

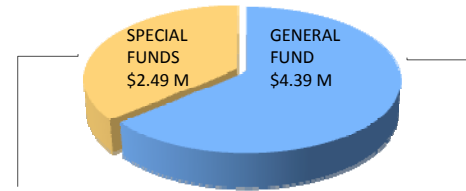
City of Los Angeles – Budget Background

Fiscal Year 2011-12 Budget

The FY 2011-12 operating budget is \$6.87 billion, consisting of a \$4.39 billion General Fund and special funds of \$2.49 billion.

	AMOUNT (\$ Mil)	AUTHORIZED POSITIONS
General Fund	4,386	22,103
Special Funds	2,486	10,171
TOTAL OPERATIONAL BUDGET	6,872	32,274
Proprietary Department Budgets		
Airports	5,015	3,480
Harbor	977	989
Water and Power	6,468	10,383
Grants & Other Non-Budgeted Sources	1,312	0
TOTAL CITY GOVERNMENT	\$20,644	47,126

FY 2011-12 ADOPTED BUDGET



Special funds are usually approved by LA Voters for a specific purpose such as sewer construction.

The General Fund supports basic municipal services such as police protection, fire services, parks, libraries, transit services, sidewalk repair, public works services, and a variety of other essential services.

Reserve Fund: The City has a Reserve Fund where unrestricted cash is set aside for unforeseen expenditures and emergencies. The current Reserve Fund balance of \$193.4 million represents 4.4% of the General Fund.

The structural imbalance between City revenues and expenditures is primarily limited to the General Fund. Weak revenue performance and escalating operational costs have significantly threatened the City's fiscal sustainability and its ability to provide essential services to the people of Los Angeles. For information about actions taken to address the structural deficit, please see page two.

MAJOR GENERAL FUND REVENUE SOURCES

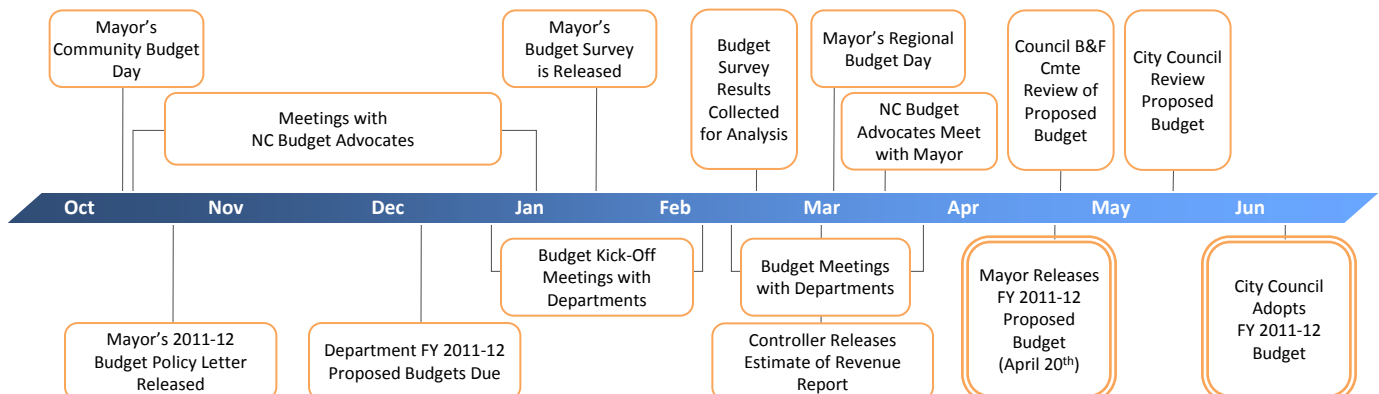
GF REVENUE SOURCE	AMOUNT (\$ Mil)	% OF GF
Property Tax	\$ 1,436	33%
Licenses, Permits, Fees & Fines	\$ 725	17%
Utility Users' Tax	\$ 628	14%
Business Tax	\$ 439	10%
Sales Tax	\$ 306	7%
Power Revenue Transfer	\$ 254	6%
Miscellaneous Revenues	\$ 598	14%
TOTAL	\$4,386	100%

MAJOR GENERAL FUND EXPENDITURES

GF EXPENDITURE	AMOUNT (\$ Mil)	% OF GF
Police Department	\$ 1,136	26%
Pensions and Post Retirement Benefits	\$ 891	20%
Health Care and Workers' Comp	\$553	13%
Fire Department	\$466	11%
Recreation & Parks and Library	\$230	5%
Infrastructure (Public Works, Planning, Transportation, and Building and Safety)	\$175	4%
Other Expenditures (Other departments, Utilities, Liability Claims)	\$935	21%
TOTAL	\$4,386	100%

Budget Development Process and Opportunities for Community Input

Each fall, the Mayor releases a policy letter to all City Departments that outlines his budget goals and provides budget instructions for the upcoming year. In December, City departments submit their budgets to the Office of the Mayor and the Chief Administrative Officer (CAO). This is followed by a period of collaborative decision-making between the CAO, community representatives, and the City Council who assist the Mayor in formulating the Proposed Budget. The Mayor then submits his Proposed Budget to the City Council on or before April 20th.



Actions Taken to Address the City's Fiscal Crisis

Summarized below are actions the City has taken in recent years to balance its budget.

AUSTERITY MEASURES

- Eliminated non-core functions including:
 - ▶ Commission on the Status of Women (CSW)
 - ▶ Commission for Children, Youth & Families (CCYF)
 - ▶ Human Relations Commission (HRC)
 - ▶ Environmental Affairs Department (functions partially moved to other departments)
 - ▶ Treasurer (consolidated with the Office of Finance)
- Suspended General Funded Capital Projects
- Freeze on travel, equipment and furniture purchases
- Reduced City fleet

OPERATIONAL EFFICIENCIES

- Replaced temporary Fire Department "modified deployment plan" with an overhauled new deployment plan yielding ongoing savings
- Improved billing and collections
- Replaced and upgraded parking meter infrastructure
- Partnered with non-profits for operations of the East San Fernando Valley Animal Shelter and a number of Cultural Facilities

REVENUE ENHANCEMENTS

- Obtained full cost-recovery for reimbursable services
- Maximized use of special funds and grants
- Refinanced debt for lower interest rates
- Protected \$270 M in Communication Users' Tax revenue by obtaining voter approval of Measure S in 2008

RENEGOTIATED LABOR CONTRACTS

- Cost savings provisions include:
 - ▶ Salary reductions and restructuring
 - ▶ Healthcare plan design change for active employees
 - ▶ Unpaid holidays
 - ▶ Reduction in cash payment of Overtime

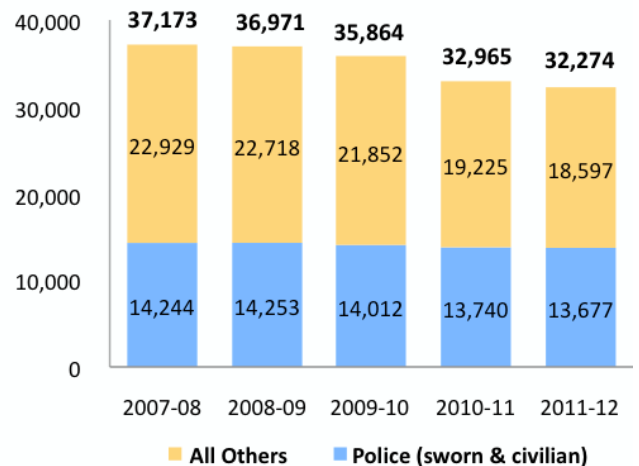
PENSION AND RETIREE HEALTH REFORM

- Obtained active employee contribution towards post-employment benefits
- Froze medical subsidy for active employees that do not make additional contribution toward retiree health
- Obtained voter approval for new retirement tier for sworn hires

WORKFORCE REDUCTIONS

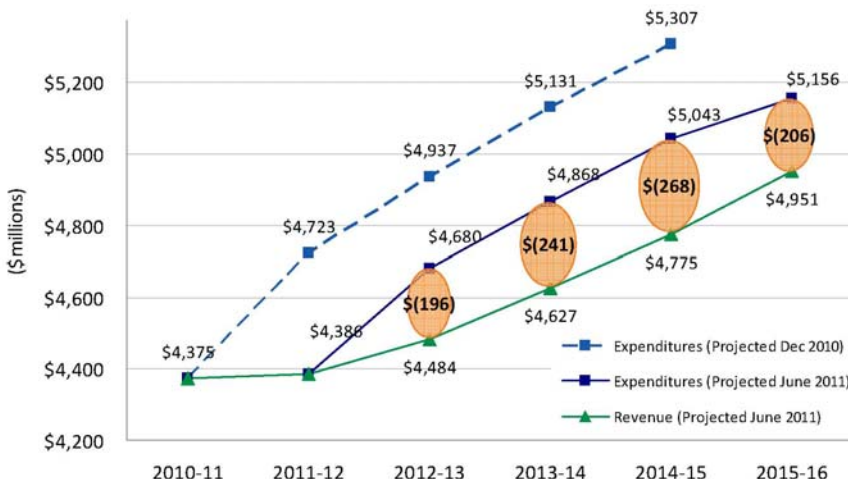
- 4,900 General Fund positions eliminated since FY07-08
 - ▶ Early Retirement Incentive Program (ERIP)
 - ▶ Layoffs and transfers to non-General Fund departments
 - ▶ Vacant position eliminations
- New hiring strictly limited through Managed Hiring Committee

AUTHORIZED CITYWIDE STAFFING



Source: Adopted FY 2011-12 Budget, CAO

Four-Year Fiscal Outlook (General Fund)



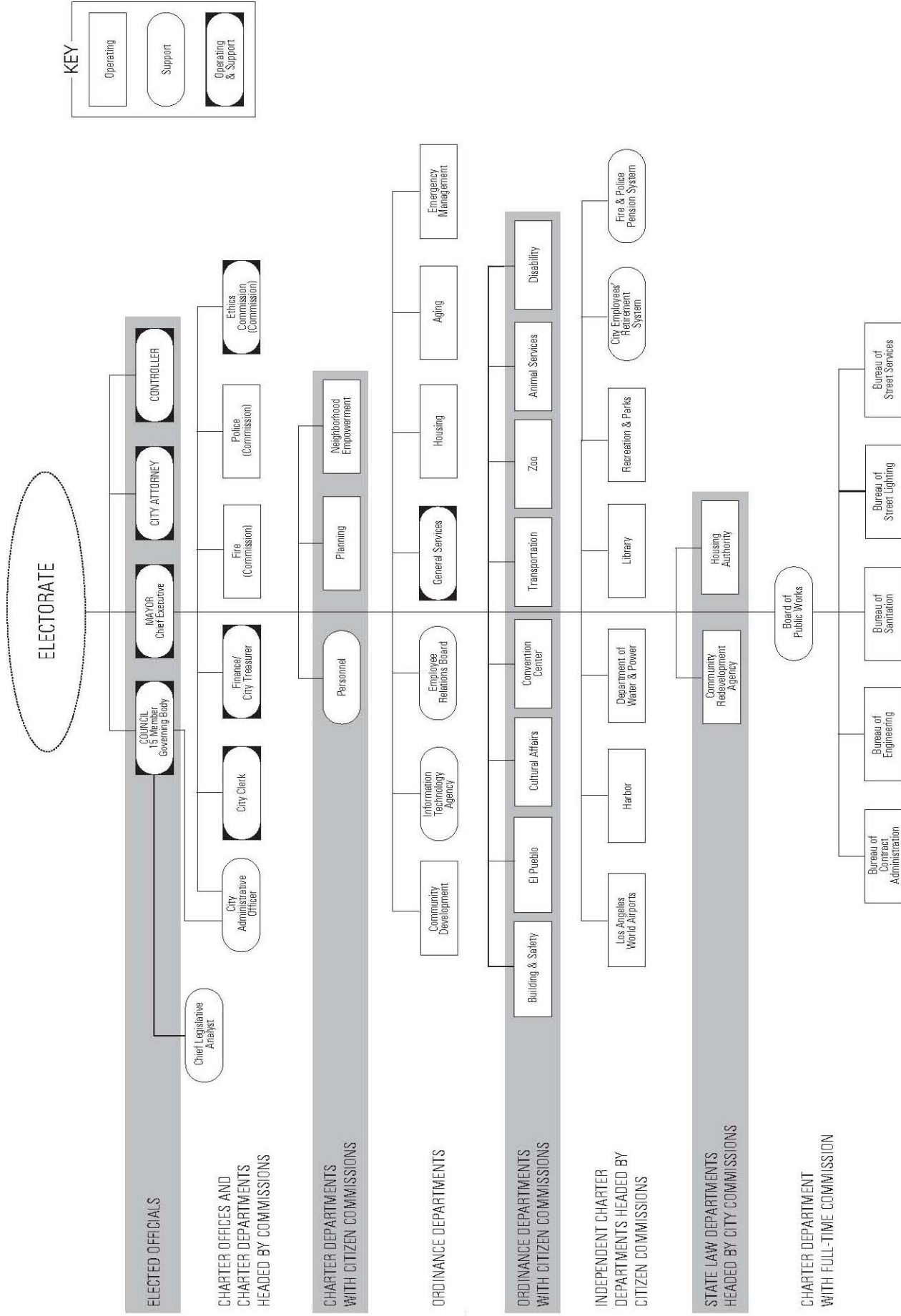
SOURCE: CAO, June 2011

NOTE: In November, the CAO revised the projected deficit for FY 2012-13 to \$200 - \$250 million.

In December 2010, the FY 2012-13 budget deficit was estimated at \$446 million. **Budget balancing measures implemented this year cut the projected deficit in half.** The City now estimates a \$200 to \$250 million deficit for FY 2012-13, primarily due to the rising costs of employee pensions and benefits.

In preparation of his FY 2012-13 Proposed Budget, Mayor Antonio R. Villaraigosa is exploring innovative options to further reduce the City's major cost drivers and to increase revenues.

Organization of the City of Los Angeles



Departmental Appropriations and Authorized Positions

TOTAL 2011-12 CITY GOVERNMENT GENERAL CITY BUDGET, INDEPENDENT DEPARTMENTS, GRANTS AND OTHER NON-BUDGETED FUNDS

	Appropriations (\$ Millions)	Authorized Positions
I. Independent Departments		
Airports	\$ 5,015.1	3,480
Harbor	976.6	989
Water and Power	6,468.2	10,383
Total	<u>\$ 12,459.9</u>	<u>14,852</u>
II. General City Budget		
Animal Services	\$ 35.9	337
Building and Safety	112.1	725
City Administrative Officer	18.5	110
City Attorney	147.6	776
City Clerk	15.6	100
Community Development	38.8	197
Controller	29.0	152
Convention Center	89.7	133
Council	31.1	108
Cultural Affairs	12.2	40
El Pueblo	3.0	10
Emergency Management	4.5	14
Fire	771.3	3,537
Finance	60.6	367
Housing Department	78.2	534
Mayor	29.9	94
Neighborhood Empowerment	3.2	17
Planning	40.1	240
Police	2,038.1	13,677
Public Works (Street Services, Sanitation, etc.)	1,005.8	4,741
Transportation	241.4	1,341
Treasurer	-	-
Zoo	31.6	228
Other budgetary departments	13.6	70
Library	135.9	828
Recreation and Parks	220.6	1,524
Support department costs allocated to line departments	-	2,374 *
Bond Redemption and Interest	167.4	-
Capital Improvement Expenditure Program	150.2	-
General City Purposes	82.3	-
Judgement Obligation Bonds Debt Service Fund	9.0	-
Proposition A Local Transit Assistance Fund	139.5	-
Proposition C Anti-Gridlock Transit Improvement Fund	29.4	-
Unappropriated Balance	21.7	-
Wastewater Special Purpose Fund	433.6	-
Special Parking Revenue Fund	48.8	-
Other (Various Special Purpose Funds; Independent Department costs which are reimbursed)	581.4	-
Total	<u>\$ 6,871.6</u>	<u>32,274</u>
III. Grants and Other Non-Budgeted Funds		
Federal Job Training, Pension Fund Investment Earnings, less interdepartmental transfers	\$ 1,312.3	-
Grand Total	<u>\$ 20,643.8</u>	<u>47,126</u>

Source: Adopted FY 2011-12 Budget, CAO

For more information about the City's budget, please visit:
<http://mayor.lacity.org/issues/balancedbudget>

