



Fiscal Year 2012-2013 Budget Summary

As Presented by Mayor Antonio R. Villaraigosa



Continuing on the path to a **Sustainable** Future.



City of Los Angeles
Budget Summary
Fiscal Year 2012-13

As presented by
Mayor Antonio R. Villaraigosa

Office of the Mayor
Los Angeles City Hall
Los Angeles, CA 90012
(213) 978-0600
E-mail: LABudget@lacity.org

For additional budget information and online budget documents please visit:
budget.lacity.org

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A Message From:

Antonio R. Villaraigosa

Mayor, City of Los Angeles

My Proposed Budget for Fiscal Year 2012-13 reflects an unwavering commitment to making Los Angeles a city of safe neighborhoods and strong communities, a city that protects core municipal services, and a city with its long-term financial health and economic vitality ensured. This \$7.2 billion budget closes an estimated \$238 million deficit through expenditure cuts, operational efficiencies and revenue maximization efforts. Two-thirds of these measures are on-going and will permanently reduce the General Fund structural deficit.

Two years ago the City Administrative Officer (CAO) estimated that the City's structural deficit would balloon to more than \$1 billion by fiscal year 2013-14. If you adopt my Proposed Budget, we will build upon the actions that we have already taken together as a city to weather the Great Recession; we will significantly reduce our structural deficit; and, we will ensure the continued delivery of the City's core services for all Angelenos. In addition to drastically reducing the City's projected gap between revenue and spending, we have prioritized strengthening of our cash reserves. My proposed budget establishes a \$211 million Reserve Fund. As a percentage of the General Fund, this is the largest reserve set aside since 2002.

While many difficult choices and necessary sacrifices have already been made, we must continue to directly address the city's major cost drivers. Regrettably, this will entail workforce reductions. Since 2008, the general fund civilian workforce has been cut by one-third, from nearly 14,000 positions to roughly 9,000 positions. This year, I am proposing the elimination of an additional 669 authorized positions. This represents one of the most difficult decisions in this year's budget, especially since 231 of these positions are currently filled and eliminating them will result in lay-offs.

Workforce reductions alone will not address our current fiscal challenges. Last year, we worked with our labor partners to reach a historic agreement. The vast majority of active sworn and civilian employees agreed to increase their contribution toward their retirement benefits to 11% of pay. This saved the City hundreds of millions of dollars. However, the costs of pension and retiree healthcare benefits continue to represent a sizeable component of the City's structural budget deficit. By Fiscal Year 2014-15, the City could be contributing nearly 30 cents towards retirement benefits for every dollar it spends on salaries for civilian employees. Further reforms to employee health and pension benefits are needed to protect basic levels of City services.

Today I am proposing a pension reform plan for new civilian employees (attached) that increases the retirement age to 67, eliminates pension spiking and implements other reforms necessary to reduce long-term pension costs. At my instruction, the CAO is analyzing this proposal and will report to the full City Council in the next 30 days with recommendations to implement my plan. I strongly urge you to review and expeditiously adopt these reforms.

My budget plan will continue to maintain the size of the Los Angeles police force at its current strength. This has helped bring violent crime in the City down to levels not seen since the 1950's. My budget will also add funding to offset the loss of discretionary Federal monies to maintain the City's Office of Gang Reduction and Youth Development (GRYD). This program is responsible for the successful implementation of a comprehensive violence reduction strategy in communities most impacted by gang violence.

In order to further secure the safety of our neighborhoods and families, my budget restores Fire Department resources to improve emergency incident response times. These resources include funding for six additional ambulances, one Valley engine company, and the restoration of Emergency Medical Services (EMS) Captains. Funding will also be provided to begin the recruitment and hiring of new, well-qualified firefighters to lay the foundation of a multi-year strategy to strengthen the Fire Department, thereby ensuring the highest quality emergency services for all Angelenos.

In addition to these public safety related initiatives, the FY 2012-13 Proposed Budget includes the following key measures:

- Implements the first phase of a Performance-Based Budgeting system;
- Expands public library hours on Monday and Wednesday nights as well as Friday mornings at all 63 branch libraries citywide;
- Leverages Measure R local return dollars to preserve and resurface 800 miles of city streets (9% increase) and repair 350,000 potholes (17% increase);
- Initiates the first year of a five-year plan to re-write the City's 75 year old zoning code and continues funding for seven community plan updates;
- Centralizes Human Resource (HR) functions citywide and consolidates General Service police and security functions into the Los Angeles Police Department;
- Provides seed money for the establishment of a new, city-wide economic development delivery model for the purpose of job creation, revenue generation and economic opportunity in under-served communities.

Over the last three years, we have confronted the most challenging budget situation in generations. We have faced this challenge squarely, and we have come together to make the hard, but necessary decisions. We have both addressed our annual budget shortfalls and made significant progress in reducing our City's long-term structural deficit. We have succeeded because a commitment to shared responsibility and shared sacrifice has guided our decisions. With your continued partnership and your continued strong sense of resolve, we will successfully meet this fiscal year's challenge, we will protect the vital services Angelenos rely on, and we will ensure that Los Angeles remains on a trajectory of long-term fiscal stability.

Very truly yours,



Antonio R. Villaraigosa
Mayor

Civilian Pension Reform Plan

The City of Los Angeles provides excellent post-employment benefits to its employees and their beneficiaries. Unfortunately, the rising cost of these pension and retiree healthcare benefits represent a key component of the City's structural budget deficit. By Fiscal Year 2014-15, it is projected that the City could be contributing nearly 30 cents towards retirement benefits for every dollar it spends on salaries for civilian employees. This percentage would be even larger had it not been for the cost reductions achieved as a result of the majority of active employees agreeing to contribute toward retiree health-care.

While some progress has been made, it remains clear that further pension reform efforts are necessary and must be pursued. However, the options for reducing costs associated with active or retired employees are extremely limited—the benefits received by employees are vested under the California State Constitution. One of the only measures left to reduce future retirement costs is the implementation of a new tier of retirement benefits for new civilian employees. I am therefore proposing the following measures to improve the City's long-term financial sustainability and ensure the efficient provision of reliable retirement benefits for future civilian employees.

1. Increase the Retirement Age to 67

Current City employees can retire as early as age 55 with full benefits. This is a very generous benefit at a time when the full unreduced retirement age for Social Security participants is age 67 and average life expectancy is 78 years. I propose increasing the normal retirement age to age 67, or indexing the retirement age to Social Security.

2. Cap the Maximum Retirement Allowance

Under the current plan, City employees can work enough years to obtain 100% of their salary in retirement. I propose capping the maximum retirement allowance to 75% of Final Compensation.

3. Reduce the Retirement Factor

The retirement factor is a percentage of Final Compensation that is earned for each year of City service. For example, a current 55 year old employee that had worked 30 years could retire with 64.8% of Final Compensation (2.16% per year of service). I propose reducing the Retirement Factor to a maximum of 2% at Age 67 with a reduced factor for earlier retirements. As a comparison, CalPERS offers an array of plans with retirement factors that range from 1.25% to 3%.

4. Restructure How “Final Compensation” is Calculated to Prevent “Pension Spiking”

The Retirement Factor (see #3, above) is currently applied to an average of the employee's highest 12 months of base salary plus pensionable bonuses and premium pay. Although it is not a prevalent practice, the opportunity exists to “spike” the pension benefit, i.e., earn a higher pension benefit that has not been actuarially paid for by promoting the year before retirement. A more common sense approach would be to average Final Compensation over a longer period of time. I propose averaging Final Compensation over the last 5 years of highest salary and to end the practice of negotiating pensionable bonuses and premium pay.

5. Reduce Pension Cost of Living Adjustments (COLAs)

I propose reducing COLAs to a maximum of 2% per year based on CPI with no COLA banking from a maximum of 3% per year with COLA banking. (COLA banking allows unused COLAs in years where CPI is less than the COLA cap to be applied to future years in which the CPI exceeds the COLA cap).

6. Obtain Better Control Of Retiree Health Costs

We have already taken great steps to reduce our liability for retiree health costs. Decades ago, and far in advance of most jurisdictions throughout the nation, we changed from a Pay-As-You-Go system (one that pays only the current year liability) to one that pre-funds the cost of future liability. In addition, most employees agreed to contribute more to retiree health in exchange for vesting that benefit. Nevertheless, retiree health costs are expected to continue growing at near double-digit rates, and we must do more. I propose reducing the cap from \$1,190 per month per employee to \$596, eliminating the benefit for dependents, indexing cost increases to the single-party rate of the lowest cost standard plan (instead of the Kaiser two-party rate), and allowing employees to obtain 100% of the benefit only after 30 years of service.

7. Ensure the Cost Neutrality of the Government Service Buyback Program

As a recruitment tool, we have allowed employees with prior governmental service to “purchase” those service years by contributing more to the retirement system. However, the purchase cost appears to be less than the benefit derived, which creates an additional liability that must be paid by the City. I have instructed the CAO to study the program’s cost neutrality in order to preserve this important recruitment tool in a fiscally responsible manner.

8. Share the Risk of Future Retirement Cost Increases with Employees

Many jurisdictions are developing different models to share the future cost of retiree benefits with employees. The Governor has proposed phasing-in a “50/50” cost-sharing model and others have explored defined contribution models in which risk is transferred to the employee. While I am open to considering alternatives, I have instructed the CAO to study cost-sharing models that: 1) allow employees to “pre-fund” retiree health COLAs based on expected age and retirement, and 2) change the employee contribution from a fixed percent of salary to a percent of the Normal Cost of the retirement or health benefit.

Budget Development Overview

The fiscal year for the City of Los Angeles runs from July 1st through June 30th.

Each fall, the development of the budget begins with the release of the Mayor’s policy letter to all City Departments, which outlines the City’s fiscal goals for the upcoming year. By mid-December, City departments submit their respective budgets to the Office of the Mayor and the Chief Administrative Officer (CAO) for review.

Between the submission of the Department budgets and the final release of the proposed budget on April 20, the Mayor’s Office engages in a collaborative decision-making process with the CAO, City departments, community representatives, and the City Council to develop the budget. The City Council then has until June 1 to review, modify and adopt the final City budget.

Budget Development Calendar

2011	
October 24	Mayor releases budget policy letter to departments
October 25	CAO releases budget preparation instructions to departments
October 29	Mayor’s Community Budget Day with Neighborhood Councils and Other Community Stakeholders
December 9	Deadline for departments to submit technology requests to CAO and ITA Deadline for departments to submit budget proposals to the Mayor’s Office Mayor’s Office and CAO begin reviewing departmental budget proposals
December 16	Deadline for departments to submit Capital Improvement Project requests and Non-Capital Alteration and Improvement (A&I) requests to CAO
2012	
January 11-February 10	Mayor’s Budget Team and CAO meet to develop preliminary recommendations on departmental budgets
February 14-March 13	Mayor’s Budget Team and CAO hold hearings with departments to discuss budget recommendations
February 28	Mayor’s Economic Summit on revenue with leading local economists
March 1	Charter deadline for City Controller to submit revenue estimates to Mayor
March 10	Mayor’s Regional Budget Day with Neighborhood Councils and Other Community Stakeholders
March 23	Mayor meets with Neighborhood Council representatives
April 20	Charter deadline for Mayor to submit the Proposed Budget to City Council
April 27-May 14	City Council’s Budget and Finance Committee review the Proposed Budget and makes recommendations to City Council
May 18-31	City Council holds public hearings and considers the Proposed Budget and the Budget and Finance Committee’s recommendations
June 1	Charter deadline for City Council to adopt budget as proposed by the Mayor or as modified by Council
June 2-8	Mayor has five working days after receipt of budget from Council to review any changes made by City Council and to approve or veto any items so changed.
June 11-15	Council has five working days after receipt of budget from Mayor to consider any Mayor’s vetoes and may sustain or override each veto by a two-thirds vote. The budget is adopted after this process is completed.

*component of the Community input process

Community Input

A critical component of the budget development process is community input. Article IX, Section 909 of the City Charter states: "Each neighborhood council may present to the Mayor and Council an annual list of priorities for the City budget. The Mayor shall inform certified neighborhood councils of the deadline for submission so that the input may be considered in a timely fashion."

For the past six years, Mayor Villaraigosa has facilitated a structured community input process for the development of the annual budget. The process begins in October with the Mayor's Community Budget Day. At this event, community stakeholders learn about the status of the City budget and elect Neighborhood Council Budget Advocates, who are responsible for communicating their region's budget priorities to the Mayor.

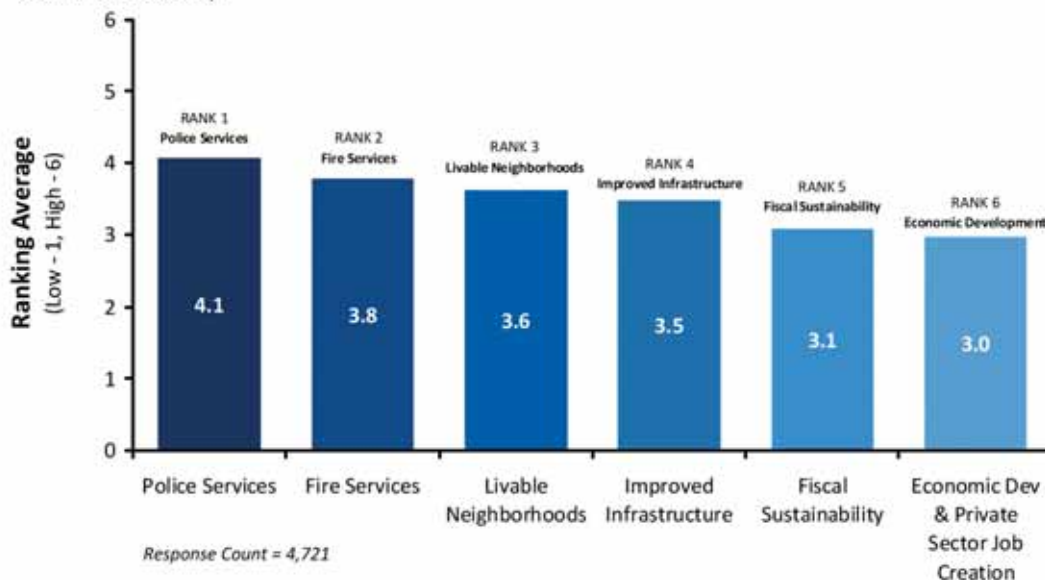
To further engage members of the public in the City's budget development process, the Mayor distributes a community budget survey to the general public. Developed with significant input from the Neighborhood Council Budget Advocates, this year's survey included questions related to budget priorities, potential service reductions, measures for a sustainable workforce, new and enhanced revenue opportunities, public private partnerships, and improved financial management tools. Surveys were made available on the internet

The Mayor's Office collected survey responses January 13, 2012 through February 27, 2012. A total of 5,394 surveys were received. The surveys were analyzed and reviewed by the Mayor's Office in cooperation with Neighborhood Council Budget Advocates for consideration in the development of the FY 2012-13 Budget. The results were then presented to community stakeholders at Regional Budget Day on March 10, 2012.

On average, respondents:

- Prioritized public safety over other City services;
- Indicated that reductions to recreational hours, funding for elected officials' offices, and funding for general administration are more acceptable than reductions to other City services;
- Expressed support for employee pension reform (raising the retirement age, eliminating pension spiking, and exploring 401(k)-type pension options), freezing employee salaries until the City's financial health is restored, and increasing employee contributions toward health care costs; and
- Indicated wide support for the City to explore more public-private partnerships and investments in financial management resources related to Performance-Based Budgeting and Multi-Year Budget Plans.

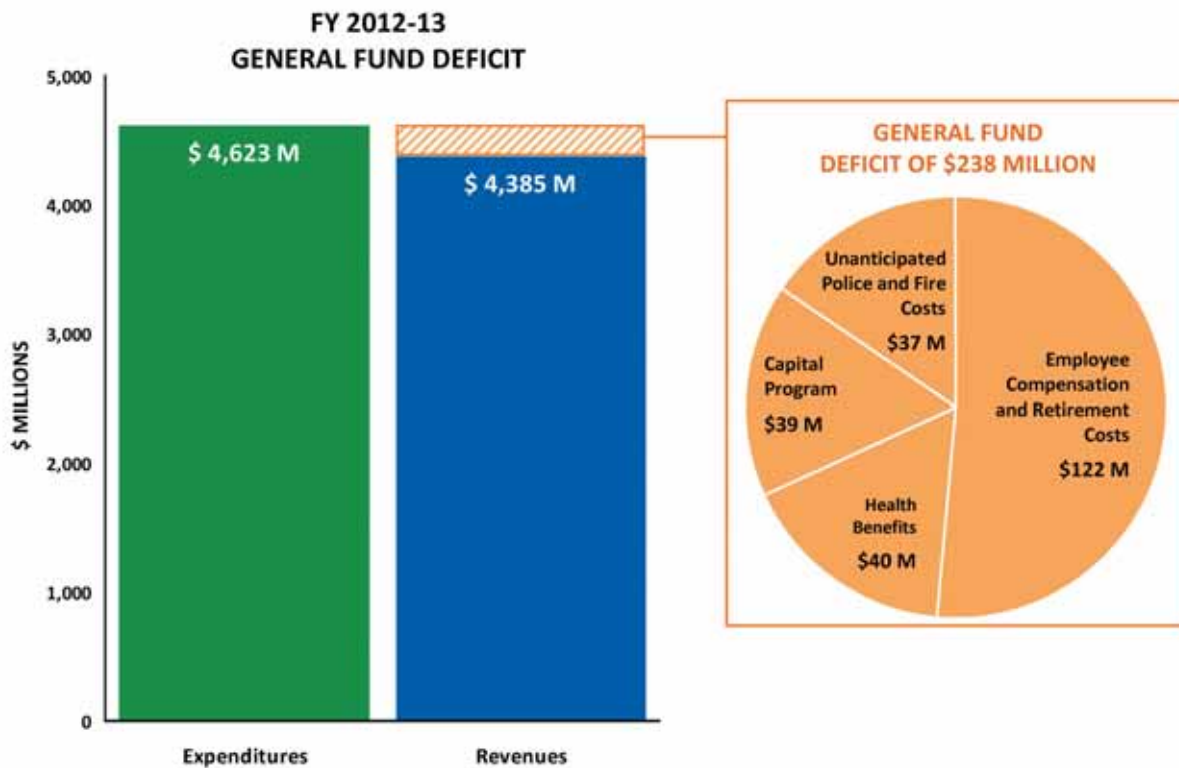
Respondents were asked to rank the six service areas listed below. (On average, Police Services received a higher ranking while Economic Development and Private Sector Job Creation received a lower ranking compared to other service areas).



Budget Priorities Ranked by Survey Respondents

Balancing the Budget, 2012-13: The Deficit

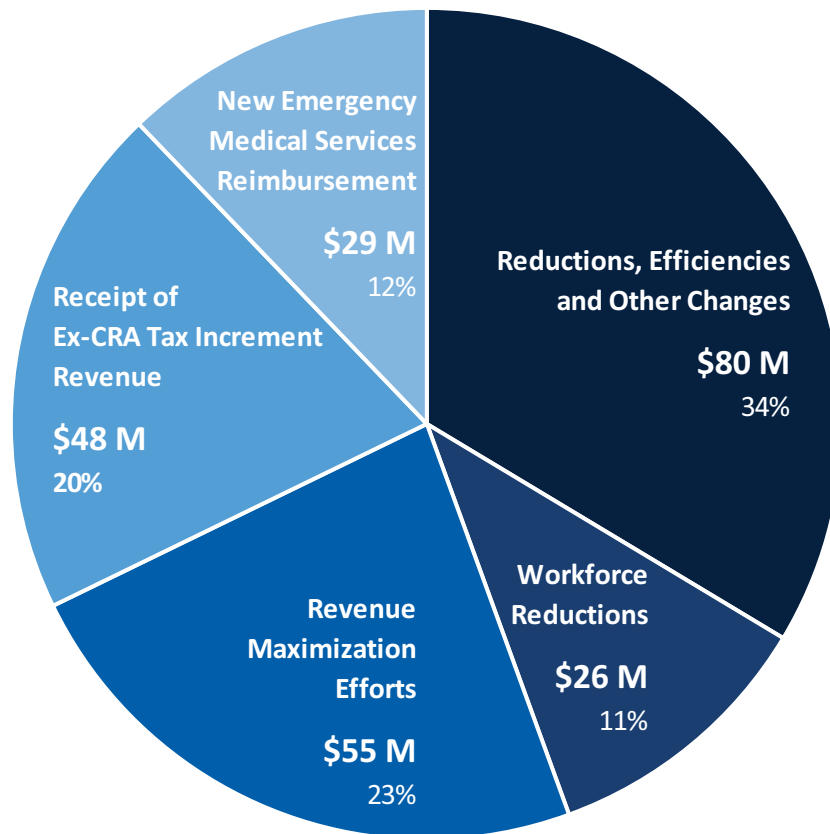
The City Administrative Officer (CAO) released the Mid-Year Financial Status Report (FSR) in February 2012, which estimated the FY2012-13 General Fund budget deficit to be between \$150 and \$200 million. The following April, the CAO raised the estimate to \$238 million due to weak revenue performance and increased costs related to public safety operations.



The \$238 million deficit in the General Fund can be summarized into four major categories.

- **Employee Compensation & Retirement Costs** reflect previously negotiated employee Cost of Living Adjustments (COLAs) and other labor provisions, increases in payroll costs associated with the elimination of employee furloughs, and changes in the City's contribution toward the civilian and sworn pension systems. More than half of the budget deficit is attributed to this category.
- **Capital Program** is related to an existing Capital Improvement Expenditure Policy (CIEP) that establishes a funding goal for General Fund capital improvements at one percent of the total General Fund.
- **Health Benefits** and Workers' Compensation costs for active sworn and civilian employees are estimated to escalate next year and well into the future.
- **Unanticipated Police Department and Fire Department Expenditures** make up nearly 16% of the total shortfall and are the result of unforeseen increases in constant staffing overtime costs in the Fire Department coupled with additional funding needs in the Police Department.

Solutions to the FY 2012-13 General Fund Deficit of \$238 Million



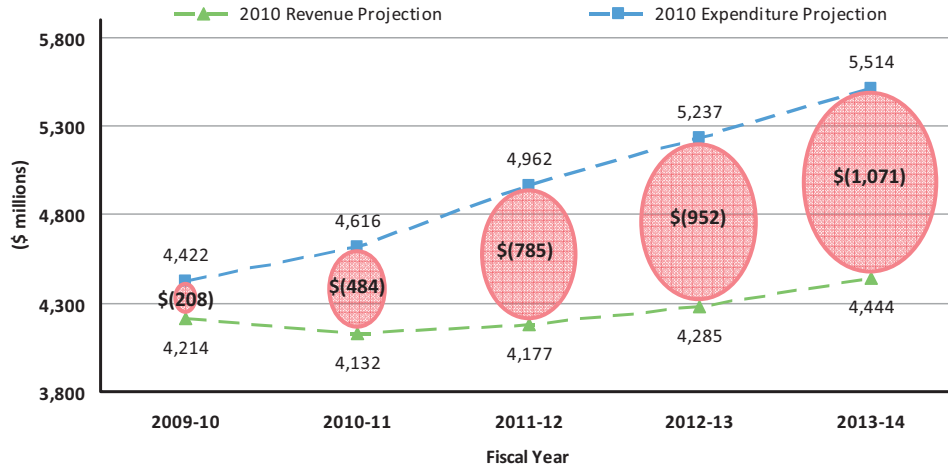
With the help of the community input process and collaboration with the CAO and City Departments, the Mayor's Proposed FY 2012-13 Budget eliminates the \$238 million deficit—65 percent of the proposed solutions are structural in nature. Actions proposed include:

- **Reductions, efficiencies and Other Changes (\$80 million)** include cuts to discretionary programs, expense and contract reductions, operational efficiencies, functional consolidations and other changes. These balancing measures are partially offset by funding increases for priority programs and services such as additional Fire Department resources.
- **Workforce Reductions (\$26 million)** include the elimination of vacant and filled positions throughout all City departments. This figure does not include additional savings related to increases in reimbursements and pension and benefits savings associated with the proposed position eliminations.
- **Revenue Maximization Efforts (\$55 million)** will be achieved through measures including new reimbursements from Special Funds, increases in parking citation revenue and realignment of parking meter revenue from a special fund to the General Fund.
- **Receipt of Ex-CRA/LA Tax Increment Revenue (\$48 million)** is anticipated as a result of the dissolution of the former Community Redevelopment Agency of LA (CRA/LA)
- **New Emergency Medical Services Reimbursements (\$29 million)** are anticipated to be received next fiscal year from the State as allowed under AB678.

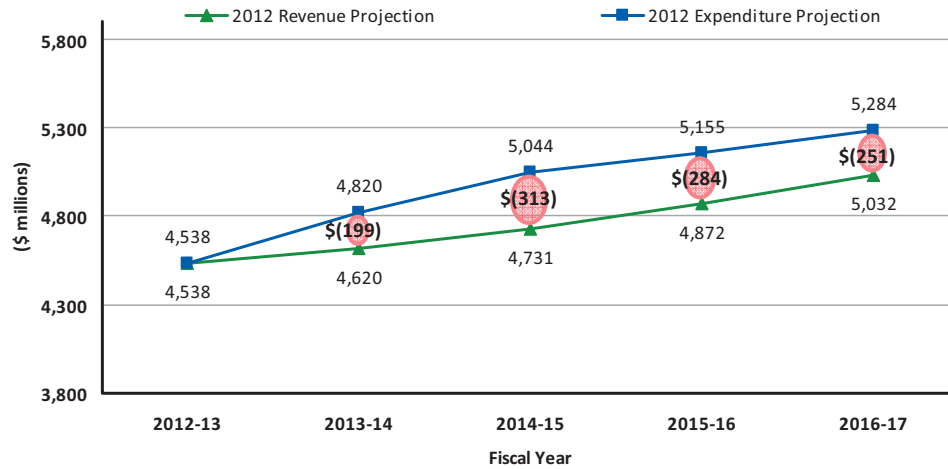
Progress Made — Reducing the Structural Deficit

In January 2010, with the impacts of the global financial crisis coming into clear focus, the City Administrative Officer projected that the General Fund structural deficit would grow to nearly \$1.1 billion by FY 2013-14. Responsible budgetary actions taken over the past four years have cut this deficit to less than one-third of its original size. The CAO now estimates a FY 2013-14 deficit of \$199 million if the Mayor's Proposed Budget is adopted without major changes by the City Council. At the same time, the Reserve fund, a key component in the City's credit rating, has been increased to 4.6%, the highest since 2002.

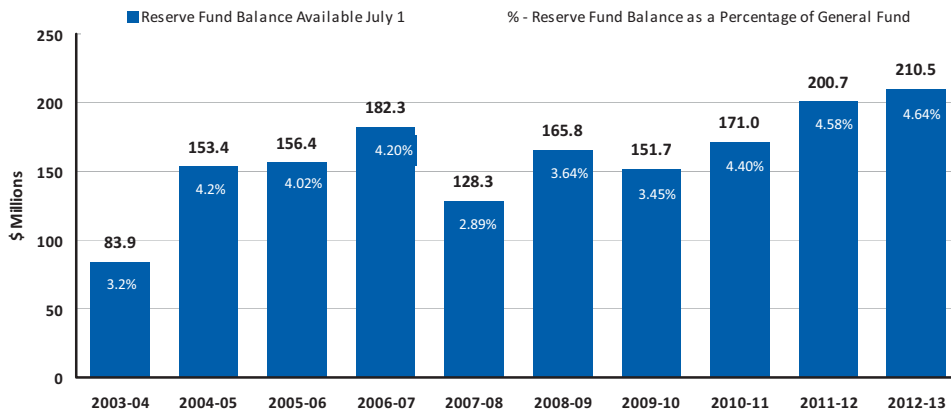
Projection of Structural Deficit in 2010



Projection of Structural Deficit Today



Reserve Fund Balance



Continued, Progress Made: Previous Actions Taken

The City's actions that have permanently reduced the structural deficit include, but are not limited to:

Austerity Measures

- Froze travel, equipment and furniture purchases
- Reduced City fleet, fuel consumption and cellular plan expenses
- Reduced water and electricity usage through conservation efforts
- Reevaluated all service contracts and worked with vendors to reduce costs
- Reduced special event fee waiver subsidies and discretionary spending

Revenue Enhancements

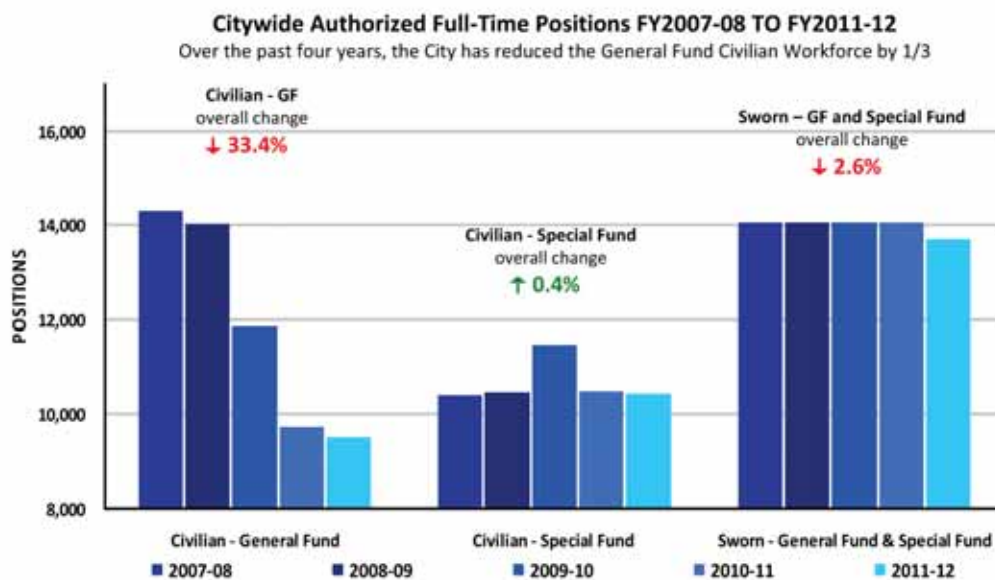
- Obtained full cost-recovery for reimbursable services
- Maximized use of special funds and grants
- Refinanced debt to take advantage of lower interest rates
- Protected \$270 million in Communications Users' Tax revenue by obtaining voter approval in 2008 for changes to the City's telephone tax
- Improved citywide billing and collections by centralizing accounts receivables reporting

Operational Efficiencies & Reductions

- Eliminated non-core programs and services
- Eliminated several small, non-critical commissions and departments.
- Eliminated the Environmental Affairs Department and transferred its mandated functions to other departments
- Consolidated the Treasurer's Office with the Office of Finance
- Partnered with a non-profit for operation of the Northeast San Fernando Valley Animal Shelter
- Partnered with non-profits for operations at a number of cultural affairs facilities
- Replaced and upgraded parking meter infrastructure to improve parking congestion and revenue collection

Sustainable Workforce Measures

- Eliminated over 5,000 General Fund positions since 2008
- Implemented a managed hiring process that strictly limits new hiring and promotions to critical vacant positions
- Nearly doubled active civilian employee contributions toward retirement benefits from 6% of pay to 11% of pay
- Increased active sworn employee contributions toward retirement benefits from 9% of pay to 11% of pay
- Froze retirement medical subsidy at current levels for employees that do not make additional contributions towards retiree health
- Increased civilian employee contributions towards healthcare costs
- Obtained voter approval for new retirement tier for sworn hires



NOTE: Includes Regular Position Authorities and On-Budget Resolution Authorities authorized in FY11-12 Budget. Excludes Proprietary Departments: Harbor, DWP, and LAWA.

Highlights: Performance-Based Budgeting and Tech Efficiencies

Adapting to the Environment. Changes brought about from the persistence of the economic downturn have not only affected the bottom-line of Los Angeles, but also how the City fundamentally operates. Departments have had to identify new ways of service delivery while addressing increased demand.

Performance-Based Budgeting

Consistent with the City Controller's recent recommendation and the City Council's Motion for a phased approach to Citywide implementation of performance-based budgeting, the Mayor's Office and CAO are undertaking an effort to integrate performance metrics into the budget in order to strengthen program evaluation, set outcome based priorities, increase accountability, and link performance measurements to resource allocation. In the 2012-13 proposed budget, the City is taking the first step in a multi-year process that will improve the way priorities and budgets are developed.

The first to pilot the new process are the Department of Planning and Bureau of Street Lighting; both agencies' goals and metrics have been included in the Mayor's proposed budget. Upon adoption, Planning and Street Lighting will then work with the CAO to finalize the metrics based on the adopted budget and will begin to report to the Mayor and Council on the progress towards meeting the budgeted goals. Their work will serve as the model for all departments to emulate as the City finalizes the process during the development of the 2013-14 budget. Implementation of the strategic planning process will be a continuous cycle that will evolve and improve over time and be an integral part of the City's financial planning process.

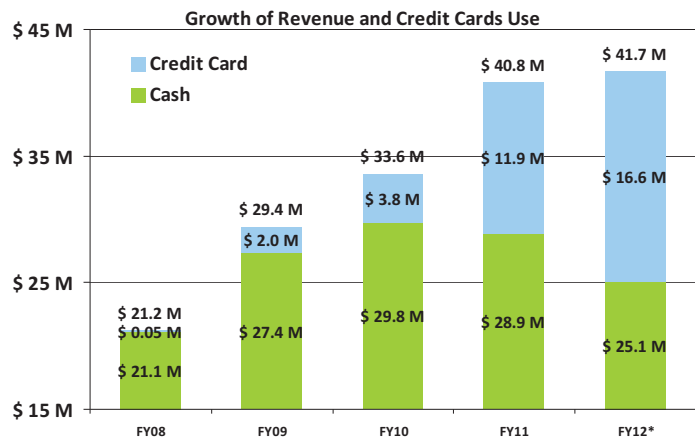


Efficiency Through Technology

For the past four years LADOT has revamped its parking services into a modern, technology-based operation, with significant success. The department has seen its revenue grow from \$37 to \$66 million annually through a multi-faceted approach utilizing solar-powered electronic meters, updating parking rates and hours, and overhauling many of its lots and garages. Using an award-winning public-private partnership, LADOT was able to upgrade half of the old parking meters without any up-front cost to the City, and then use incremental revenue increases to fund the new equipment. Despite General Fund constrictions, solid practices were put into place with innovative thinking and management.

Moreover, the benefits extend beyond just revenue. Wireless communication between equipment in the field and technicians allows the City to respond to problems as they occur, resulting in reliable service with over 99% up-time. And customers are increasingly opting for the convenience of credit card payments, which account for over 40% of meter revenue and represent more than a million credit card transactions a month. The City now boasts the most solar powered parking meters in the world, both reducing costs and the impact to our environment.

High-demand areas are now equipped with wireless parking sensors that help customers find open spaces, enforcement officers to locate violations, and operations staff to understand parking demand patterns. Soon, this technology will be implemented in the Downtown LA area to fight congestion and pollution through demand-based pricing in a federally-funded project called LA Express ParkTM.



Three-Year Plan to Fiscal Sustainability

In Fiscal Year 2010-11, at the direction of Mayor Villaraigosa and the City Council, the City Administrative Officer created the Three Year Plan for Fiscal Sustainability, a multi-year plan to strengthen and restore the City's long-term fiscal health. In April 2012, the CAO released an update to the Three-Year Plan. The plan recommends a number of policy decisions and budgetary choices, which are aligned with the following five guiding principles:

1. Adhere to Responsible Management and Fiscal Practices

Strategies include maintaining a strong Reserve Fund, prioritizing structural budgetary changes over one-time solutions to address budget shortfalls, and implementing best practices in risk management to reduce the City's liabilities.

2. Focus on Core Services

Strategies include prioritizing the most critical City services for General Fund funding, consolidating functions and realigning services across City departments to improve the cost-effectiveness of service delivery, and implementing a long-term financial plan centered on a Performance-Based Budgeting process.

3. Pursue Alternative Service Delivery Models

Strategies include establishing a managed competition process for City services to seek the best price for providing services and exploring public-private partnerships that meet the public's needs, reduce cost, promote efficiency and guarantee an acceptable quality and level of service.

4. Maintain a Sustainable Workforce

Strategies include continuing the managed hiring committee process, further reducing the size of the workforce, partnering with labor to increase employees' share of cost of healthcare premiums, and establishing a new pension tier for civilian employees.

5. Raise new Revenues while Protecting and Maximizing Existing Sources

Strategies include adopting full-cost recovery for special funded programs, implementing a plan of action to improve collections, exploring ballot initiatives to raise new revenue, and creating a new economic development model to create new jobs, attract new businesses and industries, and increase General Fund revenues.

Much of the progress made to date coincide with and are part of the Three-Year Plan to Fiscal Sustainability; however, a continued commitment to these principals is necessary to ensure ongoing financial stability.

Proposed Budget.



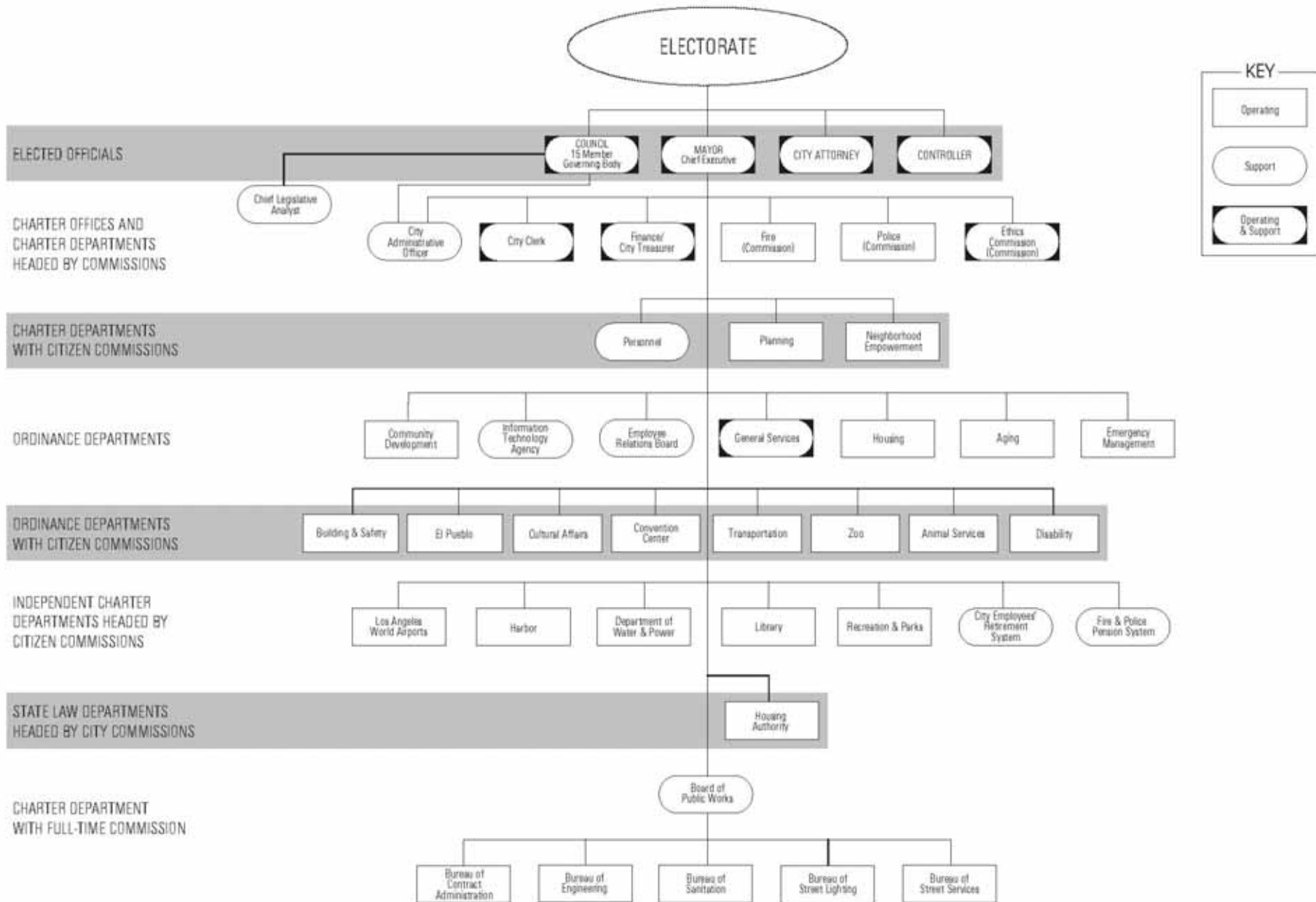
Proposed FY 2012-13 Budget - Summary of Receipts

General Revenues	Adopted Budget FY2011-12	Proposed Budget FY2012-13	% Change	% of Total FY11-12 Revenue
Property Tax	\$ 1,436,363,000	\$ 1,451,222,000	1.0%	20.1%
Property Tax - Ex-CRA Increment	--	48,600,000	100.0%	0.7%
Utility Users' Tax	627,832,000	622,605,000	-0.8%	8.6%
Licenses, Permits, Fees and Fines	725,092,271	766,581,000	5.7%	10.6%
Business Tax	439,219,000	450,026,000	2.5%	6.2%
Sales Tax	306,239,000	332,939,000	8.7%	4.6%
Documentary Transfer Tax	107,000,000	107,520,000	0.5%	1.5%
Power Revenue Transfer	254,000,000	249,100,000	-1.9%	3.4%
Transient Occupancy Tax	136,200,000	157,808,000	15.9%	2.2%
Parking Fines	136,879,000	151,000,000	10.3%	2.1%
Parking Users' Tax	88,200,000	91,728,000	4.0%	1.3%
Franchise Income	48,100,000	47,402,000	-1.5%	0.7%
State Motor Vehicle License Fees	14,700,000	--	-100.0%	0.0%
Grants Receipts	9,820,000	7,500,000	-23.6%	0.1%
Tobacco Settlement	9,500,000	8,700,000	-8.4%	0.1%
Transfer from Telecommunications Dev. Account	4,915,000	--	-100.0%	0.0%
Residential Development Tax	1,905,000	2,100,000	10.2%	0.0%
Special Parking Revenue Transfer	16,509,000	32,577,000	97.3%	0.5%
Interest	14,280,000	10,510,000	-26.4%	0.1%
Transfer from Reserve Fund	8,939,164	--	-100.0%	0.0%
Total General Fund	\$ 4,385,692,435	\$ 4,537,918,000	3.5%	62.8%
Special Revenues				
Property Tax - City Levy for Bond Redemption and Interest	\$ 167,395,099	\$ 164,475,921	-1.7%	2.3%
Sewer Construction and Maintenance Fund	660,315,865	687,975,017	4.2%	9.5%
Proposition A Local Transit Assistance Fund	123,829,123	121,437,378	-1.9%	1.7%
Prop. C Anti-Gridlock Transit Improvement Fund	70,788,194	91,004,764	28.6%	1.3%
Special Parking Revenue Fund	43,850,295	35,077,627	-20.0%	0.5%
L. A. Convention and Visitors Bureau Fund	10,477,000	12,139,000	15.9%	0.2%
Solid Waste Resources Revenue Fund	289,462,233	292,388,665	1.0%	4.0%
Forfeited Assets Trust Fund	--	--	--	0.0%
Fines--State Vehicle Code	13,120,939	11,000,000	-16.2%	0.2%
Special Gas Tax Street Improvement Fund	113,551,000	111,785,000	-1.6%	1.5%
Housing Department Affordable Housing Trust Fund	1,100,000	848,000	-22.9%	0.0%
Stormwater Pollution Abatement Fund	30,429,000	30,242,663	-0.6%	0.4%
Community Development Trust Fund	34,222,682	27,316,628	-20.2%	0.4%
HOME Investment Partnerships Program Fund	6,091,386	6,028,322	-1.0%	0.1%
Mobile Source Air Pollution Reduction Fund	4,715,000	4,713,740	0.0%	0.1%
City Employees' Retirement Fund	87,529,621	77,618,048	-11.3%	1.1%
Community Services Administration Grant	1,976,485	2,254,491	14.1%	0.0%
Park and Recreational Sites and Facilities Fund	1,200,000	1,200,000	--	0.0%
Convention Center Revenue Fund	27,794,692	27,201,620	-2.1%	0.4%
Local Public Safety Fund	32,850,000	35,500,000	8.1%	0.5%
Neighborhood Empowerment Fund	4,459,079	5,734,838	28.6%	0.1%
Street Lighting Maintenance Assessment Fund	61,044,333	61,614,138	0.9%	0.9%
Telecommunications Development Account	12,673,944	18,339,000	44.7%	0.3%
Older Americans Act Fund	2,326,382	2,623,207	12.8%	0.0%
Workforce Investment Act	16,780,876	19,263,286	14.8%	0.3%
Rent Stabilization Trust Fund	11,054,510	14,400,000	30.3%	0.2%
Arts and Cultural Facilities and Services Fund	10,592,219	12,267,264	15.8%	0.2%
Arts Development Fee Trust Fund	990,000	990,000	0.0%	0.0%
City Employees Ridesharing Fund	3,329,609	3,347,339	0.5%	0.0%
Allocations from Other Sources	56,043,109	64,324,260	14.8%	0.9%
City Ethics Commission Fund	1,866,479	1,848,864	-0.9%	0.0%
Staples Arena Special Fund	4,090,000	4,035,000	-1.3%	0.1%
Citywide Recycling Fund	23,749,166	21,772,595	-8.3%	0.3%
Special Police Comm./911 System Tax Fund	21,609,356	2,727,272	-87.4%	0.0%
Local Transportation Fund	2,848,790	2,723,776	-4.4%	0.0%
Planning Case Processing Revenue Fund	14,062,000	15,400,000	9.5%	0.2%
Disaster Assistance Trust Fund	7,509,405	21,475,000	186.0%	0.3%
Landfill Maintenance Special Fund	4,632,252	5,240,480	13.1%	0.1%
Household Hazardous Waste Special Fund	2,012,662	3,226,800	60.3%	0.0%
Building and Safety Enterprise Fund	100,517,551	108,816,521	8.3%	1.5%
Housing Opportunities for Persons with AIDS	323,268	459,158	42.0%	0.0%
Code Enforcement Trust Fund	32,340,675	41,550,000	28.5%	0.6%
El Pueblo Revenue Fund	4,507,398	4,831,960	7.2%	0.1%
Zoo Enterprise Fund	18,283,477	15,845,101	-13.3%	0.2%
Local Law Enforcement Block Grant Fund	--	--	0.0%	0.0%
Supplemental Law Enforcement Services	100,000	1,500,000	1400.0%	0.0%
Street Damage Restoration Fee Fund	7,693,000	5,336,000	-30.6%	0.1%
Municipal Housing Finance Fund	--	1,276,500	100.0%	0.0%
Measure R Traffic Relief and Rail Expansion Fund	37,820,000	66,189,842	75.0%	0.9%
Efficiency and Police Hires Fund	--	--	0.0%	0.0%
Central Recycling and Transfer Fund	2,434,126	2,931,476	20.4%	0.0%
Multi-Family Bulky Item Fund	6,511,696	6,521,339	0.1%	0.1%
Total Special Purpose Funds	\$ 2,192,903,976	\$ 2,276,817,900	3.8%	31.5%
Total Available Balances	\$ 292,964,058	\$ 408,466,495	39.4%	5.7%
Total Receipts	\$ 6,871,560,469	\$ 7,223,202,395	5.1%	100.0%

Proposed FY 2012-13 Budget - Summary of Appropriations

	Salaries	Expense	Equipment	Special	Proposed Budget FY 2012-13	Adopted Budget FY 2011-12	Change	Percent Change
Departmental								
Aging	3,869,556	133,229	-	-	4,002,785	3,792,602	210,183	5.5%
Animal Services	18,547,456	1,623,173	-	-	20,170,629	19,919,848	250,781	1.3%
Building and Safety	69,527,733	2,218,244	-	-	71,745,977	68,943,603	2,802,374	4.1%
City Administrative Officer	12,089,113	1,241,664	-	-	13,330,777	11,580,492	1,750,285	15.1%
City Attorney	91,381,439	7,143,212	-	-	98,524,651	94,950,894	3,573,757	3.8%
City Clerk	16,625,321	8,859,868	-	-	25,485,189	8,603,838	16,881,351	196.2%
Community Development	23,741,927	1,877,136	-	-	25,619,063	26,619,693	(1,000,630)	-3.8%
Controller	14,825,169	1,467,758	76,000	-	16,368,927	13,791,344	2,577,583	18.7%
Convention Center	14,206,222	8,016,839	-	737,482	22,960,543	24,264,518	(1,303,975)	-5.4%
Council	16,972,324	1,008,219	-	-	17,980,543	18,881,782	(901,239)	-4.8%
Cultural Affairs	3,971,981	463,262	-	3,629,817	8,065,060	7,421,341	643,719	8.7%
Department on Disability	1,630,479	287,392	-	105,245	2,023,116	1,608,668	414,448	25.8%
El Pueblo de Los Angeles	1,289,614	406,957	-	-	1,696,571	1,517,194	179,377	11.8%
Emergency Management	1,602,857	71,036	-	-	1,673,893	1,600,598	73,295	4.6%
Employee Relations Board	309,656	90,628	-	-	400,284	421,616	(21,332)	-5.1%
Environmental Affairs	-	-	-	-	-	-	-	-
Ethics Commission	1,688,455	337,046	-	-	2,025,501	2,031,383	(5,882)	-0.3%
Finance	27,688,676	8,709,300	-	-	36,397,976	37,644,214	(1,246,238)	-3.3%
Fire	489,862,952	23,581,821	-	-	513,444,773	472,597,193	40,847,580	8.6%
General Services	101,611,639	109,871,610	120,000	3,594,814	215,198,063	228,012,024	(12,813,961)	-5.6%
Housing Department	44,492,854	5,484,620	-	500,000	50,477,474	52,146,171	(1,668,697)	-3.2%
Department of Human Services	-	-	-	-	-	-	-	-
Information Technology Agency	45,688,040	19,364,053	308,398	16,129,018	81,489,509	78,379,548	3,109,961	4.0%
Mayor	5,647,005	504,396	-	-	6,151,401	22,752,477	(16,601,076)	-73.0%
Neighborhood Empowerment	1,749,849	324,747	-	6,000	2,080,596	1,832,164	248,432	13.6%
Personnel	41,525,069	6,533,208	-	2,265,026	50,323,303	41,267,436	9,055,867	21.9%
Planning	23,691,266	5,267,077	92,040	-	29,050,383	25,393,267	3,657,116	14.4%
Police	1,208,403,307	47,190,925	51,000	-	1,255,645,232	1,167,771,840	87,873,392	7.5%
Board of Public Works	6,179,860	7,151,996	-	-	13,331,856	15,212,179	(1,880,323)	-12.4%
Bureau of Contract Administration	28,219,158	1,631,176	-	-	29,850,334	28,486,926	1,363,408	4.8%
Bureau of Engineering	68,536,476	3,202,654	-	-	71,739,130	71,567,612	171,518	0.2%
Bureau of Sanitation	212,029,913	8,973,316	-	-	221,003,229	221,352,636	(349,407)	-0.2%
Bureau of Street Lighting	20,328,623	1,488,243	-	3,167,330	24,984,196	23,908,283	1,075,913	4.5%
Bureau of Street Services	77,143,548	87,284,234	-	-	164,427,782	146,019,376	18,408,406	12.6%
Transportation	107,335,459	23,879,542	-	-	131,215,001	127,917,673	3,297,328	2.6%
Treasurer	-	-	-	-	-	-	-	-
Zoo	14,367,305	3,194,226	-	-	17,561,531	18,283,477	(721,946)	-3.9%
Total - Budgetary Departments	2,816,780,301	398,882,807	647,438	30,134,732	3,246,445,278	3,086,493,910	159,951,368	5.2%
Appropriations to Library Fund	-	-	-	102,307,213	102,307,213	89,247,557	13,059,656	14.6%
Appropriations to Recreation and Parks Fund	-	-	-	143,019,363	143,019,363	141,411,089	1,608,274	1.1%
Appropriation to City Employees' Retirement	-	-	-	77,618,048	77,618,048	87,529,621	(9,911,573)	-11.3%
Total - Appropriations	-	-	-	322,944,624	322,944,624	318,188,267	4,756,357	1.5%
Total - Departmental	2,816,780,301	398,882,807	647,438	353,079,356	3,569,389,902	3,404,682,177	164,707,725	4.8%
Non-Departmental								
2012 Tax & Revenue Anticipation Notes	-	-	-	860,514,837	860,514,837	895,475,151	(34,960,314)	-3.9%
Bond Redemption and Interest	-	-	-	164,475,921	164,475,921	167,395,099	(2,919,178)	-1.7%
Capital Finance Administration Fund	-	-	-	212,780,938	212,780,938	202,097,658	10,683,280	5.3%
CIEP - Municipal Facilities	-	-	-	9,210,000	9,210,000	7,710,000	1,500,000	19.5%
CIEP - Physical Plant	-	-	-	26,780,201	26,780,201	27,470,271	(690,070)	-2.5%
CIEP - Wastewater	-	-	-	139,300,000	139,300,000	115,000,000	24,300,000	21.1%
General City Purposes	-	-	-	95,359,170	95,359,170	82,252,655	13,106,515	15.9%
Human Resources Benefits	-	-	-	592,988,153	592,988,153	553,488,000	39,500,153	7.1%
Judgement Obligation Bonds Debt Service Fund	-	-	-	9,030,425	9,030,425	9,031,375	(950)	0.0%
Liability Claims	-	-	-	47,910,000	47,910,000	47,850,000	60,000	0.1%
Proposition A Local Transit Assistance Fund	-	-	-	185,720,487	185,720,487	139,475,001	46,245,486	33.2%
Prop. C Anti-Gridlock Transit Improvement Fund	-	-	-	24,998,627	24,998,627	29,350,904	(4,352,277)	-14.8%
Special Parking Revenue Fund	-	-	-	47,514,510	47,514,510	48,805,771	(1,291,261)	-2.6%
Unappropriated Balance	-	-	-	19,682,000	19,682,000	21,679,000	(1,997,000)	-9.2%
Wastewater Special Purpose Fund	-	-	-	444,311,592	444,311,592	433,598,197	10,713,395	2.5%
Water and Electricity	-	-	-	36,478,000	36,478,000	35,978,000	500,000	1.4%
Other Special Purpose Funds	-	-	-	736,757,632	736,757,632	650,221,210	86,536,422	13.3%
Total - Nondepartmental	-	-	-	3,653,812,493	3,653,812,493	3,466,878,292	186,934,201	5.4%
Total	2,816,780,301	398,882,807	647,438	4,006,891,849	7,223,202,395	6,871,560,469	351,641,926	5.1%

Organization of the City of Los Angeles





Top Priorities and Highlights.



Focus Area:
Jobs
Mobility
Education
Community
Public Safety
Sustainability

Other Highlights:
Los Angeles World Airports
Port of Los Angeles
Department of Water and Power
American Recovery and Reinvestment Act



The bottom line. With unemployment in the City hovering at 13.3%, jobs continue to be at the forefront of every Angelenos’ mind and one of the Mayor’s top priorities. Through the Mayor’s leadership, strong partnerships between the City and other government agencies like Metro have led to more than a \$44 Billion reinvestment in the region’s connective infrastructure, creating much needed jobs while revamping the infrastructure that helped shape LA to what it is today. At the same time essential services to businesses are being revamped in order to meet the reality of tighter budgets that must meet increasing demands.

Jobs Generated by Capital Improvement Projects

Project Category	Number of Jobs	Investment
Public Works	13,500	\$2,100,000,000
Transportation (Airport)	39,900	\$4,114,000,000
Transportation (Regional)	13,000	\$2,007,000,000
Transportation (Measure R)	122,760	\$34,702,000,000
International Trade (Harbor)	20,000	\$1,500,000,000
All Project Categories	209,160	\$44,423,000,000

Development Reform

Starting a new business anywhere is challenging. To address these challenges, the Mayor has announced the Development Reform Initiative, a suite of solutions that will simplify Zoning Code regulations and launch BuildLA, an online portal for business services. Already, with the start of the Development Services Case Management, over 900 projects have been served. By simplifying and streamlining zoning codes and implementing BuildLA, an online services portal, the City will be able to better serve the public while driving down service costs at the departments.

Local Preference

The City spent nearly \$2.4 Billion in FY10/11 on contracted goods and services. Realizing that the normal course of City business can act as a economic driver for local businesses, the Mayor and Council passed the Local Preference Ordinance. Local businesses in Los Angeles now have an 8% competitive advantage for goods and services contracted by the City of Los Angeles.

FY 2012-13 Budget Measures



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUNDS
Economic Analysis and Development	--	Provides start up funding for a new approach to economic development, including the formation of a focused and well-capitalized economic development entity.	\$2.50	--
Zoning Code Rewrite	Planning Department, City Attorney, Department of Building and Safety	Temporarily increasing the General Plan Maintenance Fee will fund positions needed to complete the comprehensive rewrite and update of the Zoning Code.	--	\$0.66 (Planning Long-Range Planning Fund No. 52F)
Improved Response Times for Inspections and Engineering Plan Check	Department of Building and Safety	Positions for inspections and engineering plan checks have been added to help accelerate business service needs.	--	\$1.76 (Building and Safety Building Permit Enterprise Fund)
Expedited Case Processing	Planning Department	Using revenue generated from expedited processing fees, additional positions will be added to keep up with demand.	--	\$1.35 (Funding is reimbursable by Fees)
Business Inclusion Program	Public Works Bureau of Contract Administration	Funding for positions to administer the City's Business Inclusion Program (BIP) to ensure that required outreach to Minority Business Enterprises, Women Business Enterprises, Disabled Veteran Business Enterprises, Small Business Enterprises, and Emerging Business Enterprises have been made.	\$0.14	--

MOBILITY



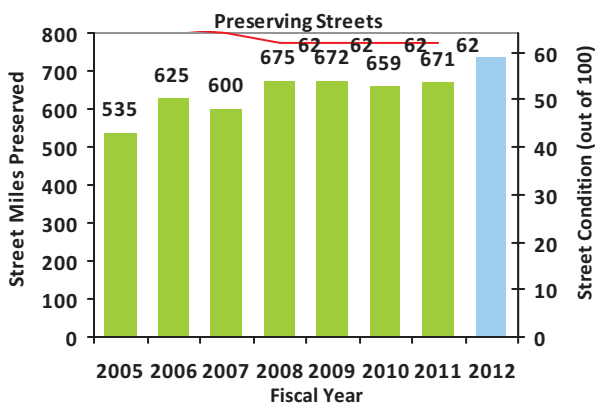
Options, not obstacles. Thanks to the voter-approved Measure R, Los Angeles is becoming more than just the “car capital of the world.” The City and region will be investing \$40 Billion in its transportation infrastructure: doubling rail lines, connecting communities via bikeways, and maintaining streets. And now with the Mayor’s 30/10 Initiative and greater City support, residents may be able to reap the benefits, such as jobs, faster.

Transportation Project Delivery

Right now, over \$12 Billion in regional transportation projects are in design or in construction—even more is expected in the coming years. As a strategic response to the growing portfolio of mega projects, the Mayor established the Office of Transportation Project Delivery in September 2011, and charged the team with the coordination of city support for Metro projects.

In its first year, the team has been involved in all current mega projects. One significant contribution has already led to efficiencies. By removing unnecessary road widenings and utility relocations, nearly 3 months of work at the cost of \$1M was saved. The group also manages a portfolio of City projects, such as Traffic Signal Sync, and \$220M in ARRA projects.

Project	Location	Budget	Target Open
Expo Phase 1	Downtown to Culver City	\$932M	2012
Freeway Express Lanes	I-110 and I-10	\$291M	2013
I-405 / Sepulveda	West LA to Encino	\$1,034M	2013
Expo Phase 2	Culver City to Santa Monica	\$1,511M	2016
Crenshaw/LAX Light Rail	Crenshaw Blvd, LAX	\$1,749M	2018
Regional Connector	Downtown	\$1,343M	2019
Westside Subway Ext.	Wilshire Blvd	\$5,662M	2022
Total		\$12,522M	



Street Maintenance

LA’s 6,500 mile street network is the largest in the country and one of the key infrastructure backbones of the City. Through February 2012 nearly 443 miles of pavement have been repaired, with the City expected to meet the target of 735 miles by the end of June 2012.

Bike Plan Implementation

Since the start of the fiscal year 41.4 miles of bikeways have been installed throughout the City. Already, communities in the City are beginning to be woven together with the expanding network: Mid-Wilshire / Koreatown now connects to the Financial District; Glenoaks Boulevard connects to Hansen Dam; and a 1.5 mile pilot project runs the length of Spring Street in Downtown.

FY 2012-13 Budget Measures



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUNDS
Street Preservation	Public Works LADOT General Services	Funding for Pavement Preservation program, consisting of 245 miles of resurfacing, 455 miles of slurry sealing and 100 miles of crack sealing	--	\$131.95 (Prop C, Measure R, Gas Tax & Prop 1B)
Sidewalk Access Ramps	Public Works Bureau of Street Services	Funding to continue the construction of 1,500 sidewalk access ramps.	--	\$3.30 (Measure R)
Asphalt Repair	Public Works Bureau of Street Services	Funding for overtime and construction materials to increase minor asphalt repairs, including potholes, from 300,000 to 350,000 repairs.	--	\$1.00 (Special Gas Tax Street Improvement Fund)
Metro/Exposition Line Construction Authority Annual Work Program (Measure R-related)	LADOT	LADOT, Bureau of Engineering, and Bureau of Street Services have been approved for positions that will help in the support and delivery of Metro projects, such as the Expo Line, Regional Connector, and Westside Subway. All positions are special funded by Metro.	--	\$1.02 (Metro/Expo)
	Public Works Bureau of Engineering		--	\$1.63 (Metro/Expo)
	Public Works Bureau of Street Services		--	\$0.69 (Metro/Expo)
Bicycle Planning and Outreach Support	LADOT	Funding for a Project Coordinator to work on ongoing Bicycle Planning project efforts.	--	\$0.07 (Prop C)
	Planning Department	Like all projects, the Bike plan must undergo environmental clearances. These positions will coordinate environmental efforts and help in identifying funds and constructing at least 200 miles of bike-ways every five years.		\$0.73 (Measure R)
Traffic Signal Sync	Public Works Bureau of Street Lighting	Funding for positions to expedite the completion of the Adaptive Traffic Control System (ATCS), which will help the City better manage traffic congestion.	--	\$0.52 (Prop C)

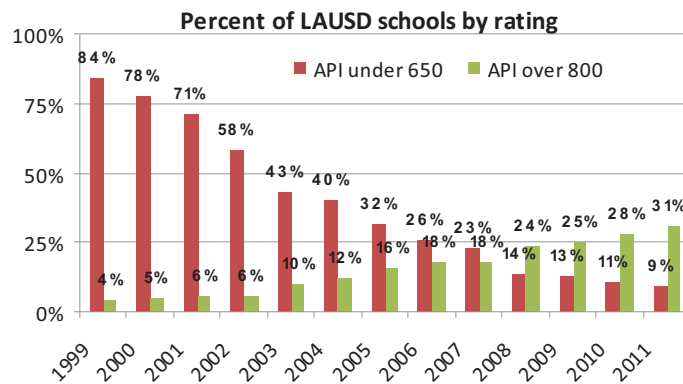
EDUCATION and STRONG COMMUNITIES



Future's best hope. Children deserve better than sub-standard education. Though the City has no direct control over the LAUSD, the Mayor has been relentlessly pursuing school reform since the start of his administration. The Mayor has launched reform initiatives such as the Partnership of LA Schools, and supported landmark cases such as Reed case, which has protected underserved schools from unfair layoff practices. For the City to flourish against an increasingly competitive national and global environment, our children, the future of our City, must be equipped with the tools they need to succeed.

Increasing scores

LAUSD has made steady progress in improving test scores for its students. Proficiency in the key subjects of English and math increased in 2011 by 3 and 4 percentage points respectively, continuing the upward trend since 2005. Additionally, the percentage of district schools meeting the state goal of 800 API has more than doubled and the number with scores below 650 has been reduced to one in 10.



Partnership for LA Schools

Challenging the status quo, the Mayor's Partnership for LA Schools undertook the management of LAUSD lowest performing schools. While managing a network of 22 schools and servicing over 17,000 students, the Partnership's scores have gone up 50 points over 3 years across all schools.

Accountability, Efficiency and Effectiveness

426 teachers and 110 administrators are now participating in an evaluation pilot designed to increase effectiveness. Of the 426 teachers currently participating, over 60 are from the Mayor's Partnership of Schools. LAUSD and UTLA adopted a new MOU agreement that paves the way for teacher-led reform and charter-like flexibilities at every school.

Support for Learning

Measure L, passed in 2011, secures funding for a critical service to LA schools—libraries. Educational services, like libraries, museums and zoos, are key resources for teachers and parents alike to foster youth development. In support of these services, the Mayor helped expand Metro's Student Field Trip program, which now allows LA County Schools (1st through 12th Grade) to take field trips to 18 educational sites free of charge.

FY 2012-13 Budget Measures



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUNDS
Restoration of Library Services	Library	Voter-approved Measure L restores library funding by increasing the General Fund commitment over four years. The funding restores Monday and Wednesday evening hours at all libraries (10AM-8PM); and, expands Friday services at branch libraries (10AM-5:30PM)	--	\$3.10 (Library Fund)
Building a Digital Library	Library	The Library will digitize historical content, including historic photographs, regional historical materials and maps.	--	\$0.47 (Library Fund)
New and Expanded Recreational Facilities	Recreation and Parks	Funding for recreational programming and maintenance of over 70 new, renovated and expanded facilities and outdoor improvements.	--	\$2.44 (Recreation and Parks Fund)
Affordable Housing Major Projects	Housing	Funding for positions to administer the Affordable Housing Trust Fund Program and rehabilitation and financing programs for single-family homes and small rental properties.	--	\$0.53 (HOME Investment Partnerships Fund, Affordable Housing Trust Fund, CDBG, and Municipal Housing Finance Fund)
Cultural Affairs Matching Grants Program	Cultural Affairs	Increased funding associated with an increase in the City's "Bed Tax" have provided for the Matching Grants program, which matches funding from non-City organizations for various Arts and Cultural programs citywide.	--	\$0.21 (Arts and Cultural Facilities and Services Trust Fund)

PUBLIC SAFETY



Safe communities, safe City. Public safety is the cornerstone of a thriving Los Angeles. The 2012-2013 budget reflects the Mayor's ongoing commitment to Police and Fire services, and the continued implementation of GRYD, an innovative program to reduce gang violence.

Police Department

Released earlier this year, the 2011 End-of-Year Crime Snapshot illustrates the results of continued support to public safety and maintaining the current size of LAPD—Total Part 1 crimes have decreased by 5.8%, with violent crimes falling by 7.3%. Through its support of synergistic programs, such as the Gun Buyback Program and SNL, LAPD has continued to build trust between the department and the communities it serves.

Fire Department

The Los Angeles Fire Department's mission is to preserve the life and property of the residents of Los Angeles and promote public safety as an all risk life safety response provider. To improve emergency incident response, the Mayor's budget includes measures to restore critical resources and replace the aging dispatch system with a more modern system.

Gang Reduction and Youth Development (GRYD)

The Mayor's Office of Gang Reduction and Youth Development oversees the implementation of a comprehensive strategy to reduce crime in the communities hardest hit by gang violence. By using a data-driven approach, GRYD focuses on areas most susceptible to gang crime and works within those neighborhoods to implement prevention and intervention programs. Its unique holistic approach focuses on youth at the highest level of risk while guiding them through positive development through targeted services and activities.

GRYD staff responds in person at any time to every gang shooting, forming a relational triangle with intervention workers and the LAPD. Los Angeles is the only City with 24 hours a day, 365 days a year response from the GRYD Office. Since its inception, GRYD communities (zones) have collectively experienced a decline in gang-related crimes of 17%, compared to 11% in non-GRYD communities.

One of the most successful programs in GRYD has been Summer Night Lights (SNL), which keeps parks in GRYD zones open until midnight to provide activities and services to the community. By increasing involvement and providing employment in these zones, SNL creates a positive environment for community to interact while driving down gang-related crime. The program's outcomes have been impressive reporting a 35% reduction in gang-related homicides and 43% reduction in aggravated assaults in the SNL areas.

FY 2012-13 Budget Measures



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUNDS
Restoration of LAFD Services	Fire Department	One Engine at West San Fernando and nine Emergency Medical Services Captains will be restored. Additionally, overtime funding for six ambulances will help provide additional emergency medical services during peak hours.	\$3.40	--
Apparatus Replacement	Fire Department	MICLA funding will replace the following aging apparatuses: 3 Aerial Ladder Trucks, 11 Triple Combination Pumps, 21 Rescue Ambulances, and 20 other emergency vehicles	--	\$14.98 (MICLA)
Technology Infrastructure Replacement	Fire Department	MICLA funding to replace the Computer-Aided Dispatch system, including automatic vehicle location and interoperability features. Also provide funding for an RFP and needs analysis and reauthorize MICLA funding to replace the Fire Station Alerting System (Red-Com).	\$0.5	\$17.00 (MICLA)
Police Officer Hiring	Police Department	In FY12/13 LAPD expects attrition of 320 sworn officers. Funding to maintain officer levels covers salaries, firearms, uniforms and training.	\$7.55	--
Public Safety Consolidation	Police Department and Department of General Services	Consolidate security services within the Department of General Services into LAPD to provide for a more efficient and coordinated patrol presence citywide. This reduces LAPD's sworn hiring needs by 37 officers and eliminates the need for the July 2012 Police Academy class.	\$(1.57) Savings from consolidation	--
Replacement Vehicles	Police Department	Funding for replacement of 117 Black and White Patrol Vehicles using short-term debt financing. Also MICLA and Forfeited Assets funding for 200 other Police vehicles including 56 motorcycles.	--	\$13.54 (MICLA)
In-Car Video	Police Department	Funding for implementation of Phase II of the Digital In-Car Video project.	--	\$2.55 (Cap Finance)

SUSTAINABILITY



Changing the model. Long known for its sunny skies and beaches, Los Angeles has benefited greatly from its natural resources. And with the Green LA plan firmly underway, the Mayor has taken actions to protect those resources against climate change and pollution. Already LA has met its Kyoto Protocol targets four years in advance, but it must not stop there. Recognizing that the individual actions collectively impact their surrounding environment, the City has re-engaged residents through new initiatives with community in mind.

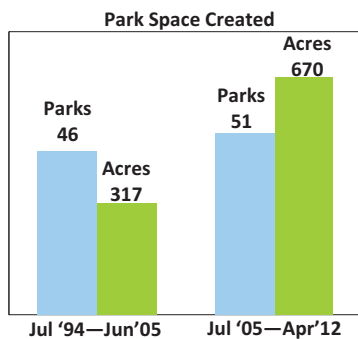
CicLAvia

4-14-12 marked the 4th successful CicLAvia, an event that temporarily closes down the streets of LA to create a web of public space where residents of Los Angeles can walk, bike, socialize, celebrate and learn more about their own city. Inspired by Ciclovía, the original weekly street closure event in Bogotá, Colombia, CicLAvia opens 10 miles of LA streets to pedestrians and bicyclists, and has consistently attracted over 100,000 people for each event. Through the use of transit alternatives, CicLAvia promotes public transportation, public health and open space.



Energy Efficiency

For power systems the cheapest energy has always been is the watt that wasn't used. Coincidentally, saving energy also saves money in a tight budget. Launching the Green Angel campaign earlier this year, the Mayor challenged City departments and staff to take small day-to-day actions that will reduce energy and water consumption. With nearly 35,000 employees, total cumulative savings will add up. By creatively leveraging Energy Efficiency Conservation Block Grant, more City buildings are being retrofitted with water and energy saving features.



Parks and Open Space

Under the Mayor's term more parks and park space have been developed in the City than the previous 12 years combined, with nearly 670 acres of open space created for all Angelenos to enjoy. While continuing on the track to increase open space, the Mayor is also undertaking the effort to make open space more accessible. The newly launched Pocket Park Initiative will create smaller parks in park-poor neighborhoods using the City's unused surplus properties, and urban blights, such as vacant lots, and foreclosed derelict properties.

Continued, Focus Area: Sustainability
 FY 2012-13 Budget Measures



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUNDS
LED Conversion Program	Public Works Bureau of Street Lighting	140,000 of the 209,000 citywide street lighting fixtures will be converted to energy-saving light emitting diodes.	--	\$3.45 (Street Lighting Maintenance Assessment Fund)
Green Building Code Inspection Services	Department of Building and Safety	Funding is provided for positions to conduct inspections, plan check services and administration to enforce the Green Building Code.	--	\$1.75 (Building and Safety Building Permit Enterprise Fund)
Conservation Measures	General Services Department	Since 2001, the department has implemented over 180 energy conservation projects, producing 20 million kWh savings each year. The department has also installed over 1,100 water efficient toilets and 900 water efficient urinals in City facilities, conserving 52 million galls of water each year.	--	--
LA River Revitalization Project	Public Works Bureau of Engineering	Funding is provided for positions to support the LA River Revitalization Master Plan.	\$0.11	\$0.11 (Stormwater Pollution Abatement Fund)

Highlight:

Los Angeles World Airports



The Los Angeles World Airports (LAWA) owns and operates three airports in Southern California: Los Angeles International (LAX), LA/Ontario International (ONT), and Van Nuys Airport (VNY). LAX is the world's busiest origin and destination airport and ranks 7th in the world for the number of passengers traveling through its terminals. In addition, LAX contributes greatly to the local economy with an annual economic impact of \$60 billion, \$21 billion generated directly within the City of Los Angeles.

LAX Modernization

The City of Los Angeles is taking dramatic steps to modernize and enhance LAX, making the airport one of the premier transportation hubs in the country. The modernization project is the largest public works program in the history of Los Angeles with its vast scope of projects and a total budget of \$4.11 billion. By also creating nearly 40,000 jobs and generating \$7 billion in local economic activity the LAX modernization project is one of the City's biggest and most successful job creation efforts. The projects are being funded by a combination of revenue bonds, LAX revenue, and other funding streams.

Project	Budget	Completion
Bradley West	\$1450 M	January 2013
Central Terminal Area Refurbishment	\$636 M	Rolling completions through 2020
Central Utility Plant Replacement	\$373 M	June 2014
Tom Bradley Terminal Renovation	\$738 M	Completed 2010
Taxi & Runway Enhancements	\$611 M	2013
Additional Improvements	\$351 M	2018

Bradley West—Tom Bradley International Terminal Expansion

The centerpiece of LAX modernization is the Bradley West project. The expansion project will accommodate new aircraft, such as the Airbus A380 super jumbo jet and the Boeing 787 Dreamliner, allowing passengers to experience the next-generation in commercial aviation. Featuring dual passenger loading bridges for faster boarding and deplaning, a revamped Great Hall with 140,000 square feet for premier dining, retail shopping and other passenger amenities, the fully modernized facility will be able to accommodate 4000 passengers per hour, up from the current 2800. The construction is designed to achieve a LEED Silver certification.



Central Terminal Area Refurbishment

The last time the LAX Central Terminal Area was upgraded was in time for the 1984 Olympics. These refurbishment projects will greatly improve the traveler's experience by decreasing congestion in the terminals, improving security infrastructure upgraded baggage handling facilities and enhancing concessions and retail opportunities. Upgrades will be installed in several of the current passenger terminals over the next several years.

Central Utility Plan replacement

To meet the demand placed by the new renovations throughout LAX, the 50-year-old Central Utility Plant (CUP) will be replaced with a more modern, efficient facility. The redesigned CUP will be 25 percent more energy-efficient than the current facility and will meet all current air-quality regulations.

Highlight:

Port of Los Angeles



The Port of Los Angeles (POLA), also known as the Los Angeles Harbor Department, is America's premier port, leading North America in terms of shipping container volume and cargo value. Generating more than 896,000 regional jobs and \$38 billion in annual wages and tax revenues, the Port of Los Angeles has committed itself to decreasing the Port's environmental impact while assisting to revitalize the economy. This year POLA celebrated the fifth anniversary of the Clean Air Action Plan (CAAP), a landmark initiative whose measures have cut harmful air emissions from port-related sources in the San Pedro Bay by as much as 76 percent since 2005.

Terminal Improvements

The Port's planned investment in capital improvements will ensure its continued ability to provide superior cargo terminals, rail and warehouse infrastructure, and attract top business tenants from around the world. Substantial expansion plans are underway throughout the Port, which include the terminal for TraPac, a unit of Japan-based Mitsui O.S.K. Lines Ltd. and China Shipping's terminal which will double in size to 142 acres. The two expansion projects, which will incorporate a host of sustainability measures, are expected to create more than 5,900 one-year-equivalent jobs during construction and directly and indirectly facilitate more than 19,000 permanent jobs.



Channel Deepening Project

Now in its final phase of development, the \$370 million Main Channel Deepening Project will deepen access to the Port's containership berths to a depth of 53 feet. Deepened channels will allow larger vessels to enter the Port of LA, reducing incentive for those vessels to call to other international ports like Vancouver or Panama. The Project will provide significant national economic development benefits through transportation cost savings while providing beneficial use of dredge material through creation of new land for Port expansion. It is expected to spur further terminal improvement projects that are anticipated to lead to more than 31,000 additional jobs. This is addition to several other major rail and roadway projects aimed at creating swift, efficient links between Port docks and inland destinations.

Alternative Maritime Power™ (AMP™)

AMP is an air quality program that focuses on reducing emissions from container vessels docked at the Port of LA. Instead of running on diesel power while at berth, AMP-equipped ships "plug in" to shore side electrical power – literally an alternative power source for oceangoing vessels. The Port of LA was the first Port in the world to use AMP technology for in-service container ships. On February 24, 2011, the Port of LA became the first port worldwide to provide AMP to three separate cruise lines. Disney Cruise Line, Princess Cruises and Norwegian Cruise Line have all taken advantage of unique "AMP Mobile" technology developed specifically for the World Cruise Center. The Harbor Department is scheduled to complete a total of twenty-four AMP installations for shipping lines to prepare for compliance with the CARB shore power regulation that begins on January 1, 2014 at all major container terminals.

Highlight:

Department of Water and Power



The Los Angeles Department of Water and Power (LADWP) is the nation's largest municipal utility, providing safe water and electricity to residents and businesses in the Los Angeles area. LADWP serves about 640,000 water customers and 1.4 million electric customers. The operations of the LADWP are funded through the sales of water and electric services, while capital funds are raised through bond offerings.

Clean Water

With the passage of the Water Quality rate adjustment earlier this year, LADWP will focus its efforts on meeting U.S. Environmental Protection Agency and CA Department of Public Health standards for safe drinking water by updating the processes and water storage and distribution systems in Los Angeles. Additionally, the department will continue implementing the Mayor's Water Supply Action Plan, a long-term initiative to develop local water supplies and meet future demand through water conservation and recycling. In FY12-13, investments will include the San Fernando Valley ground water clean-up project and commercial and residential rebates. Moreover, funding will increase for the stormwater capture program to help reach the goal of capturing 25,000 acre feet of stormwater by 2035. Projects such as Harbor Recycling will more than double recycled water delivery from 8,000 to 17,000 acre feet, bringing the City closer to meeting the goal of 50,000 acre feet by 2020.

Clean Power

In keeping with the shift to green energy mandates, LADWP is undergoing a major transformation of its energy resources and power generation. Designed to minimize the cost of power to customers while meeting regulatory requirements, projects include replacing 9 older natural gas generating units to eliminate once-through ocean cooling, completing the Adelanto Pine Tree solar projects that generate 20 megawatts, and phasing out the use of energy from the coal-fired Navajo Generating Station. LADWP will also continue pursuing energy acquisition and development projects to meet renewable targets of 20% for 2011-2013, 25% by 2016, and 33% by 2020.

Reliability Program

Infrastructure investments are necessary to maintain the reliability of the supply and distribution of water in Los Angeles. Within 5 years, over 300 miles of distribution lines will be about 100 years old. An average of 3.5 pipeline break per day, not including chronic minor leaks. LADWP will increase its replacement rate from 95,000 feet in FY11-12 to 120,000 feet in FY12-13 and 150,000 feet by FY14-15. Similar to the water system, the power infrastructure has exceeded its lifespan. The LADWP's primary goal is to increase investments in replacing aging infrastructure and ensuring a robust and reliable power distribution system.

Customer Opportunities Program

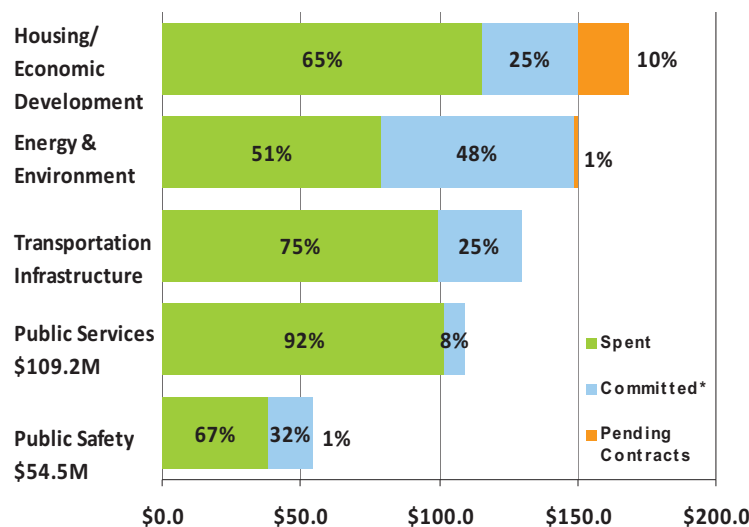
To help meet the 33% renewable energy requirement, LADWP is augmenting its energy efficiency programs. Investments into programs will rise by nearly \$28 million, an approximately 26 percent increase from FY11/12 to FY12/13. When coupled with new building codes and appliance standards, the expanded programs will reduce energy use in Los Angeles by at least 10 percent below the baseline by FY20/21.

Highlight:

American Recovery & Reinvestment Act



As a direct response to Great Recession, Congress passed the American Recovery & Reinvestment Act in order to spur long-term economic growth while creating and savings jobs. Los Angeles was awarded over \$611 million in competitive and formula grants to complete 110 distinct projects, including large capital projects such as Harry Bridges Boulevard and Smart Grid. Nearly 71%, or \$434 million, have been spent as of February 2012, with 97% of the total funds either spent or committed to projects and contracts. Only 3%, or \$20 million, have yet to be contracted. Generally, most American & Reinvestment Act grants end on September 30, 2012, with a few exceptions. LADWP's Smart Grid Program, for example, ends in 2015.



Mayor's Office of Grants

With all levels of government, foundations, and corporations tightening their fiscal belts to weather the prolonged economic downturn and lengthy recovery, grants dollars will be increasingly difficult to come by in the future years. Realizing the need for a more concerted, strategic approach to secure grant funding, the Mayor established the Office of Grants in December 2011 to proactively coordinate and maximize the efforts City departments. The office also works in partnership with other local government agencies, foundations and non-profit organizations to demonstrate regional cooperation and support for the City's grant applications.



Supplemental Information



*Current Economic Status
Key Revenue Sources*

Economic and Financial Overview: Current Economic Status

Lasting from December 2007 to July 2009, the recession was the longest economic downturn since the Great Depression of the 1930's. It continues to have a lingering effect on Los Angeles, particularly in employment and the housing market, which in turn ultimately affects the City's budget.

Unemployment

In February 2012, Los Angeles County's unemployment rate was 12.1 percent. While this demonstrates a small improvement over last year, local recovery is lagging behind other California municipalities and the State as a whole.

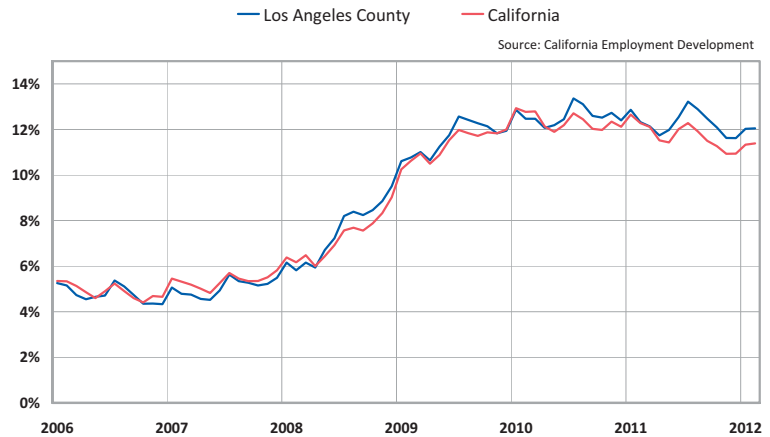
Compared to other large cities in California, unemployment in the City of Los Angeles remains high. The City's 13.3 percent unemployment rate is well above San Jose and San Francisco and slightly higher than Sacramento and Long Beach.

For 2012 and 2013, economists anticipate employment growth for the Los Angeles region at varying levels. The Los Angeles County Economic Development Corporation (LAEDC) projects 0.6 percent employment growth in 2012 and 1.2 percent in 2013, while UCLA forecasts 1.1 percent growth in 2012 and 2.1 percent in 2013.

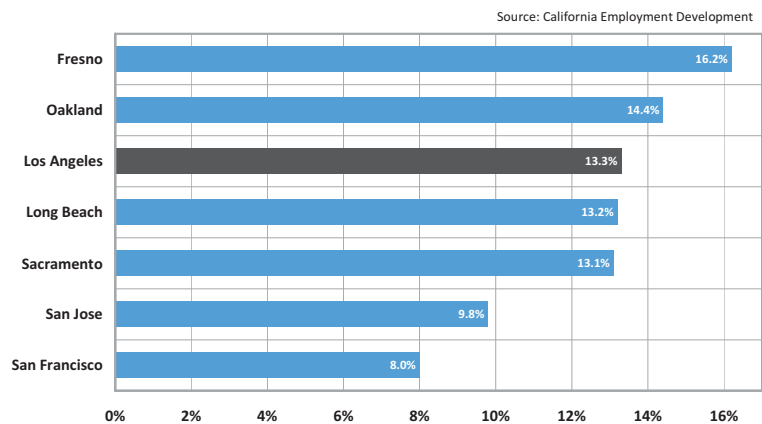
New Businesses and Jobs

The number of new business registrations filed with the Los Angeles Office of Finance is typically at its highest point in January of every year. In January 2012, 4,085 new businesses registrations were filed, a 16 percent increase over the 3,533 registrations filed in January 2011. In February 2012, new business registrations rose to over 5,900.

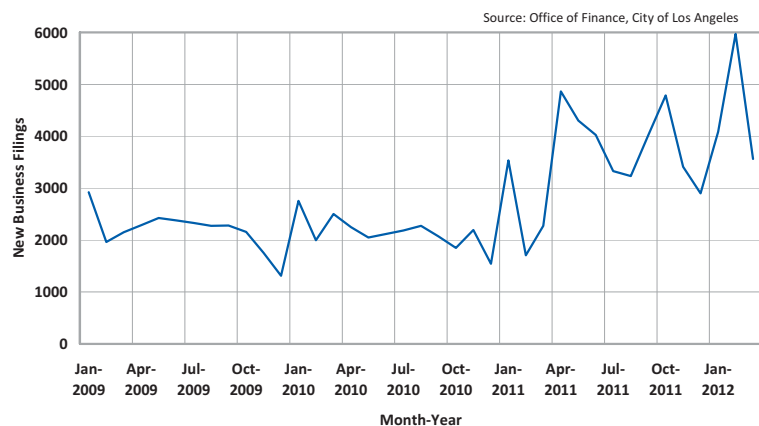
Unemployment Rate: Los Angeles County vs. State of California



Unemployment Rate: Los Angeles County vs. State of California
(February 2012 Preliminary Data)



New Business Filings
(Not Seasonally Adjusted)



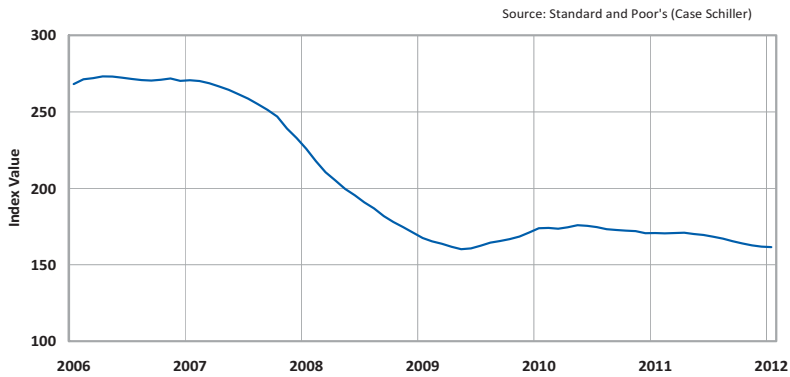
Inflation: Los Angeles-Riverside-Orange County
(Not Seasonally Adjusted)



Inflation

Inflation, as measured by the local consumer price index, stands at an annualized rate of 2.1 percent for the Los Angeles region. This is 0.2 percent lower than the inflation rate in 2011. The slight decline in inflation may indicate continued slow recovery to the City's revenue base as many of the City's economy-sensitive revenues, such as sales, business and transient occupancy taxes are impacted by the volume of consumer purchases and price.

Los Angeles Residential Real Estate Prices: S&P/Case-Shiller Index



Real Estate

Despite some signs of economic recovery, home prices continue to drop. Standard and Poors (S&P)/Case-Shiller Index, which track changes in the value of residential real estate, posted a low annual rate of -5.4 percent for Los Angeles in January 2012. The majority of large US Cities are also posting annual declines in home prices; S&P's 20-City Composites recorded annual returns of -3.8 percent.

Single-Family Median Home Price: Greater Los Angeles



In constant dollars, the median home price in the Greater Los Angeles area is at \$272,690 as of February 2012. This represents a 4.7% decrease from the median home price of \$286,100 in February 2011.

Declining home prices continue to impact the City's property tax receipts, which represents almost one-third of total General Fund revenue.

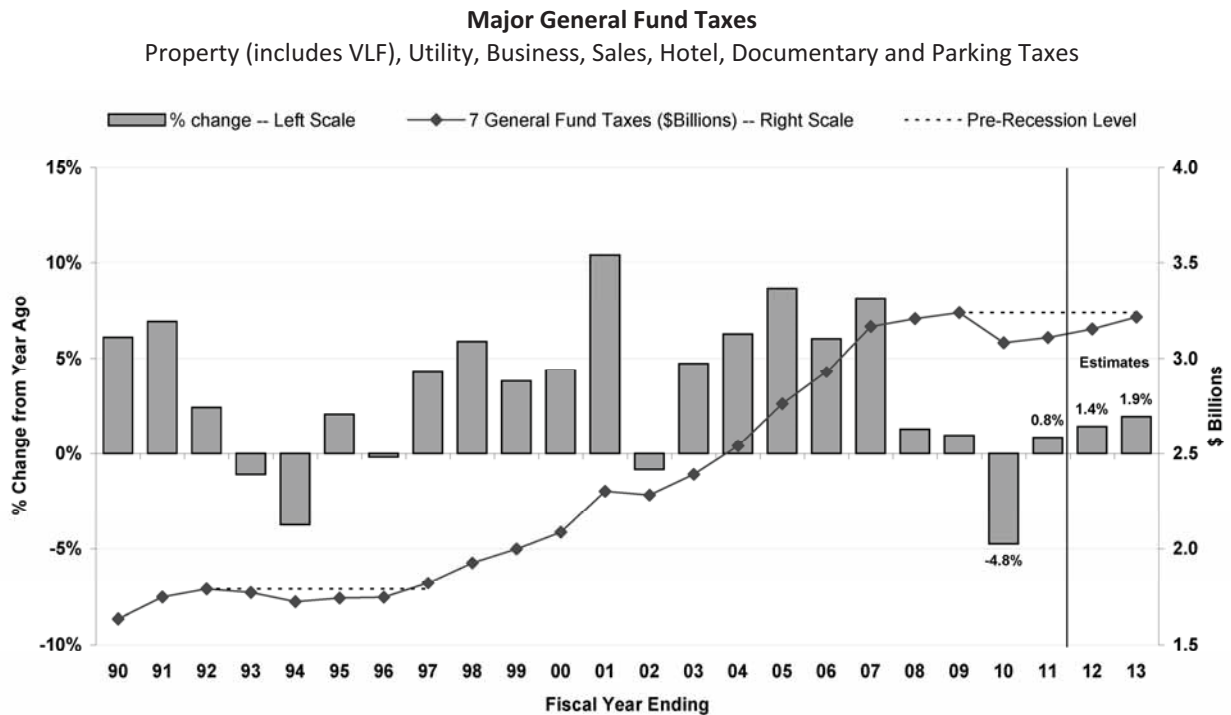
Key Revenue Sources

More than 70% of the City’s General Fund revenue comes from seven major taxes: property, utility, business, sales, hotel, documentary, and parking. This section provides an overview of the key revenue sources of the General Fund, the current trends in receipts, and expectations for the upcoming year(s) that together provide context and guidance in developing a strategy to put the City on the path to fiscal sustainability.

General Fund Historical and Projected Performance

The ongoing economic downturn has had a major impact on General Fund revenues. In fiscal year 2009-10, General Fund revenues from the seven major tax sources decreased 4.8%, the greatest decrease of all recent recessions dating back for at least 20 years. Based on receipts through the first 9 months of fiscal year 2011-12, General Fund revenues remain below 2008-09 levels. Revenues closely tied to the recovering economy, including sales tax and business tax revenue, have exhibited the most growth in fiscal year 2011-12. Revenues tied to the real estate market, including property tax and the documentary transfer tax, remain flat.

For fiscal year 2012-13, revenues from the seven major taxes are expected to grow by about 1.9%, returning to pre-recession levels due to continuing growth in the business, sales, hotel and parking users’ taxes. However, several uncertainties may disrupt the economic recovery. These include high local unemployment; declining home prices; and risks from rising oil prices, international tensions and the economic crisis in Europe.

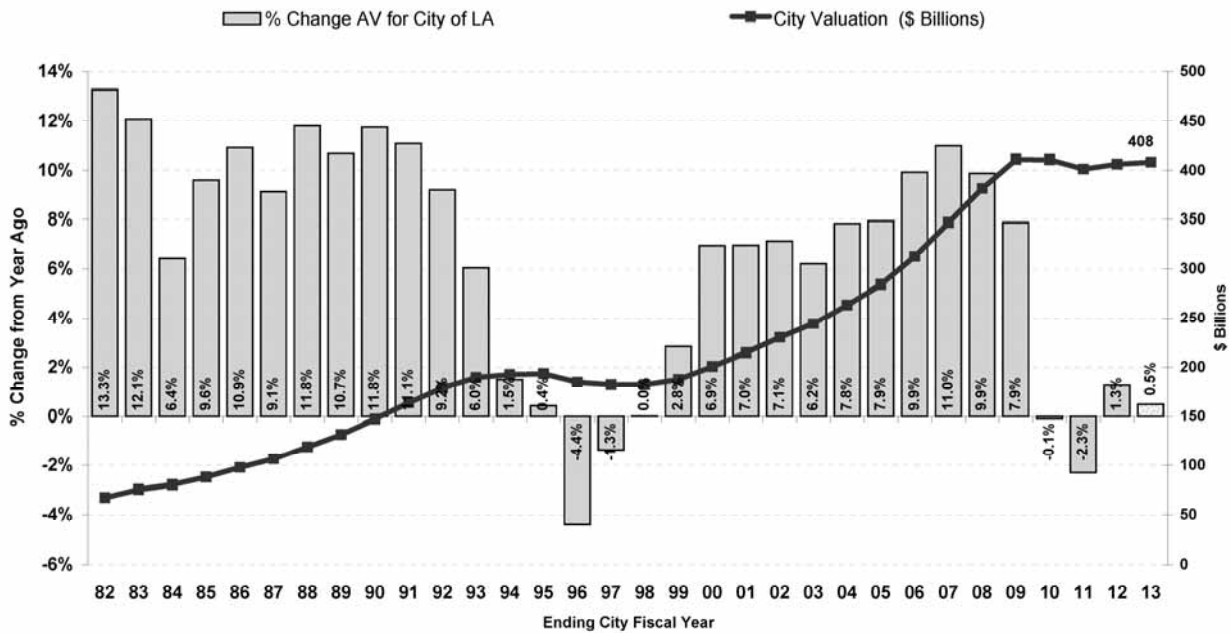


Property Tax—\$1,451 Million (32% of General Fund Revenue)

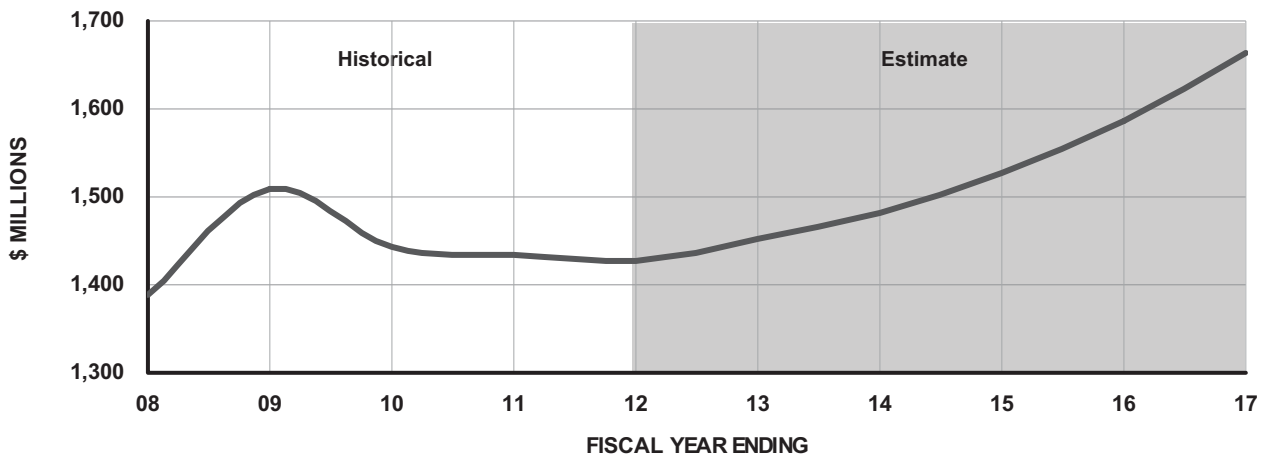
Property tax receipts are the largest source of revenue for the City’s General Fund, accounting for more than one-third of total revenues. The principal categories of property taxes are: secured receipts, unsecured receipts, redemptions, sales tax replacement, and vehicle license fee replacement. Taxes levied on secured and unsecured property are limited to 1% of taxable property valuation. Since property taxes are a fraction of valuation, the assessed value of property in the City factor considerably into the amount of property taxes received and projections for the future. The City saw an increase of 1.3% in assessed value in 2011-12, and expects 0.5% growth for 2012-13.

For 2012-13 property tax is estimated to increase by \$24.7 million (1.7%) but will still remain \$58 million below pre-recession 2008-09 levels. Beginning in 2014-15, growth in property taxes are expected to accelerate to 3.0% with recovering property valuation.

Change in Assessed Value—City of Los Angeles



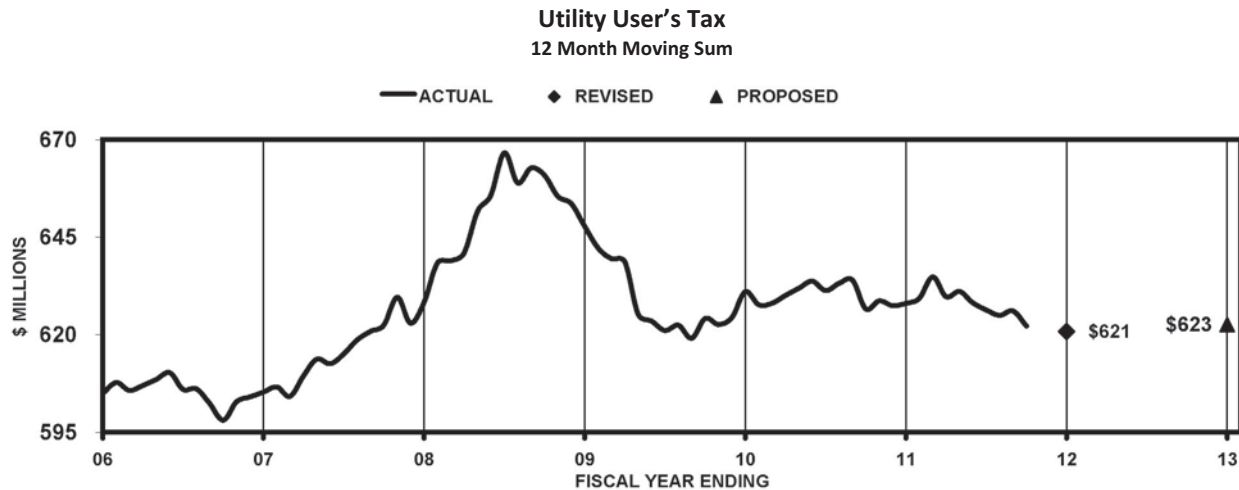
Property Tax (All Sources)



Key Revenue Sources

Utility User's Tax—\$623 Million (14% of General Fund Revenue)

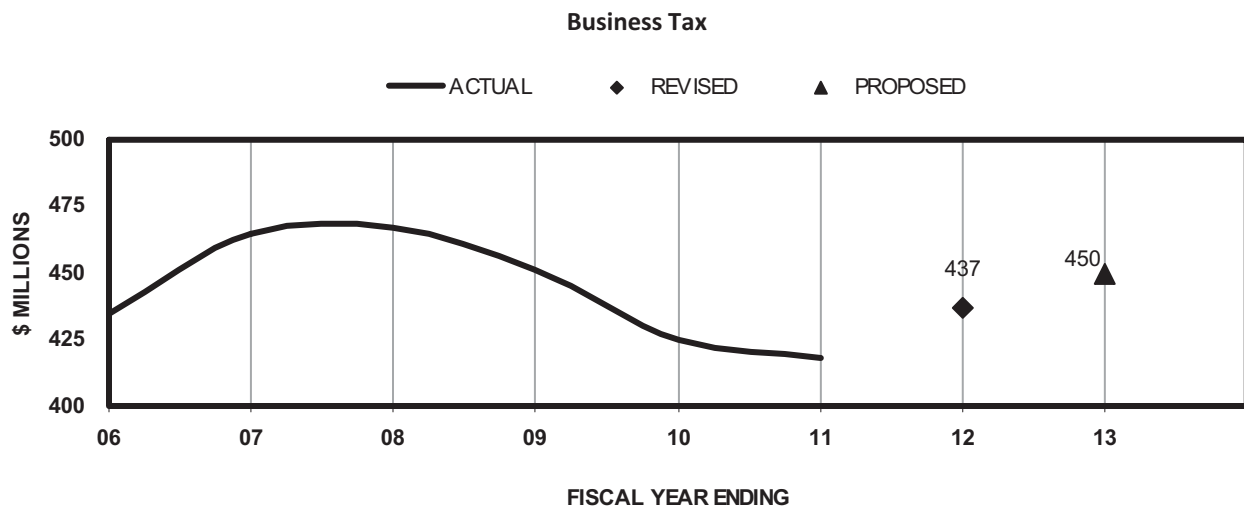
The utility user's tax is composed of taxes on electricity, gas, and communications usage. These components are affected by the price of fuel, weather, and the changing telecommunications marketplace. In 2011-12, Utility user's tax decreased by 1% from \$628 million to \$621 million. However, it is expected to grow 0.3% for 2012-13 to \$623 million.



Business Tax—\$450 Million (10% of General Fund Revenue)

The business tax is the largest tax directly imposed and collected by the City. The City imposes a tax upon businesses either located or conducted within the City and is based on gross receipts. The tax varies from \$1.01 per \$1,000 to \$5.07 per \$1,000 of gross receipts depending on the business classification.

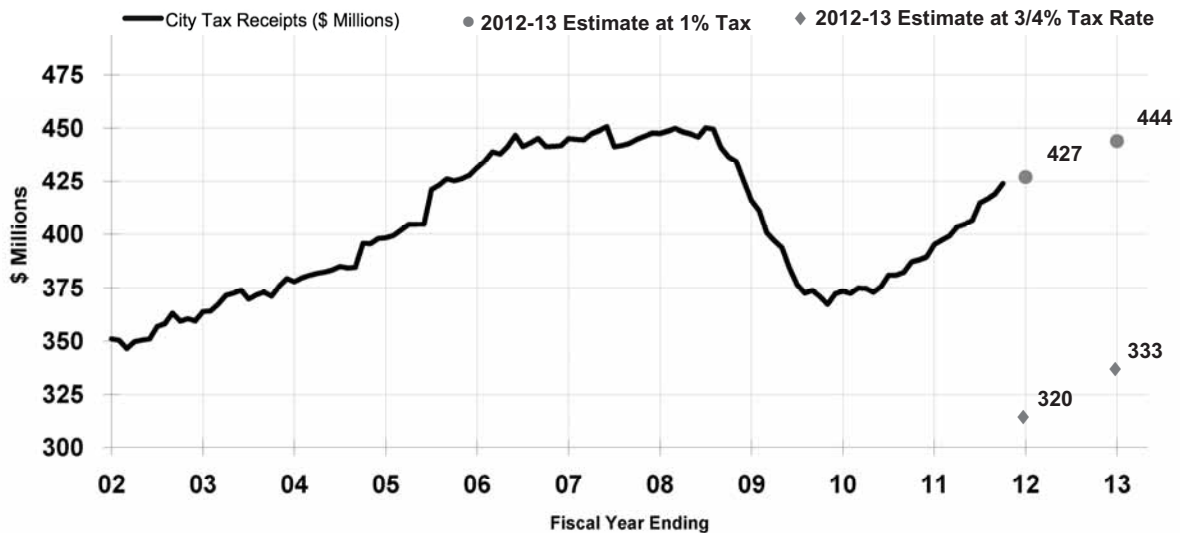
In recent years, the City has reformed the business tax to promote local job creation. Reforms include a 15% tax rate reduction, a small business exemption, a start-up incentive, a bad debt deduction, entertainment industry tax relief, tax simplification through consolidation of business tax classes, internet tax relief, a film production tax credit and the recently approved mutual fund exemption. The 2012-13 business tax revenue estimate of \$450 million is 3% higher than receipts estimated for 2011-12.



Sales Tax—\$333 Million (7% of General Fund Revenue)

As of March 2012, sales tax receipts are \$10 million ahead of budget and is 9.6% higher than the prior year. For the full 2011-12 year, the City expects \$320 million, representing a 7.9% increase. The City expects taxable sales to continue to grow by 4%. As a result of a state budget balancing plan, the City tax rate was reduced from 1% to 3/4%. The graph below illustrates sales tax revenue to 1% for comparison purposes.

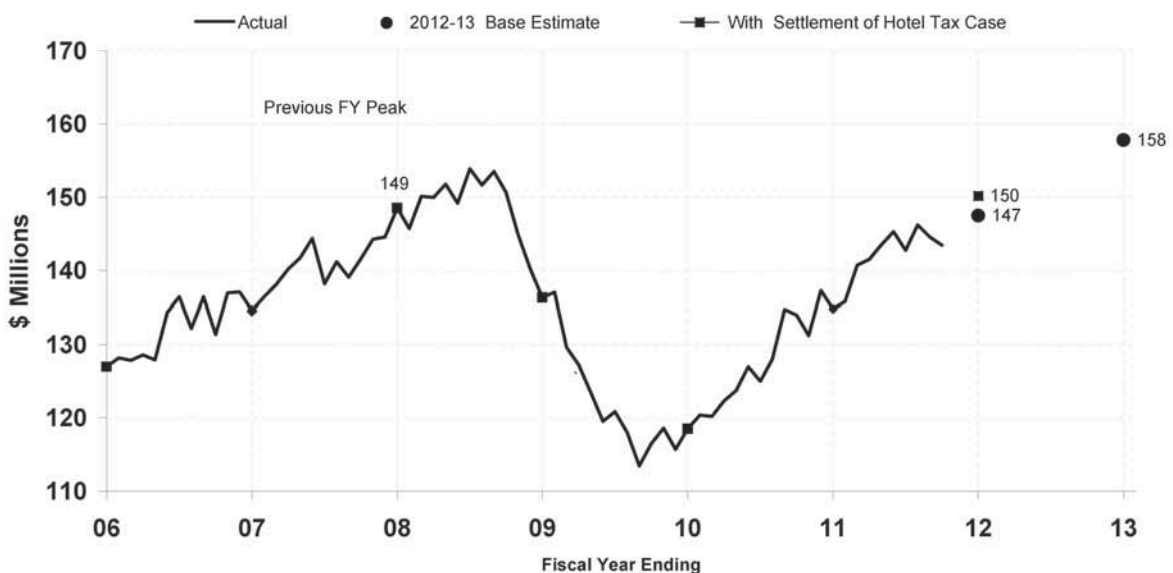
City Sales Tax—1% Tax Rate Comparison



Transient Occupancy Tax—\$158 Million (3% of General Fund Revenue)

The transient occupancy tax, also known as the “bed tax”, requires all hotel and motel operators to levy a 14% tax on “transient” guests. For 2011-12, the City expects to receive \$150 million in receipts, representing a 9.4% increase over the previous year. Part of this growth is due to a \$2.7 million bankruptcy court settlement resulting from an audit initiated by the Office of Finance. For 2011-12, growth is projected to continue at 7.0%.

City Hotel Tax Receipts
12 Month Moving Sum



Support the **City.**



City of Los Angeles
Budget Summary
Fiscal Year 2012-13

For additional budget information and online budget documents please visit:
budget.lacity.org