

Detail of Department Programs with Financial Summaries

SUPPLEMENT TO THE 2003-04 PROPOSED BUDGET



*Protecting
our Neighborhoods*

Detail of Department Programs with Financial Summaries

Supplement to the 2003-04 Proposed Budget

2003-04



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FOREWORD

CITY OF LOS ANGELES BUDGET SYSTEM

The City's budget system provides for analysis, review, funding, and control through the use of three major forms of budgeting. The historical approach to the budget process is the allocation and control of appropriated funds according to objects of expenditure, commonly called "line item budgeting." The City's funds are appropriated in this manner.

In 1952-53, the City added the concept of performance budgeting whereby departments and offices present a work program as the basis of their budgetary needs. Thus, departments indicate the work units they plan to accomplish with the appropriated funds in addition to the amount they will spend by line item to accomplish that work. After review and modification through the budget process, the final work program represents the service levels and work units to be accomplished in accord with the funding provided in the adopted budget. At the end of the current fiscal year, departments prepare their annual expenditure program for the upcoming fiscal year which sets forth how the appropriated funds will be allocated during each of the 12 reporting periods based on their expected needs.

In 1972-73, the City modified the budget system to place primary emphasis on program objectives and their attainment by incorporating selected features of program budgeting. The City's approach differs from program budgeting theory in that its programs are defined within rather than across departmental frameworks. The program structure, however, permits citywide summarization of departmental programs into the City's functions and subfunctions, which appear in Section 6 of the budget document.

The most recent modification to the City's budget system is the inclusion of "decision packages" from zero-based budgeting concepts so that departments' requested changes from the adopted budget are prioritized. Thus, the City's budget system has evolved into a modified program budget.

THE BLUE BOOK

I. OVERVIEW

This supporting document –the “Blue Book”-describes the Mayor’s proposed changes to the adopted budget for the ensuing fiscal year. The Blue Book supplements the budget document which presents financial information by line item. The Blue Book describes budgetary changes by program within each department. These changes are further subdivided into major categories.

The Blue Book is comprised of four sections as follows:

- Section 1 presents selected financial summaries. Included are City staffing, the change in the number of positions by department, the revenue required to fund the proposed appropriations, the revenue changes to the adopted budget, and the change in appropriations.
- Section 2 presents changes in appropriations for budgets controlled by the Mayor and Council (i.e. Police, Fire, Transportation, Public Works). Changes are shown for each program and each department.
- Section 3 presents changes in appropriations for budgets of departments having control of their own funds and depending upon the General Fund for some of their operating funds (i.e. El Pueblo, Library, and Recreation and Parks). Changes in appropriations for selected non-departmental funds are also presented.

II. THE PRESENTATION OF DEPARTMENT BUDGETS

FUNDING, STAFFING AND BUDGET HIGHLIGHTS

The first page of each department’s material summarizes significant financial and position changes from the current year’s adopted budget to the ensuing year’s proposed budget.

RECAPITULATION OF CHANGES BY ACCOUNT AND FUNDING SOURCE

This page provides a summary of changes in appropriations by budgetary account and funding source. A detailed explanation of the changes appears on the following pages.

CHANGES APPLICABLE TO VARIOUS PROGRAMS AND CHANGE CATEGORIES

For efficiency, changes involving two or more budgetary programs are explained in this section of the departmental material. These changes are then apportioned as single entries in the affected programs. Single-program changes are shown only in the programs affected. Changes in this section and within individual programs are categorized as follows:

OBLIGATORY CHANGES

These are changes that must be provided according to established policy such as interim salary adjustments, deletion of one-time funding for expenses or equipment, and changes in funding to reflect the number of working days during the ensuing fiscal year. Changes mandated by federal, state or city law, as well as items approved by the Mayor and Council during the previous fiscal year after the budget was adopted, are also included here.

WORKLOAD CHANGES

These changes reflect measurable demand for services such as street miles to be maintained, tons of refuse to be collected or building permits to be processed.

NEW FACILITIES

These changes reflect increases necessary to open, operate and maintain new City facilities.

TRANSFERS BETWEEN DEPARTMENTS OR FUNDS

These changes reflect transfers of funds, programs, or personnel between departments or funds.

SERVICE LEVEL CHANGES

These changes reflect service level increases and decreases which are not necessarily driven by workload.

TARGETED REDUCTIONS

These changes reflect reductions due to budgetary constraints.

PRODUCTIVITY IMPROVEMENTS

These changes reflect initiatives to improve the efficiency or effectiveness of City operations.

OTHER CHANGES OR ADJUSTMENTS

This category reflects changes that either fit into multiple categories or do not fit neatly in any of the categories above.

CHANGES IN DIRECT AND TOTAL COSTS AND POSITIONS

Financial changes in departments are expressed in terms of direct and total costs. Changes in direct costs consist of changes in departmental appropriations for salaries, expense, equipment and special accounts. Changes in total costs consist of the sum of direct costs plus estimated related costs for employee benefits such as retirement, health and dental insurance. Additional costs related to departmental operations that are appropriated in other budgets such as in the City Employees' Retirement System for retirement and Human Resource Benefits for health, dental and other insurance programs are reported as related costs in Exhibit G of the budget document.

Personnel changes are expressed in terms of the number of regular positions to be added or deleted from the adopted budget. Where applicable, filled positions proposed for deletion are also noted. Elimination of these positions could result in the layoff or displacement of the incumbents.

WORKLOAD INDICATORS

The Workload Indicators presented illustrate the historical and estimated future production of City operations funded by the Proposed Budget. They provide additional context for the changes presented.

SELECTED BUDGETARY TERMS

The following budgetary terms appear in the Blue Book. Each of these are standard technical adjustments applied to all departmental budgets. To promote clarity for the reader of this book, they are defined below:

SALARY STEP PLAN AND TURNOVER EFFECT

The City compensation system is composed of compensation ranges. Ranges have multiple steps or levels. Most ranges have five steps. Assuming satisfactory performance, incumbents in each range move from step to step over a period of time.

The Salary Step Plan and Turnover Effect is the estimated net effect of the salary step effect and the turnover effect for the budget year. The salary step effect reflects employees who stay with the City over the course of the budget year. Those employees may move from their existing salary step to a higher salary step. The timing and resulting cost of this movement varies for each position.

Simultaneously, employees who have been with the City for a period of time may vacate their position at a certain salary step (generally, the salary step is higher the longer the time of service in the position). Replacements for those employees often are hired at lower salary steps. The resulting cost difference is the turnover effect.

SALARY SAVINGS

The City has a dynamic workforce with employees constantly leaving, being hired and being promoted. When a funded position is vacated, it generally takes some time to hire a replacement. Salary savings reflects those costs not incurred between the time the position is vacated and the time a replacement is hired. This savings is deducted from the departmental budgets.

CHANGE IN THE NUMBER OF WORKING DAYS

Due to differences between the City's pay schedule and the calendar year, the number of working days in a fiscal year can vary by one or two days. The cost impact of this is estimated and included in the Proposed Budget.

DELETION OF ONE-TIME EXPENSE, EQUIPMENT OR SPECIAL FUNDING

Each year, the adopted budget contains funding for one-time expenditures. Funding for these items is deleted from the adopted budget base as a technical change. These technical changes are shown in order to allow the reader to follow all the changes made to the budget and better compare the Mayor's Proposed Budget with the current year budget. New one-time expense, equipment or special items must be justified separately for inclusion in the Proposed Budget.

DELETION OF FUNDING FOR RESOLUTION AUTHORITIES

Position authority is granted at several levels.

- Regular authorities are considered long-term, permanent, ongoing positions required by the City and are authorized by an Ordinance adopted by the Council and Mayor.
- Resolution authorities are considered limited-term, temporary positions required by the City and are authorized by Council resolution. These are generally associated with projects of limited duration or funding.
- Substitute authorities are considered temporary authorities. They are often authorized to resolve a variety of temporary staffing problems. These positions are generally unfunded. This authority is not intended to allow for significant changes to the existing work program or budgetary authority.
- In-lieu authorities are considered temporary authorities. They exist to allow for limited management flexibility in the level of the employee hired. An in-lieu authority can only be authorized at a level equal to or lower than the level of the funded position. This authority is not intended to allow for significant changes to the existing work program or budgetary authority.

Each year, the adopted budget contains funding for resolution authorities. Due to their limited-term and temporary nature, funding for these items is deleted from the adopted budget as a technical change. Continuation of funding and position authority for these positions are dependent upon any continuing need into the next fiscal year. This technical change is shown in order to allow the reader to follow all the changes made to the budget and better compare the Mayor's Proposed Budget with the current year budget.

