%). The largest component, secured receipts, is linked to falling real estate prices in the last several years. The second largest category, sales tax replacement, is tied to taxable sales, which is also declining.

## BUSINESS TAX :

**\$411 million**

The business tax is the largest tax that is directly collected by the City, comprising 9% of General Fund revenue. In recent years, the business tax has been simplified to make tax compliance easier, and overall tax rates have been reduced by 15%. A citizen business tax advisory committee is now working to further simplify the business tax by targeting specific business categories, providing incentives to stimulate business growth and job retention and attraction. The continuing goal is to make Los Angeles a more attractive place to do business.

Business tax revenue for FY2010-11 is projected to be similar to anticipated FY2009-10 receipts. Modest economic growth of 3% is projected in the post-recession year, offset by removal of an amnesty program that brought in one-time revenues for FY2009-10.

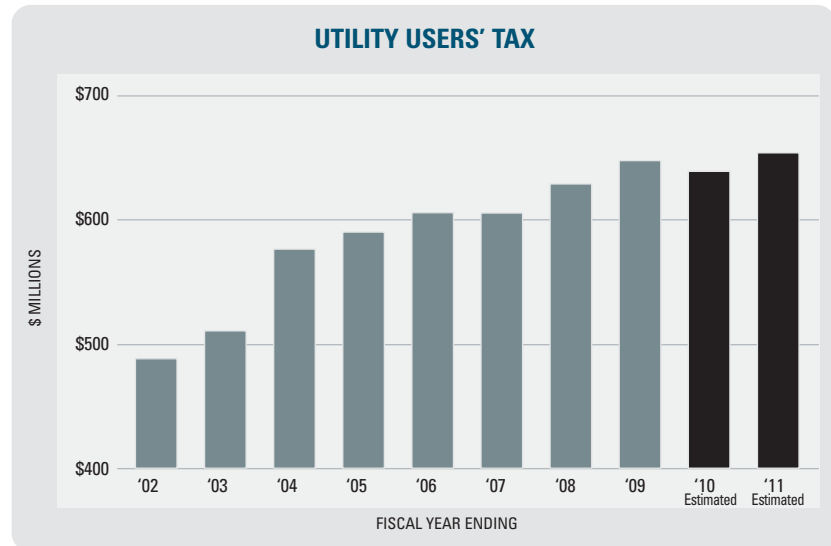


# General Fund Revenue Sources

## UTILITY USERS' TAXES:

**\$655 million**

The City receives utility taxes from users of electric, gas, and communication services. These three taxes are collectively budgeted as the utility users' tax and constitute 15% of General Fund revenue. Both the gas and electric components of this tax are linked to energy costs; each is projected to increase by 6% due to potential energy cost changes. The communication tax is forecast to decline by 2%.



### ■ ELECTRIC USERS' TAX

Projected revenue from this source is \$316 million, which would account for 7% of all General Fund revenue. Almost all electric users' tax revenue is received from Department of Water and Power billings. The electric users' tax increased by an average of 2% annually between FY2001-02 and FY2007-08. However, power consumption has been declining for the last year, reflecting the state of the local economy. Power consumption is expected to grow by approximately 0.5% in FY2010-11. Pending increases to the energy cost component of the electric bill may result in increased City revenues from this tax.

### ■ GAS USERS' TAX

Projected revenue from this source is \$75 million, a 6% increase from the 2009-10 projected level, yet 24% below FY2005-06 receipts. The commodity price of natural gas is the primary driver of this tax; local weather and the economy can also affect receipts.

### ■ COMMUNICATION USERS' TAX

Projected revenue in FY2009-10 is \$269 million, down 4% after adjusting for an audit receipt. Revenue in 2010-11 is projected to decline by another 2%. On the February 2008 ballot, voters approved Measure S, which reduced the tax rate while expanding the tax base to include changing technologies in the communications marketplace. When the post-Measure S audit cycle is complete, more information will be available on the effects of increased competition, the recession and expansion of the tax base on City revenue.

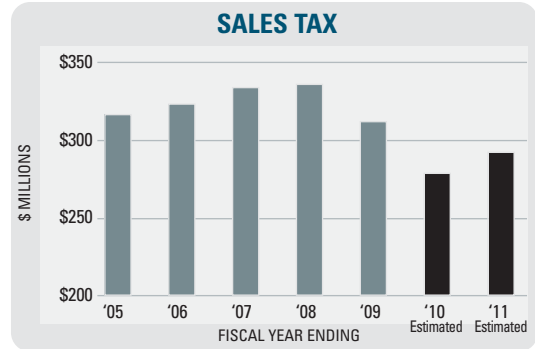


# General Fund Revenue Sources

## SALES TAX :

**\$292 million**

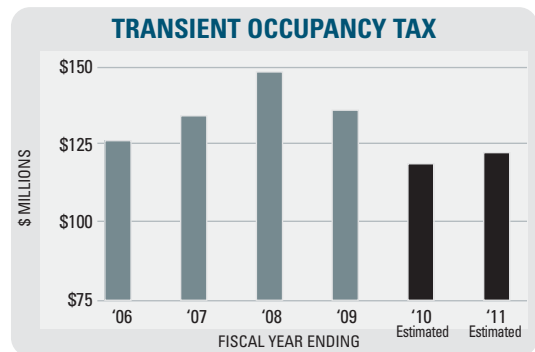
The sales tax is the City's most economy-sensitive tax and accounts for 7% of General Fund revenue. The recession had a severe impact on City sales tax receipts. In the fourth quarter of calendar year 2008, City taxable sales fell by 11%. Taxable sales continued to decline in all four quarters of 2009: down 17% in the first quarter, 20% in the second quarter, 16% in the third quarter and 6% in the fourth quarter. State and local economists forecast a very modest, 5% recovery in FY2010-11. Even with 5% growth, tax receipts would still be 13% below the 2007-08 level.



## TRANSIENT OCCUPANCY TAX:

**\$123 million**

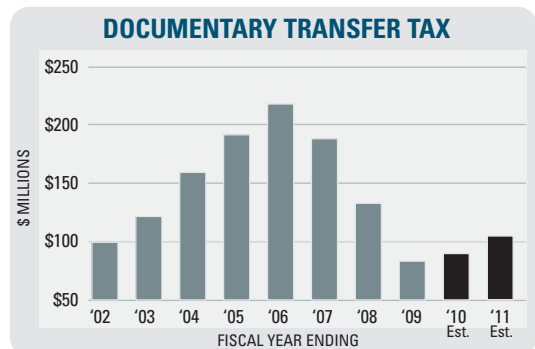
The City hotel tax is about 3% of General Fund revenue and often grows faster than the sales and business taxes. Yet in severe recessions it suffers greater declines. Revenue is projected to grow by 3% in FY2010-11, but tax revenue would still be 17% below the peak in FY2007-08. Industry analysts confirm continuing distress in the local hotel market and report that the average daily room rate fell 11% in 2009. Revenue per available room declined by more than 20%.



## DOCUMENTARY TRANSFER TAX:

**\$105 million**

The documentary transfer tax now comprises less than 3% of General Fund revenue; in FY2005-06 it accounted for nearly 6%. Revenue from this tax more than doubled between FY2001-02 and FY2005-06 and then declined as rapidly as it had increased. FY2009-10 receipts are expected to be \$90 million. Receipts are projected to increase by 16% in FY2010-11. Even with this increase, FY2010-11 receipts are anticipated to be more than 50% below the FY2005-06 level.



## US Federal Stimulus

From February 2009 through March 2010, the City of Los Angeles has been awarded \$592 million in federal stimulus funds from the American Recovery and Reinvestment Act (ARRA). According to federal law, ARRA funds are dedicated to a particular use or purpose and cannot be used to reduce the City's General Fund budget deficit or supplant local funding. ARRA funds have helped to lessen the economic recession, to create jobs and to undertake and complete capital projects. ARRA funds awarded to the City of Los Angeles include the following:

**\$118 million** was awarded to the City for shovel-ready construction projects including street resurfacing and bridge reconstruction throughout the City, and the groundbreaking on construction of Harry Bridges Boulevard at the Port of Los Angeles.

**\$100 million** was awarded to the Housing Department to continue and expand its foreclosure prevention program and help stabilize neighborhoods impacted by the housing downturn.

**\$60.2 million** was awarded to the Department of Water and Power to develop smart grid demonstration projects that will increase energy efficiency while decreasing energy costs.

**\$42 million** was awarded to the Community Development Department (in conjunction with the Workforce Investment Board) for job training programs for summer youth and adult dislocated workers that resulted in 869 additional summer youth jobs in 2009.

**\$37 million** was awarded to the City in Energy Efficiency & Conservation Block Grant funds.

**\$33 million** was awarded to the Housing Authority of the City of Los Angeles to renovate existing public housing units.

**\$19 million** was awarded to the City in Community Development Block Grant funds.

**\$16 million** was awarded to the Los Angeles Police Department to help fund 50 additional police officers.

**\$10.8 million** was awarded to LAX, providing a majority of the funding for construction of a new Aircraft Rescue Firefighting Facility.

**\$7.5 million** was awarded to the City to expand broadband access at public libraries, community and senior centers and WorkSource centers.

# COST SAVING MEASURES

## Salaries and Benefits

An array of personnel initiatives has been implemented by the City during FY2009-10 to reduce the cost of employee salaries and benefits. One result of these ongoing initiatives is a steady decline in the number of full-time civilian employees working for non-proprietary departments. The FY2010-11 budget builds on these efforts, reducing the total number of authorized full-time positions in non-proprietary departments by 3,301.

### EARLY RETIREMENT INCENTIVE PROGRAM

On October 30, 2009, the Early Retirement Incentive Program (ERIP) was approved by the City Council and subsequently signed by the Mayor. ERIP was negotiated with bargaining units representing employees who are members of the Los Angeles City Employees' Retirement System (LACERS).

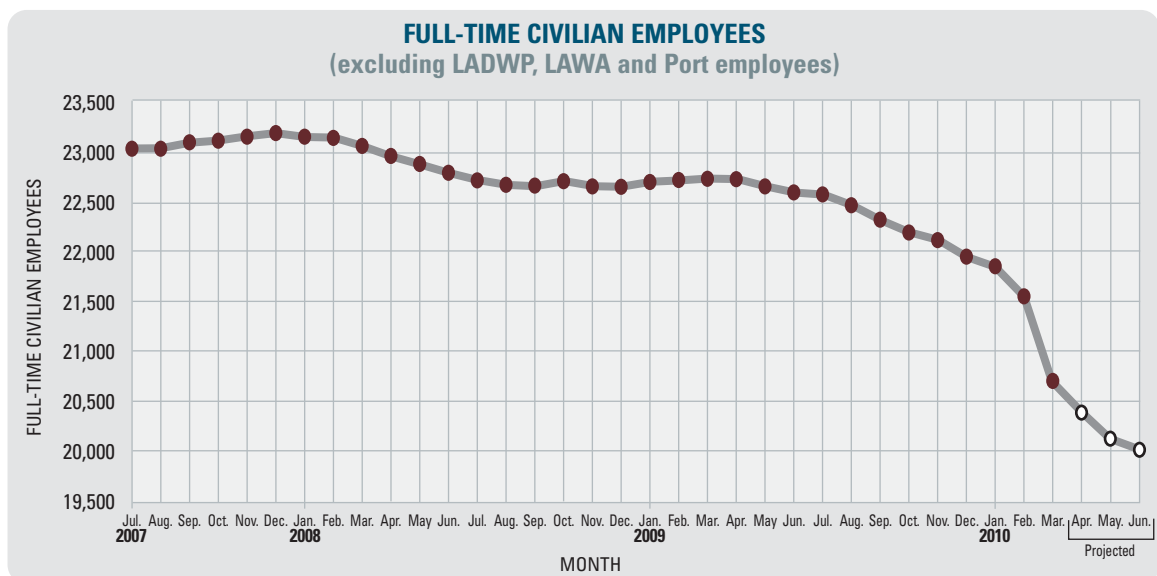
The program was designed to reduce City payroll costs by providing financial incentives for up to 2,400 eligible civilian employees to retire during FY2009-10. As of March 13, 2010, LACERS had completed processing of more than 1,500 ERIP retirements. The remaining 900 ERIP retirements will be completed before the end of FY2009-10.

ERIP retirements will produce General Fund salary savings of approximately \$40 million in FY2009-10 and \$96 million in FY2010-11. ERIP retirements will also reduce health benefit costs, saving the City approximately \$4.1 million in FY2009-10 and \$23.7 million in FY2010-11.

### EMPLOYEE TRANSFERS

Employees from both special-funded and general-funded positions were retired under ERIP, creating openings in special-funded positions. The City has actively pursued the transfer of general-funded employees into these and other special-funded vacancies as a means to reduce General Fund salary costs for FY2009-10 and future years. By the end of FY2009-10, nearly 300 employees will have transferred into vacant special-funded positions. In the FY2010-11 budget, several of the positions vacated as a result of these transfers are being eliminated.

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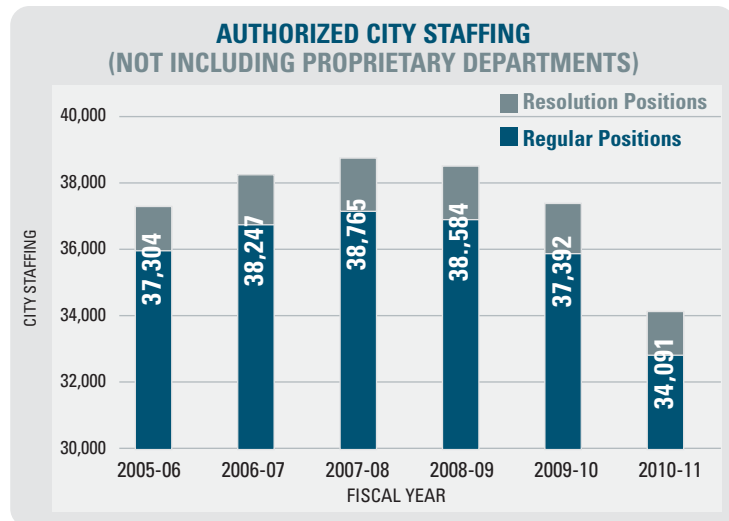


# Cost Saving Measures

– SALARIES AND BENEFITS, continued

## MANAGED HIRING

The City has also significantly reduced its workforce through the Managed Hiring process which was instituted to review departmental hiring requests. Only critical positions related to public safety, revenue generation, and other core services are being approved by the Managed Hiring Committee which is comprised of representatives from the Mayor's Office, Chief Legislative Analyst, and City Administrative Officer. The work of the Managed Hiring Committee will continue in FY2010-11.



## EMPLOYEE FURLOUGHS

During FY2009-10, the City implemented furloughs (unpaid days off) for certain groups of civilian employees. Furloughs reduce the number of hours that an employee works during a pay period, thus reducing the salary for that employee. Although furloughs cause a temporary reduction in take home pay, furloughs do not jeopardize the long term job security of City employees. For FY2010-11, most civilian employees in General Fund positions will be required to take unpaid days off. Certain employees will be exempt from this requirement, including traffic safety officers, employees of the Convention Center, Los Angeles Zoo, Recreation and Parks, and Public Library, and most special-funded employees. Sworn positions with the exception of special duty fire personnel are also exempt.

## POSITION ELIMINATIONS AND EMPLOYEE LAYOFFS

Over the last two fiscal years, the City has implemented a variety of cost saving measures as a means to avoid large-scale layoffs of City employees. As a result of the early retirements and transfers that took place in FY2009-10, many of the positions being eliminated in the FY2010-11 budget are vacant, thus reducing the number of potential layoffs. Nevertheless, the number of positions being eliminated and the continued decline in General Fund revenues has made layoffs a regrettable yet necessary part of the budget-balancing process. The FY2010-11 budget reduces the total number of City's authorized full-time positions from non-proprietary departments by 3,301. This represents a 9% reduction from FY2009-10.



Los Angeles operates and maintains the largest wastewater collection system in the United States.

# Structural Changes to City Government

## DEPARTMENTAL CONSOLIDATIONS

### Department of Neighborhood Empowerment

In February 2010, the Mayor proposed consolidating the Department of Neighborhood Empowerment (DONE) with the Community Development Department (CDD). The FY2010-11 budget completes the consolidation. Under this consolidation all 90 Neighborhood Councils will continue to operate, but the means by which they are administered and supported by City staff will change. Of DONE's 38 filled positions, approximately 25 will be eliminated and 18 will continue in the merged CDD/DONE. The consolidation is anticipated to produce General Fund savings of approximately \$2 million.

### Environmental Affairs Department

In February 2010, the Mayor proposed a more efficient way to deliver the services formerly provided by the Environmental Affairs Department (EAD). The FY2010-11 budget implements this plan by moving key functions of EAD and the majority of EAD's staff to the Bureau of Sanitation, Department of Transportation, and Department of Building and Safety.

In order to maintain citywide coordination, the Mayor has established a Mayor's Office of Energy, Environment and Sustainability. An external Environmental Advisory Council will replace the Environmental Affairs Commission.

The Mayor's Office of Energy, Environment and Sustainability will drive environmental initiatives and sustainability policy throughout the City, and provide oversight, coordination, and accountability of all city departments.

The Environmental Advisory Council will be comprised of the City's key environmental, academic, community, environmental justice, labor, and business leaders who will provide their expertise on the most effective programs to improve environmental quality of life. The elimination of EAD is anticipated to produce General Fund savings of approximately \$900,000.

### Human Services Department

In February 2010, the Mayor proposed the elimination of the Human Services Department. As part of the FY2010-11 budget 35 positions will be eliminated. The Community Development Department, the Mayor's Gang Reduction and Youth Development Office and other departments will absorb some of the services provided. (See page 36 for additional information.)

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## THE PERFORMANCE MANAGEMENT UNIT

**Founded in FY2006-07, the Performance Management Unit provides independent analysis and recommendations to enable the Mayor to hold General Managers accountable for implementing policy initiatives and improving the efficiency and effectiveness of government operations. Housed in the Mayor's Budget Office, the Unit is led by a Director and is staffed by a combination of full-time Mayoral policy analysts and Fellows on loan from various City departments.**

### ■ Keeping ERIP on Schedule

When the City Council approved the Early Retirement Incentive Program (ERIP), the Mayor tasked the Unit to help City departments develop a rapid method to process the large number of retirements. Working with the City Administrative Officer and the Los Angeles City Employees Retirement System, the Unit served as process-design consultant and then monitored a set of key performance indicators on a bi-weekly basis. The result was a sevenfold increase in throughput, from 50 to 350 retirements per month, and the achievement of the targeted General Fund salary savings.

### ■ Keeping Capital Projects on Track

During FY2009-10, the Unit evaluated progress on large-scale capital projects in transportation, energy and housing. During an evaluation, the Unit assesses a wide variety of factors, seeking to optimize the sequencing, financing, and staffing of projects to maximize the likelihood of on-time, on-budget delivery. Projects evaluated during the current fiscal year include:

- LAX Bradley West terminal
- Traffic Signal Synchronization
- Renewable Energy projects for LADWP
- Jordan Downs public housing redevelopment for HACLA

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# Cost Saving Measures

– STRUCTURAL CHANGES, continued

## NEW CITYWIDE EMAIL SYSTEM

During FY2009-10, Los Angeles became the first large American city to adopt an email system hosted by Google. Rather than continuing to maintain and upgrade a Novell GroupWise email system on servers at City Hall, the City migrated to secure servers located in Google's facilities. In moving to Google's new *Government Cloud* service, the City will save up to \$6.5 million over the next five years. In addition to the savings in staffing, hardware, software licenses and electricity use, the City gained new capabilities for remote access, collaborative document editing, disaster recovery and video conferencing.

## PUBLIC PRIVATE PARTNERSHIPS

During FY2009-10, the City has been exploring the possibility of contracting with commercial entities to operate the Convention Center and ten City-owned parking structures. The goal of these efforts is to reduce the General Fund deficit by generating additional revenues and/or reducing costs borne by the City.

## Parking Structures

In February 2009, the City issued a Request for Qualifications (RFQ) for Long Term Concession and Lease of ten City-owned parking structures. Approximately 75% of the 8,398 existing parking spaces included in the RFQ are located in three large garages: Cinerama Dome, Pershing Square, and Hollywood-Highland. Gross parking revenue collected from all ten garages in FY2008-09 was approximately \$21 million.

The City anticipates receiving final proposals from qualified bidders in the summer of 2010. If an accepted proposal includes a multi-year pre-payment of rent to the City, the revenue could be used to build up the City's Reserve Fund.

## Convention Center

In an effort to improve the operational efficiency of the Los Angeles Convention Center and to reduce the facility's reliance on subsidies from the City's General Fund, the City has established a working group to examine ways to privatize the Convention Center's management and operations. Consisting of representatives from the Convention Center, Mayor's Office, City Administrative Officer, Chief Legislative Analyst and City Attorney, the working group is also exploring near-term options to improve efficiency through smaller changes to the Convention Center's existing governance structure.

– THE PERFORMANCE MANAGEMENT UNIT, continued

### ■ Quantifying Environmental Performance

During the past twelve months the Unit evaluated the effectiveness of a variety of environmental initiatives and made sure that performance indicators were based on robust, independently-verifiable analytic techniques. Initiatives evaluated include carbon emissions, water conservation, and reduced Port-related air pollution.

### ■ Reducing Police Overtime

Since the summer of 2008, the Unit has worked closely with LAPD to focus the use of overtime hours on activities that directly impact the crime rate and public safety. The Unit has developed an analytic method-

ology for semi-annual analyses of police overtime that enables the Mayor and the Chief of Police to measure the effectiveness of individual policy changes in reducing non-essential overtime hours. In early 2010, the Unit evaluated the cost and deployment impacts of a new overtime banking policy.

### ■ Enabling Multi-Year Budgeting and Scenario Planning

During FY2009-10, the Unit identified certain transportation initiatives that faced multiple uncertainties regarding funding for the next several years. Working with the Department of Transportation and the Bureau of Street Services, the Unit developed multi-year budgeting and scenario planning tools

that will help department managers to optimize service delivery and resource planning for street resurfacing, street and bridge improvements and City-operated transit services.

### ■ Strengthening a Performance Culture in City Departments

The Unit took the lead in compiling and editing the FY2010-11 Mayor's Budget Summary, bringing a quantitative orientation to the material on policies and programs. During FY2009-10, Performance Management Fellows returned to the Bureau of Sanitation and the Housing Authority of Los Angeles to begin newly-created roles in performance management and strategic planning.

# Cost Saving Measures

## Employee Pensions

One driver of budget deficits in FY2010-11 and future years is the expectation of continued growth in required City contributions to the pension funds for civilian and sworn employees. Under the Los Angeles City Charter, the City is required to make annual contributions to the Los Angeles City Employees' Retirement System (LACERS) and the Los Angeles Fire and Police Pensions (LAFPP). The annual City contribution to each plan is based on a percentage of total salary paid to plan participants, as calculated by an actuary.

The projected growth in employee pension costs is based on two factors: an increase in the size of the City's payroll and the unprecedented downturn in the investment markets that occurred over the last two years.

**The recent investment returns for funds managed by LACERS and LAFPP are as follows:**

### INVESTMENT RETURNS (percent)

Year Ending June 30, 2009 (annualized)

	LACERS	LAFPP
1 year	-19.50%	-19.97%
3 years	-3.20%	-3.28%
5 years	2.30%	2.30%

Year Ending December 31, 2009 (annualized)

	LACERS	LAFPP
1 year	18.22%	18.67%
3 years	-1.77%	-1.47%
5 years	3.55%	3.76%

As of March 2010, year-to-date returns for FY2009-10 exceed the assumed 8% rate of return for both LACERS and LAFPP.

**The City's pension contribution rates continue to grow, creating additional pressure on the General Fund:**

### CURRENT AND PROJECTED CITY PENSION CONTRIBUTION RATES AND AMOUNTS

General Fund Only	FY2010-11*		FY2009-10	
	RATE (percent)	AMOUNT (\$ millions)	RATE (percent)	AMOUNT (\$ millions)
LACERS Retirement and Health	24.49%	\$335.4	19.43%	\$298.2
LAFPP Retirement and Health	30.72%	\$394.7	28.30%	\$355.2
<b>TOTAL CONTRIBUTIONS</b>		<b>\$730.1</b>		<b>\$653.4</b>

\*LACERS FY2010-11 rate and amount include the first year cost of ERIP.

During the last year, the LACERS Board and the LAFPP Board adopted policies to help mitigate the near-term increases in City contributions. These new policies, which follow strict actuarial standards, were designed to enable the City to make a more predictable and steady contribution to the pension systems.

## Reserve Fund

The City's Reserve Fund protects against unanticipated expenses or revenue shortfalls caused by economic shifts, natural disasters and other emergencies. The City's goal is to maintain a Reserve Fund, representing 5% of the General Fund adopted budget.

The Reserve Fund for FY2010-11 depends on multiple pending decisions. According to the Chief Administrative Officer's Financial Status Report of April 9, 2010, the Reserve Fund balance as of March 31, 2010 was \$206.7 million. A significant portion of the Reserve Fund will need to be

transferred to the General Fund to eliminate the remaining deficit for the current fiscal year. At the end of FY2009-10, the City anticipates a Reserve Fund balance of approximately \$115 million, assuming that a transfer of \$73.5 million from Los Angeles Department of Water and Power is received.

Under this scenario and with the anticipated infusion of one-time revenues, the Reserve Fund for FY2010-11 will reach \$284 million by the end of FY2010-11, which represents 6.5% of the General Fund.

# Summary of Receipts

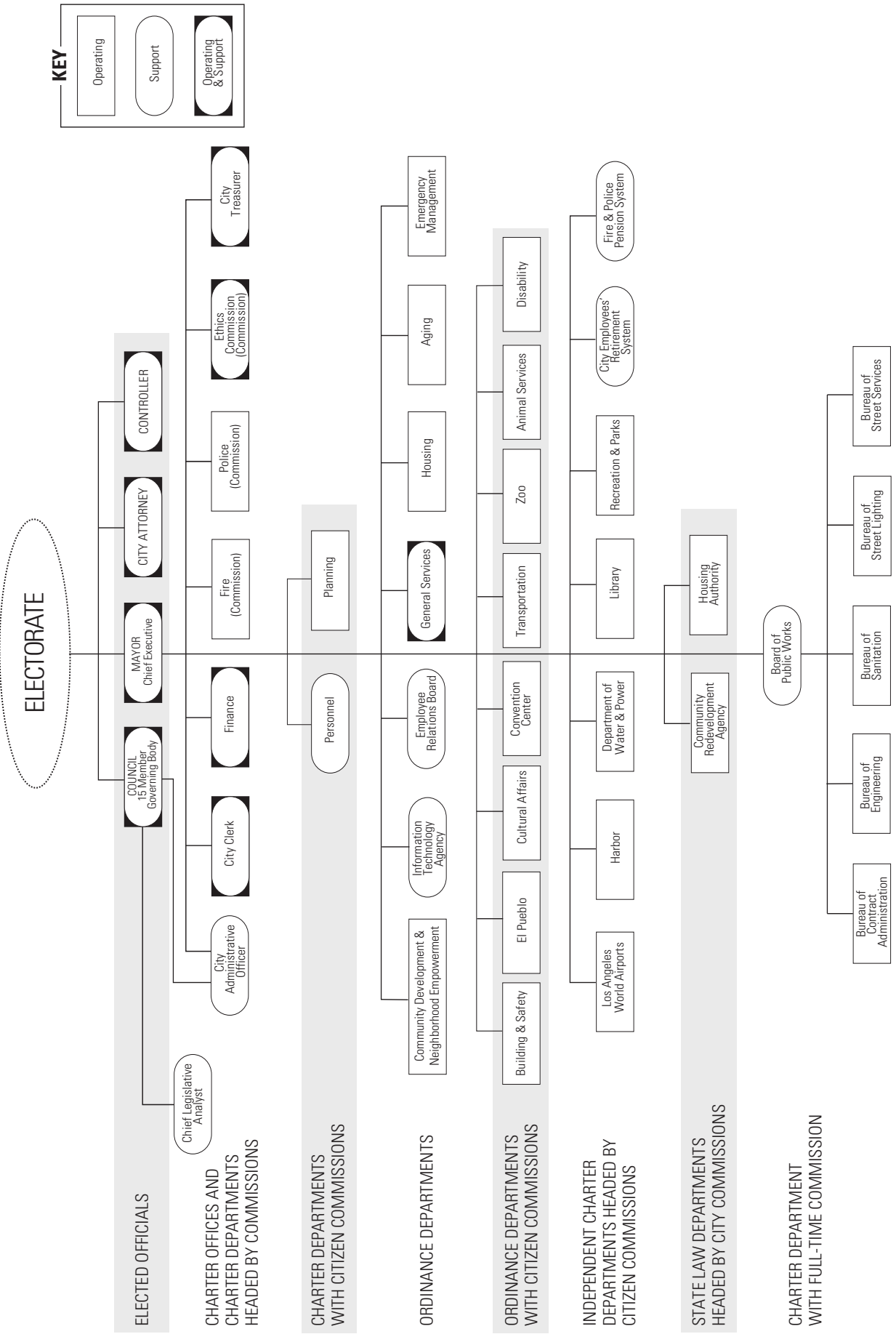
	ADOPTED BUDGET FY2009-10	ESTIMATED RECEIPTS FY2009-10	BUDGET FY2010-11	PERCENT CHANGE FROM ADOPTED FY2009-10 TO FY2010-11	PERCENT OF TOTAL FY2010-11 REVENUE
<b>General Revenues</b>					
Property Tax	\$ 1,418,870,000	\$ 1,445,403,000	\$ 1,408,529,000	-1%	21%
Utility Users' Tax	667,875,000	639,000,000	654,600,000	-2%	10%
Licenses, Permits, Fees and Fines	723,126,115	707,886,000	768,999,000	6%	11%
Business Tax	426,157,000	411,286,000	411,160,000	-4%	6%
Sales Tax	304,243,000	278,274,000	292,188,000	-4%	4%
Documentary Transfer Tax	100,000,000	90,000,000	105,000,000	5%	2%
Power Revenue Transfer	232,000,000	220,500,000	257,000,000	11%	4%
Transient Occupancy Tax	130,200,000	119,000,000	122,700,000	-6%	2%
Parking Fines	134,000,000	132,000,000	134,000,000	0%	2%
Parking Users' Tax	82,300,000	83,479,000	85,983,000	4%	1%
Franchise Income	49,479,000	42,755,000	44,341,000	-10%	1%
Interest	22,080,000	15,980,000	12,400,000	-44%	0%
State Motor Vehicle License Fees	12,000,000	10,000,000	12,000,000	0%	0%
Grants Receipts	16,000,000	13,200,000	9,200,000	-43%	0%
Tobacco Settlement	12,166,000	11,300,000	11,300,000	-7%	0%
Transfer from Telecommunications Dev. Account	6,223,000	6,223,000	7,900,000	27%	0%
Residential Development Tax	1,700,000	1,324,000	1,700,000	0%	0%
Special Parking Revenue Transfer	61,371,000	23,400,000	-	-100%	0%
Transfer from Reserve Fund	-	145,938,000	-	n/a	0%
<b>Total General Fund</b>	<b>\$ 4,399,790,115</b>	<b>\$ 4,396,948,000</b>	<b>\$ 4,339,000,000</b>	<b>-1%</b>	<b>64%</b>
<b>Special Revenues</b>					
Property Tax - City Levy for Bond Redemption and Interest	\$ 163,385,457	\$ 167,133,000	\$ 174,545,768	7%	3%
Proposition A Local Transit Assistance Fund	133,285,763	113,537,196	122,489,795	-8%	2%
Proposition C Anti-Gridlock Transit Improvement Fund	68,722,600	76,716,000	67,244,000	-2%	1%
Special Parking Revenue Fund	22,874,000	26,646,071	51,810,000	127%	1%
Sewer Construction and Maintenance Fund	663,210,876	653,833,000	646,652,967	-2%	10%
LA Convention and Visitors Bureau Fund	10,015,000	9,438,000	9,438,461	-6%	0%
Solid Waste Resources Revenue Fund	295,115,029	290,178,000	281,335,565	-5%	4%
Forfeited Assets Trust Fund	-	3,302,429	-	n/a	0%
Fines--State Vehicle Code	15,744,000	12,775,309	13,200,000	-16%	0%
Special Gas Tax Street Improvement Fund	102,721,000	104,055,000	103,921,000	1%	2%
Housing Department Affordable Housing Trust Fund	9,500,000	59,197,000	1,200,000	-87%	0%
Stormwater Pollution Abatement Fund	29,474,964	29,734,333	30,006,000	2%	0%
Community Development Trust Fund	35,456,611	40,216,000	36,076,287	2%	1%
HOME Investment Partnerships Program Fund	5,321,540	5,313,000	6,094,582	15%	0%
Mobile Source Air Pollution Reduction Fund	4,602,076	4,788,000	4,724,918	3%	0%
City Employees' Retirement Fund	58,804,418	57,547,000	71,310,325	21%	1%
Community Services Administration Grant	1,944,136	1,939,000	1,949,584	0%	0%
Park and Recreational Sites and Facilities Fund	800,000	500,000	1,000,000	25%	0%
Convention Center Revenue Fund	24,500,000	20,970,000	24,000,000	-2%	0%
Local Public Safety Fund	33,000,000	29,000,000	29,000,000	-12%	0%
Neighborhood Empowerment Fund	7,465,540	7,466,000	4,241,660	-43%	0%
Street Lighting Maintenance Assessment Fund	52,893,650	54,204,400	62,280,336	18%	1%
Telecommunications Development Account	8,930,680	9,752,500	8,820,642	-1%	0%
Older Americans Act Fund	2,247,091	2,231,000	2,268,077	1%	0%
Workforce Investment Act	10,719,011	15,582,000	14,118,017	32%	0%
Rent Stabilization Trust Fund	11,317,030	10,457,000	10,414,600	-8%	0%
Arts and Cultural Facilities and Services Fund	10,183,345	10,336,000	9,585,000	-6%	0%
Arts Development Fee Trust Fund	1,275,000	845,000	1,040,000	-18%	0%
City Employees Ridesharing Fund	3,010,000	3,128,000	3,394,000	13%	0%
Allocations from other sources	8,566,013	22,918,000	55,280,366	545%	1%
City Ethics Commission Fund	2,125,825	2,126,000	2,109,024	-1%	0%
Staples Arena Special Fund	4,150,000	2,150,000	3,150,000	-24%	0%
Citywide Recycling Fund	24,701,996	23,884,000	23,802,316	-4%	0%
Special Police Comm./911 System Tax Fund	19,882,223	19,882,000	21,239,435	7%	0%
Local Transportation Fund	7,759,000	4,698,828	2,810,585	-64%	0%
Major Projects Review Trust Fund	580,500	1,101,000	-	-100%	0%
Planning Case Processing Revenue Fund	-	877,000	16,072,000	100%	0%
Disaster Assistance Trust Fund	41,000,000	22,000,000	17,300,000	-58%	0%
Landfill Maintenance Special Fund	4,094,890	4,461,000	4,425,420	8%	0%
Household Hazardous Waste Special Fund	1,968,356	2,062,000	2,006,810	2%	0%
Building and Safety Enterprise Fund	86,186,208	86,187,000	89,917,578	4%	1%
Housing Opportunities for Persons with AIDS	313,110	358,000	322,923	3%	0%
Code Enforcement Trust Fund	33,092,200	29,785,501	29,594,866	-11%	0%
El Pueblo Revenue Fund	4,399,611	4,214,000	3,776,224	-14%	0%
Zoo Enterprise Fund	17,861,512	17,049,000	17,405,046	-3%	0%
Supplemental Law Enforcement Services	4,098,000	100,000	100,000	-98%	0%
Street Damage Restoration Fee Fund	5,397,000	7,320,808	7,373,000	37%	0%
Municipal Housing Finance Fund	1,320,000	1,368,000	1,320,600	0%	0%
Tax Reform Fund	-	(69,974)	-	n/a	0%
Efficiency and Police Hires Fund	270	-	-	n/a	0%
Multi-Family Bulky Item Fund	7,428,855	7,302,000	7,252,385	-2%	0%
Central Recycling and Transfer Fund	2,479,280	2,429,000	2,197,833	-11%	0%
Measure R Traffic Relief and Rail Expansion Fund	22,790,270	22,790,000	35,384,288	55%	1%
<b>Total Special Purpose Funds</b>	<b>\$ 2,086,713,936</b>	<b>\$ 2,105,813,401</b>	<b>\$ 2,135,002,283</b>	<b>2%</b>	<b>32%</b>
<b>Total Available Balances</b>	<b>\$ 398,285,950</b>	<b>-</b>	<b>\$ 258,540,449</b>	<b>-35%</b>	<b>4%</b>
<b>Total Receipts</b>	<b>\$ 6,884,790,001</b>	<b>\$ 6,502,761,401</b>	<b>\$ 6,732,542,732</b>	<b>-2%</b>	<b>100%</b>



# Summary of Appropriations

	SALARIES	EXPENSE	EQUIPMENT	SPECIAL	TOTAL PROPOSED FY2010-11	ADOPTED FY2009-10	CHANGE	PERCENT CHANGE
Aging	\$ 3,596,566	\$ 133,229	\$ -	\$ -	\$ 3,729,795	\$ 3,953,604	\$ (223,809)	-5.7%
Animal Services	16,826,500	1,833,597	-	-	18,660,097	19,431,433	(771,336)	-4.0%
Building and Safety	60,248,545	1,968,096	-	-	62,216,641	70,414,178	(8,197,537)	-11.6%
City Administrative Officer	10,317,715	768,784	-	-	11,086,499	12,131,954	(1,045,455)	-8.6%
City Attorney	71,739,471	6,415,712	-	-	78,155,183	95,267,403	(17,112,220)	-18.0%
City Clerk	16,715,044	7,171,163	-	-	23,886,207	10,073,723	13,812,484	137.1%
Community Development	23,347,536	2,050,195	-	6,000	25,403,731	18,725,907	6,677,824	35.7%
Controller	12,676,955	1,114,845	30,000	-	13,821,800	15,218,774	(1,396,974)	-9.2%
Convention Center	13,228,486	6,856,514	-	365,000	20,450,000	23,390,000	(2,940,000)	-12.6%
Council	19,752,615	1,218,664	-	-	20,971,279	22,641,568	(1,670,289)	-7.4%
Cultural Affairs	3,220,770	478,923	-	3,521,434	7,221,127	9,599,452	(2,378,325)	-24.8%
Department on Disability	1,182,865	310,686	-	61,619	1,555,170	1,728,131	(172,961)	-10.0%
El Pueblo de Los Angeles	1,181,400	354,457	-	-	1,535,857	2,011,597	(475,740)	-23.6%
Emergency Management	1,586,606	71,036	-	-	1,657,642	2,048,959	(391,317)	-19.1%
Employee Relations Board	282,325	90,628	-	-	372,953	359,729	13,224	3.7%
Environmental Affairs	-	-	-	-	-	2,773,188	(2,773,188)	-100.0%
Ethics Commission	1,828,532	331,046	-	-	2,159,578	2,248,272	(88,694)	-3.9%
Finance	22,944,742	2,137,019	-	-	25,081,761	26,070,305	(988,544)	-3.8%
Fire	472,671,623	22,271,975	-	-	494,943,598	505,655,091	(10,711,493)	-2.1%
General Services	104,732,199	108,638,705	1,423,000	3,844,814	218,638,718	253,342,750	(34,704,032)	-13.7%
Housing Department	43,760,766	7,186,960	-	500,000	51,447,726	50,899,846	547,880	1.1%
Department of Human Services	-	-	-	-	-	2,148,105	(2,148,105)	-100.0%
Information Technology Agency	42,585,468	18,573,612	142,364	18,782,282	80,083,726	91,271,232	(11,187,506)	-12.3%
Mayor	7,244,407	17,807,750	-	-	25,052,157	25,712,647	(660,490)	-2.6%
Neighborhood Empowerment	-	-	-	-	-	3,320,540	(3,320,540)	-100.0%
Personnel	27,148,240	7,259,385	-	2,430,925	36,838,550	60,937,193	(24,098,643)	-39.5%
Planning	22,184,627	4,097,242	150,000	-	26,431,869	28,861,528	(2,429,659)	-8.4%
Police	1,135,208,000	42,317,000	-	-	1,177,525,000	1,166,229,399	11,295,601	1.0%
Board of Public Works	7,409,935	8,132,406	-	55,000	15,597,341	18,046,507	(2,449,166)	-13.6%
Bureau of Contract Administration	27,734,825	1,730,234	-	-	29,465,059	31,768,758	(2,303,699)	-7.3%
Bureau of Engineering	67,974,215	3,167,346	-	-	71,141,561	80,871,054	(9,729,493)	-12.0%
Bureau of Sanitation	205,234,131	8,105,790	438	-	213,340,359	264,533,523	(51,193,164)	-19.4%
Bureau of Street Lighting	18,105,806	1,318,243	-	3,167,330	22,591,379	20,745,321	1,846,058	8.9%
Bureau of Street Services	70,701,844	73,826,468	-	-	144,528,312	138,685,069	5,843,243	4.2%
Transportation	103,332,827	23,064,354	-	-	126,397,181	133,677,205	(7,280,024)	-5.4%
Treasurer	2,939,180	5,603,353	-	-	8,542,533	3,859,834	4,682,699	121.3%
Zoo	14,355,236	3,127,826	-	-	17,483,062	18,261,512	(778,450)	-4.3%
<b>Total – Budgetary Departments</b>	<b>\$2,654,000,002</b>	<b>\$389,533,243</b>	<b>\$ 1,745,802</b>	<b>\$ 32,734,404</b>	<b>\$3,078,013,451</b>	<b>\$3,236,915,291</b>	<b>\$(158,901,840)</b>	
Appropriations to Library Fund	\$ -	\$ -	\$ -	\$ 75,902,051	\$ 75,902,051	\$ 75,463,926	\$ 438,125	0.6%
Appropriations to Recreation and Parks Fund	-	-	-	143,060,953	143,060,953	140,247,292	2,813,661	2.0%
Appropriation to City Employees' Retirement	-	-	-	71,310,325	71,310,325	58,804,418	12,505,907	21.3%
<b>Total – Appropriations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 290,273,329</b>	<b>\$ 290,273,329</b>	<b>\$ 274,515,636</b>	<b>\$ 15,757,693</b>	
<b>Total Departmental</b>	<b>\$2,654,000,002</b>	<b>\$389,533,243</b>	<b>\$ 1,745,802</b>	<b>\$ 323,007,733</b>	<b>\$3,368,286,780</b>	<b>\$3,511,430,927</b>	<b>\$(143,144,147)</b>	
2010 Tax & Revenue Anticipation Notes	\$ -	\$ -	\$ -	\$ 648,061,729	\$ 648,061,729	\$ 665,527,709	\$ (17,465,980)	-2.6%
Bond Redemption and Interest	-	-	-	174,545,768	174,545,768	163,385,457	11,160,311	6.8%
Capital Finance Administration Fund	-	-	-	219,201,682	219,201,682	205,554,130	13,647,552	6.6%
CIEP– Municipal Facilities	-	-	-	17,980,500	17,980,500	9,295,000	8,685,500	93.4%
CIEP– Physical Plant	-	-	-	32,642,985	32,642,985	17,729,198	14,913,787	84.1%
CIEP– Wastewater	-	-	-	145,500,000	145,500,000	228,300,000	(82,800,000)	-36.3%
General City Purposes	-	-	-	89,781,641	89,781,641	109,808,932	(20,027,291)	-18.2%
Human Resources Benefits	-	-	-	550,779,000	550,779,000	517,660,900	33,118,100	6.4%
Judgement Obligation Bonds Debt Service Fund	-	-	-	10,761,715	10,761,715	7,295,480	3,466,235	47.5%
Liability Claims	-	-	-	48,850,000	48,850,000	41,000,000	7,850,000	19.1%
Proposition A Local Transit Assistance Fund	-	-	-	119,156,975	119,156,975	174,141,850	(54,984,875)	-31.6%
Proposition C Anti-Gridlock Transit Improvement Fund	-	-	-	27,419,749	27,419,749	28,264,774	(845,025)	-3.0%
Special Parking Revenue Fund	-	-	-	43,154,495	43,154,495	34,062,709	9,091,786	26.7%
Unappropriated Balance	-	-	-	167,486,900	167,486,900	60,467,038	107,019,862	177.0%
Wastewater Special Purpose Fund	-	-	-	409,374,814	409,374,814	429,280,600	(19,905,786)	-4.6%
Water and Electricity	-	-	-	50,428,994	50,428,994	51,674,102	(1,245,108)	-2.4%
Other Special Purpose Funds	-	-	-	609,129,005	609,129,005	629,911,195	(20,782,190)	-3.3%
<b>Total Nondepartmental</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$3,364,255,952</b>	<b>\$3,364,255,952</b>	<b>\$3,373,359,074</b>	<b>\$ (9,103,122)</b>	
<b>Total</b>	<b>\$2,654,000,002</b>	<b>\$389,533,243</b>	<b>\$ 1,745,802</b>	<b>\$3,687,263,685</b>	<b>\$6,732,542,732</b>	<b>\$6,884,790,001</b>	<b>\$(152,247,269)</b>	<b>-2.2%</b>

# Organization of the City of Los Angeles (PROPOSED)



SECTION 3

# Focusing on Core City Services

**FOCUS 1** Public Safety PAGE 26

**FOCUS 2** Transportation PAGE 29

**FOCUS 3** Community and Culture PAGE 34

**FOCUS 4** Environment PAGE 37

City of Los Angeles  
**Budget Summary**  
Fiscal Year 2010-11

# PUBLIC SAFETY

## Police Department

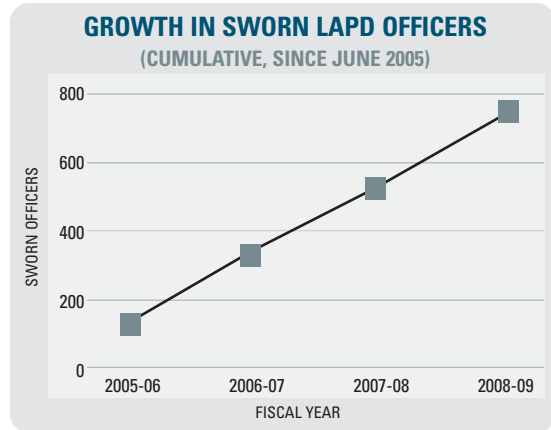
### MISSION

It is the mission of the Los Angeles Police Department to safeguard the lives and property of the people of Los Angeles, to reduce the incidence and fear of crime, and to enhance public safety while working with diverse communities to improve quality of life. The LAPD's mandate is to do so with honor, integrity, and the highest ethical standards.

### MILESTONES

- Los Angeles has seen significant reductions in crime in all major categories for calendar year 2009. From January 1 through April 10, 2010, year to date violent crime was down 14% and Part 1 crime was down 9% compared with the same period in 2009.

- During July and August, the Mayor's Summer Night Lights program provided evening recreation at 16 parks and housing projects, contributing to an 11% decrease in gang-related crime in the surrounding communities.
- In October 2009, the number of police officers reached 10,018, an all-time high for the LAPD.



	2009	% Change from 2008	% Change from 2005
All Part 1	116,050	-8.6%	-17%
Violent	23,779	-10.8%	-21%
Property	92,271	-8.0%	-16%

- On November 17, 2009, Charlie Beck became the LAPD's 56th Chief of Police, replacing William Bratton. Chief Beck joined the LAPD in 1977 and served as Deputy Chief of Detectives under Chief Bratton.
- In December 2009, Chief Beck reassigned 130 police officers from specialized units to patrol duty.



As of March 27, 2010, LAPD had 9,905 sworn employees.

– POLICE DEPARTMENT, continued

## COST SAVING MEASURES

- In Summer 2009, the Mayor and Council agreed to maintain 9,963 police officers throughout FY2009-10, rather than continuing to grow number of officers. To further reduce costs, several recruitment classes were canceled during the winter. As of March 27, 2010, LAPD had 9,905 sworn employees.
- Approximately 250 civilian employees of the LAPD participated in the Early Retirement Incentive Program, creating significant salary savings for FY2009-10. Most of these retirees will not be replaced, reducing the LAPD's personnel costs for FY2010-11.
- In November 2009, a new Memorandum of Understanding (MOU) took effect for sworn officers that contained no cost of living increases for two years, providing savings to the General Fund.
- The new MOU changed the way officers are compensated for overtime. The new overtime policy has substantially reduced cash payment of overtime, providing significant savings to the City's General Fund for FY2009-10 and FY2010-11.
- The new MOU also established an entry level salary for new recruits that is 20% lower than the prior rate. Together with the optimized hiring schedule, the cost for maintaining hiring to attrition in FY2010-11 has been reduced to approximately \$7.5 million.
- While continuing to reduce crime, LAPD is policing with greater efficiency, averaging 8.6 overtime hours per arrest in the first half of FY2009-10, versus 9.7 overtime hours per arrest at the peak of overtime usage in the first half of FY2007-08. ■

## GANG REDUCTION + YOUTH DEVELOPMENT (GRYD)

**The gang prevention and intervention services located in the Mayor's Office of Gang Reduction and Youth Development were enhanced and expanded in FY2009-10. Level funding is continued in FY2010-11.**

### ■ BACKGROUND: GRYD ZONES

Over the past several years, intervention and prevention programs were newly-focused in twelve Gang Reduction and Youth Development Zones – each covering a roughly 3.5 square mile area. These GRYD Zones were selected based on the criteria of having rates of violent gang-related crime at least 400% higher than elsewhere in Los Angeles.

Prevention and intervention services are provided in each GRYD Zone by non-profit organizations

that were selected by a competitive bidding process.

### ■ PREVENTION SERVICES

Utilizing the Youth Services Eligibility Tool (YSET), prevention contractors have begun enrolling only those young people who are at the highest risk of joining gangs. Prevention services include after-school and summer activities, tutoring and mentoring, parent-involvement workshops and parenting classes.

### ■ INTERVENTION SERVICES

In January 2010, Mayor Villaraigosa and Chief Beck announced the launch of the Los Angeles Gang Intervention Training Academy—the first program of its kind in the country. The new academy will professionalize and standardize the work of interventionists.

At the neighborhood level, intervention is handled by individuals whose personal experience with gang life gives them credibility in GRYD Zone communities. Intervention work includes violence prevention, cease-fires, conflict mediation, and service provision (i.e. case management, job training and placement, tattoo removal, and counseling).

### ■ SUMMER NIGHT LIGHTS

Taking action to reduce gang activity during summer months, the Summer Night Lights program keeps parks open after dark with organized activities for at-risk youth. The program also provides job opportunities for young people who live nearby, and offers people of all ages a safe place to enjoy summer evenings. The program began in 2008 with eight sites and expanded to 16 sites in 2009. The projected number of sites for 2010 is 24.

## FOCUS 1 : CONTINUED

# Fire Department

## MISSION

The Los Angeles Fire Department's mission is to protect the residents of the City of Los Angeles. LAFD's 3,586 uniformed personnel protect life, property and the environment through their direct involvement in fire prevention, firefighting, emergency medical care, technical rescue, hazardous materials mitigation, disaster response, public education and community service.

On a typical day, 1,000 uniformed Firefighters, including over 200 serving as Firefighter-Paramedics, are on duty at Fire Department facilities citywide, including 106 Neighborhood Fire Stations strategically located across the Department's 471 square-mile jurisdiction.

## MILESTONES

- In 2009, LAFD responded to 372,374 emergencies (911 calls) and deployed 763,014 emergency personnel.
- On August 28, 2009, Millage Peaks became the LAFD's 21<sup>st</sup> Fire Chief, replacing Douglas Barry. Chief Peaks joined LAFD in 1976 and served as Battalion Chief prior to being appointed.
- On October 5, 2009, the LAFD Fire Commission selected Mr. Stephen Miller as the first Independent Assessor (IA). The role of the IA is to conduct audits and assess and review the Fire Department's handling of complaints of misconduct committed by sworn or civilian employees.
- On January 1, 2010, LAFD developed an in-house youth Cadet program that prepares people ages 14 through 20 to compete for a career in America's fire service.
- Last year, LAFD was awarded \$1,089,012 in Federal funding to help prevent, protect against, respond to, and recover from acts of terrorism, and a \$500,000 grant to educate high-risk communities about vegetation management and fire hazards.

## MAJOR WILDLAND FIRES

Date	Fire Name	Acres Burned	Additional Damage
May 8, 2007	Griffith Park	800	Structures damaged: • Dwelling – 1
Oct. 12, 2008	Marek	4,824	One death Structures destroyed: • Dwelling – 41 • Commercial – 2 • Out-building – 22 Structures damaged: • Commercial - 8 • Out-building - 2
Oct. 13, 2008	Sesnon	14,375	Structures destroyed: • Dwelling – 15 • Out-building – 57
Nov. 14, 2008	Sayre	8,000	Structures destroyed: • Dwelling – 470
July 8, 2009	Getty	80	No additional damage
Aug. 26, 2009	Station	160,577	Two deaths Structures destroyed: • 209 (outside City)

## COST SAVING MEASURES

- In August 2009, LAFD implemented the Modified Coverage Plan (MCP). This initiative is on track to save the Department nearly \$39 million by restructuring field resources while maintaining the level of services the public desires.
- In FY2009-10, the Fire Chief canceled two Fire recruitment classes to save nearly \$2.5 million. These savings will continue in FY2010-11 as no additional classes are planned or budgeted.
- Approximately 48 civilian employees of the LAFD participated in the Early Retirement Incentive Program, creating significant salary savings for FY2009-10. Most of these retirees will not be replaced, reducing LAFD's personnel costs for FY2010-11.
- LAFD reinstated an initial brush inspection fee of \$13.00 for severe high hazard zones within the City. Collecting this fee will generate nearly \$1.4 million each year.
- In FY2010-11, LAFD will begin to install Global Position System (GPS) units to emergency vehicles, enabling real-time tracking. LAFD will also begin using deployment modeling software to optimize deployment of medical and fire suppression resources based on statistical data.
- In FY2010-11, LAFD will transition to a new ambulance billing and patient data collection system allowing the Department to improve patient care, meet Federal health mandates, and enhance efficiencies.

# TRANSPORTATION

## Measure R and the 30/10 Initiative

### MISSION

The Mayor has prioritized expanding the region's public transit system in an effort to create jobs, make Los Angeles more sustainable, and ease traffic congestion. Having secured billions of dollars of new funding through passage of Measure R, the Mayor now seeks to accelerate construction of new projects being funded by the Los Angeles County Metropolitan Transportation Authority. (The Mayor serves as an MTA Board member and officer.)

### MILESTONES

- In November 2008, Los Angeles County voters passed Measure R, a half-cent transportation sales tax that will generate \$40 billion in new revenue over 30 years, including \$13 billion for 12 new bus and rail lines. A portion of Measure R was also allocated to keep transit fares low for seniors, students, and the disabled.

– Measure R includes a “local return” portion that the City receives by population formula. The City's local return is expected to be approximately \$20.8 million in FY2010-11 and \$2.3 billion over the next 30 years. Funds will be used pay for some of the Measure R transit program and local City transportation projects, including at least 10% set aside for bicycle and pedestrian improvements.

- On October 22, 2009, the MTA Board of Directors unanimously passed a new Long Range Transportation Plan (LRTP) that included Measure R and other funding to build the 12 voter-approved transit projects. The LRTP is the implementation blueprint for Measure R.
- Announced in late 2009, the Mayor's **30/10 Initiative** seeks to accelerate the construction of the 12 Measure R transit projects in Los Angeles County from the current 30-year schedule to 10 years. By building the projects sooner, increased job creation, air quality, and mobility benefits can be realized much faster.

### MORE ON THE 30/10 INITIATIVE

#### Benefits

- **Jobs** – generate 166,000 construction jobs over ten years and at least 2,800 permanent operations and maintenance jobs.
- **Sustainable transportation** – enable 77 million additional transit boardings per year, thus eliminating 10.3 million gallons of gasoline consumption and the associated 570,000 pounds of pollution and carbon emissions.
- **Congestion relief** – eliminate 208 million vehicle miles traveled on freeways and City streets.
- **Cost savings** – reduce construction costs by taking advantage of lower bids during this economic downturn.

#### Funding Strategy

The MTA's Long Range Transportation Plan includes \$6 billion in Measure R funds for transit construction in the next ten years; an additional \$8 billion is needed to build all 12 projects during this time period. The 30/10 funding strategy seeks to borrow money at low interest rates against future tax revenues from Measure R, using private financing (bonds) and federal assistance in the form of grants, loans, loan guarantees, or interest rate subsidies.

## FOCUS 2 : CONTINUED

# Transit Services

## MISSION

In addition to managing the flow of vehicles, regional transit, bicycles, and pedestrians on city streets, the Los Angeles Department of Transportation (LADOT) operates transit service funded with non-General Fund revenue. LADOT's transit service is provided by the City as an enhancement to MTA's regional transit service and is not legally mandated.

LADOT operates three main transit programs:

- **Commuter Express**
- **DASH**
- **Cityride**

## FUNDING

Funding for these services is from fare revenue, Proposition A local return, and funds allocated by the MTA. City General Fund revenue is not used to subsidize LADOT's transit operations.



LADOT is converting its Commuter Express fleet to cleaner compressed natural gas

Proposition A is a countywide half-cent transportation sales tax approved by voters in 1980. Revenues are managed in the City's "Proposition A Local Transit Assistance Fund." Proposition A is an economically sensitive revenue stream; receipts may decline as a result of the economic downturn.

In past years, expenditures in the Prop A fund have exceeded annual revenue, gradually eroding the surplus in the account, which will be exhausted by the end of FY2009-10. The combination of reduced sales tax revenue and no surplus to supplement current-year revenues creates significant deficits starting in FY2010-11. As a result of the Prop A deficit, service cuts and/or fare increases are necessary.

## COST SAVING MEASURES

LADOT has proposed service changes to each of the three main transit services to reduce costs.

- **Commuter Express** – Bus service will be focused on the most utilized and efficient lines. Routes with very low ridership will be eliminated. Other routes with low ridership have been proposed for reduction in frequency or days and times of service. Fare increases are also proposed.
- **DASH** – Circulator shuttle service operates in downtown and in several neighborhoods in the City; service will be focused on the most utilized and efficient lines. DASH lines with extremely low ridership have been proposed for elimination, while service cuts have been proposed for other lines. DASH fares have never been raised since the service's inception in 1985. The 25 cent fare for DASH has been proposed to be increased by 10 cents in FY2010-11 and another 15 cents in FY2011-12.
- **Cityride** – Door-to-door service for senior citizens and the disabled will continue to operate, but at reduced levels. Also, subsidies for Cityride scrip used to subsidize over 90% of the cost of rides on Cityride shuttles or taxis will be reduced by approximately 25%. Eligible disabled citizens may also utilize similar service funded by MTA and operated by Access Services Inc. (ASI). Senior fares for MTA service were frozen through Measure R, another countywide half-cent transportation sales tax approved by voters in 2008.



## FOCUS 2 : CONTINUED

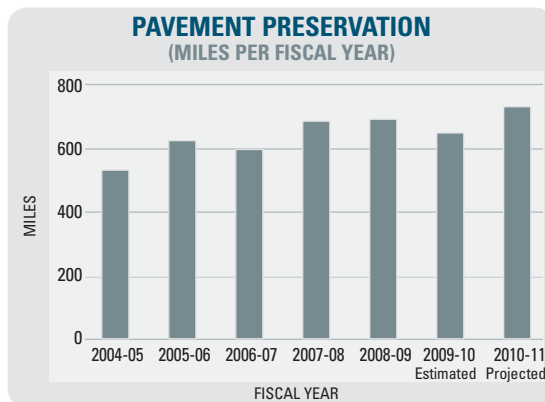
# Road Maintenance

## MISSION

The Bureau of Street Services (BSS) is responsible for the maintenance and cleaning of the City's 6,500 miles of streets. The core activities of BSS are pavement preservation, street cleaning and small asphalt repair (fixing potholes). BSS also provides sidewalk repair, lot cleaning, and tree trimming services on public streets.

## MILESTONES

- The pavement preservation program at BSS comprises three distinct activities: slurry sealing, crack sealing and resurfacing. For FY2009-10, BSS expects to complete 400 miles of slurry sealing, 100 miles of crack sealing, and 150 miles of resurfacing, for a total of 650 miles of pavement preservation. For FY2010-11, BSS has been funded to complete 400 miles of slurry sealing, 100 miles of crack sealing, and 235 miles of resurfacing, for a total of 735 miles of pavement preservation.



- From July 2007 through June 2010, BSS expects to complete 2,030 miles of pavement preservation, a 15% increase from the prior three-year period.
- In Summer of 2009, BSS secured \$45 million in American Recovery and Reinvestment Act funds. This grant will fund approximately 40 miles per year of street resurfacing for FY2009-10, FY2010-11 and FY2011-12.
- In FY2009-10, BSS expects to complete 300,000 Small Asphalt Repairs.

## COST SAVING MEASURES

- Approximately 130 BSS employees participated in the Early Retirement Incentive Program, creating significant salary savings for FY2009-10. Most of these retirees will not be replaced, reducing BSS personnel costs for FY2010-11.
  - Certain of these retirees were highly-skilled operators of heavy machinery; their absence caused a reduction in some BSS activities in the second half of FY2009-10.
- An additional 14 BSS employees participated in the City's program to transfer personnel into special-funded and proprietary positions that became vacant as a result of the Early Retirement Incentive Program.
- Due to the above-mentioned personnel reductions, BSS has lengthened the street cleaning cycle for residential streets from four weeks to 4-12 weeks based on actual need.

## FUNDING

The pavement preservation program is supported by non-General Fund revenues that could be negatively affected by the economic downturn and the state budget crisis. BSS is developing contingency plans for a variety of funding scenarios with the goal of delivering a sustainable level of pavement preservation over the next three fiscal years. Pavement preservation in FY2010-11 is primarily funded by:

- State gasoline tax allocated directly to the City.
- Proposition C local return funds received by the City (Proposition C is a countywide half-cent transportation sales tax approved by voters in 1990).
- Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.
- American Recovery and Reinvestment Act (ARRA)

## FOCUS 2 : CONTINUED

# Synchronization of Traffic Signals

## MISSION

LADOT is undertaking a multi-year program to synchronize all the traffic signals in the City. The Mayor has set a goal of synchronizing 100% of traffic signals before June 30, 2013, the conclusion of his second term.

The City's signal synchronization system is called the Automated Traffic Surveillance and Control (ATSAC) system. This system optimizes traffic signal timing to minimize travel delays and allows traffic engineers at City Hall to make real-time adjustments in response to accidents, special events, or weather conditions. As a result, road capacity is increased and vehicular emissions are reduced.

## MILESTONES

- Through April 2010, the city has synchronized traffic lights at 3,597 out of 4,400 (82%) of City intersections. The most recent project area completed was Hyde Park West, which synchronized 70 intersections and installed 15 new left turn arrows.

## COST SAVING MEASURES

The Mayor is committed to completing the signal synchronization program by FY2012-13. Due to vacancies related to the Early Retirement Incentive Program and Managed Hiring, LADOT's ATSAC staff is currently at 75% of capacity. Most of the ATSAC staff have been subject to one furlough per pay period throughout FY2009-10, further reducing staff capacity by 6%.

The City is working to develop a staffing plan that ensures program completion on schedule. However, further staff reductions in FY2010-11 may result in delayed completion of designs for up to five signal synchronization projects.

## FUNDING

The signal synchronization program is funded through Proposition C local return funds, competitive grants awarded by the MTA, and Proposition 1B. Proposition C is a countywide half-cent transportation sales tax approved by voters in 1990. The program does not depend on City General Fund revenue.

Uncertainty around the state budget has hampered California's ability to sell Proposition 1B bonds. Delayed receipt of these funds by the City has resulted in delayed construction starts on three ATSAC projects. Further delays are possible depending on whether the state is able to issue bonds on a regular basis to provide a steady stream of funding to the City's ATSAC program. The City is using ARRA stimulus funds and Measure R local return funds as bridge financing to keep the program on schedule.



City traffic engineers monitor traffic conditions and adjust signal timing in a state-of-the-art technology center.

## FOCUS 2 : CONTINUED

# LAX Modernization

## MISSION

Los Angeles World Airports operates four airports in the region, including Los Angeles International Airport (LAX), one of the nation's busiest airports and the leading international gateway from Asia to the United States. LAX is also a major economic engine for the City and region, directly and indirectly generating over 450,000 jobs annually.

The last major modernization and upgrading of LAX facilities took place in the early 1980s in preparation for the 1984 Summer Olympic Games.

LAWA is modernizing LAX for the 21<sup>st</sup> century by improving airfield and terminal safety, modernizing facilities, and positioning LAX to accept the next generation of new large aircraft that require different airport facilities.

## MILESTONES

- **Job creation** – LAX modernization is expected to create up to 17,000 construction and construction-related jobs. LAWA and its contractors are working to include job training, hiring from communities surrounding LAX, and opportunities for small businesses to participate in the modernization program.
- **Runway Safety Enhancements** – Completed runway reconfiguration and added center taxiway on South Airfield to reduce runway incursions and increase airfield safety. Installed Phase I of runway status lights.
- **Tom Bradley Terminal modernization** – Completed upgrades to systems and public spaces and retrofitted to LEED sustainability standards. Completed first two boarding gates capable of accommodating new large aircraft (Airbus A380 and Boeing 787 Dreamliner) and began receiving regular scheduled service from carriers using the A380.

## CURRENT MODERNIZATION PROJECTS

- **Safety & security enhancements:**
  - In-line baggage screening system in terminals that replaces separate screening and check-in in terminal lobbies
  - Runway status lights Phase II
  - New aircraft rescue firefighting facility
- **Terminal modernization:**
  - \$1.5 billion Bradley West terminal with new large aircraft boarding gates to replace remote gates, new concessions, premium lounges, federal customs and immigration facilities, and other passenger amenities
  - Hanger relocation and taxiway relocation to enable Bradley West terminal construction
  - Upgraded concessions program and capital investments in terminals
  - Replacement of elevators, escalators, and moving walkways

## FUNDING

LAX modernization is funded without any City General Fund revenue. The current program will invest over \$8 billion upgrading LAX, with funding from the following sources:

- **Bond revenue** – Paid from operating revenues.
- **Operating revenues** – Terminal and land rent, flight fees, and concessions.
- **Passenger & customer facility charges** – Authorized by Federal Aviation Administration for airport-only investments.
- **Federal grants** – For safety and security projects.



Architectural model of Bradley West terminal, with initial phase (in foreground) and future Midfield concourse (at right).

# COMMUNITY AND CULTURE

## Los Angeles Public Library

### MISSION

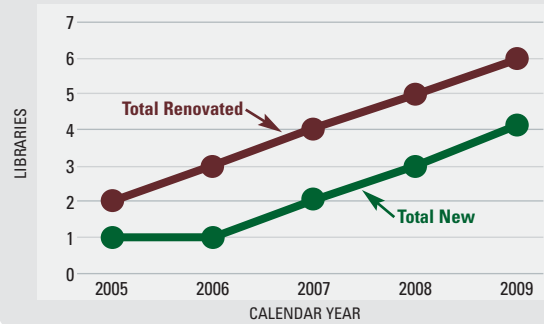
The Los Angeles Public Library (LAPL) provides free and easy access to information, ideas, books and technology that enrich, educate and empower every individual in our city's diverse communities.

- The first library opened in 1873. There are now 73 libraries across the City, including the Central Library, eight regional libraries and 64 branch libraries.
- LAPL provides programming for all age groups including:
  - **Youth:** 1,300 online tutors are available every day from 3-10 p.m. to provide youth with one-on-one homework, skill building, and test preparation in Spanish and English.
  - **Adults:** LAPL provides adult literacy programs at 21 locations. Programs include adult basic education, English proficiency, and test preparation.
  - **The Elderly:** For over 15 years, the Grandparents and Books program has brought in volunteers from all over the City to read to children.

### MILESTONES

- The grand opening of the Silver Lake Branch in November, 2009 marked the successful completion of Phase II of the Library Branch Facilities Plan. The original 32 projects enumerated in the 1998 Bond Program were built on time and under budget.
  - Four additional projects were added through managed savings, Friends of the Library contributions, and a California State Library Proposition 14 grant.
  - The total construction program for Phase II represents an investment of \$226.3 million; Phases I and II have resulted in the construction and/or renovation of 64 library facilities.

**NEW AND RENOVATED LA PUBLIC LIBRARIES**  
(CUMULATIVE, SINCE 2005)



### COST SAVING MEASURES

Funding for the LAPL is based on Section 593 of the Los Angeles City Charter that allocates a minimum dollar amount to the Department. In recent years, the Mayor and Council have contributed General Fund money to LAPL in addition to the Charter minimum. These additional funds supplement the cost of utilities at libraries and pension and health benefits for LAPL employees. While the FY2010-11 allocation will still be significantly above the Charter minimum, the City will have less money to subsidize the LAPL's employee pension and benefits and utility costs.

- Effective April 11, 2010, the Central and Regional libraries will be closed on Sundays, providing savings of approximately \$17 million for FY2010-11. Additional reductions in library hours may need to be considered for FY2010-11. However, due to the reduced staffing levels, the LAPL will not be required to mandate its employees to take unpaid days off in FY2010-11.

**ANALYSIS OF LIBRARY COSTS/BENEFITS**  
(BY DAY OF THE WEEK)

	Programs	Annual Operating Costs	Average Annual Circulation
SUNDAY	0	\$17,000,000	8,140
MONDAY	76	\$19,500,000	61,285
TUESDAY	76	\$19,500,000	42,632
WEDNESDAY	76	\$19,500,000	52,354
THURSDAY	76	\$19,500,000	43,346
FRIDAY	76	\$19,500,000	42,171
SATURDAY	76	\$19,500,000	61,299

## FOCUS 3 : CONTINUED

# Recreation and Parks

## MISSION

The mission of the Department of Recreation and Parks (RAP) is to enrich the lives of the citizens of Los Angeles by providing safe, welcoming parks and recreation facilities and affordable, diverse recreation and human services activities for people of all ages to play, learn, contemplate, and build community. Environmental stewardship is a key component of RAP's mission.

RAP maintains and operates more than 425 Los Angeles sites for recreational use, including 183 recreation centers, 62 swimming pools, 13 lakes, seven camps, and more than a dozen museums and historic sites. RAP provides hundreds of programs for youth, seniors, and the physically disabled. It also supervises construction of new facilities and improvement of existing ones.

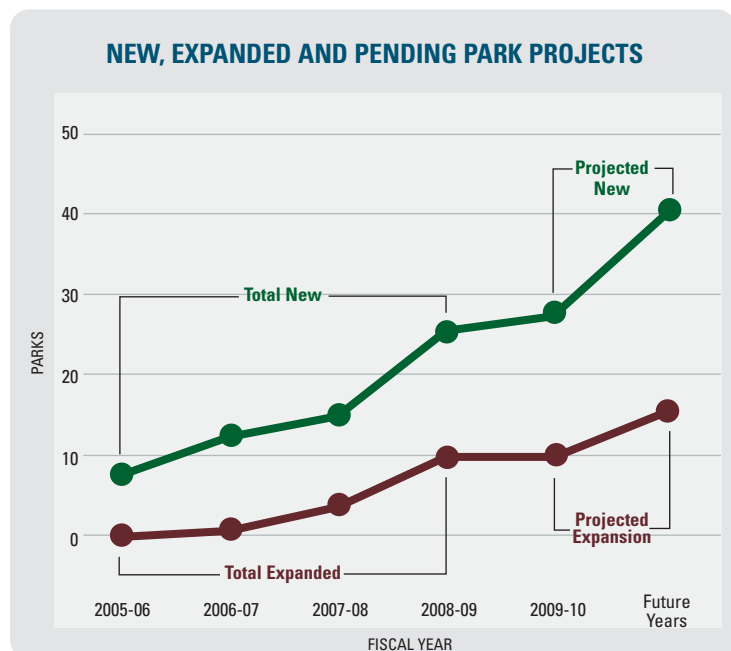
## MILESTONES

- Since July 2005, RAP has acquired 500 acres of parkland and completed 25 new parks/facilities and 10 park expansion projects. Plans are in the works to expand five additional parks and commence work on 13 new parks or facilities.

## COST SAVING MEASURES

- **Early Retirement:** Since June 2005, approximately 250 RAP employees participated in the Early Retirement Incentive Plan, generating significant savings in the City's General Fund.
- **Maintenance and Equipment:** As a cost savings measure, RAP will redeploy staff to cover maintenance needs at 20 city facilities for a savings of \$2.5 million. Additionally, RAP will defer the purchase of small equipment for a savings of \$750,000.

- **Water Conservation:** Using the strategies listed below, RAP successfully reduced water usage by one billion gallons.
  - Using recycled water from Hyperion and other sources for irrigation.
  - Installing smart water irrigation systems.
  - Replacing grass with succulents and other drought resistant plants.
- **Energy Conservation:** RAP has installed solar powered lighting at two parks, saving \$125,000 annually. Additionally, RAP is pursuing 14 Recreation Center and/or sports field lighting retrofit projects. When completed, these projects will save enough electricity to power 175 households.
- **City Golf Courses:** For FY2010-11, the cost of the department's golf operations will be financed by user fees which will be deposited in a special fund. This special fund will enable the department to account for all direct and indirect costs of golf operations to ensure that General Fund tax revenues are not used to subsidize City golf courses.



## FOCUS 3 : CONTINUED

# Cost Savings In Smaller Departments

## DEPARTMENT OF CULTURAL AFFAIRS

The goal of the Department of Cultural Affairs (DCA) is to enhance the quality of life for Los Angeles' residents and visitors. DCA accomplishes this goal by generating and supporting high quality arts and cultural experiences. DCA ensures access to those experiences through grant making, marketing, development, communication, and building relationships with community partners.

### COST-SAVING MEASURES

- Ten DCA employees participated in the Early Retirement Incentive Program (ERIP), creating significant salary savings for FY2009-10. Only one of these employees will be replaced.
- Seven DCA employees were laid off in FY2009-10. With the expected elimination of positions in FY2010-11, DCA is likely to have approximately 54% of the 70 authorized positions in the previous year's budget.
- The primary effect of the position eliminations will be on DCA's neighborhood art and community cultural centers, including theaters. DCA will be conducting solicitation processes for non-profit organizations to be partner/operators of seven facilities.

### FACILITIES THAT MAY BE RUN BY PARTNERS

Warner Grand Theater

Barnsdall Gallery Theater

Vision Theater

Madrid Theater

Barnsdall Art Center

Barnsdall Junior Art Center

William Grant Still Art Center

- Of a total of 29 facilities, DCA will continue to operate eight facilities and historic sites, manage 17 partnered facilities and devise operational plans for four Proposition K facilities that will come on line in the future.
- In FY2010-11, DCA will be able to maintain its grants to the arts community as well as its public art program.

## HUMAN SERVICES DEPARTMENT

As a cost saving measure, the Human Services Department will be eliminated. To continue some services, several employees will be transferred to the Community Development Department, the Mayor's Gang Reduction and Youth Development Office and other departments.

- The Commission on Children, Youth and Their Families will be integrated into the existing advisory bodies to the Community Development Department to

oversee the City's anti-poverty efforts. Programs will be funded with grant dollars instead of the General Fund.

- The Young Women from Adversity to Resiliency (YWAR) program and its two grant-funded staff members will be transferred to the Mayor's Gang Reduction and Youth Development Office. YWAR will continue to serve a growing population of girls who are at risk of becoming involved in gangs.

# ENVIRONMENT

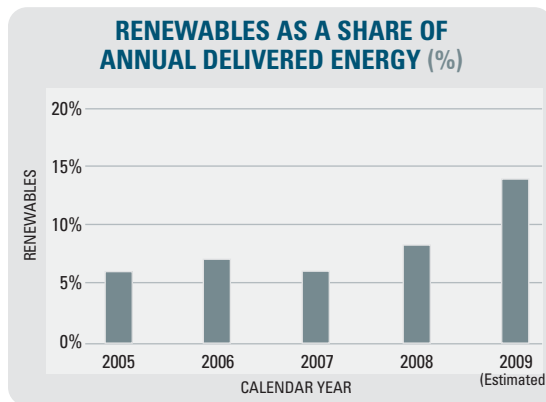
## Department of Water and Power

### LADWP: POWER SYSTEM

The Los Angeles Department of Water and Power (DWP) provides electricity to 1.25 million residential customers and 200,000 commercial and industrial customers. In FY2008-09, more than 25.5 billion kilowatt hours of electricity were distributed to customers, producing \$887 million in revenue from residential customers and \$1.78 billion from commercial and industrial customers. The average residential customer used 6,122 kilowatt hours.

### RENEWABLE ENERGY

The Mayor has set a target for 2010 that 20% of all power delivered by DWP during the calendar year should be generated by renewable sources (i.e. wind, geothermal, solar, etc.)



From Jan. 2009 to Jan. 2010, renewable projects have been brought into service that will contribute more than 9% towards the 2010 goal of 20%:

Jan. 2009	Pebble Springs
July 2009	Pine Tree
Oct. 2009	Milford I
Dec. 2009	Shell landfill gas
Dec. 2009	Atmos landfill gas
Jan. 2010	Windy Point – I & II

The increased share of renewables in DWP's portfolio has helped to significantly reduce DWP's 2009 carbon dioxide emissions, which were 16.7% lower than 1990 levels (nearly three quarters of that reduction has occurred since 2005).

### LADWP: WATER SYSTEM

The DWP provides water to more than four million residents of the City. In FY2008-09, DWP delivered 189 billion gallons of water, down from 199 billion gallons in the previous year. Average daily water use per capita was 126.5 gallons, down from 134 gallons in the previous year. Operating revenues for the Water System were \$784 million in FY2008-09, up from \$744 million in the prior year.

### WATER CONSERVATION

Facing severe shortages of water, in June, 2009 DWP implemented Shortage Year Water Rates for all customers and restricted sprinkler use to Mondays and Thursdays only. City residents and businesses responded to the call and conserved 17.6 billion gallons of water during the next five months. This unprecedented level of conservation resulted in the lowest citywide water consumption in 18 years, despite a population growth of half a million people. Single-family residential customers cut their use by nearly a quarter and government customers cut water use by nearly 30%. Overall, water use for all customers was down 18.4%.



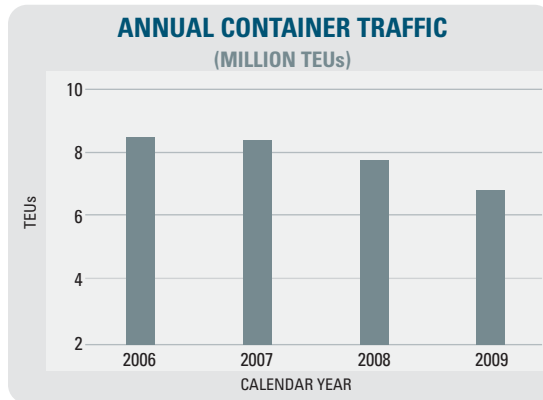
Wind power is a major contributor to the Mayor's renewable energy goals.

## FOCUS 4 : CONTINUED

# Port of Los Angeles

## CARGO BUSINESS

The Port of Los Angeles is located in San Pedro Bay, 20 miles south of downtown Los Angeles. The Port encompasses 7,500 acres, 43 miles of waterfront and features 27 cargo terminals. Funded by fees rather than taxes, the Port of Los Angeles leases its property to tenants who operate their own facilities.



The global economic downturn has resulted in a decrease in containerized shipping at major ports around the world. After record-setting years of processing more than eight million incoming and outgoing containers in 2006 and 2007 (measured as “twenty foot equivalent units,” or TEUs), the Port of Los Angeles processed just 6.75 million TEUs in calendar year 2009. Recent statistics suggest a recovery, as TEUs were up by 27% in February 2010 compared with the same period in 2009.

## MILESTONES – CARGO BUSINESS

- On March 8, 2010, the Port broke ground on a \$22 million Federal stimulus grant project for roadway improvements along a 1.3 mile segment of Harry Bridges Blvd. in Wilmington. The project, funded through the American Recovery and Reinvestment Act of 2009, is expected to create more than 250 local construction jobs.
- On January 9, 2010, the City opened a 16-acre park on the site of a former tank farm in San Pedro across from 22<sup>nd</sup> St. Landing. The park is part of the Port’s efforts to redevelop waterfront properties for the community.

- In 2009, the Los Angeles Board of Harbor Commissioners approved two projects:
  - A long-term lease for the TraPac, Inc. container terminal, projected to generate 300 new terminal jobs and 2,800 construction jobs at the peak of construction
  - The San Pedro Waterfront cruise ship facility, projected to generate 5,000 permanent jobs and 13,700 one-year equivalent jobs during built-out

## CLEAN AIR ACTION PLAN

The San Pedro Bay Ports Clean Air Action Plan (CAAP) was approved on November 20, 2006, committing the ports of Los Angeles and Long Beach to an aggressive plan to reduce pollution by at least 45% within five years.

The Port of Los Angeles has committed more than \$100 million in funding toward various air quality projects, yielding significant emission reductions in diesel particulate matter, nitrous oxides and sulfuric oxides.

## MILESTONES – CLEAN AIR ACTION PLAN

- On December 14, 2009, the Port released the revised 2008 Inventory of Air Emissions, which reported a 19% reduction in Diesel Particulate Matter (DPM) from Port activities since 2005.
- One policy causing this reduction in particulate matter emissions is the Clean Truck Program, which uses a combination of regulation and incentives to replace older, high-polluting trucks with newer, cleaner trucks. For the month of January 2010, 83% of all cargo moves were handled by clean trucks, reducing soot emissions in the communities around the Port and along the freeways that service the Port.
- The Port is also implementing a variety of measures to reduce emissions by large cargo ships, including the enforcement of a speed limit while in the harbor and the construction of electrified berths that enable ships to plug in for power rather than run their diesel engines while loading and unloading cargo.
- In 2010, the Port plans to release the 2009 Inventory of Air Emissions and a major update to the Clean Air Action Plan.



## FOCUS 4 : CONTINUED

# Bureau of Sanitation

## MISSION

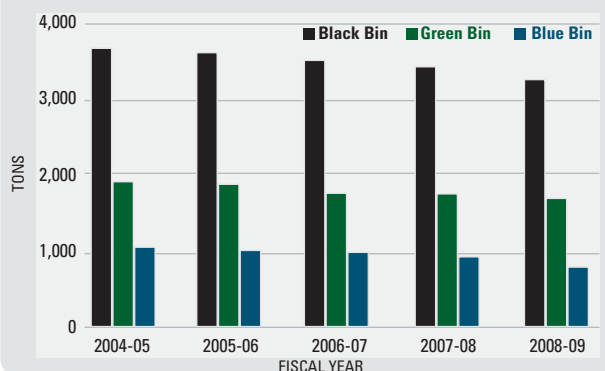
The mission of the Bureau of Sanitation is to protect public health and the environment. The Bureau administers three key City programs:

1. Clean Water Program – With a capacity of 550 million gallons per day, a network of 6,500 miles of pipeline connects the greater Los Angeles area to the City's four major wastewater and water reclamation plants.
2. Solid Resources Program – From refuse and recyclables to yard trimmings and bulky items, an average of 6,652 tons is collected daily from more than 750,000 LA residences.
3. Watershed Protection Program – Through innovation and proactive measures, the program protects water quality and provides flood protection throughout LA's waterways.

Additional information, including the strategic plan and performance metrics, are at: [lacitysan.org](http://lacitysan.org)

## MILESTONES – SOLID RESOURCES

### RESIDENTIAL SOLID WASTE: DAILY TONNAGE COLLECTED

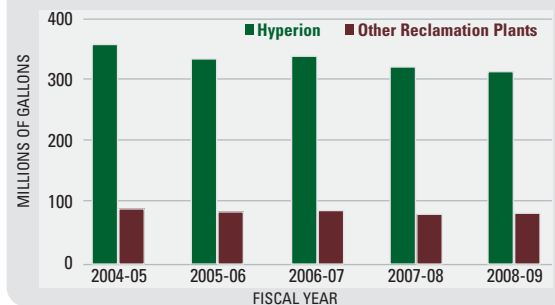


- In 2009, the City had the highest citywide recycling rate of the 10 largest US cities (65%) and is on track to reach the Mayor's goal of a 70% diversion rate by 2013.
  - From FY2005-06 to FY2009-10, multi-family recycling participants increased 500% to 425,000 units.
  - From FY2005-06 to FY2009-10, participation in school recycling increased from 10 to 542 schools.

- From FY2005-06 to FY2009-10, the food scrap diversion rate increased fourfold to 28,800 tons.
- Through the use of a growing fleet of natural gas fueled refuse trucks, the Bureau has avoided emission of 16,000 metric tons of CO<sub>2</sub>.

## MILESTONES – CLEAN WATER

### AVERAGE DAILY WASTEWATER TREATED



- The Clean Water Program has:
  - reduced sewer spills by nearly 78% as compared to FY2000-01.
  - reclaimed over 16% of all the wastewater treated from all four treatment plants.
  - reduced energy costs by deriving 85% of all power used at treatment plans from renewable biogas produced by the reclamation processes.
- The Watershed Protection Program has:
  - installed more than 38,000 trash capturing devices and cleaned more than 100,000 catch basins annually which led to a 60% reduction in trash in the LA River and Ballona Creek.

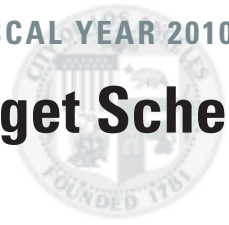
## COST SAVING MEASURES

- Approximately 137 Bureau employees participated in the Early Retirement Incentive Program, creating significant salary savings for FY2009-10. An additional 100 positions were deleted during the fiscal year.
- The Bureau welcomed employee transfers from eliminated city departments, providing \$1.9 million in savings for the General Fund.
- Solid Resources has initiated the multi-family recycling franchising fee which has the potential to generate General Fund revenue.

## STATE AND FEDERAL GRANTS

- The Bureau has \$36 million in approved funding for various grant projects of which \$10 million is associated with ARRA funding.

# Budget Schedule



<b>April 20</b>	Last day for the Mayor to submit a <b>Proposed Budget</b> (Charter Section 312).
<b>April 27 – May 11</b>	Budget and Finance Committee reviews and conducts hearings on the Mayor’s <b>Proposed Budget</b> in the John Ferraro Council Chamber (detailed agenda to be published at a later date).
<b>May 12 – May 13</b>	Chief Legislative Analyst (CLA), with assistance of City Administrative Officer (CAO) prepares the Budget and Finance Committee Report.
<b>May 14</b>	Budget and Finance Committee’s Report on the Proposed Budget presented to the City Council. No City Council action to be taken, except to hold public hearings at 10:00 a.m.
<b>May 17 – Close of Hearings</b>	Public hearings will take place as a “special order of business” each day the Council considers the Budget and Finance Committee’s Report on the Proposed Budget.  Hearings will be held during regularly-scheduled Council sessions (Tuesday, May 18 and Wednesday, May 19) and two special meetings (Monday, May 17 and Thursday, May 20 at 10:00 a.m.).
<b>May 20</b>	Date by which the City Council should finalize its action on the <b>Proposed Budget</b> .
<b>May 21 – May 24</b>	CLA, CAO, and City Attorney prepare the Budget Resolution for the Council’s approval.
<b>May 25 – May 28</b>	Council adoption of Budget Resolution.
<b>May 26 – June 7</b>	Mayor has five working days to review and veto items (per Charter Section 314).
<b>May 27 – June 14</b>	City Council has five working days to override or sustain the Mayor’s vetoes (per Charter Section 315).

## Focusing on Core Services

Please share your recommendations to  
promote cost-effectiveness and efficiency  
by visiting the city budget website at:

**[budget.lacity.org](http://budget.lacity.org)**

or email at:

**[LABudget@lacity.org](mailto:LABudget@lacity.org)**



**City of Los Angeles**  
Fiscal Year 2010-11  
**Budget Summary**

**DESIGN:** JJLA Associates  
Sherman Oaks, California



**City of Los Angeles**  
Fiscal Year 2010-11  
**Budget Summary**