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CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 1

Date: May 1, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *DH
RWR*

Subject: **MAYOR – GANG REDUCTION AND YOUTH DEVELOPMENT**

The Mayor's Office of Gang Reduction and Youth Development (GRYD) was established in July 2007. The GRYD Office continues to be housed in the Mayor's Office. Since its inception, the Controller's Office has conducted several audits of the Mayor's GRYD Office. See the following list of dates and reports:

<u>Date</u>	<u>Report</u>
February 14, 2008	Blueprint for a Comprehensive Citywide Anti-Gang Strategy
February 29, 2009	Follow-up Audit of the Blueprint for a Comprehensive Citywide Anti-Gang Strategy
July 27, 2010	Semi-Annual Follow-up of the Controller's Blueprint for a Comprehensive Citywide Anti-Gang Strategy

MAS:ACA:CLF:

Question No.03

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 1, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*

Subject: **FIRE DEPARTMENT – ALTERATION AND IMPROVEMENT REQUEST**

At the Budget and Finance Committee meeting of April 30, 2012, this Office was requested to report on an alterations and improvements request identified in a letter from the Fire Department to the Committee dated April 23, 2012. The Fire Department requested \$790,000 for electrical improvements and roof replacements at various fire stations as well the construction of a new floating dock at Fire Station 110, in the Harbor area.

Proposition Q, approved by the voters in 2002, authorized a \$25 million fire facilities renovation program. This program was completed in early 2010-11 and a Phase II renovation program has been initiated through savings in the amount of \$2.3 million. The Fire Department and General Services Department (GSD) developed and submitted a 76-item, joint, prioritized list which was approved by the Proposition Q Administrative Oversight Committee in March 2011 (see Attachment).

Substantial savings are expected to accrue in the Proposition F Fire Facilities Program. The Fire Department and GSD have been asked to develop a capital repair list in the amount of \$1.0 million to be financed with Proposition F savings. This list will be submitted to the Proposition F Administrative Oversight Committee and subsequently Mayor and Council in the next several months. As Proposition F-funded fire facility projects are completed, it is expected that savings will be generated to subsequently develop a more robust capital repair program.

General Fund appropriations for Fire Department alterations and improvements are not recommended at this time. The Fire Department is not expected to need General Fund-financed capital repairs for the next several years.

MAS:RAS:05120065

ATTACHMENT

Question No. 60

Battalion	FS	Request	Health & Safety	Security	Infrastructure	Operational	Description	Fire Facilities Categories	GSD COST ESTIMATE
10	88	Plymovent System	X	X		X	Heavy apparatus garaged.('B' Building)	01	\$ 10,000.00
10	99	Plymovent System	X	X		X	Install system for reserve apparatus.	01	\$ 55,000.00
10	100	Plymovent System	X	X		X	Install system for Foam Tender.	01	\$ 30,000.00
16	90	Air Filtration	X	X		X	Jet aircraft creates fumes - Similar to FS 114, need filters.	02	\$ 35,000.00
15	18	Cord-reel	X		X	X	Electrical	03	\$ 6,000.00
3	46	Cord-reel	X		X	X	For new apparatus.	03	\$ 15,000.00
6	112	Cord-reel	X		X	X	For Fire Boat (pulley-type system)	03	\$ 3,000.00
2	12	Electrical	X			X	Emergency lights on apparatus floor.	04	\$ 2,000.00
1	17	Electrical Outlets	X		X	X	For rear parking of Haz/Mat and Foam Tender.; 2 outlets	04	\$ 3,000.00
12	75	Electrical Outlets	X		X	X	Install in yard for HM tender - Outside all the time.	04	\$ 8,000.00
14	78	Electrical Outlets	X		X	X	For rear parking of Decon Trailer.	04	\$ 5,000.00
10	88	Electrical			X	X	Off patio, rear of station; pre-heaters on reserve and strike team apparatus	04	\$ 5,000.00
10	90	Electrical			X	X	App. Floor; pre-heater circuits	04	\$ 10,000.00
ESB	ARS	Build-out	X	X		X	Install public counter; build-out of service animal enclosure	10	\$ 130,000.00
7	1	Shower Stalls	X			X	Showers leaking; repair plaster, install new shower pan	05	\$ 20,000.00
11	20	Showers	X	X		X	Plaster and paint	05	\$ 10,000.00
17	73	Shower Stalls	X				R/R showers to mitigate leaking pans at one shower	05	\$ 15,000.00
10	90	Shower Stalls	X				Re-grout showers to mitigate leaking pans at five showers	05	\$ 15,000.00
10	99	Shower Stalls	X				Re-grout showers to mitigate leaking pans at four showers	05	\$ 51,244.00
10	100	Shower Stalls	X				R/R showers to mitigate leaking pans at five showers	05	\$ 70,000.00

Battalion	FS	Request	Health & Safety	Security	Infrastructure	Operational	Description	Fire Facilities Categories	GSD COST ESTIMATE
9	23	HVAC	X	X	X	X	Replacement	06	\$ 115,871.55
9	23	Roof	X	X	X		Remove existing roof adhere 1 inch insulation and adhere a 60 mil T.P.O. title 24 energy consevation code	06	\$ 68,000.00
7	25	Roof	X	X	X		Remove and replace existing roof 47 sq feet adhere 1" insulation 1/4 inch dns deck and 60 mil T.P.O. Carlisle	06	\$ 58,523.75
5	27	HVAC	X	X	X	X	Replace seven (7) package units	06	\$ 85,000.00
9	37	HVAC	X	X	X	X	Install HVAC and heating (remove boiler)	06	\$ 208,519.00
6	48	HVAC	X	X	X	X	Replace two (2) five-ton package units	06	\$ 40,000.00
2	55	HVAC	X	X	X	X	Replace all throughout	06	\$ 48,500.00
17	105	HVAC	X	X	X	X	Crew's dorm	06	\$ 8,650.00
2	55	Roof	X	X	X		Replace.	06	\$ 75,000.00
2	56	HVAC	X	X	X	X	Replace all throughout	06	\$ 65,000.00
2	56	Roof	X	X	X		Replace all throughout	06	\$ 75,000.00
18	94	Roof	X	X	X		Replace on original station area only	06	\$ 50,000.00
7	25	Cabinets, kitchen	X		X		Mould abatement, kitchen sink area	07	\$ 10,000.00
13	66	Cabinets, kitchen	X			X	Replacement (mould abatement)	07	\$ 75,000.00
17	72	Cabinets, kitchen	X	X		X	Replace. Water damage, excess wear & tear.	07	\$ 65,000.00
10	88	Cabinets, kitchen	X	X		X	Replace with stainless steel, inc. back splash. Water damage/mould. GSD has measurements for this project; does not have money to	07	\$ 65,000.00
7	1	Flooring	X			X	Kitchen	08	\$ 10,000.00
11	6	Flooring	X			X	Replace damaged/torn, worn carpet	08	\$ 10,000.00
1	9	Flooring	X			X	Linoleum and carpet needs replacing, 4,229 sf	08	\$ 20,000.00

Battalion	FS	Request	Health & Safety	Security	Infrastructure	Operational	Description	Fire Facilities Categories	GSD COST ESTIMATE
1	10	Flooring	X			X	Replace damaged/torn, worn carpet; 4,900 sf, 300 sf tile	08	\$ 20,000.00
1	17	Flooring	X			X	Replace damaged/torn, worn carpet with flooring.	08	\$ 20,000.00
11	20	Flooring	X			X	Carpeting upstairs	08	\$ 10,000.00
5	35	Flooring	X			X	Replace damaged/torn, worn carpet (training room); 700 sf	08	\$ 7,000.00
2	42	Flooring	X			X	Carpeting, Captain's dorm; 300 sf	08	\$ 3,000.00
3	46	Flooring	X			X	Replace damaged/torn, worn carpet; 4,000 sf	08	\$ 12,000.00
2	55	Flooring	X			X	Replace damaged/torn, worn carpet; 2,500 sf	08	\$ 10,000.00
2	56	Flooring	X			X	Replace damaged/torn, worn carpet; 2,500 sf.	08	\$ 10,000.00
12	98	Flooring	X			X	Replace ACM tiles (asbestos abatement); 700 sf	08	\$ 16,000.00
15	103	Flooring	X			X	Replace damaged/torn, worn carpet; 500 sf	08	\$ 10,000.00
17	104	Flooring	X			X	Replace damaged/torn, worn carpet	08	\$ 10,000.00
17	106	Flooring	X			X	Replace ACM tiles (asbestos abatement); 500 sf	08	\$ 10,000.00
17	73	Exhaust Fans	X				Install, crew's shower	09	\$ 5,000.00
10	88	Exhaust Fans	X		X	X		09	\$ 16,892.05
7	2	Front apron	X		X	X	Repair concrete (20X20)	11	\$ 23,000.00
7	16	Front apron	X		X	X	Repair concrete (10X20)	11	\$ 20,000.00
9	23	Front apron	X			X	Replace damaged; 15X15	11	\$ 20,000.00
2	42	Front apron	X			X	Replace damaged; 50X50	11	\$ 65,000.00
2	44	Parking Lot	X		X	X	Rear yard slab is sinking (50X50)	11	\$ 65,000.00

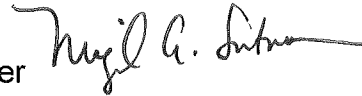
Battalion	FS	Request	Health & Safety	Security	Infrastructure	Operational	Description	Fire Facilities Categories	GSD COST ESTIMATE
2	55	Parking Lot	X			X	Resurface	11	\$ 40,000.00
15	103	Front apron					Front apron; 50X20	11	\$ 36,000.00
10	109	Parking Lot	X			X	Repair cracked cement.	11	\$ 65,000.00
15	18	Gate	X	X		X	Motorized rear gate.	12	\$ 15,000.00
11	20	Gate	X	X		X	Warped, replace - Motorized (side yard).	12	\$ 15,000.00
9	59	Gate		X		X	Motorize; paint	12	\$ 15,000.00
11	6	Paint	X			X	Kitchen	13	\$ 5,000.00
1	9	Paint	X			X	Interior and exterior; 10,035 sf int., 1,879 sf ext.	13	\$ 20,000.00
2	12	Paint	X		X	X	Boiler room - replaster (lead abatement); paint only kitchen, crew's lockers, and boiler room	13	\$ 20,300.00
7	16	Paint	X			X	Boiler room, locker room	13	\$ 10,000.00
2	44	Paint	X				Kitchen	13	\$ 3,000.00
9	59	Paint	X			X	Awning.	13	\$ 5,000.00
10	100	Plaster	X			X	Bathrooms & Shower.	13	\$ 15,000.00
11	20	Stairs	X			X	Exterior, corroded, replace (Member safety issue)	14	\$ 15,000.00
2	42	Railing	X			X	Needs to be built around apparatus lockers (two 30-foot sections, two ten-foot sections)	14	\$ 2,000.00
2	12	Doors	X			X	Install automatic door opener on rear apparatus door.	16	\$ 15,000.00
7	16	Doors	X			X	Replace rear roll-up.	16	\$ 15,000.00
5	76	Fence	X			X	Installation	17	\$ 5,000.00
							TOTAL		\$ 2,320,500.35

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 3, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Subject: **BUREAU OF ENGINEERING - RESTORATION OF TWO VACANT POSITIONS
DELETED FROM THE DEVELOPMENT SERVICES PROGRAM**

Your Committee requested this Office to report back on restoring position authority without funding for two positions deleted from the Development Services Program to address unanticipated increases in workload.

The Proposed Budget deletes funding and regular authority for one vacant Clerk Typist and one vacant Clerk position in the Development Services Program. These positions provide clerical and public counter services at the district offices. If the City experiences an increase in development activity and fee revenues, it is more appropriate for the Bureau to fill vacant engineering positions to review and approve project designs than to fill clerical positions. The deletion of vacant positions included in the Proposed Budget was developed in consultation with the Bureau to minimize service level impacts and to ensure that sufficient resources are available to address unanticipated increases in workloads.

The cost to fill these two positions is approximately \$153,459 per year (\$95,595 direct and \$57,864 indirect costs). If the workload justifies the need for these positions and sufficient revenues above budgeted amounts are realized, this Office will work with the Bureau to activate substitute authority for these positions. Therefore, this Office does not recommended any changes to the Proposed Budget for the Bureau of Engineering at this time.

MAS:WKP:06120081

Question No. 129

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 4

Date: May 3, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the feasibility of creating a full-time classification that focuses on issuing citations.

Subject: **TRANSPORTATION – FEASIBILITY OF CREATING A FULL-TIME CLASSIFICATION THAT FOCUSES ON ISSUING PARKING CITATIONS**

You requested that we report back on the feasibility of creating a full-time classification that focuses on issuing citations. It is feasible to create such a classification. While much of the information required to complete this process is readily available, the process could span several months to a year or more. The length of time would be dependent upon the relative workloads and resources provided to City Departments and Offices involved. The process for doing so involves:

- The Department of Transportation, the Personnel Department and the City Administrative Officer work together to create a class specification and to secure approval from the Civil Service Commission;
- The City Administrative Officer determines any potential need for paygrades, provides a recommended salary and secures approval of the Council and Mayor for the new class and the new salary by ordinance;
- The Personnel Department and Department of Transportation create and hold an examination to identify eligible candidates; and,
- A request to accrete the classification may be submitted by potential bargaining units. The Employee Relations Board would make any decision regarding affiliation of the classification. This could occur concurrently with the rest of the process.

However, creation of a new full-time classification to focus only on issuing parking citations can not be as cost effective as the current use of Part-Time Traffic Officers. Even though a salary could be established that is less than a Full-Time Traffic Officer, a new full-time classification would not address the major cost drivers of the City's structural deficit (pension and health benefits) that the Part-Time Program avoids. Therefore, we do not recommend creation of a new classification. We do recommend continued limited use of Part-Time Traffic Officers.

MAS:DHH:06120085

Question No. 139

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 5

Date: May 3, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee to report back on restoration of funding for Playground Equipment and how this relates to the General Fund contribution for the HACLA sites

Subject: **RESTORATION OF PLAYGROUND EQUIPMENT FUNDING AND HOW IT RELATES TO THE GENERAL FUND CONTRIBUTION TO HACLA SITES**

Your Committee requested this Office to report back on the feasibility of restoring funding for playground equipment and if there is any impact on the proposed General Fund contribution for programming at HACLA sites.

The Proposed Budget included \$25,078,476 in appropriation for reimbursement of retirement and health benefits to the General Fund by the Department of Recreation and Parks; however, \$534,113 of the \$25 million was inadvertently not included in the Revenue Outlook. The Department has requested allocation of this funding to restore an additional \$500,000 in funding for Playground Equipment to provide a total of \$1 million for this purpose in 2012-2013.

Restoration of funding for Playground Equipment would not impact the proposed General Fund contribution of \$500,000 to HACLA sites. The General Fund contributed \$1 million for services at HACLA sites in 2011-2012. HACLA reimbursed the City's contribution from pilot funds. In 2012-2013, HACLA will provide \$1.6 million in PILOT funds to partially offset the \$2.1 million cost of programming at these sites. The remaining funding in the amount of \$500,000 will be provided by the General Fund. The Department of Recreation and Parks cannot use its Charter Mandated Funds to provide programming at HACLA sites because they are not Recreation and Parks facilities.

The allocation of the additional monies to the Playground Equipment line item or to increase the reimbursement of retirement and health benefits is at the discretion of the Budget and Finance Committee.

MAS: WYL: 08120134

Question No. 69

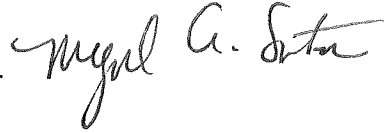
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 6

Date: May 3, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on final AB 678 numbers and its impact on the overall budget

Subject: **FIRE DEPARTMENT - FINAL AB 678 REVENUE AND ITS IMPACT**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department report back on the final Assembly Bill (AB) 678 revenue and its impact on the overall budget. The Department's response is attached.

There is no additional impact to the 2012-13 Proposed Budget as these revenues have already been recognized. Within the Department's proposed revenue; \$10 million is recognized in Emergency Ambulance Services and \$13.6 million is recognized under Reimbursements from Other Funds.

MAS:MCD:04120114

Question No.54

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date May 3, 2012

TO: Miguel A. Santana, City Administrative Officer
 City Administrative Office

 Attn: Mark Davis, Senior Administrative Analyst II

FROM: Brian L. Cummings, Fire Chief 
 Fire Department

**SUBJECT: FIRE DEPARTMENT – QUESTION #54 REPORT BACK ON FINAL
 AB-678 NUMBERS AND ITS IMPACT ON THE OVERALL BUDGET**

The current estimated receipts for AB-678 are \$23.6 million. Adjustments to the estimated receipts will be made when additional information is received. The six major factors that may impact the estimated receipts include:

1. Final approval of the cost sheets that will itemize the cost of providing ambulance transport services. This information will be utilized to verify that the City of Los Angeles Fire Department is eligible for reimbursement. It is projected that the Cost sheets will be approved by the federal agency by the end of June 2012, but there are no guarantees and the Fire Department is diligently working with the state to meet this deadline.
2. The actual reimbursement rates that the federal government will use for the transport of MediCal patients for Advanced Life Support (ALS) or Basic Life Support (BLS).
3. Determination if the vendor, Intermedix, will receive commissions for the MediCal accounts they processed and payments were received. The City Attorney has been requested to provide an opinion and once the opinion is rendered it will be made available. The commission is approximately 5.3% of the amount the contractor generated.
4. There are reports that the rate of reimbursement may be increased due to cost of living increases. It is not known at this time the basis to be used for the adjustments or if these adjustments will actually occur. As soon as these reports are confirmed adjustments will be made to the estimated revenue.
5. Mileage reimbursement is also a factor. It is not known at this time if there will be reimbursement for mileage nor is it known if there will be reimbursement for only one mile per transport or for the total number of miles one-way per transport.
6. Reimbursements for transports in fiscal year 2011-2012 and future years will be based on actual transports and the eligibility of MediCal patients. The rate of ALS transports decreased significantly when the documentation was captured electronically. The Fire Department and the vendors are studying the situation to determine the cause of this change.

The impact of the AB-678 revenue on the overall budget would best be determined by the CAO.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 7

Date: May 3, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on a more accurate projected overtime cost for FY 2012-13, assuming the proposed overtime cost is not accurate. What is the plan if overtime exceeds proposed budget costs?

Subject: **LOS ANGELES POLICE DEPARTMENT SWORN OVERTIME**

During its consideration of the 2012-13 Proposed Budget, the Committee requested the City Administrative Officer (CAO) to report back on a more accurate projected overtime cost for Los Angeles Police Department (LAPD) sworn overtime account for FY 2012-13, assuming the proposed overtime cost is not accurate.

The 2012-13 Proposed Budget provides \$16.4 million for Sworn Overtime which is consistent with the projected expenditures for fiscal year 2012-13. This amount covers both non-reimbursable overtime (\$4.4 million) and reimbursable overtime (\$12 million). Non-reimbursable overtime covers those activities that are funded by the General Fund. These activities are mostly limited to work scenarios mandated under federal labor laws. Reimbursable overtime covers activities funded from a non-General Fund source and includes Los Angeles International Airport (LAX) security and various other functions associated with grants and/or task forces where the City is directly reimbursed for overtime expenditures.

The 2012-13 Proposed Budget does not capture overtime funding for reimbursable activities that has historically been excluded from LAPD's sworn overtime budget because the workload, as well as the actual amount of overtime to be reimbursed in a given fiscal year, are often unknown. Funding for these activities is usually transferred into LAPD's sworn overtime account through the Financial Status Reports as necessary during the year, or when reimbursements are received by the General Fund.

As part of the Los Angeles Police Protective League (LAPPL) agreement, the maximum bank of Compensated Time Off (CTO) increased from 400 to 800 hours. However, to ensure that officers do not reach the 800 hour threshold, the Chief of Police mandated/required the use of CTO after 600 hours.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 8

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on partnership proposals related to tourism.

Subject: **EL PUEBLO – REPORT BACK ON PARTNERSHIP PROPOSALS RELATED TO TOURISM (i.e. LA INC.)**

During its consideration of the El Pueblo de Los Angeles' (El Pueblo) 2012-13 Proposed Budget, the Committee asked the Department to report back regarding partnership proposals related to tourism. Attached is El Pueblo's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120141

Question No. 185

Attachment

CITY OF LOS ANGELES
CALIFORNIA



BOARD OF
COMMISSIONERS

VACANT
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ANTONIO R. VILLARAIGOSA
MAYOR

EL PUEBLO DE LOS ANGELES
HISTORICAL MONUMENT

ROBERT L. ANDRADE
GENERAL MANAGER

125 PASEO DE LA PLAZA, SUITE 400
LOS ANGELES, CA 90012

TEL: (213) 485-6855
TDD: (213) 473-5535
FAX: (213) 485-8238

DATE: May 3, 2012

TO: Honorable Members of the Budget and Finance Committee
c/o: Erika Pulst, Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

FROM: Robert L. Andrade, General Manager
El Pueblo de Los Angeles Historical Monument.

SUBJECT: REPORT BACK ON EL PUEBLO COLLABORATION WITH LA INC.

On May 2, 2012, the Budget and Finance Committee (Committee) requested that El Pueblo de Los Angeles Historical Monument (El Pueblo) report to the Committee on the proposals and discussions with LA INC.

BACKGROUND

El Pueblo currently uses various media outlets in print, television, and the Internet for its marketing efforts. In addition to the dozens of public service announcements that El Pueblo provides each year, over 5,000 brochures are distributed to LA INC. Furthermore, El Pueblo has been featured on dozens of television programs, including HGTV (a cable station broadcasting nationally), The History Channel (a cable station broadcasting nationally), Univision's "Despierta América" (a local program broadcast in Spanish), KMEX (a local station broadcasting in Spanish), Canal+ (a television network in France), NHK (a television station in Japan), and CBC (a television network in Canada).

LA INC. is a non-profit organization contracted by the City of Los Angeles to promote and advertise Los Angeles as a destination for tourism. In July 2011, El Pueblo met with the Department of Cultural Affairs and LA INC. to discuss utilizing the resources of LA INC to better market El Pueblo as a tourist destination. Based on the findings of that meeting, the following additional marketing strategies were developed:

- 1) Pursue artist grants to support local artist's goods at El Pueblo



- 2) Research grant funding to work with Olvera Street businesses on merchandise plans that promote local artwork
- 3) Advertise and display exhibits at LAWA
- 4) Enhance the Visitor Information Center located at El Pueblo
- 5) Conduct joint exhibits with Cultural Affairs
- 6) Install and rotate exhibits in the City's main library
- 7) Look into FlyAway bus wraps with "Follow me to Olvera Street"
- 8) Advocate existing facilities to promote El Pueblo

Marketing the birthplace of Los Angeles is an ongoing activity for El Pueblo and the department will continue to work with LA INC to conduct further research in the feasibility and implementation of the above strategies.

In Jan 2012, El Pueblo hosted 10 visiting journalists as part of LA INC's "Discover Arts in LA" media event. The journalists reported on El Pueblo's museums, traditional events, and the history of Los Angeles.

In April 2012, El Pueblo collaborated with LA INC. in the recent Los Angeles International Powwow by providing historical tours to attending travel industry delegates.

RLA:qg

cc:

Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Jennie Carreon de Lacey, Office of the Mayor
El Pueblo de Los Angeles Historical Monument Authority Commission

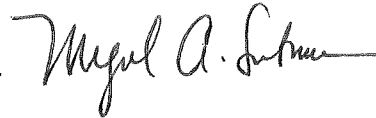
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 9

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated April 30, 2012 to report back on where grant dollars are expended geographically throughout the City.

Subject: **CULTURAL AFFAIRS – REPORT BACK ON THE GEOGRAPHIC DISTRIBUTION OF ITS GRANT DOLLARS THROUGHOUT THE CITY**

During its consideration of the Department of Cultural Affairs' (DCA) 2012-13 Proposed Budget, the Committee asked DCA to report back on the geographic distribution of its grant dollars throughout the City. Attached is the Department's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120138


Question No. 77

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3rd, 2012

TO: Budget and Finance Committee
City Hall
Los Angeles

FROM: Olga Garay-English, General Manager 
Department of Cultural Affairs
201 N. Figueroa Street, Suite 1400

SUBJECT: **Questions from Budget & Finance Committee Assigned to Departments
Department of Cultural Affairs Responses**

Question No. 77

4/30/2012

Report back on where grant dollars are expended geographically throughout the City.

The Department of Cultural Affairs (DCA) is committed to providing geographic distribution of its grants dollars throughout the 15 City of Los Angeles Council Districts. DCA grants are awarded through a comprehensive, competitive application and peer-review process. One of the six criteria that community peer-review panel members use to determine Cultural Affairs grant application scores is demographics. These criteria also include estimated audience/participant information by age, ethnicity, and geography.

Historically, however, City Council Districts that receive the highest amount of DCA grant funding have developed and sustained the best infrastructure for service delivery (e.g. concert venues, theaters, museums, galleries, community centers, and arts-ready schools). These districts are 4, 9 and 13.

To encourage outreach and foster activities at the best venues, DCA RFP grant guidelines and score sheets encourage grant service providers, i.e. arts organizations and artists, to bring youth and families from underdeveloped to well-developed areas so that audiences served are more diverse than the geographic location of venues. Moreover, applicants with projects in underserved Council Districts also receive higher scores. This is accomplished by weighting the score system so that greater points are awarded for serving audiences within or from underserved geographies.

For FY 2012-2013, DCA staff estimates that Council Districts 4, 9, and 13 will receive the most support with 60-70 projects each. Council Districts 1, 5, 8, 10, 11, and 14 will be served by 40-60 projects each, and Council Districts 2, 3, 6, 7, 12 and 15 will be served by 30-40 projects.

Audience demographics gathered from FY 2011-12 (a good estimate since 95% of the services and service providers will remain the same) indicate that more than one million unique individuals will be served in FY 12-13 through a significantly diminished DCA grants budget of \$2.3 million dollars (\$2,167,657 listed in Special I; another \$113,500 listed in Special II is made possible by additional funds from national/international funding partners). In FY 2006-2007 DCA's grants budget was \$3,118,884, for example, but has seen decreases in the last five years. These audiences will include approximately 32% youth, 45% adults, 23% seniors, 13% African-American, 12% Asian-American, 27% Latino, 37% Caucasian, 3% Middle Eastern-American, 1% Native American, 1% Pacific Islander-American, and 6% people of unspecified heritage.

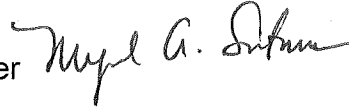
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 10

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated April 30, 2012 to report back on the status of the Vera Davis Prop K project.

Subject: **CULTURAL AFFAIRS – REPORT BACK ON THE STATUS OF THE VERA DAVIS PROP K PROJECT**

During its consideration of the Department of Cultural Affairs' (DCA) 2012-13 Proposed Budget, the Committee asked DCA to report back on the status of the Vera Davis Prop K project. Attached is the Department's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120139


Question No. 82

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3rd, 2012

TO: Budget and Finance Committee
City Hall
Los Angeles

FROM: Olga Garay-English, General Manager 
Department of Cultural Affairs
201 N. Figueroa Street, Suite 1400

SUBJECT: **Questions from Budget & Finance Committee Assigned to Departments
Department of Cultural Affairs Responses**

Question No. 82

4/30/2012

Report back on the status of the Vera Davis Prop K project.

The Vera Davis McClendon Center is housed in the Venice Branch (aka Old Venice Library), a former branch of the Los Angeles Public Library. The Library was designated as a Historic-Cultural Monument by the Los Angeles Cultural Heritage Commission in June 1984. In 1987, the Venice Branch and several other branch libraries were added to the National Register of Historic Places. It is also on the State of California Register. Currently, the Center is operated by the City of Los Angeles Community Development Department (C.F. No. 11-1370).

The Vera Davis McClendon Center (aka Oakwood Jr. Arts Center) is a Proposition K Specified Project approved by voters in 1996. The scope of the project is to "refurbish, retrofit and convert Venice Library into a Jr. Arts Center."

In the Proposition K: 2012-13 L.A. for Kids Program Draft Five Year Plan for Program Years 16 - 20 (Fiscal Years 2013 through 2017), scheduled for City Council on May 8, 2012 (C.F. 11-1496), the project is on the A-List of Projects to be funded for Year 16 (FY2013), and the B List of Projects to be funded for Years 17-20 (Fiscal Years 2014 – 2017). The total Prop K allocation for the Vera Davis Center is \$500,000 (\$100,000 in FY 13 and \$400,000 in FYs 14-17).

At this point, the City estimates that the cost to refurbish, retrofit, and convert the facility into a Junior Arts Center will exceed the \$500,000 allocation. \$2 Million is a preliminary estimate of the cost to complete the project. Additional funding has not yet been identified.

The Bureau of Engineering is working with the Office of the City Administrative Officer in preparing a report to the Prop K for Kids Steering Committee that would include a cost to complete this project. It is anticipated that the report will be presented in the Fall 2012.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 11

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated April 30, 2012 to report back on the efforts to generate more visitors to Hollyhock House, Watts Towers and other Cultural Affairs facilities.

Subject: **CULTURAL AFFAIRS – REPORT BACK ON THE EFFORTS TO GENERATE MORE VISITORS TO HOLLYHOCK HOUSE, WATTS TOWERS AND OTHER CULTURAL AFFAIRS FACILITIES**

During its consideration of the Department of Cultural Affairs' (DCA) 2012-13 Proposed Budget, the Committee asked DCA to report back on its efforts to generate more visitors to the Hollyhock House, Watts Towers and other Cultural Affairs facilities. Attached is the Department's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120140


Question No. 115

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3rd, 2012

TO: Budget and Finance Committee
City Hall
Los Angeles

FROM: Olga Garay-English, General Manager 
Department of Cultural Affairs
201 N. Figueroa Street, Suite 1400

SUBJECT: **Questions from Budget & Finance Committee Assigned to Departments
Department of Cultural Affairs Responses**

Question No. 115

5/1/2012

Cultural Affairs to report on efforts to generate more visitors to Hollyhock House, Watts Towers and other Cultural Affairs facilities.

Watts Towers

Tours of the Watts Towers are given on Thursday – Saturday from 10 a.m. to 4:00 p.m., and Sunday from 12:00 p.m. to 4:00 p.m.

The adoption of an ordinance in June 2011 amending Section 5.111.2 (c) of the Los Angeles Administrative Code, allowing the Department to use all fees charged for admission to the Watts Towers for programming, staffing, maintenance and restoration of the Watts Towers has greatly assisted the Department in its efforts to increase the number of visitors to the Towers. Being able to use these funds will allow the Department to hire additional docents, work with the Los Angeles County Museum of Art (LACMA), other art and cultural organizations, social service agencies, schools, faith-based institutions, and community-based organizations to increase knowledge of the Towers, resulting in increased visitors to the Towers, Art Centers, and Watts Cultural Crescent. As of April 30, 2012 approximately 17,000 persons from all over the world have toured the Towers. Approximately \$40,000 is generated annually from this activity.

Hollyhock House

Tours of Hollyhock House in Barnsdall Park are given on Friday – Sunday from 12:30 p.m. to 4:30 p.m. This temporary schedule of tours is due to the construction project being done in partnership with Project Restore. It is the goal of the Department to resume the pre-construction schedule of Thursday through Sunday when construction is completed. Even with a very demanding construction schedule, tours of Hollyhock House are drawing visitors from all over the world. This year, as of April 30, 2012, approximately 12,500 persons have toured the House.

In 2014, Hollyhock House, designed by Frank Lloyd Wright, is on track to be inscribed on UNESCO'S World Heritage List (WHL), one of only 12 Frank Lloyd Wright buildings to receive this distinction. World Heritage recognition is a unique opportunity to showcase American architecture to a global audience. A World Heritage List designation is the highest honor awarded to a historic site. Once designated, Hollyhock House will take its place among other World Heritage sites such as the Great Wall of China, the Acropolis, the Taj Mahal, and the Statue of Liberty. It would be the first cultural site in California to be inscribed on the WHL joining Yosemite National Park and Redwoods National Park.

Studies in the United States and other countries have shown a significant increase in visitors to sites with a WHL designation. For Hollyhock House this will mean an increase in the number of days for tours, increase in the number of docents, and the need for effective marketing and public relations materials (brochures, catalogs, etc.).

The adoption of an ordinance amending Section 5.112.(c) of the Los Angeles Administrative Code, adding Hollyhock House and allowing the Department to use all fees charged for admission to Hollyhock House tours for programming, staffing, maintenance and restoration of Hollyhock House and other structures designed by Frank Lloyd Wright in Barnsdall Park, would allow the Department to increase the number of days for tours, hire additional docents and update and distribute effective marketing and public relations materials; thereby increasing knowledge of Hollyhock House and Frank Lloyd Wright, and the number of visitors. Approximately \$64,000 is generated annually from this activity, which is currently deposited in the General Fund.

Other Department of Cultural Affairs Facilities

The Department is partnering and collaborating with outstanding organizations to bring additional resources, increase visibility and continue the high standard of exhibitions at the Los Angeles Municipal Art Gallery (e.g. Hammer Museum, LAXart collaboration; Getty Foundation Pacific Standard Time collaboration; France- Los Angeles Exchange - FLAX collaboration, all three of these institutions are working with DCA on major exhibitions at the LA Municipal Art Gallery). In addition, DCA receives grants for outstanding programs - The Big Read, Music LA, for example, which have allowed the agency to increase the number of visitors to its arts facilities and theaters and increase the number of youth served by these programs and activities.


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 12

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the actions being taken to ensure that City buildings are ADA compliant.

Subject: **DISABILITY – REPORT BACK ON THE ACTIONS BEING TAKEN TO ENSURE THAT CITY BUILDINGS ARE ADA COMPLIANT**

During its consideration of the Department on Disability's (DOD) 2012-13 Proposed Budget, the Committee asked DOD to report back on the actions being taken to ensure that City buildings are ADA compliant. Attached is the Department's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120142


Question No. 203

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Councilmember Paul Krekorian, Chair
Budget and Finance Committee

From: 
Regina Houston-Swain, Executive Director
Department on Disability

Subject: Response to Question #203: What is being done to ensure that City buildings are all ADA compliant? Is there a strategic plan to accomplish this?

The City has recently hired an ADA Compliance Officer to ensure over-all compliance relative to the City's programs and services. In addition, subsequent to the City's pending agreement with HUD, a Voluntary Compliance Officer will be hired at the beginning of the new fiscal year. This position will be located in and report directly to the Mayor's Office. The Voluntary Compliance Officer will specifically coordinate and monitor activities associated with ensuring that the City owned housing and other buildings are consistent with the mandates and codes of the ADA. It is our understanding that the Housing Department has plans to hire a contractor to survey existing buildings for ADA compliance.

An education and training program will be developed to train managers of federally funded developments and City employees relative to accessibility requirements of the ADA. Further, the Department on Disability will institute a training plan, which will educate General managers regarding their responsibilities relative to accessible programs and services. In particular, the Voluntary Compliance Officer will maintain a close working relationship with the departments of Building and Safety, Housing, Engineering, Planning and the Community Development Department.

C: Brian Currey, Mayor's Office
Maria Ramos, CAO's Office

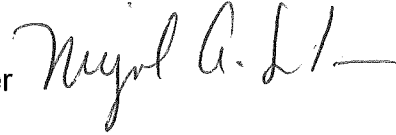
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 13

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on Fire's dispatch policy for backfilling/"moving up" resources to geographically isolated fire station districts on EMS incidents when multiple ambulances and fire resources are tied up or transporting patients to the hospital. Report back to include any policy changes necessary to ensure adequate station coverage, with emphasis given to geographically isolated communities

Subject: **FIRE DEPARTMENT - DISPATCH POLICY FOR BACKFILLING/MOVING UP RESOURCES**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department report back on the policy for backfilling/moving up resources and any policy changes necessary to ensure adequate station coverage. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120115

Question No. 66

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

May 3, 2012

TO: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

FROM: Brian L. Cummings, Fire Chief 
Fire Department

SUBJECT: FIRE DEPARTMENT – QUESTION #66: REPORT BACK ON FIRE'S DISPATCH POLICY FOR BACKFILLING/"MOVING UP" RESOURCES TO GEOGRAPHICALLY ISOLATED FIRE STATION DISTRICTS ON EMS INCIDENTS WHEN MULTIPLE AMBULANCES AND FIRE RESOURCES ARE TIED UP OR TRANSPORTING PATIENTS TO THE HOSPITAL. REPORT BACK TO INCLUDE ANY POLICY CHANGES NECESSARY TO ENSURE ADEQUATE STATION COVERAGE, WITH EMPHASIS GIVEN TO GEOGRAPHICALLY ISOLATED COMMUNITIES.

According to Metro Fire Communications, the Fire Department's policy is not to leave any station "dark". Dark means leaving a fire station district without some type of fire or Emergency Medical Service resource. When fire companies are out of their districts (e.g., emergency responses, training, repairs, etc.) the Metro Fire Dispatcher moves resources from areas that have sufficient companies available to those districts in need. The movement of these resources is based on the dispatcher's knowledge of the districts and companies involved.

The Fire Department is constantly reviewing its policy for validity and effectiveness. This review includes evaluating other means and methods to determine how to best keep the City, including geographically isolated communities, adequately covered with the proper resources.

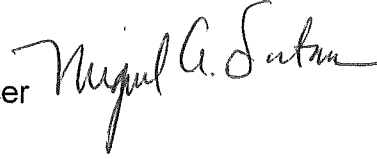
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 14

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Fire to report if any AB 678 funds would be used to fund fees for collection agencies for ambulance billings. Discuss feasibility of City personnel performing these functions

Subject: **FIRE DEPARTMENT - REPORT IF ANY AB 678 FUNDS WILL BE USED TO FUND AMBULANCE BILLING FEES FOR COLLECTION AGENCIES AND DISCUSS FEASIBILITY OF CITY PERSONNEL PERFORMING THESE FUNCTIONS**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department report back if any AB 678 funds will be used to fund ambulance billing fees for collection agencies and to discuss the feasibility of City personnel performing these duties. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120116

Question No.111

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date May 3, 2012

TO: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

FROM: Brian L. Cummings, Fire Chief 
Fire Department

**SUBJECT: FIRE DEPARTMENT – QUESTION #111: FIRE TO REPORT IF ANY
AB-678 FUNDS WOULD BE USED TO FUND FEES FOR COLLECTION
AGENCIES FOR AMBULANCE BILLINGS. DISCUSS FEASIBILITY OF
CITY PERSONNEL PERFORMING THESE FUNCTIONS.**

The estimated \$23.6 million has been adjusted to compensate the vendor, Intermedix, for collection of the ambulance transport fees for MediCal patients.

The City Attorney has been requested to provide an opinion as to whether the vendor is eligible for compensation from AB-678 receipts. Once the opinion is rendered it will be made available. The commission is approximately 5.3% of the amount generated by the contractor for MediCal paid accounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 15

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Police to provide a list of equipment funded from MICLA

Subject: **LOS ANGELES POLICE DEPARTMENT EQUIPMENT LIST**

During its consideration of the 2012-13 Proposed Budget, the Committee requested the Los Angeles Police Department (LAPD) to provide a list of equipment to be funded by the Municipal Improvement Corporation of Los Angeles (MICLA). Below is the list of equipment:

REPLACEMENT VEHICLES

Type of Vehicle	No.	Cost per Vehicle	Total Cost
Black/White	117	\$ 56,000	\$ 6,552,000 *
Plain	80	37,000	2,960,000
Undercover	46	39,000	1,794,000
Misc. (light duty trucks and vans)	17	34,000	578,000
Cargo van	1	35,980	35,980
TOTAL FUNDING	261		\$ 11,919,980

NOTES:

MICLA is the City's debt-financing vehicle. All capital equipment items purchased must have a useful life of 6 years or more.

* MICLA funding in the amount of \$6.55 million is provided for the acquisition of 117 patrol vehicles. Only short-term debt (Commercial Paper) will be used to acquire the vehicles. Forfeited Assets Trust Fund (FATF) will pay for the first year (\$1,727,843) and the resulting interest cost of the Commercial Paper financing for Black & Whites.

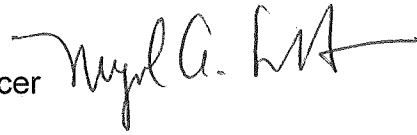
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 16

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on request for overtime at the Sunshine Canyon Landfill which is fully reimbursable. The request for continued inspections is approximately \$21,700.

Subject: **DEPARTMENT OF BUILDING AND SAFETY GENERAL FUND OVERTIME FOR WEEKEND, HOLIDAY, AND OFF-HOUR INSPECTIONS OF SUNSHINE LANDFILL**

Relative to the Department's request for \$21,700 of additional General Fund overtime to provide weekend, holiday, and off-hour inspections at Sunshine Landfill, the overtime will be fully reimbursed by Sunshine Landfill. Additionally, the Local Enforcement Agency fee revenue in the Revenue Outlook (page 118) assumes this reimbursement will be collected. Therefore, it is recommended that the Department's General Fund overtime be increased from \$84,703 to \$106,403 (\$21,700 increase).

MAS:ACA:TJM:02120130

Question No. 176

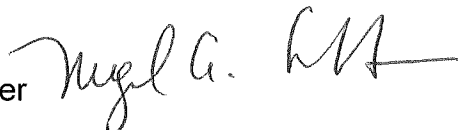
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 17

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on funding options, including alternative sources of funds, for TTY or video phones at LAPD stations.

Subject: **DISABILITY – REPORT BACK ON FUNDING OPTIONS FOR TELETYPE (TTY) OR VIDEO PHONES AT LAPD STATIONS**

During its consideration of the Department on Disability's (DOD) 2012-13 Proposed Budget, the Committee asked DOD to report back on funding options for TTY or video phones at Los Angeles Police Department (LAPD) stations. Attached is the Department's response.

We do not have a clear inventory or current information on on-going costs of communication equipment for persons with disabilities at LAPD or Los Angeles Fire Department (LAFD) stations. Additional research is needed to determine the cost breakdown for equipment, installation, maintenance, and capital costs for the equipment referred to in DOD's correspondence. It is recommended that DOD work with LAPD, LAFD, and the Information Technology Agency to provide information on the implementation and maintenance of TTY and video phone equipment to improve communication between people with disabilities and City departments.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120143

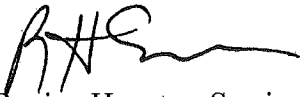
Question No. 196

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Councilmember Paul Krekorian, Chair
Budget and Finance Committee

From: 
Regina Houston-Swain, Executive Director
Department on Disability

Subject: Response to question #196: Report back on funding options, including alternative sources of funds (e.g., grants) for TTY (\$35,000) or video phones (\$75,000) at LAPD stations. Also include ongoing maintenance and capital costs.

TTY SOFTWARE

The Department recommends replacing the existing Teletype (TTY) equipment to reduce the potential legal liability of the City for implementing the Americans with Disability Act. The Department recommends that the City purchase and install upgraded TTY Software at an approximate cost of \$35,000. The existing, obsolete communication equipment, especially in the Police and Fire Stations, is malfunctioning, therefore greatly exposing the City to legal liability. The Department is concerned about the existing communication technologies for people with disabilities who are deaf or hard of hearing, and the impasses they face in communicating with City Departments, especially Police and Fire, due to existing antiquated equipment.

In 1990 Congress passed the Americans with Disability Act (ADA) to prohibit discrimination of people with disabilities and encourage entities to provide reasonable accommodations. To comply with the law the City of Los Angeles implemented an ADA Transition Plan, which identified key areas of the ADA law toward which the City and its Department should transition over a reasonable period of time.

Through the Transition Plan the City identified the need to improve communication between people who are deaf or hard of hearing and the City Departments and services; especially Police and Fire. It was important that people with disabilities to be able to communicate with City Departments by phone to request services. The City attempted to meet this goal by installing Telecommunication devices for the deaf (TDD) at public

points of contact through each City Department. The TDDs required dedicated cables, modems and a printing function. However, the TDD machines have become obsolete, and experience breakdowns. They are obsolete because new, emergency technologies have advanced over the last ten years. They have experienced breakdowns due to their age, and lack of equipment warranties no longer offered by the manufacturer. Recently the print function might break down, requiring Departments like Police and Fire to stand-by to read and write down the message, rather than having a readily available print out for easy retrieval and filing.

These breakdowns have no immediate fix, since manufacturers will not grant warranties for equipment, which is obsolete. To replace the obsolete TDDs the Department on Disability is encouraging the purchase of the following web-based option:

- * \$34,000 for 250 licenses for an upgraded, web-based text telephone (TTY) system, which will replace the antiquated, hodge-podge system of the TTY and telecommunications devices for the deaf (TDD) which is currently depends on outdated modems and specialized equipment. The web-based system allows the City's approximate 250 identified users to receive text messages on their computer monitors, therefore eliminating the need for special equipment and printers, which occasionally dysfunctional and which no longer have a manufacturer warranty. The 250 identified users include LAPD's approximately 20 subdivisions.

The web-based system works seamlessly with the existing, home technology of a caller. For instance, a caller at homes uses their existing technology to dial a City Department. The caller's message travels to a web-based server, and is then re-directed along a broadband line to one of the 250 identified CITY users. The message prompts the City recipient and shows up in a dialog window on the person's desktop monitor. If the City would like to add more users, it merely expands the license. This upgraded, web-based TTY system will replace our existing system of TDD and TTY devices; ensuring that the City is in compliance with Federal Law, and thereby reducing the legal liability for non-compliance.

VIDEO REMOTE INTERPRETING SERVICES

The Department is providing pricing information to implement a Video Remote Interpreting Services (VRIS) project. This project will involve the installation of Videophone equipment at twenty-two (22) locations: nineteen (19) LAPD Community stations, two (2) 9-1-1 Communications Centers, and one (1) Emergency Operations Center (EOC). The price is approximately \$75,900.

The VRIS would significantly enhance communication capabilities between deaf individuals, law enforcement, and emergency services personnel. When a deaf individual comes into contact with an officer at a police station or emergency services center having Videophone equipment the Video Interpreting Agency may be contacted and immediate assistance rendered through video conferencing, such centers employ a number of

interpreters who can be available at any given time to facilitate effective communication between deaf individuals and law enforcement. Aside from this obvious benefit, individuals will also be able to contact DOD directly for emergency information during times of disaster.

Implementation of this project is critical due to the serious shortage of sign language interpreters and the increasing difficulty DOD is experiencing in obtaining qualified sign language interpreters within the terms of the existing contracts.

Video Remote Interpreting Services is an interactive video teleconferencing system that utilizes a Sign Language Interpreter at a Video Interpreter Agency to interpret calls from sign language users to standard phone users, without the use of a TTY(text telephone).

A videophone is about the size of a traditional business telephone with a built-in camera, microphone, video display, and standard buttons for dialing and speakerphone operation. A video camera, and other compatible equipment at the videophone location, transmits an image to the sign language user's location. The videophone at the sign language user's location simultaneously transmits his/her image to a Video Interpreting Agency.

Sign Language Interpreters are trained to relay conversations between hearing individuals and deaf or hard of hearing individuals whose primary language is American Sign Language. American Sign Language is not a written language but is a visual language with a unique structure, syntax and grammar similar to French.

Videophone Equipment Cost

22- Videophones	\$2,000@	\$44,000
22- Enhanced DSL Lines (Installation)	\$250 @	5,500
22- Monthly Service	\$100 @x 12 mo	<u>26,400</u>
	Estimated total	\$75,900

The Department on Disability recommends that budgeting and implementing the above outlined proposal is essential to appropriately addressing the growing problem the City is experiencing, relative to the provision of quality and effective communications between the deaf and hard-of-hearing community and the Los Angeles Police Department.

Potential Sources of Funding for this Equipment

- I. DOD estimated salary savings for FY 2011-12 of approximately \$50,000.
- II. ADA Oversight Fund (annual allotment \$125,000.)
- III. Costs can be charged to LAPD budget for FY 2012-13.

C: Brian Currey, Mayor's Office
Maria Ramos, CAO's Office

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 18

Date: May 4, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to Report back on what additional steps the City can take to further enhance private sector partnerships to further support parks including sponsorships.

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO ADDITIONAL STEPS TO ENHANCE PRIVATE SECTOR PARTNERSHIP OPPORTUNITIES**

The Department of Recreation and Parks has submitted the attached response relative to additional partnering opportunities

MAS: MTS: 08120146

Question Number 76

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

FISCAL YEAR 2012-13 QUESTION NO. 76 – ADDITIONAL STEPS TO ENHANCE PRIVATE SECTOR PARTNERSHIP OPPORTUNITIES

The Department of Recreation and Parks (RAP) continues to face the challenge of maintaining service to the public while the amount of funding for program and services diminishes every year. This on-going crisis suggests that now is the time to consider significant, strategic changes to City policies and procedures that will facilitate the efforts of RAP to solicit new and expanded partnerships and sponsorships.

Sponsor Recognition Policy for Recreation and Parks – the RAP Board and the City Attorney to expedite review and action on a Sponsor Recognition Policy.

The RAP Board of Commissioners is drafting a policy on recognizing sponsors. This Sponsor Recognition Policy will include allowances for acknowledgement of sponsors on facility signage, as well as other methods of recognizing sponsors and facility naming. Under the Policy, each situation would be subject to a formal written agreement and details would be reviewed and approved on a case by case basis by the RAP Board, which under the City Charter has control over park property (Charter Section 590). Concerns over perceived overlap with proposals to update the City's sign ordinances have stalled action on this policy. Further collaborate efforts are needed to aid RAP and the City Attorney's Office in reaching an agreement on this issue.

Collaborate with For-Profit Companies on Cause Marketing Strategies – Pursue marketing strategies with for-profits that will provide sponsorship.

State parks and other agencies have enjoyed success in landing sponsorship dollars through creative collaborations with for-profit businesses. There are some marketing firms that specialize in orchestrating collaborations between public agencies and for-profits. Such collaborations can be for cash or in-kind support, and often feature a promotional opportunities



package for which signage is a minor component. The for-profit businesses are looking for such opportunities as: product giveaways; visual presence on our website, in our social media, and on printed materials (such as registration receipts); access to City employees to promote merchandise; permission to host a special event; customer rewards programs (with revenue sharing for certain purchases). RAP may need certain City authorizations to pursue such strategies and to consult with or even contract with experts in this emerging cause marketing field.

Expand Social Media Activity – Expand use of social media and the Internet to promote the City and to communicate with residents.

Promoting RAP as a potential partner and providing to sponsors the benefits of social media communication requires a new level of activity. A vibrant website, e-mail lists, campaigns, and a strong social media presence is crucial to increasing the marketing value of a relationship with RAP. In a growing number of cases, it is mandatory to benefit from sponsorship programs. A current example is SpriteParks.com which tallies votes from on-line participants for cities which received playground refurbishment funding from Sprite; top vote-getters will receive additional operating funds. The City of Los Angeles has not yet been in the top-ten vote-getters, and without effective e-mail and social media strategies, we are unlikely to catch up to the cities that do – thereby losing a \$10,000 donation. A policy for all departments would result in expanded activity; Information Technology Agency's assistance would be required to provide additional detailed guidance.

Expedite Approvals for Grants – Modify the Administrative Code as needed to delegate authority for grant applications and agreements under a set dollar limit to General Managers or Boards of Commissioners, as appropriate.

Current City policy provides that all grants, everything from multi-million dollar grants from the State or Federal Government to a few thousand dollar supplement to an on-going program, be processed through the Mayor and City Council from initial application through final acceptance. Like other contracting and purchasing activity, this lengthy, multi-step process becomes logistically infeasible and burdensomely expensive at the lower end of the grant spectrum. For example, RAP applied for a \$10,000 grant to continue a summer fishing program at Cabrillo Beach; with only a few weeks to apply, and with the program for 2012 starting only six weeks after the award, there was no practical way to handle the long process of Mayor and City Council approval. Changes to the Administrative Code could release some of the processing restrictions for grants of a size and scope that fall within the dollar limits that exist in other purchasing and contracting provisions of the law. Modifications to allow easier regulation of smaller grants will give flexibility and timeliness that can bring more such funds to help RAP sustain service levels.

Should you have any questions on these views, please contact Vicki Israel, Assistant General Manager or Regina Adams, Executive Officer, at (213) 202-2633.

Sincerely,


JON KIRA MUKRI
General Manager

JKM:RA:VI/bc

Honorable Paul Krekorian

May 4, 2012

Page 3

cc: Romel Pascual, Office of the Mayor
Jennie Carreon De Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 19

Date: May 4, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to Report on the feasibility of following El Pueblo's pattern and possibly clarify whether or not Venice Beach (from the south the Marina Channel to the North Being Navy Street, west of the property lines on Ocean Front Walk) can be come a self sustaining unit, with reliance/dependence on funds from RAP's overall budget

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO VENICE BEACH**

The Department of Recreation and Parks has submitted the attached response relative to making Venice Beach a self-sustaining entity

MAS: MTS: 08120145

Question Number 188

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

FISCAL YEAR 2012-13 QUESTION NO. 188 – FEASIBILITY OF FOLLOWING EL PUEBLO'S PATTERN AND POSSIBLY CLARIFYING WHETHER OR NOT VENICE BEACH (FROM THE SOUTH TO THE MARINA CHANNEL TO THE NORTH BEING NAVY STREET, WEST OF THE PROPERTY LINES ON OCEAN FRONT WALK) CAN BECOME A SELF SUSTAINING UNIT, WITHOUT RELIANCE/DEPENDENCE ON FUNDS FROM RAP'S OVERALL BUDGET

We do not believe that the Venice Beach Recreation Center and the Ocean Front Walk are comparable facilities to El Pueblo. The main difference is that Venice Beach does not generate a reliable funding stream from concessionaires and vendors as El Pueblo does. The following is an outline of some of the particulars of Venice Beach, as well as, a snapshot of what would be involved in becoming self sustaining.

The portion of Venice Beach that is under the jurisdiction of the Department of Recreation and Parks (RAP) consists of a recreational area at the Windward Plaza, and portions of the Oceanfront Walk stretching from the Santa Monica border to El Segundo. The recreation amenities consist of a small recreation center building, a police substation, paddle tennis courts, basketball courts, the "Muscle Beach" weight training area, a skate park, a children's play area, and some open space.

In order to be self sustaining, Venice Beach would need to be able to fund all operational costs, both direct and indirect, and would need to set aside appropriate funding for on-going maintenance, as well as, facility repairs and future capital improvement projects.

The revenue stream at this facility is comprised primarily of fees collected for programming, filming, and special events. RAP is responsible for staffing the various recreation operations as well as performing maintenance of the entire site including the Ocean Front Walk area. Maintenance, facility repairs, and capital improvements are a major part of RAP's expenses at



Honorable Paul Krekorian
May 4, 2012
Page 2

the site. The Venice Beach Windward Plaza and Ocean Front Walk areas receive very heavy use every day of the week, year round. Trash pick-up, litter removal, and restroom cleaning are a major priority due to the high volume of use. This is especially true during the summer months.

It is important to note that, the permanent brick and mortar store fronts, restaurants, and shops located on the east side of Ocean Front Walk are on privately owned property. RAP receives no revenue from these various properties. It is also important to note that the two City owned beach parking lots in this area are on long term leases with the Los Angeles County Department of Beaches. RAP receives no revenue from these lots as the County provides in-kind services of beach maintenance, lifeguard service, and operational costs associated with the lots themselves. An analysis would need to be done to determine if there is a cost benefit of RAP taking action to revoke the current lease and regaining operation of the lots. If this were to occur, the County would also return the liability and costs of beach maintenance, lifeguard service, and operations, to RAP.

Revenue from special events, user fees, and filming is not dependable, sustainable, or long term sources of funding. This is mainly due to the randomness of the events. For example, an event may not return every year, may be different in size or scope, and may not generate the same amount of revenue every year. Filming is not predictable or steady, and is variable based on industry needs. User fees are not a large source of revenue at this facility due to the nature of the activities.

Additionally, due to the eclectic nature of the Venice community, new revenue producing projects and ideas are often met with severe resistance from the community. This makes revenue development planning and/or strategic planning for the site extremely difficult.

Additional time is required in order to determine whether or not Venice Beach is capable and feasible for being a self-sustaining operation. A full study and analysis of the above mentioned information and issues, including a study of future revenue ideas, projects, and sources is needed.

Should you have any questions, please contact Assistant General Manager Kevin Regan or Executive Officer Regina Adams, at (213) 202-2633.

Sincerely,


JON KIRK MUKRI
General Manager

JKM:RA:KR/sa

cc: Romel Pascual, Office of the Mayor
Jennie Carreon de Lacey, Office of the Mayor

Honorable Paul Krekorian
May 4, 2012
Page 3

Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 20

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back with an analysis of the rollover fund policy.

Subject: DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT – ANALYSIS OF THE ROLLOVER FUND POLICY

Your Committee requested this Office to report back with an analysis of the Neighborhood Council (NC) rollover policy.

On June 22, 2005, the Council adopted a policy which allowed NCs to rollover unspent NC fund balances at the end of each fiscal year for a period of time not to exceed three years from the date of initial allocation (C.F. 02-0699). Due to the City's fiscal constraints, the 2011-12 Adopted Budget suspended the NC rollover policy. The suspension of the rollover policy is proposed for continuation in the 2012-13 Proposed Budget. The following table provides a history of the total projected NC rollover balances and the projected encumbrances from FY 2011-12:

Fiscal Year	Rollover	Encumbrances	No. of NCs	Annual Appr
2005-06	\$4,309,000		70	\$50,000
2006-07	\$6,070,000		85	\$50,000
2007-08	\$7,142,000		87	\$50,000
2008-09	\$6,168,730		88	\$50,000
2009-10	\$1,613,470		90	\$45,000
2010-11	\$966,000		90	\$45,000
2011-12		\$1,556,322	93	\$40,500
2012-13*		\$750,000	95	\$37,000

*Projected encumbrances for FY 2012-13. Encumbrance deadline for Neighborhood Councils is May 16, 2012.

It should be noted that NCs have the ability to encumber funds. The Department sets forth the encumbrance policy and requirements for NCs. The Department provides each NC with a Treasurer's Handbook that provides a guideline NCs can follow when preparing a request to encumber funds. The Controller requires documentation to support each encumbrance request. Attached is the Department letter to NC Board Members dated February 9, 2012 relative to the year-end closing and encumbrance deadlines for FY 2011-12.

Attachment

MAS:DP:08120144c

Question No. 204

CITY OF LOS ANGELES
CALIFORNIA

BOARD OF NEIGHBORHOOD
COMMISSIONERS

DANIEL GATICA
PRESIDENT

CARLENE DAVIS
VICE PRESIDENT

DOUGLAS EPPERHART
LINDA LUCKS
KAREN MACK
PAUL PARK
LEONARD SHAFFER

JANET LINDO
Executive Administrative Assistant
TELEPHONE: (213) 485-1360



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
NEIGHBORHOOD EMPOWERMENT

334-B EAST SECOND STREET
LOS ANGELES, CA 90012

TELEPHONE: (213) 485-1360
TOLL-FREE: 3-1-1
FAX: (213) 485-4608
E-MAIL: done@lacity.org

BONGHWAN (BH) KIM, MPA
GENERAL MANAGER

www.EmpowerLA.org

February 9, 2012

Re: FUNDING PROGRAM YEAR END CLOSING DEADLINES AND PROCEDURES

Dear Neighborhood Council Board Members:

As we begin the preparations for the closing of fiscal year 2011-2012, the Department is still processing payment for NC **obligations** from last fiscal year (July 1, 2010 – June 30, 2011). These outstanding **obligations** are the Requests for Demand Warrant (DW) forms submitted to the Department by the April 14, 2011 cut-off date.

The Department is able to continue processing these obligations because we **encumbered** or put them on hold so as not to lose the funds due to the City Council's policy to disallow the roll-over of NC funds from year to year. It was necessary to **encumber** the funds because the Department was unable to process the exorbitant amount of DWs that were submitted prior to the shut-down of the City's financial management system or **FMS** (this is the system that "cuts" the checks).

For your review, attached is a PDF spreadsheet indicating the list of **obligations encumbered**, by Neighborhood Council, and the status of payment. To access this spreadsheet, **[please click here](#)**. You will see that the Department **encumbered** a total of \$1,556,322.91, of which \$223,005.22 or 14.33% remains to be paid. Those that remain are awaiting the approval of office leases or NPG contracts. If there are any discrepancies or questions, please contact the Funding Program Manager, Rita Moreno, at (213) 473-4529 or via e-mail: rita.moreno@lacity.org.

FY 2011-2012 Closing

The Funding Program continues to be a challenge given our paper-based system and the probability of human error, the lack of resources, and coordination with multiple parties. Despite these challenges, the Department has been processing Request for Demand Warrant forms and issuing payment within two to three weeks when all required information is submitted. We will continue to work expeditiously to pay NC **obligations** with current fiscal year funds. Any requests that are submitted after this year's cut-off date of **Wednesday, May 16, 2012** will be paid with next fiscal year's funds. Any incomplete requests and those submitted after the cut-off date will not be processed and paid with current fiscal year funds. NCs will be able to continue expending funds using the purchasing card until **5:00 p.m., Friday, June 15, 2012**.

In addition, if the Department finds that the NC has insufficient funds to process payment with current fiscal year funds, the request will be paid with next fiscal year funds.

Note: Last year's cut-off date for Demand Warrant requests was April 15th. This year, we are giving NCs an additional month to submit requests, until May 16th. However, if the **DW** is deemed incomplete, NCs

will not have the flexibility of submitting additional information at a later date. Therefore, any incomplete submissions will be returned to the NC and not paid with current fiscal year funds.

Encumbering Election Expenses

Some NCs have expressed a desire to use current fiscal year funds to pay for election outreach. However, it is not yet known when the election will be held, where, or any of the pertinent information candidates and stakeholders need to know. In addition, NCs may not know which vendors will be used. The Department has coordinated with the Office of the Controller to allow the **encumbrance** of FY 2011-12 funds for election outreach expenses that will be incurred next fiscal year (after June 30, 2012). To do so, NCs will be required to provide the following by the **Wednesday, May 16, 2012** cut-off date:

- List of all possible vendors that may be used for election outreach (e.g. Walking Man, Academy Mailing, etc.)
- The total dollar amount approved by the NC board to pay for election outreach (board resolution stating funds will be set aside and not spent in the current fiscal year)
- Board authorization for the expenditure (board resolution, agenda and minutes, or budget line item)

After the end of the current fiscal year (June 30, 2012), the department will reconcile all NC accounts to confirm the actual amount encumbered for election outreach. Once the Department has approved the NC's encumbrance request, the normal Request for Demand Warrant form with an invoice from a vendor on the list and including supporting documentation will need to be submitted for the Department to process and issue payment. Know that any funds **encumbered** for election outreach that are not expended for that purpose will revert back to the City's general fund.

(Hint: Begin discussing how you will reach out to your stakeholders for your next election and the type of outreach methods you want to use such as banners, newsletters, postcards; and how you will distribute them. You will need to have discussions with the various vendors available to determine how much you will need to **encumber**)

Upcoming Deadlines

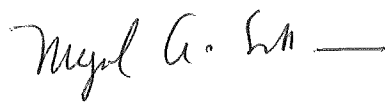
April 30, 2012	Last day to submit 3rd Quarter Reconciliation Report with all required supporting documentation and signed by the Treasurer and 2 nd Signatory
May 16, 2012	Last day to submit Request for Demand Warrant forms to be paid with current fiscal year funds Last day to submit list of possible election outreach vendors, board approval, and total amount allocated for election outreach
June 15, 2012	Last day to make board approved expenditures with purchasing card, by 5:00 p.m.; Purchasing cards deactivated at 5:00 p.m.
July 5, 2012	Purchasing cards reactivated
July 16, 2012	Fiscal year 2012-2013 budgets due (funds cannot be used until the budget is received using the budget template and including board resolution or agenda and minutes indicating approval)
July 30, 2012	Last day to submit 4 th Quarter Reconciliation Report with all required supporting documentation and signed by the Treasurer and 2 nd Signatory

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 21

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on efficiencies of web-based tax filing system.

Subject: **OFFICE OF FINANCE – ONLINE FILING AND WEB-BASED EFFICIENCIES**

The Office of Finance (Finance) has submitted the attached report back regarding efficiencies generated by its web-based tax filing system. According to Finance, it has realized significant efficiencies through both enhanced online filing and web-based payment services. Finance reports that over 180,000 taxpayers utilized its online services to file their business taxes for the 2011 tax year. This is an increase of 28 percent from 2010 when 140,000 taxpayers filed their business taxes online. The department's goal for the 2012 tax year is to have 200,000 businesses file online.

Finance further reports that its website provides extensive information about City programs and services under its purview. Finance identifies various online services which are available 24 hours a day/7 days a week including, but not limited to: on-line renewal of business taxes, monthly taxes, police/fire/tobacco permits; on-line application for alarm permits; and online payment options via credit card, debit card, e-check, or Automated Clearing House (ACH).

In 2012-13 Finance plans to further extend the web functionality to other services currently provided by the public counters, with the goal of having more than 50 percent of all public interactions handled by web applications. The new functionality would include:

- More assistance and information on topics requested by taxpayers.
- Provide ability for AB 63 and other discovery mailing receipts to respond online.
- Provide ability for taxpayers to respond online to other types of requests such as penalty waivers and refunds.
- Translate sections of the website to additional languages.
- Provide ability for the public to schedule appointments online when visits to an office are required.

Attachment

MAS:RPC:BC:MDG:01120066d


Question No.44

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Office

Attention: Maria Gutierrez, Finance Specialist III

FROM: 
Antoinette Christovale, CPA
Director of Finance
Office of Finance

SUBJECT: RESPONSE TO BUDGET AND FINANCE COMMITTEE QUESTION NO. 44 – ONLINE FILING AND WEB SERVICES EFFICIENCIES

In response to Question No. 44 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the efficiencies of the web-based tax filing system.

Finance redesigned its website to better address the needs of the business community. Our website provides extensive information about City programs and services under our purview, including but not limited to frequently asked questions, tax code references, and treasury operations. We currently offer a wide range of on-line services, which are available 24 hours a day/7 days a week such as:

- On-line Renewal of Business Taxes
- On-line Renewal of all Monthly Taxes (includes Parking, Transient Occupancy Tax, Communications, Electricity, and Gas)
- On-line Renewal of Police/Fire/Tobacco Permits
- On-line Renewals for Official Police Garage Operators
- On-line Application for Alarm Permits
- On-line Payment of Office of Finance Tax and Permit Billings
- On-line payment options via Credit Card, Debit Card, eCheck, or Automated Clearing House (ACH)

So far this fiscal year taxpayers have utilized our on-line renewal and bill pay services to remit over \$187 million in tax and permit receipts. Of note over 180,000 taxpayers utilized our on-line services to file their business taxes for the 2011 tax year and our goal for this current tax year is to have approximately 200,000 businesses file on-line.

While Finance has realized significant efficiencies through enhanced on-line filing and web-based payment services, it should be noted that over 200,000 taxpayers choose to access services via Finance's public counters, Call Center, and through correspondence. In addition, Finance continues to add businesses to the tax rolls through the identification of unregistered taxpayers.

Budget and Finance Committee Question
May 3, 2012
Page 2 of 2

Since the department's inception in July 2000, the number of business tax accounts managed has increased by 82% (from 238,000 to 433,000) while staffing levels have remained relatively flat. Therefore, it is important to ensure that Finance is able to employ the customer service resources necessary to resolve account issues in order to realize timely revenue collection.

If you have any questions or would like to discuss this matter, please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.


cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the Mayor
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 22

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on efficiencies/savings generated by field office closures and alternatives to visiting a field office.

Subject: **OFFICE OF FINANCE – EFFICIENCIES AND SAVINGS FROM FIELD OFFICE CLOSURES**

The Office of Finance (Finance) has submitted the attached report back regarding efficiencies and savings generated from the closure of three field offices (Westchester, Watts and San Pedro) and alternatives to visiting field offices. Together these offices account for only 3 percent (2010-11) to 4.5 percent (2009-10) of total revenue collected at public counters (i.e., about \$2.3 million). These offices collect the least amount of revenue compared to other locations. They also have the least amount of public counter activity. Except for the Watts site, all operate on existing City facilities. With the closure of these locations, taxpayers can continue to receive counter assistance at Van Nuys, City Hall, West Los Angeles, and Hollywood. There is also a One-Stop location at Figueroa Plaza where the public can make payments, however, the facility does not provide a full service counter. Other payment options are discussed in the Finance report back.

Salary savings can be achieved from the closure of the three field offices. The 2012-13 Proposed Budget provides ongoing reductions of \$126,648 in direct costs and \$53,664 in related costs (total of \$180,312) from the elimination of two Customer Service Specialist positions. These positions are currently filled. Additional savings are expected to be achieved through the reduction in associated utility, custodial, and operating supplies costs.

The Watts facility shares lease space with other City departments. Total lease costs for all the City office spaces are projected at \$171,339 in 2012-13 and include utilities. Previously, there was an expectation that the Community Redevelopment Agency (CRA) would sublease the Finance space and reimburse City lease costs at approximately \$27,985 annually. However, with the dissolution of the CRA that is no longer the case (C.F. 10-1864).

Attachment


MAS:RPC:BC:MDG:01120063d

Question No. 18

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Officer
Attention: Maria Gutierrez, Finance Specialist III

FROM: 
Antoinette Christovale, CPA
Director of Finance
Office of Finance

**SUBJECT: RESPONSE TO BUDGET & FINANCE COMMITTEE QUESTION NO. 18
– EFFICIENCIES AND SAVINGS GENERATED FROM FIELD OFFICE
CLOSURES**

In response to Question No. 18 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the efficiencies or savings that will be generated by the Westchester, San Pedro, and Watts field office closures and to identify other alternatives to visiting these field offices.

The proposed budget eliminates two positions that staff the Westchester, San Pedro, and Watts field offices. These position eliminations would result in \$126,648 in direct salary savings and an additional \$53,664 in related cost savings.

Additionally, the Watts field office is located in a leased space. Finance estimates that closing the field office, as well as any associated utilities, custodial, and operating supplies costs could save \$13,120 in costs associated with leasing the space. The San Pedro and Westchester field offices operate at City owned facilities, so the only cost savings generated from these field office closures would be from any associated utility and custodial services.

City taxpayers have the following options if the field offices are closed:

- Utilize Finance's web based services at www.lacity.org/finance to conduct tax and permit business;
- Visit one of the remaining field locations for public counter assistance at Van Nuys, City Hall, West L.A, Hollywood, and Figueroa Plaza;
- Contact Finance's Call Center at (213) 473-5901 for assistance;
- Submit applications or renewals via U.S. mail; or
- Contact Finance via our Customer Service e-mail address at finance.customerservice@lacity.org

If you have any questions or would like to discuss this matter, please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.

cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the Mayor
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

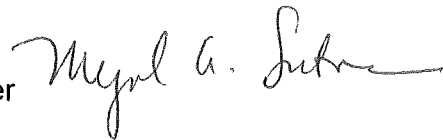
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 23

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on funding options for restoring deleted positions. Will there be surplus Neighborhood Empowerment funds that could be used to fund the positions or outreach.

Subject: DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT – OPTIONS TO PROVIDE FUNDING FOR THE POSITIONS PROPOSED FOR DELETION

Your Committee requested this Office to report back on options to provide funding for two filled positions proposed for deletion within the Department of Neighborhood Empowerment (Department).

The proposed positions for deletion consist of one Senior Accountant II (\$79,296) and one Neighborhood Empowerment Analyst (\$75,228) which provide administrative support to the Department and act as a liaison to Neighborhood Councils (NCs). The total direct cost of the two positions is \$154,524. The following options can be considered to fund these positions:

- Option 1: Reduce the annual appropriation to the 97 projected NCs in FY 2012-13. Each NC appropriation would be reduced by \$1,593 from \$37,000 to \$35,407.
- Option 2: Reduce the funding provided to the Department to conduct the 2012 NC Elections. Blue Book Item No. 18 provides funding for four Project Coordinator positions and related expenses in the amount of \$550,696. The number of Project Coordinator positions provided can be reduced by one position (\$63,924). The remaining amount can be reduced from the related expense funding. The following table reflects the proposed reductions to offset the funding for the deleted positions:

Blue Book Item No. 18 – Neighborhood Council Elections.	2012-13 Proposed Budget		Option No. 2	
Project Coordinators	4 PCs	\$ 255,696	3 PCs	\$ 191,772
1070 – Salaries As-Needed		\$ 100,000		\$ 70,000
2120 – Printing and Binding		\$ 25,000		\$ 10,000
3040 – Contractual Services		\$ 145,000		\$ 115,000
6010 – Office and Admin		\$ 25,000		\$ 10,000
Total		\$ 550,696		\$ 396,772

The Department does not project any surplus within the Neighborhood Empowerment Fund that can be used to fund the deleted positions or outreach services. The Department reports that NCs are projected to expend and/or encumber all available funds provided in FY 2011-12. Your Committee has instructed the Department to report back on the plan for outreach services for NCs.

MAS:DP:08120137c

Question No. 202

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 24

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated April 30, 2012 to report back on the feasibility of restoring the Special Events Line Item in the Budget for General City Purposes with funding from the Arts and Cultural Facilities Trust Fund.

Subject: **CULTURAL AFFAIRS – FEASIBILITY OF RESTORING THE SPECIAL EVENTS LINE ITEM IN THE BUDGET FOR GENERAL CITY PURPOSES (GCP) WITH FUNDING FROM THE ARTS AND CULTURAL FACILITIES TRUST FUND**

Your Committee requested this Office to report back on the feasibility of restoring the Special Event Line Item (Special Events) in GCP with funding from the Arts and Cultural Facilities Trust Fund (Trust Fund).

The Los Angeles Administrative Code (LAAC) Section 5.115.4 established the Arts and Cultural Facilities and Services Trust Fund. The Trust Fund receives an annual appropriation equivalent to a one percent Transient Occupancy Tax. These funds are used for arts and cultural programming as described below:

- 1) Acquisition or placement of publicly accessible works of art;
- 2) Acquisition or construction of arts and cultural facilities;
- 3) Provision of arts and cultural services;
- 4) Restoration or preservation of existing works of art;
- 5) The City's cost of administering the City's Public Works Improvements Arts Program; and provided that the artwork, facility or service has received the prior approval of the Board of Cultural Affairs Commissioners; or,
- 6) Support of programs and operations of the Cultural Affairs Department, including overhead costs.

The Trust Fund will receive an appropriation of \$12,268,567 in 2012-13. These funds are already programmed for FY 2012-13 for departmental operations and the Special Appropriations. Any change to the use of the Trust Fund would require cuts to the Department of Cultural Affairs and their grantees. Providing money from the Trust Fund for Special Events in GCP is a policy decision. It would be necessary to amend LAAC Section 5.115.4 to expand the allowable uses of the Trust Fund to include Special Events in GCP.

The Proposed Budget for General City Purposes does not include new funding for the Special Events. Special Events will be funded through unexpended Special Events monies which will be reappropriated at the end of the current fiscal year. It is estimated that approximately \$3.9 million will be reappropriated to the GCP in 2012-13.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120136


Question No. 79

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 25

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on uncollectible debt, why certain debt cannot be collected and the value of "truly uncollectible debt."

Subject: **OFFICE OF FINANCE – UNCOLLECTIBLE DEBT**

The Office of Finance (Finance) has submitted the attached report back regarding uncollectible debt, why certain debt cannot be collected and the value of "truly uncollectible debt." The Department is in the process of preparing an Accounts Receivable Quarterly report which will address these issues. The report is expected to be released in late May/early June 2012.

This memorandum is informational only. There is no fiscal impact.

Attachment


MAS:RPC:BC:MDG:01120062d

Question No.17

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Officer

FROM: 
Antoinette Christovale, CPA
Director of Finance
Office of Finance

**SUBJECT: RESPONSE TO BUDGET & FINANCE COMMITTEE QUESTION NO. 17
– UNCOLLECTIBLE DEBT**

In response to Question No. 17 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the uncollectible debt and include an explanation as to why certain debt cannot be collected, and identify the value of the “truly uncollectible” debt.

Finance is preparing an Accounts Receivable Quarterly report that comprehensively addresses the status of Citywide accounts receivable balances and will provide additional context on the collectability and disposition of the two largest General Fund billings – Ambulance and Parking Citations. This report will be released in late May/early June 2012.

If you have any questions or would like to discuss this matter please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.

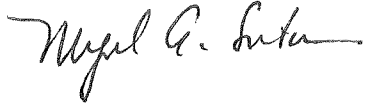
cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the Mayor
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 26

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on projected IT costs associated with six new Councilmembers taking office.

Subject: **INFORMATION TECHNOLOGY AGENCY – PROJECTED INFORMATION TECHNOLOGY COSTS FOR NEW COUNCILMEMBERS**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the anticipated costs to the Department associated with new Councilmembers taking office. The Department's response is attached. ITA indicates that, to the extent possible, the Department will utilize existing equipment and available Communication Services Account funding (\$60,000) to support Council Communication Services Requests (CSRs).

MAS:MAF:11120022c

Question No.95

City of Los Angeles
California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 2, 2012

REF: ASB-083-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #95**
PROJECTED INFORMATION TECHNOLOGY COSTS FOR NEW
COUNCILMEMBERS

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, the Information Technology Agency was asked to report back on the estimated costs and available resources to support the six new Councilmembers that will take office due to term limits. The basic Councilmember services and expenses for which ITA is responsible include installation of basic residential alarm systems and a phone line to support it if required, and installation of unbundled DSL internet communication services. ITA also provides support for elected officials' desktop, laptop, and mobile devices, as well as all City Hall and field office communications services.

Resources for these services may come from City equipment turned in by the previous Councilmember, or when necessary, from the \$60,000 budgeted by ITA for Council support. This amount funds all Council Communication Service Requests to add or move phone or data lines, as well as any work required to establish basic intra-city communications in a new field office. Funding for any requests beyond the basic communications would need to come from their office-holder account.

Respectfully submitted,

Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO



An Equal Employment Opportunity – Affirmative Action Employer



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 27

Date: May 4, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to Report back on soliciting private sponsors for the Downtown on Ice Event at Pershing Square to offset the deletion of funding in GCP

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO SOLICITING PRIVATE SPONSORS TO FUND THE DOWNTOWN ON ICE EVENT**

The Department of Recreation and Parks has submitted the attached response relative to soliciting funding from private sponsors to offset the elimination of funding in the Budget for General City Purposes for the Downtown on Ice Event.

MAS: MTS: 08120148

Question Number 114

ATTACHMENT

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

**FISCAL YEAR 2012-13 QUESTION NO. 114 – RECREATION AND PARKS TO
REPORT ON SOLICITING PRIVATE SPONSORS TO THE DOWNTOWN ON ICE
EVENT TO OFFSET THE DELETION OF FUNDING IN GCP**

Each winter the Department of Recreation and Parks (RAP) presents the Downtown on Ice event at Pershing Square. This event includes ice skating, concerts, and a visit by Santa. In addition to revenue generated from entry and ice skate rental fees, the City's General City Purposes Fund (GCP) contributes. The Mayor's Proposed Fiscal Year 2012-13 Budget eliminates all GCP funding (\$114,750) for the Downtown on Ice event. This may cause the following:

- Eliminate the Winter Holiday Festival (a two-day weekend) event
- Eliminate free and reduced youth skating scholarships to low and moderate income communities and non-profit groups
- Reduce the Winter Pershing Square facility lighting (including holiday decorations) that is set up as part of the festive atmosphere
- Reduce Winter Program Marketing, the opening day event, and sponsorship of special events
- Reduce Downtown On Ice entertainment during the holiday season

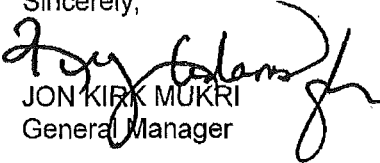
With the loss of GCP funding, RAP will work with its Los Angeles Parks Foundation and others to seek partners to possibly assist with restoring funding for this event.



Honorable Paul Krekorian
May 4, 2012
Page 2

Should you have any questions, please contact Assistant General Manager Kevin Regan or Executive Officer Regina Adams, at (213) 202-2633.

Sincerely,


JON KIRK MUKRI
General Manager

JKM:RA:KR/sa


cc: Romel Pascual, Office of the Mayor
Jennie Carreón de Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 28

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on various funding options and budgetary adjustments necessary to restore Engine Company 69

Subject: **FIRE DEPARTMENT - REPORT ON FUNDING OPTIONS FOR RESTORING ENGINE COMPANY 69**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested this Office to report back on various funding options and budgetary adjustments necessary to restore Engine Company 69, located at 15045 Sunset Boulevard in the Pacific Palisades.

The total cost including benefits to restore one Engine Company anywhere in the City is over \$2.5 million annually. One-time funding options such as the Kaiser Fund or the Vocational Educational Training (VET) Fund are not recommended for ongoing costs. The 2012-13 Proposed Budget adds one Engine Company to the Department. The Fire Chief has determined that based upon the deployment software and the response data from the first nine months of the implementation of the Deployment Plan, the West Valley is his first priority for Engine Company restoration.

Should additional revenues be realized during the year and the Department is within its budgetary plan, discussions with your Committee and the Fire Chief can commence as to where additional resources could best be deployed.

MAS:MCD:04120117

Question No. 65

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 29

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the cost to implement the CRM system and the staff resources associated.

Subject: **INFORMATION TECHNOLOGY AGENCY – CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the proposed Citywide Customer Relationship Management (CRM) System. A total of \$1 million of Telecommunications Development Account funding is allocated for Phase I of the CRM project. The Department's response is attached. As instructed in Exhibit H of the Proposed Budget, ITA will provide a more detailed overall implementation plan for the CRM system at a later date.

MAS:MAF:11120019c

Question No.93

City of Los Angeles

California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverley Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 2, 2012

REF: ASB-087-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORT BACK #93**
3-1-1 CUSTOMER RELATIONS MANAGEMENT SYSTEM

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, ITA was asked to report back on the 3-1-1 Customer Relations Management System. The Mayor's proposed budget includes \$1M in Telecommunications Development Account funding for year one of a five year project to implement a Citywide Customer Relationship Management (CRM) system. The key features of the system include a centralized point of entry for all service requests via various communication channels, start to finish resolution tracking for each request, dashboard views for managing citywide requests, and unified reporting across all request types. The system will enable the public to have access to city services utilizing multiple methods of communication including telephone, web portals, mobile devices, email and social media.

The design, implementation and hosting of the system will be performed by an outside contractor. Approximately 40% of the current budget will be utilized for software licensing and system hosting via the cloud. Approximately 50% of the funding will be utilized for contractor services to design and implement phase one of the system and the remaining 10% will be utilized for annual software license maintenance. This project will be managed by existing positions within ITA in conjunction with departmental system administrators. Additional City staff may be required for ongoing system administration starting year two of the project.

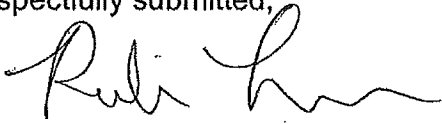


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Honorable Councilmember Paul Krekorian, Chair
May 2, 2012
Page 2

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randi Levin". The signature is fluid and cursive, with a long horizontal flourish at the end.

Randi Levin
General Manager

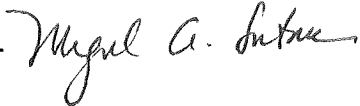
cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 30

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: ITA to report back on a long-term strategy to address the potential impacts of the current aging workforce.

Subject: **INFORMATION TECHNOLOGY AGENCY – LONG-TERM WORKFORCE STRATEGY**

Your Committee requested the Information Technology Agency (ITA) to report back regarding a long-term strategy to address the potential impacts of the current aging workforce. The Department's response is attached. The Department indicates that the Strategic Advisor for Technology Services will make recommendations associated with a workforce strategy. The Information Technology Oversight Committee will provide recommendations to the Council for approval.

MAS:MAF:11120021c

Question No. 117

City of Los Angeles

California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 2, 2012

REF: ASB-084-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #117**
LONG-TERM STRATEGY TO ADDRESS INFORMATION
TECHNOLOGY AGENCY'S AGING WORKFORCE

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, the Information Technology Agency was asked to report back on the Department's long-term strategy to address the fact that 53.1% of our employees are age 50 or older, and in the Communication Electrician series, 64% of the employees are 50 or older. This not only means that in the near future many of our employees will retire, it also means that we have a limited number of employees entering our workforce with contemporary skills.

The Department issued a Request for Proposals in October, 2011 to obtain the services of an Information Technology Strategic Advisor to investigate the City's infrastructure, systems and human resources, and develop recommendations as to what and how IT services should be provided. The RFP is being co-managed by CAO and ITA and is just entering the evaluation phase.

Once under contract, the selected vendor will consider industry best practices and required service levels and their recommendations will take into account the age of technology and infrastructure as well as the age of the workforce and the City's financial resources. We expect that the study will yield direction on areas of focus for City staff and areas in which vendor support may be required to provide required services at an acceptable level.

The report and recommendations will be presented to the Information Technology Oversight Committee and the Council Ad Hoc Committee on IT Strategy, before going to Council.

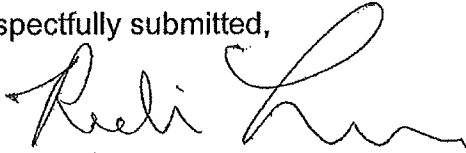


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Honorable Councilmember Paul Krekorian, Chair
May 2, 2012
Page 2

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Randi Levin". The signature is written in black ink and is positioned above the printed name.

Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

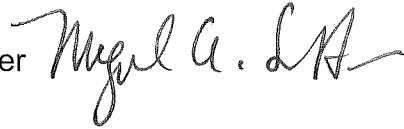
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 31

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: ITA to report on the proposed deletion of Graphic Designers, specifically if these services continue to be required what will it cost to use contractors versus City staff.

Subject: **INFORMATION TECHNOLOGY AGENCY – GRAPHIC DESIGNERS**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the deletion of two filled Graphic Designer positions in the 2012-13 Proposed Budget. The Department's response is attached. The Department indicates it was recently notified of the planned retirement of a Programmer Analyst III. ITA is therefore requesting to restore one filled Graphic Designer III position that was proposed for elimination and to delete the Programmer Analyst III position that is anticipated to be vacant. This restoration will allow ITA to continue to provide some website design support and U.S. Rehabilitation Act of 1973 Section 508 website accessibility compliance. The Graphic Designer III position elimination totals \$107,739 (\$77,318 direct and \$30,421 indirect). The Programmer Analyst III position elimination totals \$127,730 (\$93,229 direct and \$34,501 indirect). Therefore, this position swap will result in a net additional General Fund savings of \$19,991.

MAS:MAF:11120024c

Question No. 118

City of Los Angeles

California

INFORMATION TECHNOLOGY
AGENCY

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 4, 2012

REF: ASB-085-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #118**
DELETION OF GRAPHIC DESIGNERS

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, the Information Technology Agency was asked to report back on the proposed deletion of two Graphics Designers. The work done by both of these positions entails website design and review for the official City website, lacity.org, as well as for individual sites for elected officials. They also review City websites designed by other entities for compliance with Section 508 requirements for access for persons with disabilities. There are specific technical requirements for website accessibility and these individuals have become the most familiar with those standards. One of the Graphic Designers recently assisted the City Attorney with documentation and review of City websites to resolve litigation related to Section 508.

Due to the unique nature of the work, the fact that only two employees in the department have the skill and training to perform it, and the time required to develop the 508 compliance expertise, the Department is proposing to use a vacancy created by a recently filed retirement to retain the Graphic Designer III. A Programmer Analyst III has filed for retirement effective in June, and the Department would like to offer up that future vacancy to substitute for our Graphic Designer III position. The salary for the PAIII is \$93,229 and the salary for the Graphic Designer III is \$77,318, so there is a net savings to the General Fund of \$15,911. This will allow the City to retain a critical resource to prevent future litigation regarding website accessibility.

The loss of the remaining Graphic Designer, and the focus on ensuring Section 508 compliance on existing City websites and website updates, will reduce the resources for any new website development. This loss may be addressed through contracting for the service, if the sponsor has funding to hire a Website Designer. The cost would be



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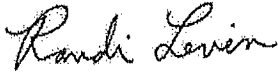
Honorable Paul Krekorian, Chair

May 4, 2012

Page 2

approximately \$25,000 per website for design. The Graphic Designer III retained by ITA could provide the accessibility review, which would otherwise cost approximately \$15,000 per site.

Respectfully submitted,



Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 32

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on ways to reduce response times and on software or programs that other cities use other than NFPA; and how other cities handle the two factors that impact response times

Subject: **FIRE DEPARTMENT - WAYS TO REDUCE RESPONSE TIMES AND REPORT ON SOFTWARE THAT OTHER CITIES UTILIZE AND HOW THEY HANDLE THE IMPACT ON RESPONSE TIMES**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department report back on ways the Department can reduce response times and what software or programs other cities are utilizing to manage and track their response times. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120119


Question No.61

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 3, 2012

To: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

From: Brian L. Cummings, Fire Chief 
Fire Department

Subject: **FIRE DEPARTMENT – QUESTION #61: REPORT BACK ON WAYS TO REDUCE RESPONSE TIMES. REPORT BACK ON SOFTWARE OR PROGRAMS THAT OTHER CITIES USE OTHER THAN NFPA, AND HOW OTHER CITIES HANDLE THE TWO FACTORS THAT IMPACT RESPONSE TIMES.**

The ways the Fire Department can reduce response times are as follows:

- Evaluate the service delivery model.
- Review the dispatch processing method to determine maximum efficiency.
- Evaluate use of traffic control devices that would change traffic signal lights for approaching emergency resources.
- Implement automatic vehicle location (AVL) technology to more accurately determine the closest appropriate resource to the incident location.
- Determine the need for additional fire station locations. (Funding would need to be determined.)
- Analyze incident frequency and type by: Time of day, day of week, month and climatic impact.
 - Use technology to determine the location, number and resource type needed to address response needs.
 - Request funding for needed resources.
 - Utilize additional resources, on a trial basis, to confirm the expected impact on response times.
- Evaluate available software to assist dispatchers in their duties.

Research from other cities has shown the following:

- In sampling other major emergency service departments it was discovered that the goals set forth by them are similar, if not the same, as the NFPA goals. Those same departments frequently alter expectations in meeting their goals, which are dependent on geography, population density, and budgeted resources.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 33

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: What would be the budgetary backup plan if the state legislative process does not work in changing the penal code for OPS officers

Subject: **POLICE DEPARTMENT – OPS BUDGETARY BACK-UP PLAN**

During its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested our Office report back on the backup plan if the state legislative process does not work in changing the penal code for OPS officers.

The Proposed Budget authorizes resolution authorities in the General Services Department (GSD) for all OPS sworn positions. OPS sworn will remain in these position authorities until the penal code section is changed. Funding for these resolution authorities will be transferred through next year's Financial Status Reports from LAPD to GSD to cover any salary expenditures incurred by GSD during the transition period. Our Office is confident that the State Legislature will approve the technical amendment to the penal code to allow OPS officers to maintain their peace officer status.

MAS:JLK:04120104

Question No.46

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 34

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Police to report back and provide a list of what steps need to be taken to develop service agreements (MOAs) for OPS consolidation. Status of current discussions.

Subject: **POLICE DEPARTMENT – OPS MEMORANDUM OF AGREEMENTS (MOA)**

During its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested the Department report back on the steps to be taken to develop service agreements with Office of Public Safety (OPS) client departments.

LAPD Response: Currently OPS provides security to the Convention Center, Zoo, Library, Recreation and Parks and the Bureau of Sanitation. None of the MOAs are presently current. We plan on meeting with the management of the Convention Center, Zoo, Library, Recreation and Parks and the Bureau of Sanitation to discuss the MOAs and any adjustments or modifications they request, update the MOAs, have the City Attorney review them, and once the City Attorney has reviewed them, have them signed by the General Managers of both Departments.

MAS:JLK:04120106

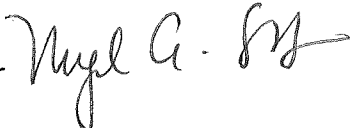
Question No. 108

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 35

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Question 13 – Is it feasible to exempt the recently vacated Workers' Compensation Investigator position from Managed Hiring?

Subject: **CITY ATTORNEY – WORKERS' COMPENSATION INVESTIGATOR**

The Budget and Finance Committee requested a report back on the feasibility of exempting a recently vacated Workers' Compensation Investigator II position in the City Attorney's Office from Managed Hiring.

The average salary of one Investigator II position equals \$75,004 annually. The ability of the Department to fill the vacant Workers' Compensation Investigator position is contingent upon the Department achieving the necessary salary savings to meet their 2012-13 budget. In addition to holding positions vacant to meet their salary savings rate, the City Attorney's 2012-13 Proposed Budget includes unfunded positions and a salary reduction for anticipated attrition. It is estimated that the Department would need to hold approximately 22 positions vacant to stay within their salary budget. Based on the last vacancy report submitted by the Department, the anticipated attrition needed to stay within budget has not yet been realized.

It is recommended that filling this position be reviewed through the Managed Hiring process during the fiscal year, once it has been determined that the Department can meet their 2012-13 budget.

Also attached is a memorandum from the Office of the City Attorney dated May 3, 2012 relative to the feasibility of exempting this position from Managed Hiring.

MAS:MBC:04120101

Question No. 13

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 13 – Is it feasible to exempt the recently vacated Workers Compensation Investigator position from Managed Hiring?

Yes. The Council established the Managed Hiring process and can authorize specific positions to be filled without applying that process.

William R. Mangano

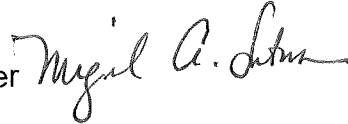
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 36

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the effectiveness of the escalation of code violation fees and how they compare to the County's fee structure.

Subject: **BUILDING AND SAFETY – REPORT BACK ON CODE VIOLATION FEE ESCALATION AND HOW THEY COMPARE TO THE COUNTY OF LOS ANGELES**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee directed LADBS to report back on how fees for code violations escalate when a property owner fails to comply with an Order to Correct and how the City's code violation fees compare to the County of Los Angeles. Attached is the Department's response (Attachment A).

The Department response includes a commitment to report back in 60 days with a "Best Practices Survey" relative to code enforcement fees imposed by other jurisdictions, including the County of Los Angeles. For the purpose of identifying the fees currently approved by the County, the County Code Fee Schedule is attached in addition to the Department response; code violation fees are listed on page three of the attachment (Attachment B).

This memorandum is information only. There is no fiscal impact.

MAS:ACA:TJM:c02120133

Question No. 175

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Attachment A

DATE: May 3, 2012

Question No. 175

TO: Honorable Paul Krekorian
 Chair, Budget and Finance Committee
 City Hall, Room 445

FROM: Robert R. "Bud" Ovrom, General Manager
 Department of Building and Safety

SUBJECT: **REPORT BACK ON THE EFFECTIVENESS OF THE ESCALATION OF CODE VIOLATION FEES AND ON BEST PRACTICES OF OTHER JURISDICTIONS, INCLUDING THE COUNTY OF LOS ANGELES**

This memo is in response to the Budget and Finance Committee's request, during the Special Meeting on May 2, 2012, in consideration of the Mayor's 2012-2013 proposed budget. During that meeting the committee asked for a report back regarding the effectiveness of the Code Violation Inspection Fee (CVIF) and escalating penalties with respect to code violations. The committee also asked for a comparison of these items with other jurisdictions, including the County of Los Angeles.

Current LADBS code violation fee structure summarized

The LADBS already has an escalating fee structure in place as follows:

- CVIF fee upon verifying a violation and issuing an Order to Comply	\$ 336
- Late charge for non-payment of the CVIF within 30 days	\$ 1,176
- Non-Compliance Fee for failing to comply with the Order to Comply	\$ 550
- Late charge for non-payment of the Non-Compliance Fee within 30 days	<u>\$ 1,375</u>
Total	\$ 3,437

-In addition, interest at the rate of 1% per month is calculated on the Non-Compliance Fee and Non-Compliance Fee late charge until paid.

Comparison with other jurisdictions including The County of Los Angeles

The LADBS will do a "Best Practices Survey," within 60 days, of other jurisdictions, including The County of Los Angeles, to gather the following information:

- Fees, fines, and penalties for violations
- Escalation of fees for non-compliance
- Effectiveness of other jurisdiction's fee, fine, and penalty structure
- How services are tailored to public priorities, and not entirely complaint driven (#176)
- Innovative programs and the use of part-time Code Enforcement Officers (#177)

Please contact me or Raymond Chan, Executive Officer, at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
 Nejl Guglielmo, Budget Director, Office of Mayor Villaraigosa
 ✓ Tyler Munhall, CAO Analyst



**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

**BUILDING AND SAFETY DIVISION
BUILDING CODE FEE SCHEDULE**

(Title 26 of the County of Los Angeles Code, Ord. No. 2010-0053)

Effective July 1, 2011, fees in the unincorporated territory of Los Angeles County will be as follows:

TABLE 1-A BUILDING PERMIT FEES^{*1,2,3}

TOTAL VALUATION	FEE
\$0 to and including \$700.....	\$ 43.10
More than \$700 to and including \$25,000.....	\$ 64.60
plus for each additional \$1,000 or fraction thereof in excess of \$1,000.....	\$ 16.70
\$25,001 to and including \$50,000.....	\$ 465.90
plus for each additional \$1,000 or fraction thereof in excess of \$25,000.....	\$ 12.80
\$50,001 to and including \$100,000.....	\$ 791.20
plus for each additional \$1,000 or fraction thereof in excess of \$50,000.....	\$ 9.60
More than \$100,000.....	\$ 1,273.90
plus for each additional \$1,000 or fraction thereof.....	\$ 6.60

*For additional permit issuance fee see Section 107.1.

¹ The building permit fee specified in the table above shall be increased by a surcharge of 0.010 percent of the total valuation of a Group R Occupancy or by 0.021 percent of the total valuation of all other occupancies or \$0.50, whichever amount is higher, pursuant to Section 2705, Chapter 8, Division 2 of the Public Resources Code of the State of California (State Strong-Motion Instrumentation Program). This surcharge shall not be included in the building permit fee for the purpose of determining the plan check fee.

² The permit fee specified in the table above shall be increased by 10 percent for all construction work required to comply with the rules and regulations adopted by the Energy Resources Conservation and Development Commission of the State of California. This increase in fee shall be included in the building permit fee for the purpose of determining the plan checking fee.

³ The permit fee specified in the table above shall be increased by 5 percent for all construction work required to comply with Title 24, California Code of Regulations, Section 101, et seq., the State's disabled access and adaptability requirements. The increase in fee shall be included in the building permit fee for the purpose of determining the plan check fee.

TABLE 1-B GRADING PERMIT FEES*
(Based on Volume of Material Handled)

1--50 cubic yards (0.8--38 m ³).....	\$ 160.00
51--1,000 cubic yards (39--764.6 m ³).....	\$ 237.90
plus \$78.30/100 cubic yards (76.5 m ³) or fraction thereof in excess of 100 cubic yards	
1,001--10,000 cubic yards (765 --7645.5 m ³).....	\$ 963.50
plus \$65.60/1,000 cubic yards (764.6 m ³) or fraction thereof in excess of 1,000 cubic yards	
10,001—100,000 cubic yards (7646--76460 m ³)...	\$ 1,572.00
plus \$41.90/1,000 cubic yards or (764.6 m ³) fraction thereof in excess of 10,000 cubic yards	
100,001 cubic yards (76461 m ³) or more.....	\$ 5,461.50
plus \$104.50/10,000 cubic yards (7646 m ³) or fraction thereof in excess of 100,000 cubic yards	

TABLE NO. 1-C GRADING PLAN CHECK FEES
(Based on Volume of Material Handled)

1--1,000 cubic yards (0.8--764.6 m ³)	\$ 283.10
plus \$93.50/100 cubic yards or (76.5 m ³) fraction thereof in excess of 100 cubic yards	
1,001--10,000 cubic yards (765--7645.5 m ³)	\$ 1,152.50
plus \$77.60/1,000 cubic yards (764.6 m ³) or fraction thereof in excess of 1,000 cubic yards	
10,001—100,000 cubic yards (7646--76460 m ³)	\$ 1,871.70
plus \$45.90/1,000 cubic yards (764.6 m ³) or fraction thereof in excess of 10,000 cubic yards	
100,001--500,000 cubic yards (76461--382300 m ³)	\$ 6,126.60
plus \$126.70/10,000 cubic yards (7646 m ³) or fraction thereof in excess of 100,000 cubic yards	
More than 500,000 cubic yards (382300 m ³)	\$ 11,341.60
plus \$115.00/10,000 cubic yards (7646 m ³) or fraction thereof in excess of 500,000 cubic yards	

**TABLE 1-D LANDSCAPE PERMIT FEES UP TO ONE ACRE
(Based on Area to Be Landscaped)**

2,500 to 7,500 square feet (232.3--696.8 m ²)	\$	187.40
7,501 to 15,000 square feet (697--1393.5 m ²)	\$	281.10
15,001 to 30,000 square feet (1394--2787 m ²)	\$	561.80
30,001 square feet (2787.5--4046.9 m ²) to 1 acre	\$	686.60

**TABLE NO. 1-E LANDSCAPE PLAN CHECK FEES UP TO ONE ACRE
(Based on Area to Be Landscaped)**

2,500 to 7,500 square feet (232.3--696.8 m ²)	\$	1,546.00
7,501 to 15,000 square feet (697--1393.5 m ²)	\$	1,669.60
15,001 to 30,000 square feet (1394--2787 m ²)	\$	1,793.40
30,001 square feet (2787.5--4046.9 m ²) to one acre	\$	2,042.20

TABLE 1-F -- CODE ENFORCEMENT FEES

SERVICE	FEE
Investigation and Processing.....	\$ 322.10
Preparation of job specifications.....	\$ 431.20
Board of Supervisors or City Council approval.....	\$ 218.90
Contract Cancellation.....	\$ 224.80
Contract performance inspection.....	\$ 172.20
For processing a 45-day letter.....	\$ 436.60
For processing a Notice of Violation.....	\$ 347.00
For processing a Rescission of Notice of Violation	\$ 298.40
Billing.....	\$ 128.60
Record a Lien.....	\$ 128.60
Filing a special assessment.....	\$ 218.10

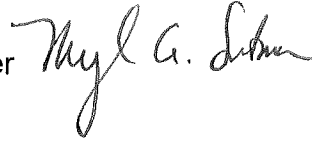
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 37

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on what are the impacts to development projects with the transfer of three Fire Inspector positions to work Los Angeles International Airport (LAX) new construction projects and how Fire plans to fill the gap as a result of the Fire Inspector proposed deletions

Subject: **FIRE DEPARTMENT - TRANSFER OF THREE FIRE INSPECTORS TO LOS ANGELES INTERNATIONAL AIRPORT (LAX) FOR NEW CONSTRUCTION PROJECTS AND ITS IMPACT TO DEVELOPMENT PROJECTS**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the impact citywide to inspection services for development projects with three Fire Inspectors proposed in the budget to be transferred to inspection activities covering new construction projects at LAX. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120141


Question No.56

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date May 4, 2012

To: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

From: Brian L. Cummings, Fire Chief 
Fire Department

Subject: **FIRE DEPARTMENT – RESPONSE TO QUESTION #56**

Report back on item #28/page 250. What are the impacts to development projects? And how Fire plans to fill the gap as a result of the fire inspector/s proposed for deletion?

Item # 28 - LAX New Construction Inspectors

Transfer one Fire Inspector I and two Fire Inspector II's to perform on-site inspections and enforce State and local codes during the capital improvement project underway at LAX. LAWA will fully reimburse the Department for the costs of the three Inspector positions.

Negative impacts:

LAWA Fire Inspections - Fire Inspector I (new position)

The transfer from the West Industrial Unit of one (1) Fire Inspector I authority position (25% reduction in staffing) will further negatively impact Fire Inspector I staffing. This new 25% reduction in staffing will compound the 20% staffing reduction in the West Industrial Unit Staff implemented last fiscal year.

1. To offset last fiscal year's Fire Prevention Bureau's Industrial & Commercial Fire Inspector reductions, the inspection cycle for these occupancy types was extended by 50% and elimination of this Inspector position will further impact the Units ability to provide timely customer response.
2. Elimination of this position will further impact the safety and inspection cycles of the West Industrial Unit by eliminating an Inspector to cover for special inspection requests.

Tom Bradley International Terminal Construction Project - Fire Inspector II (New position)

The transfer of this Fire Inspector II position (transfer) from Construction Services to LAX increases the cumulative negative impact resulting from prior cuts, which occurred through the total elimination of the Low Rise Plan Check Unit to included 1 Fire Captain and 4 Fire Inspector II's (36% reduction) during the last two fiscal year's. Their work was absorbed by the Construction Services Unit, which also included the loss of a Fire Protection Engineer IV (20% reduction).

Currently construction projects in Los Angeles are on the rise and the number of field inspections increased by from 7,402 in calendar year 2010, to 9,497 in calendar year 2011 an increase of 22%.

1. Construction Services will not able to ramp production up to meet the anticipated continued increase of development projects reduced staffing levels to absorb the added workload delaying requested field inspections.
2. New construction is faced with numerous large high profile projects (Tom Bradley International Terminal, Convention Center, Farmers Field, Korean Air development, Tra-Pac Terminal) will face inspection delays with the potential for complaints from developers competing for Fire Department services.
3. Reduced inspection revenue as all Construction Services positions are full cost recovery positions and contribute to the Fire Department revenue stream.

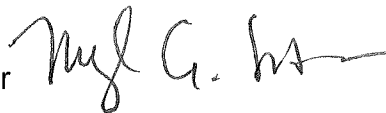
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 38

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Question 107 – Report back on combining Workers' Compensation operations in one department

Subject: **CITY ATTORNEY – WORKERS' COMPENSATION IN ONE DEPARTMENT**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on combining Workers' Compensation operations in one department.

MAS:MBC:04120135

Question No. 107

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 107 – City Attorney to report back on combining Workers' Compensation operations in one department

Historically, the Workers' Compensation program operated under the Office of the City Attorney. Prior to the 1970's, the program was reportedly successful and handled under this single umbrella. For unknown policy reasons, the claims portion of the operation was given to the Personnel Department and it has operated as such since that time.

In order for the City Attorney's Office to handle the entire Workers' Compensation program today, we would first contract with five or six Third Party Administrators (TPA) to diversify the handling of all City claims. Each of the TPAs would exercise their own policies and procedures in a competitive fashion in order to maximize efficient handling and processing. We would also recommend consideration of a Medical Provider Network, instead of allowing claimants to doctor-shop for the most advantageous opinion. This would prevent the constant litigation over the treating doctor's findings, opinions, and medical treatment decisions with which we are now faced. These two changes alone would greatly enhance processing and settlement.

Once housed in a single operation, operating policies would be standardized, and we would insure that claims were promptly and correctly handled from first filing to settlement. Consistency and accountability would reduce payouts and certainly eliminate or reduce penalty awards.

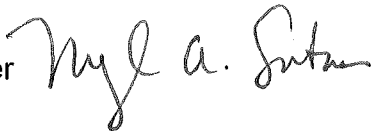
Wm R. Mangano

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 39

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Question 14 – Is the SWRRF realignment on page 70, Blue Book Item 13 an eligible use of the special funds? Please provide a legal opinion regarding the legality of this use of SWRRF funds.

Subject: **CITY ATTORNEY – REALIGNMENT OF SOLID WASTE RESOURCES REVENUE FUND (SWRRF)**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a legal opinion regarding the realignment of Solid Waste Resources Revenue Fund (SWRRF). Blue Book Item 13 increases SWRRF funding for one position as a result of increased workload related to that special fund program, which results in a corresponding decrease to the General Fund.

MAS:MBC:04120129

Question No. 14

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 14 – Is the SWRF realignment on page 70, Blue Book Item 13 an eligible use of the special funds?

Yes. This funding source is authorized, and has been used in the past, for this purpose. The proposed action would increase the funding for one position dedicated to this work from 50% to 100% due to the significant workload.

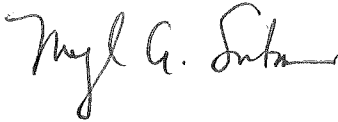
William R. Mangum

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 40

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Feasibility of implementing a taxi inspection fee to support needed staff to perform expanded hours of inspection

Subject: **TAXI INSPECTION FEE TO SUPPORT EXPANDED HOURS OF INSPECTION**

Your Committee requested a report back from the Department of Transportation relative to the feasibility of implementing a taxi inspection fee that could be used to increase staffing levels to expand the hours of inspections.

Attached is the Department's response to this report. This memorandum is informational only. There is no fiscal impact.

MAS:IR:06120090

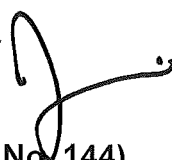
Question No. 144

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair

From: Jaime de la Vega, General Manager
Department of Transportation 

Subject: **TAXI INSPECTION FEE (Question No. 144)**

SUMMARY

This report discusses the feasibility of implementing a taxicab inspection fee that could be used to increase staffing levels to expand the operational hours for inspections.

DISCUSSION

No fee needs to be established and the current fee does not need to increase, except to keep pace with potential increases in the cost of delivering inspection services. The Los Angeles Department of Transportation (LADOT) already assesses taxicab inspection fees as authorized by the City Council and Mayor. The most recent update occurred in May 2011 (C.F. 11-0235, Ordinance No. 181625).

If the City Council wants to expedite taxicab inspections, then LADOT would need additional inspector positions authorized and approval to fill these positions. Approximately \$5 million is collected annually in taxi fees, which covers the \$3.5 million cost (fully burdened) of the existing 23 staff.

BACKGROUND

An \$81 annual fee per LAMC Section 71.06.1 (a) pays for the yearly safety inspection of all taxicabs permitted by LADOT and associated document review and reports. Another \$45 annual fee per LAMC 71.06.1 (l) whenever a permitted vehicle is replaced, the ownership changes, or a decal is damaged and must be replaced. LADOT currently inspects 100% of the taxicabs we permit. However, there may be delays in how quickly the inspection may begin due to increased demand on a given day as well as the availability of LADOT inspectors. The availability of inspectors is constrained by two factors: the number of inspectors (currently 11, down from 16 in 2009) and furloughs (MOU 21). In some cases, taxicabs may not be inspected the same day and the owner/driver has to return the next day. The service impact is that LADOT cannot perform as much field enforcement and consumer complaints cannot be addressed as fast as before.

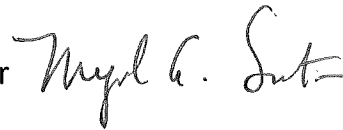
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 41

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Measure R – Information requested as to why additional funds are requested

Subject: **MEASURE R – WILSHIRE BUS LANE PROJECT**

Your Committee requested a report back from the Department of Transportation relative to Measure R and the Wilshire Bus Lane as to why additional funds are being requested for this project.

Attached is the Department's response to this report. This memorandum is informational only. There is no fiscal impact.

MAS:IR:0610092

Question No. 151

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**


Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair

From: Jaime de la Vega, General Manager
Department of Transportation

Subject: **WILSHIRE BRT (Question No. 151)**



SUMMARY

This report explains why \$500,000 in Measure R funds is recommended for the Wilshire BRT in the proposed 2012-2013 budget.

DISCUSSION

The City Council and Mayor previously approved the Wilshire BRT project. The project is funded largely by a federal grant however the grant only funds reconstruction and resurfacing of the curb lane on Wilshire Boulevard that will become the peak-hour bus only lane.

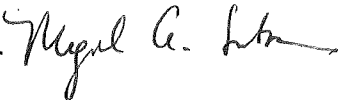
The City and Mayor also directed that the remaining lanes on Wilshire Boulevard be resurfaced at the same time, at a cost of \$3.7 million. Because \$3.2 million in other funds were identified for this purpose, an additional \$500,000 is needed. The proposal to use Measure R funds to meet this funding need is consistent with the prior policy direction of both the City Council and Mayor and is consistent with the eligible uses in the voter-approved Measure R ordinance.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 42

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on citation rates of the part-time Traffic Officer Program and provide explanation on any deployment differences between part-time and full-time officers

Subject: **CITATION RATES OF PART-TIME AND FULL-TIME TRAFFIC OFFICERS AND DEPLOYMENT DIFFERENCES**

Your Committee requested a report back from the Department of Transportation relative to the citation rate issuance of the part-time Traffic Officer program and additional information explaining the deployment differences between part-time and full-time officers and the reasoning for the differences.

Attached is the Department's response to this report. This memorandum is informational only. There is no fiscal impact.

MAS:IR:06120089


Question No. 138

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair

From: Jaime de la Vega, General Manager
Department of Transportation 

Subject: **TRAFFIC OFFICERS (Question No. 138)**

SUMMARY

This report discusses two topics requested by Council member Tony Cardenas at the May 1, 2012 Budget & Finance Committee hearing on the proposed fiscal year 2012-2013 budget: traffic officer productivity and traffic officer deployment.

CITATION PRODUCTIVITY

Overview

Full-time and part-time traffic officers have comparable productivity during fiscal year 2011-2012:

Full-time: 4.02 citations per hour of regular patrol

Part-time: 3.92 citations per hour of regular patrol

Discussion

While all the full-time traffic officers have at least 3.5 years on the job, the part-time traffic officers had an initial learning curve immediately following training and their productivity during their first four weeks in the field was lower than their productivity since.

A more complete picture of the productivity of part-time traffic officers will be available at the end of the fiscal year.

Methodology

Citation issuance is only compared for regular patrol hours in order to provide a fair comparison.

For example, training hours are excluded in the calculation for part-time traffic officers. Likewise, non-patrol duties are excluded in the calculation for full-time traffic officers.

The calculations are for all traffic officers for the period of July 1, 2011 through April 7, 2011. It includes all days, areas, and shifts as well as overtime hours worked by full-time officers.

For background, the following two tables further explain the time breakdown for full-time traffic officers. (Figures may not total due to rounding.)

Table 3 – Full-Time Traffic Officer Paid Time

<u>Status</u>	<u>Percent</u>
At Work	72.90%
Not Available	
Sick / Injured On Duty (IOD) / Light Duty / etc.	13.78%
Holidays / Vacation Compensatory Time Off / etc.	12.83%
Subtotal	26.61%
Other Miscellaneous Codes	0.49%

Table 4 – Full-Time Traffic Officer Activities While at Work

<u>Work Activity</u>	<u>Percent</u>
Regular Patrol	72.32%
Other Field Duties / Traffic Control / Radio Calls / etc.	20.15%
Non-Field Duties / Meetings / Light Duty (Office) / etc.	7.53%

On average, full-time officers only spend 53% of the time they are paid working patrol ($79.20\% \times 72.32\% = 52.72\%$).

Part-time officers have spent 80% of their time on patrol, 14% on training, and the remaining 6% on break, miscellaneous meetings, etc. The percent of time spent on training is expected to drop to 4.5% to 5.0% after a part-time officer has worked a full 12 months.

DEPLOYMENT

Full-Time

LADOT management determines overall full-time traffic officer staffing needs on a daily and weekly basis. Officers are assigned work days and shifts based on departmental needs. In addition, officers are given specific assignments for each work day:

- Regular patrol (by vehicle)
- Traffic control – scheduled (i.e. special event)
- Special assignment (e.g. disabled placard enforcement)

During the course of the day, full-time traffic officers respond to emerging issues and may be re-assigned from initial assignment:

- Radio calls/complaints
- Traffic control – unscheduled (e.g. LAPD & LAFD support, traffic accidents, etc.)

Each area office is divided into squad areas that are further subdivided into beats. Traffic officers are assigned to squads responsible for enforcing the squad area. Specific traffic officers are assigned to beats. LADOT uses historical data on citation issuance plus an assessment of current conditions to balance workloads.

Full-time traffic officers may enforce in beats where part-time traffic officers are assigned effective January 2012.

Most meter zones have newer meters that can communicate with hand held units wirelessly. When assigned on regular patrol to such zones, full-time traffic officers are issued handheld units.

In some cases, full-time traffic officers may use written entry ticket books instead of hand held units. This occurs as a result of an accommodation due to a work restriction, if a hand held unit breaks or is otherwise not operational, or if an officer is not assigned to a meter zone with newer meters and is not issued a hand held unit for that shift, but later is re-assigned to that area on regular patrol.

Part-Time

Part-time traffic officers are assigned exclusively to regular patrol in areas with parking meters. They attend roll call at the beginning of their shift, are driven to and dropped off at their deployment area, and are picked up and returned to their area off at the end of their shift.

Initially, the first class of 45 part-time traffic officers were deployed on foot beat on weekends only (Friday through Sunday) to augment regular staffing by full-time officers. This was constrained by the unavailability of these part-time traffic officers during weekdays. Specific geographic deployment was based on analysis of where additional meter enforcement was needed. With the addition of two new classes, some part-time traffic officers were available to work weekdays and the department has augmented weekday enforcement with part-time traffic officers.

Most meter zones have newer meters that can communicate with hand held units wirelessly. When assigned to such zones, part-time traffic officers are issued hand held units.

APPENDIX – TRAFFIC OFFICER SHIFTS

	Start	End	Start	End
Central Area Office				
	Full-Time		Part-Time	
MON-THU	0700	1530	1000	1500
	0700	1730		
	1000	1830	* Only when short personnel due to emergencies	
	1530	0000		
FRI	0700	1530	1300	1800
	0700	1730		
	1000	1830		
	1530	0000		
SAT	0700	1530	0930	1430
	0730	1800	1300	1800
	1530	0000		
SUN	0700	1530	1030	1530
	0730	1800		
	1530	0000		

Hollywood Area Office

	Full-Time		Part-Time	
MON-THU	0700	1530	1100	1600
	1000	1830	1500	2000
	1530	0000		
	1530	0200		
FRI	0700	1530	1400	1900
	1000	1830	1900	0000
	1530	0000		
	1530	0200		
SAT	0700	1530	0900	1400
	0730	1630	1400	1900
	0930	1800	1900	0000
	1530	0000		
	1530	0200		
SUN	0730	1600	1030	1530
	1500	2330	1500	2000
	1500	0130		

Start End Start End

Southern Area Office

	Full-Time		Part-Time	
MON-SUN	0700	1530	None	

Valley Area Office

	Full-Time		Part-Time	
MON-THU	0700	1530	1500	2000
	0700	1730		
	1000	1830		
	1530	2330		
	1530	0130		
FRI	0700	1530	1500	2000
	0700	1730		
	1000	1830		
	1530	2330		
	1530	0130		
SAT	0730	1600	1100	1600
	0930	1800		
	1500	2330		
	1500	0130		
SUN	0730	1600	None	
	1500	1500		
	1500	0130		

Start End Start End

Western Area Office

	Full-Time		Part-Time	
MON-THU	0700	1530	1530	2030
	1000	1830		
	1430	0100		
	1530	0000		
FRI	0700	1530	1900	0000
	1000	1830		
	1430	0100		
	1530	0000		
SAT	0730	1600	0900	1400
	0930	1800	1530	2030
	1430	0100	1900	000
	1630	0100		
SUN	0730	1600	0900	1400
	1430	0100	1100	1600
	1630	0100	1330	1830
			1530	2030

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 43

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Measure R Match and how much will be needed for the life of Measure R and will the monies revert back to Metro after five years

Subject: **MEASURE R – MATCH REQUIREMENTS/REVENUES AND REVERSION
POTENTIAL AFTER FIVE YEARS**

Your Committee requested a report back from the Department of Transportation relative to various concerns regarding Measure R. Specifically, the Committee would like to know how much has been set aside for the match and how much will be needed for the life of Measure R; will the Measure R funds revert back after five years if not all spent; and should other sources of revenue be considered for the match.

Attached is the Department's response to this report. This memorandum is informational only. There is no fiscal impact.

MAS:IR:0610091

Question No. 150

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair

From: Jaime de la Vega, General Manager
Department of Transportation 

Subject: **3% LOCAL MATCH ON MTA TRANSIT PROJECTS (Question No. 150)**

SUMMARY

This report addresses four questions concerning the city's Measure R funds:

- Is the \$4 million set aside for matching funds for the 3% Local Match requirement?
- How much has been set aside for the match and how much will we need for the life of Measure R?
- If we don't spend the Measure R monies from Metro within 5 years will they revert back to Metro?
- Should we be looking at other sources of revenue for the match?

DISCUSSION

Since the passage of Measure R (2008), the City Council and Mayor have wisely set aside a portion of the city's Measure R 15% Local Return funds to pay for a portion of the Los Angeles County Metropolitan Transportation Authority's (MTA) rail and busway projects within the city limits. A formal agreement to provide such funds to the MTA has not been negotiated or executed yet, but would be necessary before transferring such funds to MTA.

The City Council and Mayor have not adopted a long-term financial programming plan for the city's Measure R 15% Local Return funds yet, however the current working assumption is that some of these funds would be contributed to MTA to voluntarily pay for 3% of construction costs on transit projects within the city limits.

The \$4 million proposed for "Matching Funds – Measure R Projects/LRTP/30-10" (Blue Book, p.763) are matching funds for Measure R transit projects within the city limits. There is no local match "requirement" per se, but providing the matching funds is recommended as discussed further below.

To date, the City Council and Mayor have set aside \$10.1 million in prior years as a reserve (FY 2011: \$4,837,520, FY 2012: \$5,300,550) in anticipation that the city and

MTA reach an agreement to transfer these funds in the future. An estimated \$326 million (or 15% of \$2.1 billion in projected revenue over the 30-year life of Measure R) would need to be programmed to provide a 3% local match.

Measure R provides no authority for MTA to revert, rescind, or stop disbursing Measure R funds to local jurisdictions unless those funds are spent on ineligible uses. Measure R establishes no time limit on when Local Return funds must be expended. The MTA Board of Directors established Measure R guidelines (October 29, 2009) that state that funds must be expended within five years unless placed in a reserve fund. The city is not at risk of its Measure R funds reverting to MTA for two reasons. First, the city is complying with the intent of the Measure R guidelines. And second, and more importantly, MTA has no legal authority to enforce the guidelines against the city even if the city did not place the funds in reserve.

If the City Council and Mayor agree to transfer funds to MTA, any eligible source of city revenue could be pledged. This could include Measure R, Proposition C, or general fund revenue. Currently, it is assumed the city will use its Measure R funds for the 3% local match. The potential advantage of using non-Measure R funds would be if by doing so the City Council and Mayor utilized funds with more restrictive uses than Measure R, thus creating more funding flexibility. While Measure R has a broad range of eligible uses, it too is a restricted special fund. Substituting non-Measure R funds is a zero sum exercise and revenue neutral from a citywide perspective. LADOT recommends continuing to set aside Measure R funds for the 3% local match.

BACKGROUND

Measure R requires that 15% of its revenue ("Local Return") be distributed to each city in the County of Los Angeles and the unincorporated portion of the county. Each jurisdiction receives a prorated share based on population.

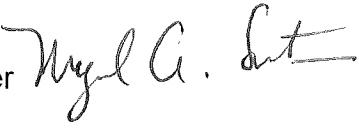
The voter approved Measure R ordinance and the MTA Long Range Transportation Plan (2009) both assume that local jurisdictions will 3% of the construction costs for the 12 major transit projects. The City of Los Angeles has no legal requirement to provide the 3% local match. However, providing such a voluntary match is consistent with City Council and Mayor support of Measure R, the support of Mayor Villaraigosa and the city's representatives on the MTA Board of Directors of Measure R and the LRTP, and the electorate's support for Measure R (72% support citywide, with a minimum support of 60% in every council district). Not providing the voluntary match would create budget gaps on the MTA projects and result in project delays and/or down scoping (e.g. a shorter length rail line and less service in the city).

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 44

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back with an analysis of the concerns raised by the Controller in the letter dated April 18, 2012.

Subject: **CONTROLLER – RESPONSE TO THE CONTROLLER’S FINANCIAL MANAGEMENT SYSTEM LETTER DATED APRIL 18, 2012**

Your Committee requested this Office to report back on the Controller’s letter dated April 18, 2012 regarding expediting the processing of Financial Management System (FMS) transactions.

The letter expressed concerns about a growing backlog of Fiscal Year 2011-12 transactions that have not been processed by departments, including 500 currently in the system, but pending approval at various stages. The Controller states that this backlog will impact year-end closing activities. The Controller attributed the backlog to insufficient accounting staff citywide, the need for technical corrections, and that some transactions are contingent on departments releasing committed funds or receipt of funding from outside agencies.

To address the backlog these issues, the Controller urges the Mayor and Council to approve the following actions:

1. Instruct all City Departments to process FMS transactions resulting from Mayor/Council fiscal actions within 10 working days from the approval date as recorded by the Mayor and City Clerk in accordance with respective sections of the Administrative Code;
2. Instruct the City Administrative Officer to monitor and ensure timely data-entry of budget adjustments by City Departments; and,
3. Request the Controller to submit to the CAO a list of key vacant positions in the Financial Operations and Financial Reporting Divisions and authorize the positions to be exempt from the Managed Hiring Process.

This Office agrees with recommendations one and two and has instructed budget analysts to review FMS transactions in a timely manner. With regards to the third recommendation the Controller has indicated that the recommendation refers to positions citywide in Financial Operations and Financial Reporting Divisions, not just in the Office of the Controller. This Office will consider this request as part of the instruction in Exhibit H of the Mayor’s 2012-13 Proposed Budget (Proposed Budget), which directs this Office to prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions.

The plan will be completed by July 1, 2012 and submitted to the Managed Hiring Committee for consideration.

For your reference, the following table lists the vacant positions identified by the Controller associated with their financial operations and reporting. It should be noted that the Controller's budget includes the deletion of vacant positions and a one-time salary reduction of \$350,000. This Office will work with the Controller to determine if sufficient funds are available to fill the positions identified below.

Code	Classification	Salary	Division
1523-1	Sr. Accountant I	\$ 76,316	Funds and Appropriations
1555-1	Fiscal Systems Specialist I	104,922	PaySR
1555-2	Fiscal Systems Specialist II	122,545	PaySR
1523-1	Sr. Accountant I	76,316	Demand Audit
1525-2	Pr. Accountant II	100,182	Demand Audit (LAWA)

TOTAL \$ 480,281

On a citywide basis, to alleviate the shortage of accounting and financial reporting personnel, the 120-day Accounting Resource Pool Program was established in December 2010. This program was continued in the Proposed Budget.

Additionally, the majority of employees who process FMS transactions are represented by the Engineers and Architects Association and were furloughed in 2011-12. These employees will not be subject to furloughs in 2012-13. It is anticipated that the elimination of furloughs will help alleviate the FMS backlog.

MAS:ECM:01120059d

Question No.10

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 45

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on best practices for plan check services.

Subject: **BUILDING AND SAFETY – REPORT BACK ON BEST PRACTICES FOR PLAN CHECK SERVICES**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on best practices for the plan check process. Attached is the Department's response, which includes a commitment to report back within 90 days.

This memorandum is information only. There is no fiscal impact.

MAS:ACA:TJM:c02120139

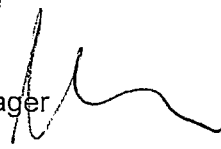
Question No. 205

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 205

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and Safety SUBJECT: **REPORT BACK ON BEST PRACTICES SURVEY FOR PLAN CHECK SERVICES**

This memo is in response to the Budget and Finance Committee's request, during the Special Meeting on May 2, 2012, in consideration of the Mayor's 2012-2013 proposed budget. During that meeting the committee asked for a report back regarding best practices for plan check services.

The Los Angeles Department of Building and Safety (LADBS) will do a "Best Practices Survey" of some local jurisdictions to gather the following information related to plan check services:

- Workload Indicators
- Plan check turnaround and verification timeframes
- Construction valuation
- Plan check and permit fees
- Staffing
- Codes adopted and process to ensure compliance
- Electronic plan check
- Innovative plan check enhancements

The results of the "Best Practices Survey" will be compiled in a report within 90 days.

Please contact me or Raymond Chan, Executive Officer, at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
Tyler Munhall, CAO Analyst

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the impact of the additional staff and funding provided in the Proposed Budget. How will this impact the backlog? Include the amount of staff dedicated to test lab certification and how delays impact applicants.

Subject: **BUILDING AND SAFETY – REPORT BACK ON INCREASED ENTERPRISE FUND STAFFING AND TEST LAB DELAYS**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on the impact of staff being added to the Department, especially, how the additional positions will impact backlogs. The Committee also requested information on how delays in the Test Lab impact customers. Attached is the Department's response, which includes a commitment to report back within 60 days.

This memorandum is information only. There is no fiscal impact.

MAS:ACA:TJM:c02120132

Question No. 173

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 173

TO: Honorable Paul Krekorian
 Chair, Budget and Finance Committee
 City Hall, Room 445

FROM: Robert R. "Bud" Ovrom, General Manager
 Department of Building and Safety



SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 173 REGARDING REPORT BACK ON "THE IMPACT OF THE ADDITIONAL STAFF AND FUNDING PROVIDED IN THE PROPOSED BUDGET. HOW WILL THIS IMPACT THE BACKLOG? INCLUDE THE AMOUNT OF STAFF DEDICATED TO TEST LAB CERTIFICATION AND HOW DELAYS IMPACT APPLICANTS"**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the impact of the funding and positions in the proposed budget will have on backlogs; and the number of staff dedicated to Test Lab certification and how delays impact applicants.

Impact of Additional Staff and Funding Will Have on Backlogs

The Department estimates, based on certain assumptions, that providing the additional positions will reduce the backlogs to a manageable level. These assumptions are as follows: 1) All positions are filled and staff are trained; and 2) Backlogs and workloads are as currently projected (i.e., \$108.8 million in Enterprise Fund revenue for FY2012-13).

- **Engineering Backlogs**
 Backlogs in all engineering disciplines (Building, Mechanical, and Electrical) will be reduced from 28 to 20 business days delay before a plan is assigned to an engineer for review within six months of filling the positions.
- **Inspection Backlogs**
 Backlogs in inspection disciplines are expressed in terms of "rolled over" (missed) calls. The average number of rolled over calls is expected to be reduced from 130 to 60 daily within four months of filling the positions.

Test Lab Staff and How Delays Impact Applicants

There are currently three electrical engineers assigned to the Test Lab. The Department is in the process of compiling a report that compares the enforcement requirements and processes for equipment approval among various jurisdictions to evaluate the options of closing or maintaining the Test Lab. We will be able to provide you with a more comprehensive report back within the next 60 days.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

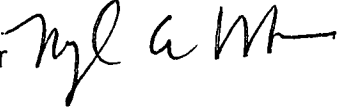
c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
 Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
 ✓ Tyler Munhall, CAO Analyst

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 47

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Budget and Finance Committee Request: "Provide a cost benefit analysis on sealing/locking pullboxes to prevent copper wire theft. Is it more cost effective to do the whole area?"

Subject: **PUBLIC WORKS, BUREAU OF STREET LIGHTING – SEALING ALL PULLBOXES TO PREVENT COPPER WIRE THEFT**

The Budget and Finance Committee requested a report on the cost to seal or lock all street light pullboxes in the City in an effort to prevent copper wire theft. The Bureau of Street Lighting's response is attached.

While a Citywide effort to seal all pullboxes is not financially feasible at this time, it is recommended that a proactive, preventative approach be taken to limit the costs of copper wire theft. Changes in state law and local education of the community have worked to help curb the theft, and the LAPD can be a resource and partner to the Bureau in its efforts.

RECOMMENDATION

It is recommended that the Bureau of Street Lighting work with the LAPD to find alternative solutions to prevent copper wire theft.

MAS:JHC:06120095

Question No. 132

CITY OF LOS ANGELES
CALIFORNIA

BOARD OF PUBLIC WORKS
MEMBERS

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ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
PUBLIC WORKS

BUREAU OF
STREET LIGHTING
1149 S. BROADWAY, STE. 200
LOS ANGELES, CA 90015

ED EBRAHIMIAN
DIRECTOR

(213) 847-2020
FAX: (213) 847-1860

E-mail: streetlighting@lacity.org
World Wide Web (WWW): <http://bsl.lacity.org>

May 4, 2012

Honorable Paul Krekorian, Chairperson
Budget and Finance Committee
Room 395, City Hall

Dear Councilmember Krekorian:

This is in response to Question No. 132 of the Budget and Finance memo regarding the Proposed 2012-13 Budget.

"Provide a cost benefit analysis on sealing/locking pullboxes to prevent copper wire theft. Is it more cost effective to do whole area?"

The Bureau of Street Lighting is submitting the estimated cost for replacement of pullbox lids throughout the City (see attached). The estimated cost to replace one pullbox lid is \$190, which translates into approximately \$57 million for the entire City. Currently the Bureau is responding to wire theft incidents which has amounted to \$3.7 million over the last 5 years. If funding is made available for certain targeted areas, additional hiring hall crews can be utilized to complete this replacement for preventive measures.

If you have any questions, please contact me at (213) 847-2020.

Sincerely,

Ed Ebrahimian, Director
Bureau of Street Lighting

cc: Neil Guglielmo, Mayor's Office
Miguel A. Santana, CAO
Janice Chang, CAO

Attachment

BUREAU OF STREET LIGHTING
LOCKABLE POLYMER PULLBOX LID REPLACEMENT
COST ESTIMATE

Budget Question No. 132

LABOR COST				
# OF LIDS	CREW	HOURLY RATE	# OF HOURS (300,000 lids/2 lids per hour)	ESTIMATED LABOR COST
300,000	2 Person Crew (E+AÉ)	\$140.11	150,000	\$21,016,500.00

MATERIAL COST		
# OF LIDS	COST OF MATERIALS (PER PULLBOX LID)	ESTIMATED MATERIAL COST
300,000	\$88.00	\$26,400,000.00

EQUIPMENT COST				
# OF LIDS	EQUIPMENT	HOURLY RATE	# OF HOURS (300,000 lids/2 lids per hour)	ESTIMATED EQUIPMENT COST
300,000	Aerial Lift Truck	\$67.22	150,000	\$10,083,000.00

MATERIALS (BREAKDOWN)			
DESCRIPTION	QUANTITY	COST	COST PER PULLBOX LID
Polymer Pullbox Lid (each)	1	\$51.00	\$51.00
Security Bolt (each)	2	\$6.00	\$12.00
Epoxy (tube)	1	\$25.00	\$25.00
TOTAL			\$88.00

TOTAL ESTIMATED COST: \$57,499,500.00

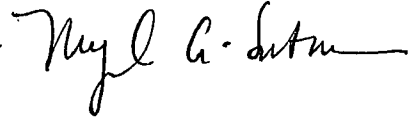
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 48

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how horse license fees have been expended to date. What plans do you have? Do they include the maintenance of the trails?

Subject: **ANIMAL SERVICES – EQUINE LICENSE FEE**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested our Office to report back on how horse license fees have been expended.

Section 53.15.1 of the Municipal Code provides for an equine license fee of \$14.00 per year for each horse, pony, burro, mule, donkey or other equine 12 months or older be collected by the Department to be deposited into the Equestrian Facilities Trust Fund. The annual license fee goes into the Equestrian Facilities Trust Fund for the acquisition, construction and maintenance of equine trails and facilities on City properties.

MAS:JLK:04120109

Question No. 182

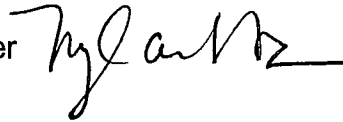
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 49

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back with a comprehensive overview of all funding sources for Summer Youth Employment.

Subject: **COMMUNITY DEVELOPMENT – REPORT BACK ON FUNDING SOURCES FOR SUMMER YOUTH EMPLOYMENT**

During its consideration of the Community Development Department's (CDD) 2012-13 Proposed Budget, the Committee asked CDD to report back with a comprehensive overview of all funding sources for Summer Youth Employment (SYEP). Attached is the Department's response.

A total of \$4.5 million is estimated for the 2012 SYEP: \$2 million is available from confirmed sources and \$2.5 million is proposed from other sources including grants and the General Fund.

This memorandum is information only. There is no fiscal impact.

MAS:BLT:02120144

Question No. 231

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: The Honorable Paul Krekorian
Committee Chair
The Los Angeles City Council, Budget and Finance Committee

FROM: Richard L. Benbow
General Manager
Community Development Department

**SUBJECT: COMMUNITY DEVELOPMENT DEPARTMENT (CDD) REPORT BACK-
STATUS OF FUNDING FOR THE CITY OF LOS ANGELES PY 12/13 SUMMER
YOUTH EMPLOYMENT PROGRAM (SYEP)**

PURPOSE

As requested by Councilman Krekorian, the purpose of this report is to provide the funding status of the City of Los Angeles Summer Youth Employment Program (SYEP) for the summer of 2012.

BACKGROUND

The Community Development Department operates the summer youth employment program for the City of Los Angeles. The current youth unemployment rate is nearly 30 percent and in some communities as high as 50 percent. The Summer Youth Employment Program (SYEP) has been a key component of the Youth Workforce Development System for well over 30 years in the City of Los Angeles. With the support of the federal American Recovery and Reinvestment Investment Act (ARRA) of 2008, thousands of youth and young adults between the ages of 14-24, earned a paycheck while developing foundational work place skills and a connection to the labor force. In the summer of 2009, over 7,500 and in the summer of 2010 over 9,000 youth and young adults went to work during the traditional summer months of July and August. However, the federal investment of ARRA funds expired and federal funds for the summer of 2011 were no longer available. Through the generous support of the City, many City Council members, the U.S. Department of Energy, the County of Los Angeles, the Housing Authority of Los Angeles, The Los Angeles Chamber Foundation and Wells Fargo over 4,000 youth and young adults went to work in the summer of 2011.

Although the city has not received any federal funding over the last two years, we have strived to maintain a vibrant, albeit smaller, program than previous years. We are grateful for the inclusion of general fund \$1 million in this budget, and the individual contributions from councilmember controlled accounts. We have also engaged the private sector through the LA

Chamber and other private foundations to augment the city contributions. Listed below are the projected funding sources and number of young people served.

Year round, approximately 3,000 young people ages 17-21 are enrolled into the OneSource Youth Opportunity System and provided 12 months of educational and job training services. In addition, HIRE LA's Youth program provides Job Readiness training and Work Readiness Certification to hundreds of youth on a year round basis.

STATUS OF THE 2012 SUMMER YOUTH EMPLOYMENT PROGRAM

The tables below outline the confirmed funding for the summer of 2012, the proposed additional funding for summer 2012 and year round funding sources for the city's youth workforce development system as of May 4, 2012.

CONFIRMED SOURCES

FUNDING SOURCE	AMOUNT	SYEP JOBS
Housing Authority of Los Angeles	\$1,000,000	500
Council District 3	\$100,000	100
Council District 13	\$100,000	100
LA Conservation Corp (Clean & Green)	\$878,940	500
TOTAL	\$2,078,940	1,200

PROPOSED SOURCES

FUNDING SOURCE	AMOUNT	SYEP JOBS
City of Los Angeles SYEP - GCP	\$1,000,000	500
City of Los Angeles Learn & Earn - GCP	\$191,250	96
LA Area Chamber – foundation proposal	\$1,000,000	500
Wells Fargo	\$250,000	125
Bank of America Foundation	\$100,000	50
The Port of Los Angeles	Unknown	Unknown
Department of Water and Power	Unknown	Unknown
Los Angeles World Airports	Unknown	Unknown
LA County General Fund	Unknown	Unknown
TOTAL	\$2,541,250	1,271

YEAR-ROUND YOUTH EMPLOYMENT

FUNDING SOURCE	ENROLLMENT	FUNDING
HIRE LA's Youth - LA Area Chamber	1,000	\$395,000

NEXT STEPS

The Community Development Department has begun the planning and implementation process with the confirmed sources of funding.

The next steps are outlined below:

1. Issue Intent to Participate letter to the 17 summer youth providers procured through the Summer Youth RFP of 2008.
2. Solidify the proposed funding in the table above.
3. Request authority to accept summer youth funds, recommendations for contractor funding and authority to execute contracts.
4. July 5, 2011 – Summer Youth Employment Program begins.
5. Continue to advocate for additional SYEP funds.

ADDITIONAL INFORMATION

If you have any questions or in need of additional informational please contact Robert Sainz at (213) 744-7396 or Lisa Salazar at (213) 744-7191.

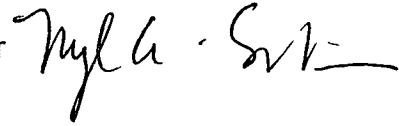
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 50

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on implementing/adding different types of programs for code enforcement issues, including the feasibility of establishing a part-time code enforcement officer pilot program.

Subject: **BUILDING AND SAFETY – REPORT BACK ON CODE ENFORCEMENT PROGRAMS AND FEASIBILITY OF A PART-TIME CODE ENFORCEMENT OFFICER PILOT PROGRAM**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on implementing different types of programs for code enforcement issues and the feasibility of establishing a part-time code enforcement officer pilot program. Attached is the Department's response, which includes a commitment to report back in 60 days with information on alternatives for providing code enforcement and the feasibility of establishing a code enforcement officer pilot program.

This memorandum is information only. There is no fiscal impact.

MAS:ACA:TJM:c02120139


Question No. 177

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 177

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and Safety **SUBJECT: FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 177 REGARDING REPORT BACK ON "THE IDEA OF IMPLEMENTING/ADDING DIFFERENT TYPES OF PROGRAMS FOR CODE ENFORCEMENT ISSUES, INCLUDING THE FEASIBILITY OF ESTABLISHING A PART-TIME ENFORCEMENT OFFICER PILOT PROGRAM"**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the feasibility of establishing other types of code enforcement programs such as the use of part time code enforcement officers.

The Department has used special programs in the past based on the need to address higher priority cases such as abandoned buildings and other nuisances but had to abolish those programs as of late in a cost-saving measure.

As requested by Question 176, the Department is in the process of updating a code enforcement best practices survey of other large cities. One of the goals of the best practices survey is to establish how the other cities prioritize their work and what kinds of enforcement programs they use. The survey will also compare how those priorities are used by other cities in their enforcement methods and processes and explore the feasibility of a part-time enforcement officer pilot program. We will be able to provide you with a more comprehensive report back within the next 60 days.

Please contact me at (213) 482-6800 or Raymond Chan, Executive Officer at the same phone number should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
Tyler Munhall, CAO Analyst

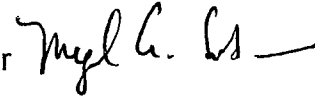
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 51

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the best practices for Code Enforcement, specifically how other jurisdictions look at public priorities and how these could be incorporated into the current system. How can we integrate a prioritization of enforcement resources into the system so that it is not entirely complaint driven?

Subject: **BUILDING AND SAFETY – REPORT BACK ON BEST PRACTICES FOR CODE ENFORCEMENT**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back with best practices for Code Enforcement, including how other jurisdictions deploy their code enforcement resources to focus on the highest priority violations. The Committee also requested information on the feasibility of relying less on complaints as the driver for deploying limited code enforcement resources and more on a set of established priorities. Attached is the Department's response (Attachment A), which includes a best practices survey (Attachment B) completed by the Department in 2006 and a commitment to conduct a new survey in the next 60 days.

It should be noted that the Department currently operates several programs for code compliance that are not complaint driven but instead occur on a regular schedule and are supported by a fee that achieves full cost recovery. These include but are not limited to inspection of elevators, pressure vessels, auto body shops, recycling centers, landfills, and off site signs. The Department will need to analyze its complaint driven code enforcement records to identify whether or not additional types of code enforcement could be done on a scheduled basis with full cost recovery.

This memorandum is information only. There is no fiscal impact.

MAS:ACA:TJM:c02120138

Question No. 176

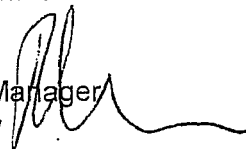
Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

ATTACHMENT A

DATE: May 3, 2012 Question No. 176

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445

FROM: Robert R. "Bud" Ovrom, General Manager 
Department of Building and Safety

SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 176
REGARDING REPORT BACK ON THE BEST PRACTICES FOR CODE
ENFORCEMENT**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following question:

"Report back on the best practices for Code Enforcement, specifically, examine how other jurisdictions look at public priorities and how these could be incorporated into the current system. How can we integrate a prioritization of enforcement resources into the system so that it is not entirely complaint driven?"

The over-arching goal of developing and implementing best practices is to lead to shorter turnaround times. The Department conducted a best practices survey during 2006 which included a study of the code enforcement policies and procedure in New York City, NY; Sacramento, CA; San Diego, CA; and San Francisco, CA. A copy has been attached for your information.

The Department is planning on conducting another best practices survey during the next 60 days, depending on the availability of staff and funding. We will ensure that we explore all aspects of fee-based code enforcement and how additional pro-active code enforcement services may be included in the Department's current operations.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

Attachment

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
✓ Tyler Munhall, CAO Analyst



BEST PRACTICES SURVEY

EXECUTIVE SUMMARY

Background and Objectives

In response to recommendation 1.6 of the City Controller's Performance Audit recommendations dated, July 10, 2006, the Department of Building and Safety's Code Enforcement Bureau (LADBS CEB) conducted a best practices survey of other Cities to "...identify enforcement methods not currently utilized by the [LADBS CEB], such as administrative hearings, larger civil penalties that accrue as non-compliance persists, etc." (p.vii)

Summary of Survey Results

- All California Cities surveyed, employ variations of a similar Code Enforcement process: Notification of Violation, timelines for voluntary compliance, warnings of escalated enforcement efforts, imposition of fees, fines, and/or penalties, hearings, and criminal prosecution.
- New York City imposes financial penalties at the outset of its initial Notice of Violation and does not seek criminal prosecution.
- None of the Cities surveyed, has any statistical reports measuring the effectiveness of imposing fees, fines, and penalties in obtaining compliance.
- All Cities surveyed, impose higher fees and penalties than the LADBS CEB.
- All California Cities surveyed, excluding Los Angeles, routinely file liens against properties for unpaid fees, fines, and penalties; and routinely cloud title on properties that remain noncompliant after enforcement efforts have been exhausted.

Recommendations

- Revise Municipal Code Section 98.0411 (Noncompliance Fees), to increase noncompliance fees sufficiently to recoup LADBS CEB actual enforcement costs on a case by case basis.
- Develop a routine method to lien properties for unpaid noncompliance fees.
- Establish authority in the Los Angeles Municipal Code to cloud title on properties that remain noncompliant after enforcement efforts have been exhausted.
- Consult with the City Attorney's office to create an administrative hearing process presided over by the LADBS CEB.

Survey Methodology

The members of the best practices survey team included Chief Inspector Frank Bush, Principal Inspector Luke Zamperini, and Senior Inspector John Biezins. The survey consisted of evaluating enforcement procedures outlined on numerous city websites followed by conducting interviews with managers from four Cities. The Cities were chosen based on factors such as jurisdiction size, procedural innovation, and with exception of New York City, location within California. The team traveled to Sacramento, San Diego, and San Francisco and met with the Director of Code Enforcement of New York City in Los Angeles to gain a more detailed understanding of the various enforcement solutions discovered from the website study.

Survey Overview

During interviews with managers from other jurisdictions, the LADBS CEB methods of enforcement were discussed for comparison. The survey team unanimously report that those interviewed were impressed with the LADBS CEB overall operation given its 469 square miles, 3.8 million people, and 1.2 million buildings. Especially admired was the LADBS CEB timeliness of response to complaints and referrals, the standards of quality and attention paid to each and every service request, the commitment to verifying compliance, and the detailed performance statistics tracked.

The survey team, while probing for practices to implement in Los Angeles, discovered that all Cities studied rely more heavily on the imposition of fees, fines, and penalties than the LADBS CEB.

Survey Findings

Section one identifies each City's procedure for pursuing compliance on code violations beginning with the initial complaint response and ending with criminal prosecution. The following tables list the steps taken by each City followed by commentary addressing the suitability of adopting practices not currently used by the LADBS CEB.

Section two analyzes the use of fees, fines, penalties, and cost recovery by each of the cities surveyed and suggests that the LADBS CEB revise its policy in this area.

SECTION 1- ENFORCEMENT PROCESS

Complaint Response

All of the Cities surveyed accept complaints by counter requests, phone calls, internet, or fax. Complaints are then routed to inspectors to investigate the alleged violations, with the exception of San Diego which, prior to any inspection, first mails a *Voluntary Compliance Letter (VCL)*. The complaint routing procedure and stated goals for response time are listed in table A below.

TABLE A
FIRST RESPONSE TO COMPLAINTS

City	Action	Response Goals Hazardous	Response Goals Non-hazardous
Los Angeles	Complaint assigned to a CEB Inspector for a site visit to verify alleged violation.	1 day for 100% of complaints	3 days for 80% of complaints
New York	Complaint routed to Inspection Staff for <u>one attempt</u> to verify alleged violation. If attempt fails, case is closed.	1.5 Days for 95% of complaints	40 days for 70% of complaints
Sacramento	Complaint routed to a Code Enforcement Officer for a site visit to verify alleged violation.	1 day for 100% of complaints	5 days for 100% of complaints
San Diego	The Neighborhood Code Compliance Department responds to complaints by mailing a Voluntary Compliance Letter (VCL) to the property owner explaining the alleged violation. Another letter is mailed to the complainant stating that if the alleged violation still exists in 30 days to call the Department for an inspector to make a site visit to verify.	1 day for 100% of complaints	VCL sent out upon complaint. (30 days to next step of enforcement)
San Francisco	Complaint routed to The Department of Building Inspection Inspector to verify alleged violation.	2 days for 100% of complaints.	2 days for 100% of complaints.

In New York City, only one attempt is made to verify the alleged violation. If the attempt fails, no further action is taken. LADBS CEB requires inspectors to witness every alleged violation. If access is denied, a *Gain Entry Letter* is mailed to the property owner and in extreme situations an *Inspection Warrant* is sought in Superior Court. Without this standard, many violations are simply not addressed at all, likely resulting in caseloads comprised only of those properties with owners most willing to comply voluntarily.

Prior to any inspection, San Diego mails a VCL, which notifies property owners about the alleged violation and instructs them to correct it within 30 days. A separate letter is sent to the complainant with instructions to notify the Neighborhood Code Compliance Department again after 30 days if they feel that the violation has not been corrected. The case is closed if the complainant does not resubmit after 30 days. The dependence on citizens to monitor compliance of suspected violations does not meet the standard of service currently provided by the LADBS CEB.

After Violation confirmed by Inspection Staff

All Cities surveyed notify the property owner by mail of the violations confirmed with timelines given for compliance (Table B).

TABLE B STEPS AFTER VIOLATION VERIFIED		
City	Action	Typical Time Frame to Comply
Los Angeles	An Order to Comply is mailed to the property owner.	5-30 days
New York	An Environmental Control Board Notice of Violation is mailed to the property owner with a date scheduled for an administrative hearing.	35 days
Sacramento	A preliminary letter is mailed to the owner.	15-30 days
San Diego	A Notice of Violation is mailed to the property owner.	30 days
San Francisco	A Notice of Violation is mailed to the property owner.	30 days

Sacramento first mails a *Preliminary Notice* to warn property owners of a forthcoming *Notice and Order* if violations are not resolved within 15-30 days. The LADBS CEB thinks this preliminary letter not only adds time to the case but requires an additional inspection to verify compliance after the preliminary letter timeframe has elapsed.

Another practice used by the New York City Department of Buildings, is to include and schedule an administrative hearing in the initial *Environmental Control Board Notice of Violation (ECBNOV)*. The responsible party must appear if violations are not certified as being corrected within 35 days. Corrections are certified by the Department's Administrative Enforcement Unit administratively by a review of permits, receipts, affidavits, photographs, and other documentation submitted by the property owner.

The LADBS CEB reserves the hearing process for more difficult cases where compliance has proven extremely difficult to achieve. To schedule a hearing at the outset requires additional resources that may not be necessary. The LADBS CEB voluntary compliance rate, as measured and applauded in the Controller's Audit at approximately 68%, is accomplished without hearings. Many of the remaining 32% of cases are pursued through hearings presided over by the Los Angeles City Attorney's Office.

The LADBS CEB does not consider the practice of closing cases based on document submittal as optimal in the City of Los Angeles. The LADBS CEB is dedicated to "...the diligent enforcement of applicable ordinances and land use regulations" (mission statement '05). The Bureau strives toward the utmost reliability and consistency in code application that can only be realized by direct scrutiny of site conditions by highly trained and conscientious inspectors.

If compliance not obtained within the initial timeframe allotted

Table C indicates what steps are taken if compliance has not been obtained by the timeframe allotted in the initial *Notice of Violation*.

City	Action	Additional Typical Time Frame to Comply
Los Angeles	A Non-Compliance Warning Letter is Mailed to the property owner. The letter warns that a \$100 (residential) or \$325 (commercial) Non-Compliance Fee may be imposed and attendance at a City Attorney hearing may be required.	15 days
New York	Attendance by the property owner at an Environmental Control Board Hearing is required. Record of violation is posted on the City's web site.	75 days
Sacramento	A Notice and Order to Correct is mailed to the property owner.	30 days
San Diego	Attendance by the property owner at a City Attorney Hearing is required.	30 days
San Francisco	A 2nd Notice of Violation is mailed to the property owner and the case is transferred to the Administrative Code Enforcement Section.	30 days

San Francisco issues a second *Notice of Violation* and transfers the case to its administrative Code Enforcement Section with an added timeframe to comply of 30 days. San Diego and New York City require attendance at a hearing to establish a course of action for the owner to follow, and Sacramento sends its *Notice and Order to Correct*, allowing another 30 days to comply.

At this point, LADBS CEB sends a *Notice of Non-Compliance* stating that a Non-Compliance Fee may be imposed and the case may be referred to the City Attorney for legal action without further notice. Fifteen additional days are given at this point.

Table D below illustrates the routine timeframes given for compliance based on each city's standard operating procedure prior to requiring attendance at a hearing. The timeframes established in the hearing process vary widely based on the unique circumstances of each case and are therefore not included in the table.

TABLE D TIMEFRAME ALLOTTED TO COMPLY			
City	Action	Timeframe Allotted to Comply (days)	
		Minimum	Maximum
Los Angeles	Complaint response	1	3
	Order To Comply	5	30
	Notice of Non-Compliance	15	15
	Total	21	48
New York	Complaint Response Environmental Control Board Notice of Violation	1.5	40
		35	35
	Total	36.5	75
Sacramento	Complaint Response	1	5
	Preliminary Notice	15	30
	Notice and Order to Correct	30	30
	Total	46	65
San Diego	Complaint Response	1	Varies based on VCL
	Voluntary Compliance Letter (VCL)	30	
	Notice of Violation	30	30
	Total	61	Varies
San Francisco	Complaint Response	2	2
	Notice of Violation	30	30
	2nd Notice of Violation	30	30
	Total	62	62

With practices in place to apply initial timeframe limits of 5-30 days based on case conditions, and aggressive complaint response goals, the surveyors discovered that the LADBS CEB enforcement methodology results in the shortest timeframes allotted to resolve violations.

If non-compliance persists

San Francisco conducts an administrative hearing and files tax liens for fines, penalties and actual tallied costs of enforcement since the inception of the case. New York City imposes the maximum financial penalty. San Diego clouds title, and files tax liens to recoup their estimated enforcement costs and Sacramento refers the case to their City Attorney. The LADBS CEB requires attendance at a City Attorney hearing providing a last chance for property owners to comply prior to criminal prosecution.

TABLE E
IF NON-COMPLIANCE PERSISTS

City	Next Step if Compliance Not Obtained	Additional Typical Time Frame to Comply
Los Angeles	Attendance by the property owner at a City Attorney Hearing is required.	Appropriate time to meet criteria for compliance as established at the hearing.
New York	Maximum penalties assessed and Violation is NOT removed from the Web site for any interested party to review.	Indefinite until compliance obtained and penalties paid.
Sacramento	Case referred to City Attorney	Appropriate time to meet criteria for compliance as established at the hearing.
San Diego	Title Clouded and Tax Lien Filed	Appropriate time to meet criteria for compliance as established previously at the hearing.
San Francisco	Attendance by the property owner at a Director's Hearing is required and Initial Tax Lien recorded.	Appropriate time to meet criteria for compliance as established at the hearing.

With the exception of New York City, which concludes active enforcement with the imposition of financial penalties, the final step of enforcement in Los Angeles, Sacramento, San Diego, and San Francisco is to forward the case to the City Attorney for criminal prosecution.

SECTION 2- FEE, FINE, COST RECOVERY, and PENALTY ASSESSMENT to INDUCE COMPLIANCE

Each of the cities surveyed use fees, fines, and penalties to induce compliance (Table F). San Diego charges a fee of enforcement to the property owner of approximately \$790. Sacramento attaches charges to its *Notice and Order to Correct* of \$690 to \$970 plus \$185 for a title report and the filing of a cloud. San Francisco sends an *Assessment of Costs* invoice. New York City imposes fees, fines, and penalties to encourage property owners to comply expeditiously.

TABLE F
FEE, FINE, AND/OR PENALTY ASSESSMENT TO INDUCE COMPLIANCE

City	Upon confirmation of violation	If compliance not obtained within initial timeframe allotted	If still non-compliant	Max
Los Angeles	\$0 upon mailing an Order to Comply.	\$0 upon mailing a Non-Compliance Warning letter	\$100 (residential) \$325 (commercial) after City Attorney Hearing.	Cost of enforcement when approved by Court.

TABLE F
FEE, FINE, AND/OR PENALTY ASSESSMENT TO INDUCE COMPLIANCE
(continued)

City	Upon confirmation of violation	If compliance not obtained within initial timeframe allotted	If still non-compliant	Max
New York	\$150- \$5,000 depending on violation and if owner agrees to comply.	\$250- \$5,000 decided at the Environmental Control Board Hearing depending on violation and if owner agrees to comply.	\$4,500-\$15,000 depending on violation.	\$4,500-\$15,000 depending on violation.
Sacramento	\$0 upon mailing a Preliminary Notice.	\$690 - \$970+ \$185 for Title Cloud.	\$1,000 Fine-administrative discretion.	Additional \$1,000 Fines-administrative discretion.
San Diego	\$0 upon mailing a Notice of Violation.	\$790	\$0	\$2,500 per day up to \$100,000.
San Francisco	\$0 upon mailing a Notice of Violation.	\$0	Citation fine \$500-\$1,000. Bail fee \$271 per violation + assessment of costs bill since case inception for enforcement.	Assessment of costs bill accrues until compliance obtained. Final Tax Lien recorded after compliance until paid.

The Table above indicates that the LADBS CEB does not rely on the imposition of fees, fines, and penalties to induce property owners to comply. This Best Practices Survey has resulted in the following recommendations.

- Revise Municipal Code Section 98.0411 (Noncompliance Fees), to increase noncompliance fees sufficiently to recoup the City's actual enforcement costs on a case by case basis.
- Develop a routine method to lien properties for unpaid noncompliance fees.
- Establish authority in the Los Angeles Municipal Code to cloud title on properties that remain noncompliant after enforcement efforts have been exhausted.
- Consult with the City Attorney's office to create an administrative hearing process presided over by the LADBS CEB.

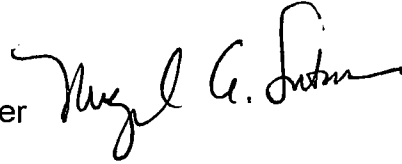
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 52

Date: May 4, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Please suggest a City department to analyze workforce productivity hours and costs so that we can continue to provide core services.

Subject: **CONTROLLER – WORKFORCE PRODUCTIVITY**

Your Committee requested the Office of the Controller to report back with recommendations on how to analyze workforce productivity to preserve core City services. The Controller submitted the attached response, which summarizes the key points identified in the Controller's blueprint on Performance Based Budgeting.

Performance based budgeting is a priority for 2012-13. With the Mayor's Office, this Office has been working with the Planning Department and the Bureau of Street Lighting on a pilot program to develop a citywide strategic planning element that will be incorporated into the 2013-14 budget formulations process.

Additionally, Exhibit H of the Proposed Budget instructs this Office to coordinate and update those metrics based on the 2012-13 adopted budget and to begin regular reporting to Mayor and Council on departments' progress in meeting budgeted goals and objectives.

Attachment

MAS:ECM: 01120058d

Question No.09

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM: Wendy Greuel, City Controller



SUBJECT: BUDGET AND FINANCE COMMITTEE QUESTION NOS. 9 & 105

Please suggest a City department to analyze workforce productivity hours and costs so that we can continue to provide core services.

Controller to conduct a productivity analysis of a specific department and determine the impact on core services.

Last year, my office released a blueprint on Performance Based Budgeting. This report provides the steps necessary to change the budget process so that it can be used as a guide to evaluate City services based on outcomes. The report outlines steps for the Department of City Planning and the Bureau of Street Services to use as models for implementing Performance Based Budgeting. The budget should provide a transparent document that allocates the City's scarce resources effectively, allowing taxpayers to see how their dollars are spent and evaluates how departments perform.

The City's current budget process employs a traditional line-item approach, lacking features to measure service levels and performance. Under the current budget process, prior year allocations are used as the baseline for funding levels for each department and program for the current year, with only expansions and deletions singled out for review by the City's policymakers.

The blueprint for performance-based budgeting recommends developing strategic priorities and builds the budget around shared outcomes. This blueprint has City departments start at their budget bases – every City service will be evaluated to determine the City's core services.

There are seven key elements that must be completed to understand how each department fits within the overall provision of services for the entire City. These elements include:

1. Strategic prioritization and planning process is in place;
2. Organizational structure is built around outcomes;
3. Performance metrics established to measure outcomes and objectives;
4. Mechanism is in place to accumulate and validate performance data;
5. Budget links spending to service objectives;
6. Accounting systems are aligned with budgeted service delivery structures; and
7. Reporting and active use of performance data.

The report includes detailed examples of the successful implementation of performance based budgeting in other cities, including San Jose, California, Richmond, Virginia, Dallas, Texas, Austin, Texas and Charlotte, North Carolina. These examples show how these cities evaluate and structure the core services provided by that city. Additionally, the report provides specific sample models for the City of Los Angeles for the Department of City Planning and Bureau of Street Services, highlighting services that could be considered core services to be evaluated.

The 2012-13 Proposed Budget includes Citywide performance metrics. It also includes some of the initial steps necessary to implement Performance Based Budgeting, using the Department of City Planning and the Bureau of Street Lighting as two City departments that would participate in establishing strategic planning elements towards evaluating productivity and costs for delivery of its services. Once the true costs for services and productivity are understood, the City's leadership can determine the core services and the funds required to provide those services, as related to these two departments. The performance based budgeting should then be expanded to include other City departments to evaluate the costs required for each core service.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 53

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on indexing fees to inflation.

Subject: **BUILDING AND SAFETY – REPORT BACK ON INDEXING FEES TO INFLATION**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on the feasibility of including inflation costs in setting fees. Attached is the Department's response, which includes a commitment to report back within 60 days.

Relative to setting fees, it should be noted that the law requires that fees be no higher than that required to achieve full cost recovery—regardless of the rate of inflation. For this reason, the preferred method for establishing a fee is the time study. A time study establishes the precise cost associated with a given fee supported service. For example, the cost of staff and all other expenses necessary for the staff to deliver the service (office supplies, equipment, rent, overhead, employee benefits, licenses, etc.) are recorded over a set time period; the fee is then established by an analysis of these costs and their relation to the number of times the service was provided during the time study period—in this context, an inspection is equivalent to a "service." Given that the costs recorded in the time study are for current costs, they include the effect of inflation since the last completed time study.

However, inflation by itself is secondary to the time study process because the cost to provide the service may or may not have increased at the same rate as the Consumer Price Index.

This memorandum is informational only. There is no fiscal impact.

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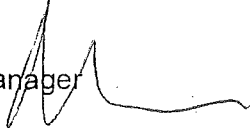
Question No. 207

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 207

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and Safety SUBJECT: **FISCAL YEAR 2011-12 BUDGET MEMO RESPONSE TO QUESTION NO. 207
REGARDING REPORT BACK ON REVISITNG FEE AMOUNTS TO
INCORPORATE INFLATION**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on re-visiting fee amounts to incorporate inflation.

The Department of Building and Safety administers and collects several fees for Plan Check and Inspection Services (Enterprise Fund); Code Violation Inspection Fees (CVIF) and Non Compliance Fee (General Fund).

For the purpose of the Enterprise Fund we recently applied the cost recovery test and determined that all Enterprise Fund functions are at full cost recovery. On the other hand code enforcement functions, some of which are funded by the General Fund are still not at full cost recovery. As such, the Department will report back to Budget and Finance Committee within 60 days with specific recommendations on Code Enforcement Fees to be adjusted with a goal toward getting as close as possible to recovering the cost of the services.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Deputy Mayor, Office of Mayor Villaraigosa
✓ Tyler Munhall, CAO Analyst

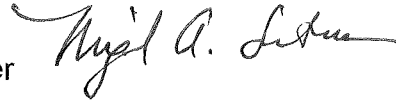
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 54

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on Department efforts to achieve full cost recovery for Code Enforcement. Provide any specific recommendations for Council action that will support the effort to achieve full cost recovery for Code Enforcement.

Subject: **BUILDING AND SAFETY – REPORT BACK ON CODE ENFORCEMENT FULL COST RECOVERY EFFORTS**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on the Department's efforts to achieve full cost recovery for Code Enforcement and any recommendations for the Council to support that effort. The Department's response is attached, which includes a commitment to report back to Council within 30 days with any related recommendations for the Council.

It should be noted that the Proposed Budget includes the following General Fund appropriations and fee revenue for LADBS:

Proposed FY 2012-13 General Fund Appropriation	\$6,030,013
Proposed FY 2012-13 General Fund Fee Revenue	5,651,455
Impact to General Fund:	(\$378,558)

This memorandum is informational only. There is no fiscal impact.

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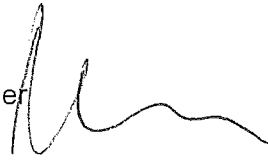
Question No. 209

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 209

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and SafetySUBJECT: **FISCAL YEAR 2011-12 BUDGET MEMO RESPONSE TO QUESTION NO. 209
REGARDING REPORT BACK ON EFFORTS AND PROGRESS MADE TOWARD
ENSURING THAT CODE VIOLATORS PAY THEIR FAIR SHARE OF COSTS OF
CODE ENFORCEMENT**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following: "Building and Safety has sought to move toward a cost recovery system of fines, penalties and fees for violators to pay their fair share of the cost of Code Enforcement. Provide an update on the efforts and any progress that has been achieved? Provide any specific recommendations for Council action that will support the effort to move forward or if you will come back with recommendations in the future."

In an effort to offset the cost of code enforcement, LADBS has made great strides in the recent past by implementing Code Violation Inspection Fee (CVIF), Noncompliance Fees, Late Fees, Investigation Fees and Collection Fees. As a result of these fee initiatives code enforcement functions (General Fund) have contributed to a revenue increase of 271%; from \$2.1 million in FY 2006-07 to \$7.8 million in FY 2011-12.

LADBS is in the process of reviewing code enforcement fees in order to adjust them toward cost recovery. Our fee review process is performed in consultation with the City Administrative Officer (CAO) before reporting back with actionable recommendations to the City Council within 30 days.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Deputy Mayor, Office of Mayor Villaraigosa
✓ Tyler Munhall, CAO

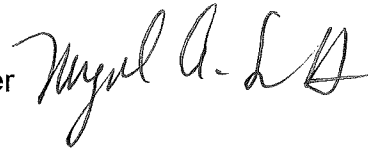
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 55

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on what service reductions and delays in response time have resulted from decreases in General Fund appropriations for Code Enforcement in the last several years.

Subject: **BUILDING AND SAFETY – REPORT BACK ON IMPACT OF REDUCED RESOURCES FOR CODE ENFORCEMENT**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, the Committee asked LADBS to report back on the impact of reduced resources for Code Enforcement, specifically what delays in response times have resulted. Attached is the Department's response, which includes a review of reduced resources for Code Enforcement and the impact of those reductions on services and response times.

This memorandum is informational only. There is no fiscal impact.

MAS:ACA:TJM:c02120136

Question No. 208

Attachment

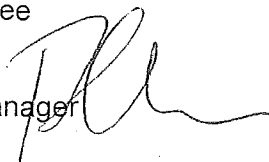
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

Question No. 208

TO: Honorable Paul Krekorian
 Chair, Budget and Finance Committee
 City Hall, Room 445

FROM: Robert R. "Bud" Ovrom, General Manager
 Department of Building and Safety



SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 208 REGARDING REPORT BACK ON THE IMPACT OF GENERAL FUND DECREASE IN REVENUE [APPROPRIATIONS?] ON SERVICE REDUCTION AND DELAYS IN RESPONSE TIMES**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following question:

"Code Enforcement's mission is to preserve and enhance the safety, appearance and economic stability of the community through enforcement of ordinances and land use regulations. Given the decrease in General Fund revenue [should this be appropriations?] over the last several years for code enforcement, what service reductions and delays in response time have resulted."

Revenue has been increasing while General Fund appropriations (funding) has been decreasing over the last six years: Revenue increased by 271% (from \$2.1 million in FY2006-07 to a projected \$7.8 million in FY 2011-12) and staffing decreased 50% (from 176 in FY2006-07 to 88 in FY 2011-12).

Reductions in funding and staffing have decimated service levels:

- Response times are unmanageable:
 Response time to a complaint has increased by 229% (to 23 business days) and the backlog of unresolved cases has increased by 44% (to 10,685) and the time it takes to follow-up (monitoring lapse time) on unresolved cases has increased up to 310% (to 238 business days).
- Major changes in the operation of Code Enforcement include the following:
 - Eliminated all responses to anonymous complaints.
 - Eliminated the Problem Property Resolution Team and the Abandoned Building Task Force which have resulted in an increase in the illegal use of vacant building by vagrants
 - Curtailed inspections for time-specific violations that occur off-hours such as weekend or night events
 - Eliminated the Nuisance Abatement Revocation Section which concentrated on the elimination of public nuisance cases and compliance of conditions imposed by City Planning through Conditional Uses and other discretionary actions

Please refer to the attached document titled, "The Negative Impact on Neighborhoods From the Reduction in Code Enforcement" for a comprehensive look at these changes and the impact they have had on our ability to deliver code enforcement services.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

Attachment

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
 Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
 Tyler Munhall, CAO Analyst



THE NEGATIVE IMPACT ON NEIGHBORHOODS FROM THE REDUCTION IN CODE ENFORCEMENT

APRIL 2012

Very few things can more quickly and negatively impact a neighborhood than vacant/abandoned buildings, inoperable vehicles, graffiti, illegal signs, trash strewn lots, etc. Indeed, the Police Department's much heralded emphasis on the "broken windows theory" stresses the dramatic downward spiral such blight can inflict on a neighborhood.

The City's Code Enforcement Program is on the front line of combating these problems by preserving and enhancing the safety, appearance and economic stability of our commercial and residential neighborhoods through the diligent enforcement of applicable building and land use ordinances.

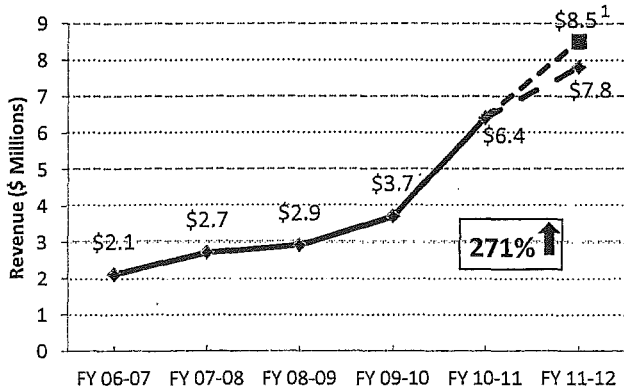
At a time when the Redevelopment Agency has been disbanded and Community Development Department's Federal funding has been dramatically reduced, the need for effective Code Enforcement has never been greater. One of the "best buys for the buck" in neighborhood protection is to stop the decay and deterioration from starting in the first place - - and that is the job of Code Enforcement. Indeed, Code Enforcement is as essential to neighborhood protection as fire prevention is to the Fire Department or crime prevention to the Police Department.

Unfortunately for our neighborhoods, Code Enforcement has disproportionately suffered during the economic recession and the resultant General Fund budget reductions. The purpose of this report is to clearly articulate the reductions in service our neighborhoods now receive. The Charts on the following pages will show:

- Increased fees from the code violators, and more diligent collection, has resulted in a 271% increase in General Fund revenue (Chart 1)
- General Fund budget cuts have more than offset the revenue growth and have resulted in a net General Fund budget reduction of 43% (Chart 2)
- In a City with almost 500 square miles and 4 million residents, general code enforcement staffing has been reduced by 50%, to only 88 employees for the entire City (Chart 3)
- Service levels have been decimated - - the response time to a complaint has increased by 229% to 23 business days (Chart 4), the backlog of unresolved cases has increased by 44% to 10,685 (Chart 5), and the amount of time it now takes to follow-up (monitoring lapse time) on an unresolved case is up 310%, or 238 business days - - almost a full calendar year (Chart 6)
- Even with current staffing levels, by the end of FY 12-13, the monitoring lapse time is expected to grow to 464 business days (Chart 7) and the backlog to grow to over 12,300 cases (Chart 8)

This report concludes by asking what should be done - - are we going to maintain, increase or decrease these service levels? This report does not provide an answer. Our hope is that this report will draw attention to the facts and foment a discussion about where the City of LA should be going with Code Enforcement.

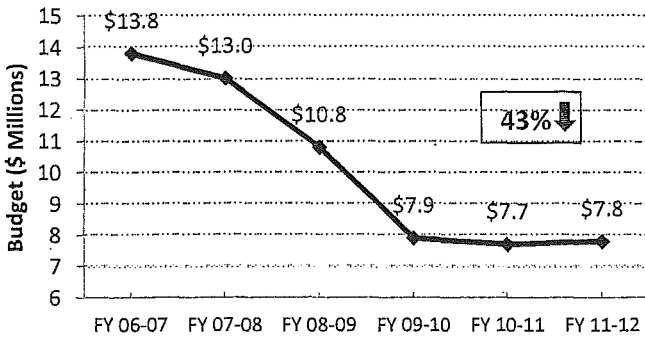
Chart No. 1 – Increasing General Fund Revenue



Revenue to the General Fund from Code Enforcement activities (incl. AIM and LEA) has increased by 271% from \$2.1 M in FY 06-07 to \$7.8M in FY 11-12¹ as a result of the following actions by LADBS:

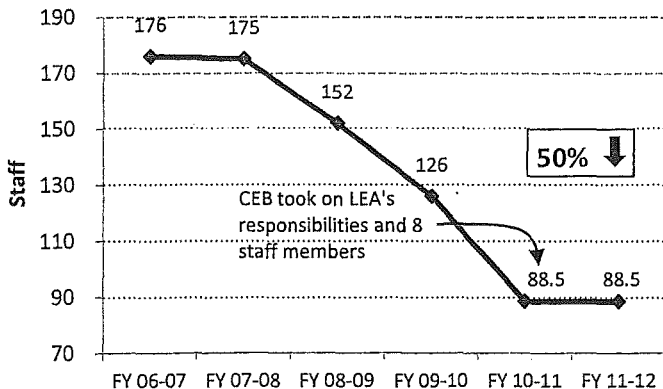
- a) Implemented new ordinance that established the Code Violation Inspection Fee.
- b) Increase of the Non-Compliance Fee to be more commensurate with the cost.
- c) Revised the process for the reliable collection of the Investigation Fee and all other code-mandated fees including Local Enforcement Agency (LEA) fees.

Chart No. 2 - Declining General Fund Budget



During the same period that CEB has increased its General Fund Revenue, the CEB has endured a 43% cut in the General Fund budget from \$13.8M in FY 06-07 to \$7.8M in FY 11-12.

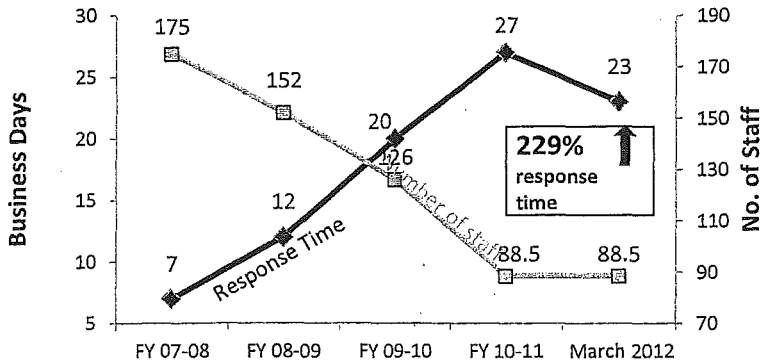
Chart No. 3 – Declining CEB Staffing



Due to the General Fund budget cuts, LADBS' Code Enforcement staff has been reduced by 50% from 165 in FY 07-08 to 88.5 (including effects due to LEA and furloughs) in FY 11-12.

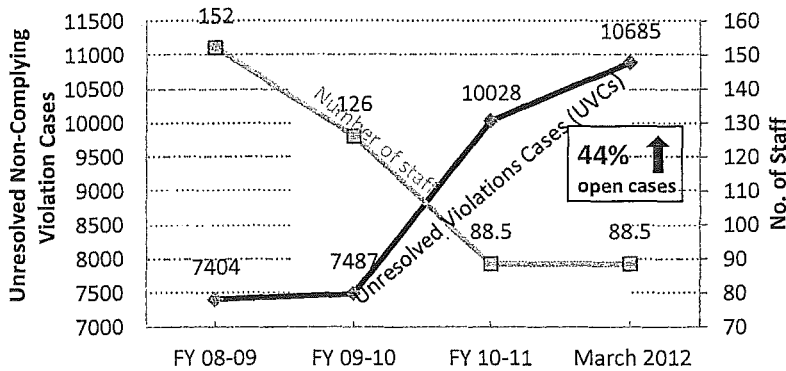
¹ During FY 11-12, the Department will collect an additional one-time \$700,000 of old LEA fees which are not included in the normal revenue of \$7.8M. LEA is the Local Enforcement Agency which issues permits and inspects solid waste facilities such as landfills, transfer stations, composting facilities and waste collection vehicle yards within the City for compliance with State and City regulations. AIM fees are included in this chart.

Chart No. 4 – Increasing Average Response Time to a Complaint



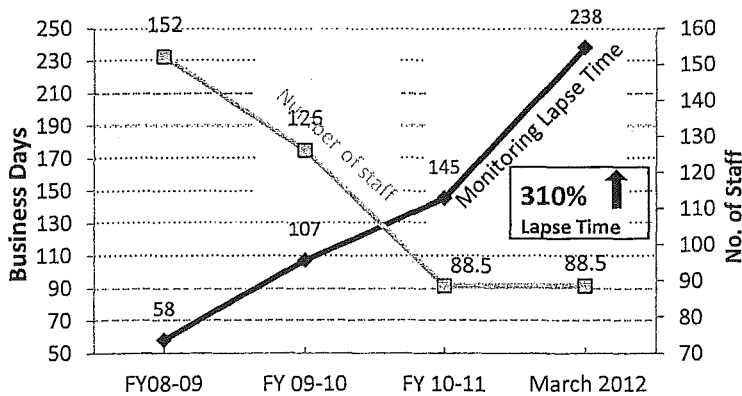
The cuts in the number of staff have resulted in severe impacts on our ability to deliver thorough and timely services. The response time to conduct an inspection after a complaint has increased by 229% from 7 business days in FY 07-08 to 23 business days to date which means that a Code Enforcement inspector will not conduct an inspection to investigate a reported code violation until approximately five weeks later.

Chart No. 5 – Increasing Unresolved Violations Cases (UVCs) Backlog



The backlog of unresolved violations cases (UVCs) has increased by 44% from 7404 in FY 08-09 to 10,685 to date and this is expected to continue. This indicates that the majority of cases that are being resolved are those where there is voluntary compliance. Neighborhood blight is therefore on the rise.

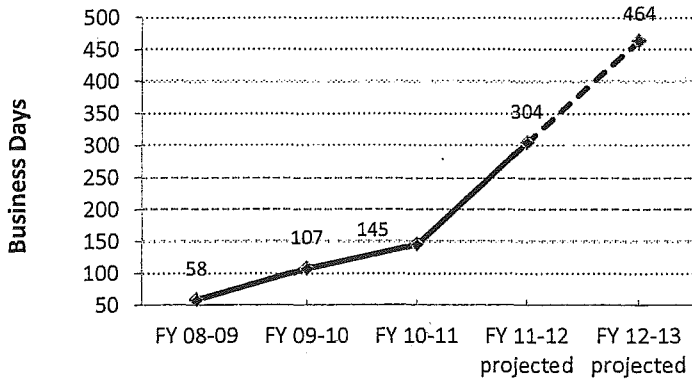
Chart No. 6 – Increasing Lapse Time Since the Last Case Activity (Monitoring Lapse Time)



The period between follow up actions on open cases, or Monitoring Lapse Time, has increased 310% to date from 58 business days in FY 08-09 to 238 business days. Habitual violators will not comply because CEB has no resources to do follow up and induce compliance.

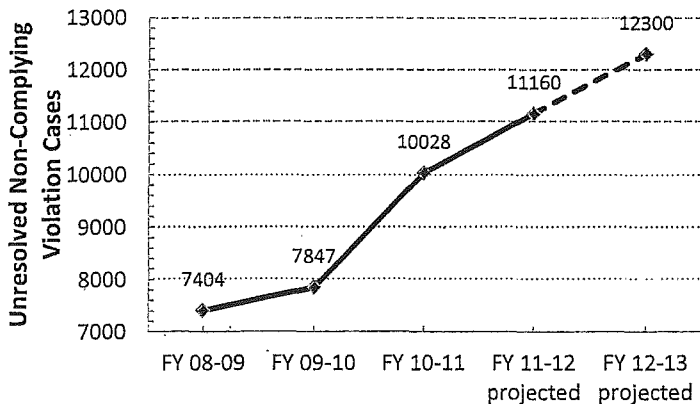
PROJECTIONS WITH CURRENT STAFF LEVELS

Chart No. 7 – Monitoring Lapse Time Projection



With the current staff level, the average monitoring lapse time is expected to continue to escalate to **464 business days** or well over a year. Violators will not feel the need to comply because CEB has no resources to do any follow up.

Chart No. 8 – Unresolved Violations Cases (UVCs) Backlog Projection



The worst and more persistent code violations cannot be brought into compliance at current staff levels. The backlog of UVCs is conservatively expected to increase to **12,300 cases** by the end of FY 12-13.

The great majority of resolved cases are a result of voluntary compliance. The more difficult cases, typically the worst violations, will remain in violation for a long time unless additional staff is funded.

SHOULD THE BACKLOGS BE ALLOWED TO INCREASE? BE MAINTAINED? OR BE REDUCED?

There are three scenarios facing CEB:

- 1- **With the current staff level** the Monitoring Lapse Time and UVC backlog will **increase** to 464 business days and 12,300 cases respectively by the end of FY 12-13 as illustrated in Charts 7 and 8.
- 2- **With six additional inspectors** (total cost per inspector is approx \$130,000 per year), the projected Monitoring Lapse Time and UVC backlog can be reduced and **maintained** at FY 10-11 levels of approximately 150 days and less than 10,000 cases respectively. These additional inspectors, assigned specifically to work on the backlogs, would be able to review 9 cases per day, therefore the number of additional inspectors is determined as follows: $((12300 \text{ UVCs}) / (9 \text{ UVCs/inspector})) \times 230 \text{ business days/year} = 6 \text{ additional inspectors}$.
The additional inspectors would be expected to be able to close 20% of the UVCs per year which would be $12300 \text{ UVCs} \times 20\% = 2460$ or approximately $2460 / 6 \approx 400$ UVCs closed per inspector. The UVC backlog would then drop to $12300 - 400 \text{ UVCs closed/inspector} \times 6 \text{ inspectors} = 9900 \text{ UVCs}$
- 3- **With additional inspectors beyond six**, the Monitoring Lapse Time and the UVC backlog can further be **reduced** below FY 10-11 levels in the same proportion as in scenario No. 2. For example, a total of 8 inspectors would reduce the backlog to $12300 - 400 \times 8 = 9100$ UVCs and the corresponding Monitoring Lapse Time would be approximately 130 business days.

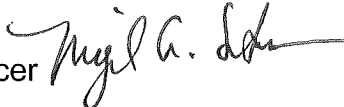
What should LADBS do?

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 56

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: CAO to develop contingency plan to address revenue issues, should revenue such as CRA tax increment, ambulance reimbursement not be realized

Subject: **CITY ADMINISTRATIVE OFFICER**

The Proposed Fiscal Year 2012-13 Budget includes revenue from new sources—such as property tax increment revenue from the dissolution of California Redevelopment Agencies and reimbursement revenue for the ambulance transport of Medi-Cal patients—for which no pattern of receipts have been established. Additionally, the projected budget includes economy-sensitive revenue sources for which projected receipts have fallen short in recent years due to the lingering impact of the recession.

The City has seen revenue fall below projections for the past several fiscal years, due both to the poor economy and the inability to realize new revenues as planned. These revenue shortfalls are typically identified by mid-year after sufficient data has been collected to allow for a revised projection. Solutions to address revenue shortfalls and account deficits are presented in the Financial Status Reports and accompanying operational plans that are submitted for Council review and approval. The City has been able to successfully resolve past mid-year deficits ranging from \$54 million to \$209 million and complete the year within budget.

Citywide Mid-Year Deficits Addressed (millions)

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Projected Deficit at Mid-Year	\$155	\$110	\$209	\$54	\$72

With regards to a possible revenue shortfall in Fiscal Year 2012-13, this Office will work with the Offices of the Chief Legislative Analyst, Mayor and Chair of the Budget and Finance Committee to develop a process by which offsetting expenditure reductions are identified. This process will need to be agreed upon by the start of the fiscal year to ensure sufficient time for implementation of identified reductions. Proposed solutions would likely be presented in the form of an operational plan released prior to the Mid-Year Financial Status report, after our Office is able to quantify the size of the shortfall. It is likely that any restored services will be the first proposed for elimination.

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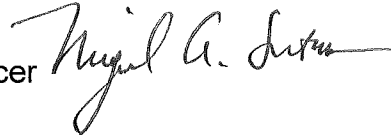
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 57

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Stormwater Pollution Abatement fee has not increased in a long time. Provide a status of a countywide ballot initiative related to a new clean water fee, including how much money the City would receive and how it would be used.

Subject: **COUNTYWIDE BALLOT INITIATIVE FOR STORMWATER**

Attached is the Bureau of Sanitation's response on the status of the Countywide Funding Initiative for a new clean water fee. It is estimated the City will receive \$90 million annually from allocations to municipalities and watershed groups which would be applied toward Total Maximum Daily Load (TMDL) requirements, operations and maintenance for stormwater and water quality projects, and other projects and programs to address impairments in Los Angeles water bodies.

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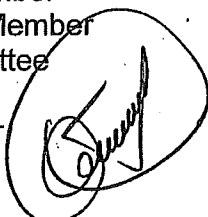
Question No. 122

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 122 – COUNTYWIDE BALLOT INITIATIVE FOR STORMWATER

During the Fiscal Year 2012-13 Proposed Budget Deliberations held on May 1, 2012, Sanitation was asked to report back on the Countywide Ballot Initiative for a new clean water fee.

Rivers, lakes, creeks, streams, beaches and coastal waters in the Los Angeles area have been found to be contaminated with toxins and health-threatening pollutants at levels well above established public health standards. The Los Angeles County Clean Water, Clean Beaches Initiative is a comprehensive effort to clean up our waterways in accordance with the federal Clean Water Act. Contamination is an unacceptable threat to children, adults and wildlife, and cannot be tolerated.

The City of Los Angeles' stormwater discharges to the local receiving water bodies (i.e., Los Angeles River, Ballona Creek, Santa Monica Bay) are regulated through a municipal Stormwater permit issued by the State's Regional Water Quality Control Board. The municipal permit had previously provided for narrative limits on how to maintain water quality pollutant levels at a safe level. The latest iteration of the municipal permit has evolved to numeric limits (typically presented as Total Maximum Daily Loads – TMDLs) where the City has to meet prescribed pollutant levels by certain time schedules. These proposed time schedules are intended to meet the objective pollutant levels as promptly as feasible. The Bureau of Sanitation, as the lead for the City, has prepared a forward looking plan (Stormwater Quality Master Plan) in addressing these mandates to ensure the mandated compliance milestones are met. The plan estimates that for the City to come to full compliance with the mandates, the necessary implementation measures will cost approximately \$8 billion over the next two decades.

The City's current Stormwater Pollution Abatement (SPA) Fund has been the source for funding the City's stormwater activities, both for flood prevention and pollution abatement. The current fee (\$23 per property parcel per year) currently generates approximately \$28 million per year for the fund. It should be noted that the fee has not been adjusted for more



than two decades and ranks as one of the lowest of any major city with a separate stormwater fee. The full amount of \$28 million is fully obligated for existing City programs and services. Furthermore, the City faces the challenge that many of the Proposition O water quality projects, approved by City voters in 2004, are now nearing completion and lack the necessary funding resources for their operation and maintenance (O&M).

For the past two years, at the direction of the Mayor's Office and the City Council, the City and County of Los Angeles staffs have worked collaboratively to bring a funding initiative to the residents of Los Angeles County for the purpose of protecting and improving water quality in our regional water bodies. City offices involved in this endeavor have been the Office of the Mayor, the Board of Public Works, the Office of the City's Legislative Analyst, the Office of the City Administrative Officer, and the Bureau of Sanitation. The respective and similar offices/departments for the County have participated in the process. The County has taken lead in bringing this funding initiative to the residents of Los Angeles County, with the City fully supporting the process of the LA County residents' right to decide the outcome of the initiative.

The Countywide Ballot Initiative calls for a property-related clean water fee (per Proposition 218) that is proposed to be assessed on all parcels within watersheds and within the boundaries of the Flood Control District (District) to fund the planning, development, implementation, water quality monitoring, operations and maintenance of projects and programs to address impairments in the Los Angeles water bodies. If approved, the District will assess all parcels in the County of Los Angeles an average fee of \$54 per parcel per year. It is anticipated that this fee will generate approximately \$270 million per year. The fee will be applicable to all parcels including single family dwellings, multi-residential, commercial, industrial, and governmental parcels. The District conducted several polling surveys that indicated more than sixty percent (60%) of all single family dwellings in the County are willing to approve a clean water fee to improve water quality in Southern California. Therefore, the County plans to mail the fee ballots directly to property owners, where Proposition 218 only requires fifty percent plus one (50% + 1) favorable response to assess a fee.

The Countywide clean water fee will be collected within the nine (9) watersheds in the District and the revenue will be allocated to the same watersheds to improve water quality. The nine (9) watersheds include Upper and Lower Los Angeles River, Upper and Lower San Gabriel River, Ballona Creek, Santa Monica Bay, Dominguez Channel, Rio Hondo, and Santa Clara watersheds. The collected fee will then be allocated based on the requirements stipulated in Assembly Bill 2554 (AB2554 is the enabling authority for the County to initiate this fee process). AB 2554 requires fee allocation as follows: ten percent (10%) is allocated to the Los Angeles County Flood Control District for administrative, regional planning, monitoring, and reporting; forty percent (40%) is allocated to each city in the watershed for implementation of eligible water quality programs and projects; and lastly fifty percent (50%) is allocated to each watershed to develop a collaborative Water Quality Improvement Plan to defray planning, construction, operation and maintenance of water quality projects and programs. The City of Los Angeles is within four watersheds: Upper Los Angeles River, Ballona Creek, Dominguez Channel, and Santa Monica Bay. It is



estimated that the City of Los Angeles' portion of the collected \$270 million per year will be close to \$90 million per year since the City is approximately one- third of the County area.

Currently, the District has prepared a draft ordinance through a stakeholder-driven process that captures all the clean water fee requirements as summarized above. The proposed fee is subject to Proposition 218 provisions. Proposition 218 requires two forty-five day periods. The first is to notice all parcels of the proposed fee and its intended use and the second will be a mail ballot for the parcel owners to register their vote of approval/disapproval of the fee. The District staff intends to bring the draft fee ordinance to the County Board of Supervisors on May 29, 2012 for their consideration. If the draft ordinance is adopted on this date, the County intends to move forward with its first 45-day outreach efforts to all County property owners sometime in July 2012. This includes providing an outreach notice providing a minimum of 45 days to property owners to register their comments on the proposal. The second 45 day period will include the actual mail ballots that will be distributed to all County parcels starting in March 2013. At the request of the District, the Bureau is coordinating a City resolution in support of the fee initiative process. The Resolution will be before the City Council for consideration in the next few days.

Thank you for your continued support of the City's Stormwater Program. If you have any questions or would like to discuss this further, please contact myself at (213) 485-2210 or Shahram Kharaghani, City's Stormwater Manager, at (213) 485-0587.

ECZ/SK/AM:am

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team
Shahram Kharaghani, BOS/WPD



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 58

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how departments responsible for code enforcement can coordinate or consolidate to improve operations and/or reduce costs.

Subject: **BUREAU OF STREET SERVICES – CODE ENFORCEMENT OPERATIONS**

Your Committee requested the Bureau of Street Services (Bureau) to report back on how City departments that are responsible for code enforcement can coordinate or consolidate functions to improve operations and/or achieve cost savings.

Attached is the Bureau of Street Services' response letter dated May 4, 2012.

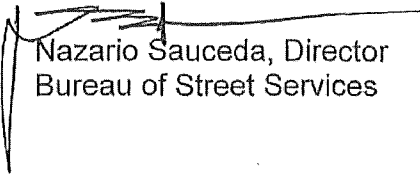
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Question No.127

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM:  Nazario Saucedo, Director
Bureau of Street Services

SUBJECT: 2012-13 BUDGET MEMO – QUESTION NO. 127
CODE ENFORCEMENT OPERATIONS

The Budget and Finance Committee instructed the Bureau of Street Services (BSS) to report back on how the departments that perform code enforcement in the City can coordinate or consolidate to improve operations and reduce costs.

The BSS will meet and coordinate with the Department of Building and Safety and the Bureau of Contract Administration to identify ways to improve the operations and reduce costs in providing code enforcement Citywide. It is recommended that BSS report back to the Public Works Committee with a plan for implementing efficiencies in the code enforcement operations after meeting with other stakeholders as identified above.

NS:RO:JFC:vpv

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 59

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on restoration and consolidation of Urban Forestry and five year history of tree related liability claims.

Subject: **BUREAU OF STREET SERVICES – URBAN FORESTRY FUNCTION AND TREE LIABILITY CLAIMS**

Your Committee requested the Bureau of Street Services (Bureau) to report back on restoring urban forestry services in the Bureau and ways that this function could be consolidated. In addition, the Bureau was asked to provide information regarding liability risk over the last five years for property and injury claims related to poorly trimmed or maintained trees.

Attached is the Bureau of Street Services' response letter dated May 4, 2012.


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Question No. 126

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM: 
Nazario Saucedo, Director
Bureau of Street Services

SUBJECT: **2012-13 BUDGET MEMO – QUESTION NO. 126**
URBAN FORESTRY FUNCTION AND TREE LIABILITY CLAIMS

The Budget and Finance Committee instructed the Bureau of Street Services (BSS) to report back on restoring urban forestry in BSS and consolidating the function. In addition, BSS was instructed to provide a report on the liability risk over the past five years for property and injury claims relative to poorly trimmed or maintained trees.

As reported by the City Attorney's Office, below are the Claim/Litigation Severity Costs for Tree/Limb Down for the last five years:

2010-11 – \$1,606,981
2009-10 – \$1,128,114
2008-09 – \$142,264
2007-08 – \$209,837
2006-07 – \$220,557

The BSS needs to further investigate and evaluate the feasibility of restoring and consolidating the urban forestry function in BSS. It is recommended that BSS report back to the Public Works Committee with a plan for the restoration and consolidation of the urban forestry function after coordinating and meeting with various departments involved, including but not limited to the Department of Water and Power, and the Department of Recreation and Parks.

NS:RO:JFC:vpv

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 60

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on the plan for the Weed Abatement, Brush and Debris Removal Program.

Subject: **BUREAU OF STREET SERVICES – WEED ABATEMENT FUNCTION**

Your Committee requested the Bureau of Street Services to report back with the plan for the Weed Abatement, Brush and Debris Removal Program.

Attached is the Bureau of Street Services' response letter dated May 4, 2012.

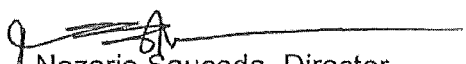
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Question No. 166

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM: 
Nazario Saucedo, Director
Bureau of Street Services

SUBJECT: 2012-13 BUDGET MEMO – QUESTION NO. 166
WEED ABATEMENT FUNCTION

The Budget and Finance Committee instructed the Bureau of Street Services (BSS) to report back on a plan on how to deal with weed abatement.

Exhibit H of the 2012-13 Proposed Budget instructs BSS, with assistance from the City Administrative Officer (CAO), City Attorney (CA), and any other necessary departments, to report to Mayor and Council on recommendations to implement a modified Weed Abatement Program given the City's limited resources. The Budget proposes implementing a model similar to the Los Angeles Fire Department's (LAFD) Brush Clearance Program. It is recommended that BSS report back to the Public Works Committee with a plan for a modified Weed Abatement Program after meeting with the CAO, CA and LAFD.

NS:RO:JFC:vpv

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 61

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the breakdown of the Pavement Preservation Program by Council District.

Subject: **BUREAU OF STREET SERVICES – PAVEMENT PRESERVATION PROGRAM**

Your Committee requested the Bureau of Street Services (Bureau) to report back with the distribution of miles for the 2012-13 Proposed Budget by Council District.

Attached is the Bureau of Street Services' response letter dated May 4, 2012.

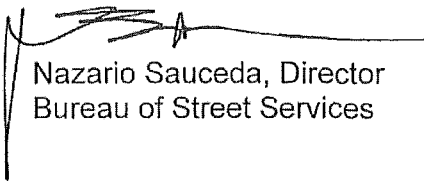
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Question No. 164

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM: 
Nazario Saucedo, Director
Bureau of Street Services

**SUBJECT: 2012-13 BUDGET MEMO – QUESTION NO. 164
PAVEMENT PRESERVATION PROGRAM**

The Budget and Finance Committee instructed the Bureau of Street Services (BSS) to report back on the distribution of the Pavement Preservation Program by providing the number of miles in each element and location.

The BSS provides the attached document that reflects the budget allocation by percentage for each Council District for both resurfacing and slurry seal functions in the Pavement Preservation Program.

NS:RO:JFC:vpv

Attachment

**2012-13 PROPOSED BUDGET
PAVEMENT PRESERVATION PROGRAM
BUDGET ALLOCATION BY PERCENTAGE**

<u>CD</u>	<u>Current Allocation</u>		<u>Proposed Redistricting</u>	
	<u>Resurfacing</u>	<u>Slurry</u>	<u>Resurfacing</u>	<u>Slurry</u>
1	3.65%	3%	4.37%	5%
2	9.39%	8%	8.07%	7%
3	12.15%	11%	10.38%	8%
4	5.60%	3%	8.21%	5%
5	9.02%	9%	7.14%	10%
6	6.91%	4%	7.27%	4%
7	5.16%	5%	7.93%	7%
8	4.71%	5%	4.36%	5%
9	5.30%	4%	4.13%	4%
10	3.29%	4%	3.47%	5%
11	7.08%	12%	6.93%	12%
12	10.13%	14%	13.22%	12%
13	6.43%	2%	3.52%	2%
14	6.75%	6%	6.58%	4%
15	4.41%	11%	4.44%	10%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

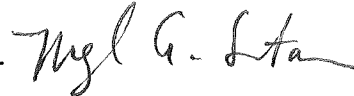
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 62

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the current number of able-bodied sworn working in civilian functions.

Subject: **POLICE DEPARTMENT – ABLE-BODIED SWORN IN CIVILIAN FUNCTIONS**

During its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the current number of able-bodied sworn working in civilian functions.

LAPD Response: Since 2009, the Department has conducted several audits, Council File 10-2475, on the number of sworn personnel performing civilian duties. Last Fiscal Year, the Department conducted an updated review of prior audits and the results of that review concluded that there are 86 sworn personnel in the Department that spend a majority of their time performing civilian duties. This is not inconsistent with the historical practice of, from time to time, sworn personnel performing administrative and clerical duties throughout the Department. This practice will continue as sworn personnel will continue to help. Additionally, the Department does not anticipate that further sworn personnel will have to perform duties of civilians as a result of the proposed layoffs.

Currently there are 81 Police Officers working in the jail due to the City's continued financial inability to hire additional Detention Officers. This number is likely to increase due to additional Detention Officer attrition; on average, 20 retirements/resignations occur per year.

MAS:JLK:04120145


Question No. 72

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Revised
Memo No. 63

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report on the timeline for Expedited Processing

Subject: **PLANNING DEPARTMENT – TIMELINE FOR EXPEDITED PROCESSING - REVISED**

Your Committee requested the Planning Department (DCP) to report on the timeline for Expedited Processing and how the Department could improve case processing times.

The Planning Department revised report is attached which includes a brief history of the Expedited Processing Section and a discussion of the Section's workload and staffing shortages. The Department also requests the following six new positions to improve processing times in the Expedited Section. The total potential cost including related costs would be \$733,304

	Number	Annual Salary	Subtotal	Related Costs	Total
City Planner	2	\$103,750	\$207,500	\$74,397	\$281,897
City Planning Associate	3	88,406	265,218	99,793	365,011
Senior Clerk Typist	1	60,330	60,330	26,066	86,396
Total	6		\$533,048	\$92,026	\$733,304

Exhibit H in the Proposed Budget includes the following action:

Direct the Managed Hiring Committee (MHC) to continue enforcement of a "Hard Hiring Freeze" consistent with current practices and procedures, with the additional direction that by July 1, 2012, the City Administrative Officer prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions. Direct the MHC to review the City Administrative Officer's proposal and adopt a final plan by July 31, 2012.

The MHC will be developing a plan to expedite approval of special funded or revenue producing positions in 2012-13. It is anticipated the MHC will request those departments that have positions falling under these two categories to present an annual hiring plan to be reviewed and approved in July. This plan will include current vacant positions and classifications where vacancies are anticipated. The Planning Department will be requested to provide this plan as their positions almost entirely fall under these two criteria. In general, given the positions and funding resources provided to Planning, we anticipate the Department will receive their requested unfreezes expeditiously.

The Planning Department states that the six positions in this request would be eligible for full cost recovery through fees and would have no impact to the General Fund. In 2011-12, for the first time in several years, the Planning Department will meet or exceed the fee revenues adopted in the budget. Furthermore, the trend for 2012-13 indicates that Planning fee revenues will continue to grow. If the positions are approved by Council, filling the positions would then be addressed according to the new MHC process and subject to available funding.

This Office would recommend that the positions be added to the Department as unfunded resolution positions, which would be filled according to the process adopted by the Managed Hiring Committee, and that the Department provide a status of the Expedited Case Processing Section in the Financial Status Reports.

MAS:MMR:02120145

Question No.277 - Revised

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAQUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271
ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272
EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273
VACANT
DEPUTY DIRECTOR
(213) 978-1274
FAX: (213) 978-1275
INFORMATION
www.planning.lacity.org

May 7, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING EXPEDITED CASE PROCESSING (QUESTION
NO. 277) - REVISED**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on timeline for the Expedited Processing Section (EPS).

The City Planning Expedited Processing Section was established in Fiscal Year 2004-05 (Council File 04-0600) upon strong demand from the development community to speed up primarily the processing of the Division of Land cases. EPS is 100% supported by the fees it collects. A total of 27 positions were authorized in Fiscal Year 2004-05, and the number was as high as 44 in Fiscal Years 2007-09. The EPS positions were reduced drastically to 12 in Fiscal Year 2010-11 as a result of the City's fiscal crisis. Although in the current fiscal year two additional Associate Zoning Administrator (AZA) resolution authorities have been added, the Section still has only 14 positions, of which 12 are filled, to handle the ever increasing workload.

While staffing is being reduced by 68%, the demand for Expedited Processing service has gone higher. The types of cases the Section takes in have also expanded in recent years. For example, the EPS started taking in Zoning Administrator (ZA) cases in 2008; and that has increased its caseload without additional staff being provided. Recognizing that the EPS staffing level is inadequate, the Department has reallocated several case processing positions from other divisions to the EPS. Unfortunately, we are not able to reallocate existing AZAs as there are only four AZAs in the entire Office of Zoning Administration (OZA). The OZA also has a significant caseload with backlog.

A request to fill one EPS AZA vacancy has not yet been approved by the Managed Hiring Committee (MHC).

As a result of the chronic staffing shortage, case backlog has started to occur in EPS. In the past two to three months some of the ZA cases may take longer to go to hearing than the three-month EPS

Budget and Finance Committee

May 7, 2012

Page 2

performance standard. However, this is not the norm and impacts less than 10% of the EPS cases. Division of Land and Commission cases have more flexibility in the processing and are not affected by the shortage of AZAs.

The EPS AZA holds five hearings each month – three times in City Hall and twice in the Valley. Every agenda has about three to seven ZA cases. Adding more cases to the hearings or holding more hearings without additional AZAs would provide no relief because the AZA would then have even less time to analyze the cases and work on the Letters of Decisions (LODs), which legally cannot be delegated to non-AZA staff.

The EPS also needs more Planners to process the cases and prepare them for hearing. Each Planner is responsible for doing the environmental reviews, writing the hearing notices, writing the staff reports, and in some instance assist in the writing of the LODs. In addition, they are also assigned the Division of Land or Commission cases. When any one of these staff members takes a leave, the Section loses 10% of its Planner capacity. Currently two Planners are on family leave, and there is no capacity in the other parts of the Department that can be reallocated to fill these temporary vacancies.

To make the staffing shortage crisis worse, EPS staff who are members of the Engineers and Architects Association (EAA) have been subject to furlough. Only recently the Department was able to remove these employees from furlough, but each one has to first complete 168 furlough hours.

The EPS case processing model has long been considered by the Department and other agencies as best practice. However, the decisions to eliminate 68% of its capacity and furlough the staff in a prolonged fashion have severely prevented the Section from continuing its excellence. The Department requests that additional two (2) City Planner, (3) City Planning Associate, and one (1) Clerk Typist resolution authorities be added in the Fiscal Year 2012-13 budget. In the case processing operation, clerical capacity is as critical as Planners. Without sufficient clerical support, case distribution, legal notification, and processing of the Letters of Decision cannot be performed timely and would severely hinder the overall turnaround time.

These new positions will be full cost recovery and have no impact to the City's General Fund. With the additional Planner and clerical staffing EPS can again be truly Expedited.

I look forward to discussing this request with your Committee. If you have any questions, please call me at 978-1273.

Sincerely,



Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

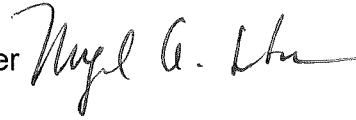
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 64

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on implementing a commercial licensing program for dog walkers.

Subject: **ANIMAL SERVICES – IMPLEMENT A COMMERCIAL LICENSING PROGRAM FOR DOG WALKERS**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on implementing a commercial licensing program for dog walkers. The Department's response is attached.

MAS:JLK:04120149

Question No. 190

Attachment

**BOARD OF
ANIMAL SERVICES
COMMISSIONERS**

JIM JENSVOLD
TARIQ A. KHERO
LISA MCCURDY
KATHLEEN RIORDAN
ALANA YAÑEZ

City of Los Angeles
CALIFORNIA



**ANTONIO R. VILLARAIGOSA
MAYOR**

**DEPARTMENT OF
ANIMAL SERVICES**
221 North Figueroa Street
5th Floor
Los Angeles, CA 90012
(888) 452-7381
FAX (213) 482-9511

BRENDA F. BARNETTE
GENERAL MANAGER

JOHN D. CHAVEZ
ASSISTANT GENERAL MANAGER

DR. JEREMY PRUPAS
CHIEF VETERINARIAN

May 4, 2012

Budget and Finance Committee
c/o City Administrative Officer
Room 1500, City Hall East
Los Angeles, CA 90012

QUESTION NO. 190 RE: DOG WALKERS

Honorable Councilmembers:

This correspondence is submitted in response to the Budget and Finance Committee's report back assigned to the Department of Animal Services. Budget Question No. 190 stated, "Report back implementing a commercial licensing program for dog walkers."

The Department has, to date, not researched and analyzed the the establishment of a commercial licensing program for dog walkers. The Office of Finance confirms that a dog-walking business would be required to obtain a Tax Registration Certificate and pay the business tax. Further analysis is needed prior to a departmental recommendation to require a permit for dog walkers.

Sincerely,

BRENDA F. BARNETTE
General Manager

cc: Neil M. Guglielmo, Office of the Mayor
Jim Bickhart, Office of the Mayor
Gerry F. Miller, Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Jason Killeen, CAO

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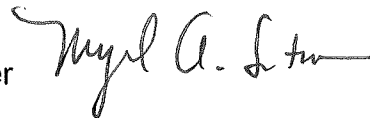
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 65

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Raising licensing fees-- How much more revenue can the City expect to receive? Will there be less compliance? Report back on all of the steps that the Department is taking to increase the license rate. Has there been any economic analysis on the performance or impact of license fees, and whether a high fee reduces compliance or reduces revenue. Where is the demand curve to maximize revenues? Please include the statistical analysis on how that compares to surrounding cities and their best practices for increasing licensing.

Subject: **ANIMAL SERVICES – INCREASE LICENSING FEES**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the revenue impact of increasing licensing fees. The Department's response is attached.

MAS:JLK:04120147

Question No. 181

Attachment

**BOARD OF
ANIMAL SERVICES
COMMISSIONERS**

JIM JENSVOLD
TARIQ A. KHERO
LISA MCCURDY
KATHLEEN RIORDAN
ALANA YAÑEZ

City of Los Angeles
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

**DEPARTMENT OF
ANIMAL SERVICES**
221 North Figueroa Street
5th Floor
Los Angeles, CA 90012
(888) 452-7381
FAX (213) 482-9511

BRENDA F. BARNETTE
GENERAL MANAGER

JOHN D. CHAVEZ
ASSISTANT GENERAL MANAGER

DR. JEREMY PRUPAS
CHIEF VETERINARIAN

May 4, 2012

Budget and Finance Committee
c/o City Administrative Officer
Room 1500, City Hall East
Los Angeles, CA 90012

REPORT BACK NO. 181 RE: LICENSING FEES

Honorable Committee Members:

This correspondence is submitted in response to the Budget and Finance Committee's report back assigned to the Department of Animal Services. Budget Question No. 181 stated, "Raising license fees – How much more revenue can the City expect to receive? Will there be less compliance? Report back on all of the steps that the Department is taking to increase the license rate. Has there been any economic analysis on the performance or impact of the license fees, and whether a high fee reduces compliance or reduces revenue. Where is the demand curve to maximize revenues? Please include the statistical analysis on how that compares to surrounding cities and their best practices for increasing licensing."

The proposed budget does not assume any increase in fees. As a result, the Department does not expect to increase revenue due to new fee increases in FY 2012-13.

The increase in the fee for a sterilized dog from \$15 to \$20 does not correspond to any drop in the number of licenses sold. As the table below shows, the number of altered dog licenses sold has remained relatively constant in the past three fiscal years.

Fiscal Year	Number of Altered Licenses Sold
2008-09	112,292
2009-10	113,960
2010-11	118,204

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Budget and Finance Committee
Report Back on Question 181
May 4, 2012

The Department did not experience a backlash as a result of the \$5 increase. Revenue for licenses for altered dogs has increased above what the City would have received without increasing the fee.

Upon the approval of the "Omnibus" Licensing Ordinance by Council, the Department had an "amnesty" period that allowed pet owners to license their pets without penalties or late fees. This amnesty period, from 1/1/12 – 3/31/12, resulted in over 800 new licenses compared to last year.

Other licensing initiatives include:

- Pet owners can now renew and obtain new licenses on-line.
- At vaccination clinics, Animal Control Officers are present to enforce licensing requirements.
- Letters will be sent to residents with brown trashcans (for equine waste) to ensure that horses at these locations are licensed.
- Animal Control Officers can get a \$25 field collection fee when enforcing licensing laws.
- Best Friends, who operates the Northeast Valley Shelter, sells licenses on behalf of the Department, and gets \$2 in return. We will be developing agreements for vets so they may do the same.

The Department intends to develop a budget to have three unfunded Animal Control Officer authorities dedicate their time to programs that would increase license sales and would be cost-neutral.

Omnibus established a late fee penalty and a field enforcement fee that became fully effective on April 1, 2012. These new fees and penalties will generate some additional compliance resulting in additional revenue. That amount will not be known until the Ordinance has been in effect for four to six months.

To date, the Administration Citation Enforcement (ACE) program has not been approved, nor is the Department expected to be in the pilot program. This is unfortunate because our dog licensing ordinance has been changed to reflect ACE-type penalties: \$250 for the first offence, \$500 for the second, and \$1,000 for the third offense. However, the Department will be working with the CAO on a proposal to develop a Department-specific ACE program.

Finally, the Department has conducted price analysis regarding the \$20 fee, and whether raising/lowering the fee would impact license sales and compliance. Provided below is a brief comparison of the range of license fees charged by surrounding jurisdictions. The City's fees tend to be at the upper range of license fee rates:

Comparison of Annual License Fees

Budget and Finance Committee
Report Back on Question 181
May 4, 2012

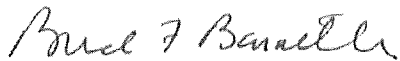
Type of License	City of Los Angeles	LA County & Cities Average*	San Bernardino County**
Altered License	\$20.00	\$20.00	\$15.00
Unaltered License	\$100.00	\$60.00	\$96.00
Breeder's License	\$325.00	\$0	\$0

* Annual fees for altered dogs range from \$9.00 to \$36.00 per year.

**San Bernardino County offers 2- and 3-year licenses at rates of \$25.20 and \$36.00 for altered dogs, and \$192.00 and \$288.00 for unaltered dogs.

No other jurisdiction has a breeder's license fee.

Sincerely,



Brenda F. Barnette, General Manager
Department of Animal Services

- c: Neil M. Guglielmo, Office of the Mayor
Jim Bickhart, Office of the Mayor
Jerry Miller, Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Jason Killeen, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 66

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on both the operational/service delivery and revenue impacts of the positions proposed for deletion.

Subject: **ANIMAL SERVICES – IMPACT OF FILLED POSITION DELETIONS**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the operational, service delivery, and revenue impacts of the positions proposed for deletion. The Department's response is provided below:

NO. of POSITIONS/CLASS TITLE	DESCRIPTION OF DUTIES	ARE SERVICES REDUCED (YES/NO)	ARE REVENUES REDUCED (YES/NO)	IF SERVICES ARE NOT REDUCED, HOW WILL WORK BE ABSORBED?
8 - Clerk Typist	Answer phone calls from public at Care Centers; data entry for adoptions; process licenses.	Yes	No	Work will be absorbed by realigning staff within the Care Centers to minimize longer wait times associated with the reduction.
3 - Animal Control Officer II	Respond to calls for service; patrol City for stray animals; Enforce animal related laws.	Yes	No	Work will be absorbed by remaining staff, but citizens will experience longer response times to non-public safety calls.

MAS:JLK:04120148

Question No. 183

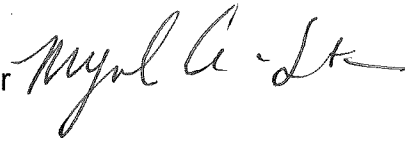
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 67

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Provide a status on any immediate infrastructure improvements and a ten-year infrastructure improvement plan relative to the ordinance for the changes and fees in the SCM that the Council approved.

Subject: **EFFECT OF SEWER RATE ADJUSTMENTS ON CAPITAL PROGRAM**

Attached is the Bureau of Sanitation's response on the effect of approved sewer rate adjustments on the Clean Water Capital Improvement Program. The rate increases will allow the CIP to address critical capital needs beyond Collection System Settlement Agreement requirements and projects already under construction.

MAS:ER:0612122

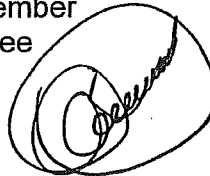
Question No. 163

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cardenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 163: EFFECT OF ADOPTING THE TEN-YEAR RATE SCHEDULE ON THE CLEAN WATER CAPITAL IMPROVEMENT PROGRAM

During the Fiscal Year 2012-13 Proposed Budget Deliberations which were held on May 1, 2012, Sanitation was asked to report back on the immediate and ten-year impacts to the Clean Water Capital Improvement Expenditure Plan (CIEP) subsequent to the adoption of the ten-year schedule of rate adjustments.

A ten-year schedule of Sewer Service Charges and other Clean Water fees were adopted by the City Council on February 29, 2012 and approved by the Mayor on March 1, 2012. Before the rates were approved, lack of funds limited the wastewater capital program to projects necessary to meet the Collection System Settlement Agreement (CSSA) and to projects that were already under construction. Since approval of the new rates, the guarantee of increased revenues from the ten-year schedule has allowed additional projects to move into bid and award, as shown in Table 1. New projects have also been added to the CIEP to address capital needs that could not be addressed without the additional revenues. For example, forty-five new treatment plant projects were proposed to the Project Revenue Committee in April, including projects to replace worn or obsolete equipment at the plants. The current CIEP with the additional projects is summarized in Table 2 with a detailed project listing in Table 3. The annual construction expenditures will increase from \$115 million in FY 2011-12 to more than \$250 million because of the additional revenues. The dollar amounts in the attached tables include both construction costs and City labor.

If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485- 2374.

Attachments

ECZ:LBM:db

Bureau of Sanitation
FY 2011-12 Proposed Budget
2 of 2

- c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

BUDGET & FINANCE REPORT BACK QUESTION NO. 163

TABLE 1

PROJECTS AUTHORIZED FOR BID AND AWARD SINCE MARCH 1ST, 2012

Project Title	Date Authorized for Bid	City Engineer's Estimate
1. Secondary Sewer Rehab Program (SSRP) U11, SSRP U16, SSRP U20	3/5/2012	\$1,855,800
2. SSRP N12	3/5/2012	\$1,966,000
3. SSRP P09 & SSRP P15	3/22/2012	\$1,312,600
4. SSRP N02 & SSRP S05	4/3/2012	\$877,100
6. Hyperion Treatment Plant Desulfurization Facility Improvements	5/3/2012	\$4,000,000
7. Emergency Sewer Rehab - 1st Street Sewer Relocation	5/3/2012	\$1,530,125
8. Emergency Sewer Rehab - Vista Del Mar N/o Kilgore Parking Lot	5/3/2012	\$153,760

BUDGET & FINANCE REPORT BACK QUESTION NO. 163

TABLE 2

BUREAU OF SANITATION

SUMMARY OF 10-YEAR WASTEWATER CAPITAL IMPROVEMENT EXPENDITURE PROGRAM

FISCAL YEAR 2012/13 - 2021/22

CATEGORY	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 20016/17	6 TH Year 20017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	CATEGORY TOTAL
COLLECTION SYSTEMS	84,186,206	102,521,619	109,297,981	154,957,429	170,231,295	191,398,416	185,489,037	178,484,458	183,971,640	177,829,376	1,538,367,457
DONALD C. TILLMAN WATER RECLAMATION PLANT	6,118,014	16,453,652	21,720,851	37,978,950	25,355,193	4,602,860	2,493,892	0	0	0	114,723,412
HYPERION TREATMENT PLANT	43,485,582	49,273,707	54,843,516	51,340,009	55,095,051	63,113,711	78,687,077	67,583,880	22,381,262	5,000,000	490,803,795
LA/GLENDALE WATER RECLAMATION PLANT	4,499,685	13,392,941	7,297,221	8,800,743	3,105,284	1,383,929	676,224	0	0	0	39,156,027
PUMPING PLANTS	7,167,425	34,020,150	24,364,770	154,320	100,000	4,800,000	4,800,000	5,970,000	20,000,000	25,000,000	126,376,665
SYSTEM WIDE	12,248,083	11,498,990	6,096,051	4,037,263	13,311,363	27,464,171	32,629,988	34,322,703	55,186,000	102,337,000	299,131,612
TERMINAL ISLAND WATER RECLAMATION PLANT	7,954,742	8,051,187	16,044,764	21,476,084	23,031,092	8,071,616	5,606,090	23,703,523	28,914,494	165,584	143,019,176
FISCAL YEAR TOTAL - WCIP	165,659,737	235,212,246	239,665,154	278,744,798	290,229,278	300,834,703	310,382,308	310,064,564	310,453,396	310,331,960	2,751,578,144

BUDGET & FINANCE REPORT BACK QUESTION NO. 163

TABLE 3

BUREAU OF SANITATION

SUMMARY OF 10-YEAR WASTEWATER CAPITAL IMPROVEMENT EXPENDITURE PROGRAM

FISCAL YEAR 2012/13 - 2021/22

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 2016/17	6 th Year 2017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
4TH AVE SLAUSON SWR REHAB	3,283,185	4,615,562	1,477,960	0	0	0	0	0	0	0	9,376,707
23 & SAN PEDRO D S AIR DAMPER	197,964	154,736	0	0	0	0	0	0	0	0	352,700
74TH STREET SEWER REHAB	132,020	573,680	563,380	5,068,336	7,593,524	4,227,502	27,200	0	0	0	18,185,642
ADAMS BL RELIEF SEWER	0	0	239,620	523,200	493,940	5,270,219	7,899,081	2,754,904	0	0	17,180,964
AIR SCRUBBER UNIT IMPROVEMENTS	443,562	98,318	0	0	0	0	0	0	0	0	541,880
ARLINGTON/JEFFERSON DVRSN SWR	93,760	711,084	177,576	0	0	0	0	0	0	0	982,420
ASSESSMENT ACT SWRS	464,000	464,000	464,000	464,000	464,000	486,000	508,000	530,000	552,000	575,000	4,971,000
ATF ECIS - LA CNGA & JEFF UPG	34,550	28,448	0	0	0	0	0	0	0	0	62,998
ATF ECIS - MISSION & JESSE	6,663,428	7,825,900	2,417,192	0	0	0	0	0	0	0	16,906,520
ATF NCOS SIPHON UPGRADE	112,688	81,305	0	0	0	0	0	0	0	0	193,993
ATF REVIEW STUDY	50,000	50,000	0	0	0	0	0	0	0	0	100,000
BALDWIN HILLS AREA SWR REHAB	0	0	0	114,380	342,240	940,237	3,553,118	22,480	0	0	4,972,455
CIS RELIEF SWR	500,000	5,500,000	0	0	0	0	0	0	0	0	6,000,000
COLL SYS ADV PLANNING (BOS)	950,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	11,750,000
CONCORD STREET RELIEF SWR	0	0	0	0	0	0	0	200,000	500,000	3,008,333	3,708,333
COS 59TH ST AND FOURTH AVE	4,718,090	3,786,620	29,600	0	0	0	0	0	0	0	8,534,310
COS REHAB MARKET ST TO SLAUSON	6,350,952	9,523,060	8,030,536	77,280	0	0	0	0	0	0	23,981,828
COS REHAB NORS DIV 4 TO MARKET	8,640	0	0	0	0	0	0	0	0	0	8,640
DAR 01 HOLLYWOOD	500,000	0	0	0	0	0	0	0	0	0	500,000
DAR 02 HOLLYWOOD PILOT	500,000	0	0	0	0	0	0	0	0	0	500,000
EMERGENCY SEWER REPLACEMENT	14,060,000	13,060,000	11,060,000	9,060,000	9,300,000	9,547,000	9,000,000	9,274,000	9,552,000	9,840,000	103,753,000
ENTERPRISE ST SIPHON MOD	57,920	572,184	1,177,549	100,267	0	0	0	0	0	0	1,907,920

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 2016/17	6 TH Year 2017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
ESR-FIRST ST SWR REALIGNMENT	2,100,000	0	0	0	0	0	0	0	0	0	2,100,000
EXPOSITION BL SWR REHAB	0	0	0	563,620	787,860	4,701,638	15,251,397	2,410,084	0	0	23,714,599
FIGUEROA MERIDIAN YORK RLF SWR	343,023	0	0	0	0	0	0	0	0	0	343,023
FIGUEROA ST SWR REPLC53	0	0	34,340	361,720	435,440	2,264,866	4,794,496	1,449,678	0	0	9,340,540
FRONT ST SEWER REHAB	0	0	0	207,520	416,240	1,661,787	5,549,787	14,000	0	0	7,849,334
GLENDALE-BURBANK IN SWR (GBIS)	0	0	0	0	0	0	11,430,320	12,461,780	12,845,400	38,708,662	75,446,162
HIGHLAND PK EAGLE ROCK SWR RHB	0	0	0	665,640	548,020	5,165,402	7,469,166	909,952	0	0	14,758,180
HOLLYWOOD SEWER MAINT YARD	0	0	32,240	354,760	455,160	7,679,664	6,302,256	5,360	0	0	14,829,440
HUMBOLDT D S AIR DAMPER	162,098	126,662	0	0	0	0	0	0	0	0	288,760
HUMBOLDT FIGUEROA RLF SWR	0	0	0	175,700	897,740	1,160,200	2,584,325	15,501,934	14,826,548	195,373	35,341,820
LCIS REHAB BLACKWELDER MELROSE	1,075,280	803,200	5,856,189	23,460,275	23,396,136	7,183,023	0	0	0	0	61,774,103
LCIS REHAB JEFFERSON LA CIEN	254,720	2,880,413	2,859,558	14,320	0	0	0	0	0	0	6,009,011
MAINTENANCE HOLE RESETTING	466,000	466,000	466,000	552,000	552,000	552,000	552,000	660,000	660,000	660,000	5,586,000
MANHATTAN 4TH SWR REHAB	0	0	13,440	114,420	115,900	1,148,620	4,000	0	0	0	1,396,380
N HOLLYWOOD SEWER MAINT YARD	0	0	476,820	71,280	6,458,138	5,232,062	5,360	0	0	0	12,243,660
NEIS 2A	4,091,420	2,151,640	26,723,226	51,817,016	51,675,310	42,594,468	571,520	0	0	0	179,624,600
NORMANDIE REPL LCL 68-VERMONT	474,160	240,320	3,319,704	4,966,368	1,732,221	2,800	0	0	0	0	10,755,573
NORMANDIE SWR REPL/REHAB	3,728,087	5,552,903	4,647,965	55,760	0	0	0	0	0	0	13,984,715
NOS REHAB MAZE PHASE 5	48,320	0	0	0	0	0	0	0	0	0	48,320
NOS REHAB PROGRAM	0	0	0	0	0	5,383,480	8,833,427	5,352,852	3,181,140	2,769,812	25,520,711
NOS REHAB U-2 WESTERN TO VERMONT	158,400	4,206,193	6,349,129	2,217,293	3,360	0	0	0	0	0	12,934,375
NOS REHAB U-3 VERMONT TO TRINITY	398,000	398,000	1,745,770	7,549,180	6,026,610	47,040	0	0	0	0	16,164,600
NOS REHAB U-5 SAN PEDRO HOOPER	0	0	116,800	289,520	4,830,372	5,087,580	440,528	0	0	0	10,764,800
NOS REHAB U-6 HOOPER WILSON	0	0	0	0	92,380	411,260	487,100	375,720	4,029,556	8,504,748	13,900,764
NOS REHAB U-7 WILSON LA RIVER	0	0	0	201,700	376,380	332,660	1,422,985	5,475,188	4,364,184	0	12,173,097
ODOR CTRL ATWATER VILLAGE SCR	466,288	338,252	0	0	0	0	0	0	0	0	804,540
PIERCE & WOODMAN DIVER SWR	33,060	103,420	817,701	147,079	0	0	0	0	0	0	1,101,260

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
PLANNED UPGR REPLC PROG	0	0	0	0	0	0	5,000,000	65,100,000	68,225,000	68,225,000	206,550,000
RESEDA SEWER MAINT YARD	0	0	34,320	414,620	467,700	8,024,892	6,605,308	5,360	0	0	15,552,200
SAN PEDRO SIPHON UPSTREAM 30"	0	0	0	0	106,840	1,330,153	238,261	0	0	0	1,675,254
SECONDARY SWR RENEWAL PROG	0	0	12,847,707	31,201,431	24,648,525	25,819,944	45,904,000	42,925,000	40,946,000	32,967,000	257,259,607
SEWERS4- MEASURE R PHASE 1	260,000	0	0	0	0	0	0	0	0	0	260,000
SLAUSON COMPTON SWR REHAB	0	0	510,520	2,020,072	8,587,460	8,391,992	734,656	0	0	0	20,244,700
SOTO PICO SWR REPLC	0	0	0	0	0	441,660	1,383,200	1,568,480	23,083,092	11,175,448	37,651,880
SSRP A01 EMERSON AV & 82ND ST	195,263	0	0	0	0	0	0	0	0	0	195,263
SSRP A04 AIRPORT & 78TH ST	223,979	19,883	0	0	0	0	0	0	0	0	243,862
SSRP C01A CALIF & ABBOTT KINN	2,118,560	442,479	0	0	0	0	0	0	0	0	2,561,039
SSRP C01B BILLOWVISTA & 83RD	479,590	0	0	0	0	0	0	0	0	0	479,590
SSRP C03 VENICE & STEWART	2,179,508	17,280	0	0	0	0	0	0	0	0	2,196,788
SSRP C08A PALISADES & SURFVIEW	300,791	87,808	0	0	0	0	0	0	0	0	388,599
SSRP C08B TEMESCAL & PALISADES	1,325,496	201,219	0	0	0	0	0	0	0	0	1,526,715
SSRP C08C OCEAN & TEMESCAL	1,238,420	262,011	0	0	0	0	0	0	0	0	1,500,431
SSRP E02 VENTURA & LANKERSHIM	529,024	0	0	0	0	0	0	0	0	0	529,024
SSRP E11 HESBY ST. & RIVERTON	24,957	0	0	0	0	0	0	0	0	0	24,957
SSRP E13 VICTORY & BECK	0	7,206	7,206	122,283	122,283	0	0	0	0	0	258,978
SSRP E35 GLENOAKS & MACLAY	107,192	215,168	880	0	0	0	0	0	0	0	323,240
SSRP E39 BALBOA BL & VENTURA BL	508,646	1,030,994	4,000	0	0	0	0	0	0	0	1,543,640
SSRP H02 6TH & SAN VICENTE	47,600	494,160	172,800	0	0	0	0	0	0	0	714,560
SSRP H03 SUNSET & RODEO	139,840	1,937,145	305,837	0	0	0	0	0	0	0	2,382,822
SSRP H04A SNST PLZA & RSNG GLN	139,680	0	0	0	0	0	0	0	0	0	139,680
SSRP H05 BEVERLY & FAIRFAX	26,400	275,131	96,083	0	0	0	0	0	0	0	397,614
SSRP H06 ADAMS & CRENSHAW	70,720	63,200	867,320	357,280	480	0	0	0	0	0	1,359,000
SSRP H14 WILSHIRE & ORANGE	154,113	214,287	640	0	0	0	0	0	0	0	369,040
SSRP H15 JUNE & WILSHIRE	144,842	218,555	480	0	0	0	0	0	0	0	363,877
SSRP H16 CRENSHAW & VENICE	41,440	430,272	150,328	0	0	0	0	0	0	0	622,040

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
SSRP H19 ARDEN BLVD & 3RD ST	151,649	221,711	560	0	0	0	0	0	0	0	373,920
SSRP H20 2ND & EDMONT	315,160	1,232,176	6,240	0	0	0	0	0	0	0	1,553,576
SSRP H21 OLYMPIC & OXFORD	521,128	48,512	0	0	0	0	0	0	0	0	569,640
SSRP H23 VERMONT & OLYMPIC	292,500	1,211,618	7,680	0	0	0	0	0	0	0	1,511,798
SSRP H24 SUNSET BL & RENO ST	1,254,890	100,625	0	0	0	0	0	0	0	0	1,355,515
SSRP H25A HOOVER & CLARISSA	44,368	0	0	0	0	0	0	0	0	0	44,368
SSRP H25B MANZANITA & EFFIE	48,834	0	0	0	0	0	0	0	0	0	48,834
SSRP H31	109,920	128,000	2,056,325	514,785	0	0	0	0	0	0	2,809,030
SSRP H33 KENMORE & FOUNTAIN	267,738	746,702	3,840	0	0	0	0	0	0	0	1,018,280
SSRP N01 BUDLONG & LEIGHTON	83,613	336,060	2,060	0	0	0	0	0	0	0	423,753
SSRP N02 SAN PEDRO & 31ST	181,019	200,941	0	0	0	0	0	0	0	0	381,960
SSRP N03 ADAMS BL & COMPTON AV	144,880	142,640	2,184,020	908,460	1,120	0	0	0	0	0	3,381,120
SSRP N05 8TH & SOTO	136,640	1,956,868	492,350	0	0	0	0	0	0	0	2,585,858
SSRP N06A 36 PL & VERMONT	132,480	118,560	1,626,400	670,120	880	0	0	0	0	0	2,548,440
SSRP N06B ADAMS & HILL	148,400	114,720	1,954,055	1,474,465	7,280	0	0	0	0	0	3,698,920
SSRP N07 BROADWAY & PICO	0	163,891	163,891	2,781,254	2,781,254	0	0	0	0	0	5,890,290
SSRP N12 PARK VIEW & BEVERLY	1,131,885	1,462,555	14,960	0	0	0	0	0	0	0	2,609,400
SSRP N13 CESAR CH & ALAMEDA	77,266	0	0	0	0	0	0	0	0	0	77,266
SSRP P09 GRIFFIN AVE & AVE 43	318,823	419,677	4,800	0	0	0	0	0	0	0	743,300
SSRP P10 AVE 43 & MARMION	185,413	0	0	0	0	0	0	0	0	0	185,413
SSRP P15 LEWIS & SAYLIN	468,008	623,192	8,800	0	0	0	0	0	0	0	1,100,000
SSRP P21A LOS FELIZ & REVERE	343,920	1,043,840	7,120	0	0	0	0	0	0	0	1,394,880
SSRP P21B GLENDALE & ROWENA	60,886	246,034	1,520	0	0	0	0	0	0	0	308,440
SSRP P21C LOS FELIZ & 5 FWY	73,471	296,609	1,840	0	0	0	0	0	0	0	371,920
SSRP S01	0	0	32,362	32,362	549,188	549,188	0	0	0	0	1,163,100
SSRP S03 RODEO & NORTON	119,623	0	0	0	0	0	0	0	0	0	119,623
SSRP S04	0	0	23,855	23,855	404,833	404,833	0	0	0	0	857,376
SSRP S05 10TH AV & 71 ST	395,474	441,326	0	0	0	0	0	0	0	0	836,800

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
SSRP S06 VERMONT & 76TH ST	1,654,142	200,969	0	0	0	0	0	0	0	0	1,855,111
SSRP S07	0	0	11,834	11,834	200,819	200,819	0	0	0	0	425,306
SSRP S08	0	0	20,529	20,529	348,369	348,369	0	0	0	0	737,796
SSRP S10	0	0	15,533	15,533	263,598	263,598	0	0	0	0	558,262
SSRP S11	0	0	9,802	9,802	166,347	166,347	0	0	0	0	352,298
SSRP S12 59TH ST & MAIN ST	30,240	326,184	80,536	0	0	0	0	0	0	0	436,960
SSRP S13	0	0	30,514	30,514	517,836	517,836	0	0	0	0	1,096,700
SSRP S14	0	0	41,609	41,609	706,100	706,100	0	0	0	0	1,495,418
SSRP S16 AVALON & VERNON	77,200	834,332	206,508	0	0	0	0	0	0	0	1,118,040
SSRP S17 COMPTON & VERNON	85,600	1,014,388	253,092	0	0	0	0	0	0	0	1,353,080
SSRP T01 3RD & MESA	623,950	198,271	0	0	0	0	0	0	0	0	822,221
SSRP T03 PASEO DL MR & CAROLNA	193,204	0	0	0	0	0	0	0	0	0	193,204
SSRP T04 S ALMA & W 10TH ST	662,553	1,855,727	9,760	0	0	0	0	0	0	0	2,528,040
SSRP T05 CHANNEL & GAFFEY ST	457,000	348,804	10,000	0	0	0	0	0	0	0	815,804
SSRP T06A ANAHEIM ST & BROAD	141,180	2,315,070	557,700	0	0	0	0	0	0	0	3,013,950
SSRP T06B FRIES & PIER A	542,480	629,283	10,100	0	0	0	0	0	0	0	1,181,863
SSRP T08 ALAMEDA & ANAHEIM	0	39,982	39,982	678,490	678,490	0	0	0	0	0	1,436,944
SSRP U01 MARINA FWY & WCH PKWY	675,278	0	0	0	0	0	0	0	0	0	675,278
SSRP U09 OHIO AV & STONER AV	65,027	0	0	0	0	0	0	0	0	0	65,027
SSRP U10 N BUNDY & TRAVIS ST	139,715	0	0	0	0	0	0	0	0	0	139,715
SSRP U11 BUNDY & SAN VINCENTE	488,811	461,649	3,280	0	0	0	0	0	0	0	953,740
SSRP U14 OVERLAND & 10 FWY	282,907	1,728,100	141,907	0	0	0	0	0	0	0	2,152,914
SSRP U16 SELBY & LA GRANGE	281,611	305,789	5,000	0	0	0	0	0	0	0	592,400
SSRP U20 BEV GLEN & QUITO LN	642,000	417,400	0	0	0	0	0	0	0	0	1,059,400
SSRP U21 GAYLEY & LE CONTE	792,755	693,316	0	0	0	0	0	0	0	0	1,486,071
SSRP U22A MULHOLLND & BELLAGIO	140,890	0	0	0	0	0	0	0	0	0	140,890
SSRP U22B BELLAGIO & WILSHIRE	70,970	0	0	0	0	0	0	0	0	0	70,970
SSRP U23 DAVID & CANFIELD	616,883	1,750,597	9,200	0	0	0	0	0	0	0	2,376,480

COLLECTION SYSTEM PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 2016/17	6 TH Year 2017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
SSRP W32 SERRANIA & DUMETZ	1,512,640	467,520	0	0	0	0	0	0	0	0	1,980,160
SSRP Z13 MORAY & W 25TH	91,278	237,922	1,520	0	0	0	0	0	0	0	330,720
SSRP Z18	0	0	117,982	117,982	2,002,177	2,002,177	0	0	0	0	4,240,318
UPPER BEACHWOOD EASEMNT MH ADD	206,000	206,000	150,600	36,800	784,789	408,051	560	0	0	0	1,792,800
UPPER BEACHWOOD EAST MH ADD	2,800	0	0	0	0	0	0	0	0	0	2,800
UPPER BEACHWOOD WEST MH ADD	0	0	30	0	0	0	0	0	0	0	30
VAN NUYS SYLMAR SWR REHAB	0	0	0	0	0	450,200	586,800	7,792,715	6,720	0	8,836,435
VERMONT AV SWR REPLC	0	0	452,240	383,920	4,833,203	5,846,857	33,040	0	0	0	11,549,260
VERMONT MANCHSTER SWR REHAB	0	0	183,920	243,680	1,452,273	5,685,366	290,494	0	0	0	7,855,733
WASH GRIFFITH LB SWR REPLC	3,348,308	4,675,692	31,280	0	0	0	0	0	0	0	8,055,280
WESTERN 35TH RLF SWR	0	0	551,660	553,200	597,580	6,508,104	14,481,838	1,703,096	0	0	24,395,478
WILSHIRE AREA OLYM SWR REHAB	0	0	340,320	349,500	346,320	3,954,650	4,609,583	34,400	0	0	9,634,773
WILSHIRE AREA SYS SWR REHAB	0	0	62,100	322,260	547,700	2,426,686	5,921,460	473,092	0	0	9,753,298
WILSHIRE WSTMORELAND SWR REHAB	0	0	0	0	148,160	170,020	1,650,797	240,943	0	0	2,209,920
WLA SEWER MAINT YARD	0	0	17,200	241,520	762,000	4,501,066	10,162,974	43,440	0	0	15,728,200
WLAIS REHAB OVERLAND TO KELTON	177,320	1,127,669	2,045,129	966,635	4,720	0	0	0	0	0	4,321,473
FISCAL YEAR TOTAL - CS	84,186,206	102,521,619	109,297,981	154,957,429	170,231,295	191,398,416	185,489,037	178,484,458	183,971,640	177,829,376	1,538,367,457

TILLMAN WATER RECLAMATION PLANT PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
DCT BALBOA LAKE PUMP REPLC	29,280	85,160	382,740	120,960	0	0	0	0	0	0	618,140
DCT CAPITAL EQP REPLC PROG	290,000	290,000	120,000	250,000	0	0	0	0	0	0	950,000
DCT ELECT VAULTS MH 1-3 REPL	280,800	429,870	1,009,990	0	0	0	0	0	0	0	1,720,660
DCT ELECTRICAL POWER SYS MODS	371,900	5,064,917	464,363	0	0	0	0	0	0	0	5,901,180
DCT ELECTRICAL VAULT REHAB	280,800	429,870	1,009,990	0	0	0	0	0	0	0	1,720,660
DCT EMERGENCY BACKUP POWER	44,400	64,920	3,553,230	4,587,410	7,240	0	0	0	0	0	8,257,200
DCT GRIT CHAMBER BACKUP FLUSH SYS	0	70,000	280,000	1,120,750	600,250	0	0	0	0	0	2,071,000
DCT IN PLANT STORAGE	1,477,600	0	0	0	0	0	0	0	0	0	1,477,600
DCT MAINTENANCE FACIL RELOC	1,016,400	536,800	7,922,189	14,571,552	6,517,259	0	0	0	0	0	30,564,200
DCT Multi PURP AND OFFICE BILD EXHIBITS	0	65,040	800,400	2,462,600	0	0	0	0	0	0	3,328,040
DCT ODOR CNTRL SYS EVAL TEST	64,720	144,700	771,218	489,862	0	0	0	0	0	0	1,470,500
DCT ODOR CNTRL SYS UPGRADE	84,200	845,640	234,880	9,193,465	11,830,535	0	0	0	0	0	22,188,720
DCT PERSONNEL & MULTI-USE FAC	2,003,814	8,275,935	5,075,251	0	0	0	0	0	0	0	15,355,000
DCT SOLAR PANEL GUARD RAILS	174,100	150,800	0	0	0	0	0	0	0	0	324,900
DCT WW CONTROL SYSTEM REPL	0	0	96,600	5,182,351	6,399,909	4,602,860	2,493,892	0	0	0	18,775,612
FISCAL YEAR TOTAL - DCT	6,118,014	16,453,652	21,720,851	37,978,950	25,356,193	4,602,860	2,493,892	0	0	0	114,723,412

HYPERION TREATMENT PLANT PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 TH Year 2015/16	4 TH Year 2015/16	5 TH Year 20016/17	6 TH Year 20017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
HTP 1 & 5 MILE OUTFALL REBAL	10,107,055	375,985	0	0	0	0	0	0	0	0	10,483,040
HTP 1-MILE OUTFAL CHEMI UPG	350,186	143,583	0	0	0	0	0	0	0	0	493,769
HTP ABANDN BLDG MAINT REQMNTS	13,600	10,441	0	0	0	0	0	0	0	0	24,041
HTP ABRA BLA & STEAM CLEAN FAC	0	0	0	113,660	177,220	177,220	1,086,067	24,978	0	0	1,579,145
HTP AUX BOILER NO.2 REPL	982,670	0	0	0	0	0	0	0	0	0	982,670
HTP BOILER SYS EXPAN	105,000	765,280	543,600	7,679,250	3,755,361	3,755,361	0	0	0	0	16,603,852
HTP CAPITAL EQP REPLC PROG	3,495,660	4,146,500	4,046,700	3,721,500	4,305,000	4,305,000	0	0	0	0	24,020,360
HTP CAPITAL UTILITY REPLC PROG	400,000	400,000	500,000	550,000	550,000	550,000	0	0	0	0	2,950,000
HTP CENTRAL SCRUB CHEM SUPPLY	231,240	1,600	0	0	0	0	0	0	0	0	232,840
HTP CENTRATE INFLUENT FLW EQUAL	0	0	147,820	223,180	1,474,880	1,474,880	1,316,040	0	0	0	4,636,800
HTP CENTRATE POST TREATMENT	0	131,580	590,000	871,054	3,634,875	3,634,875	1,139,511	0	0	0	10,001,895
HTP CHEMICAL LINES UPGRADES	261,714	369,667	1,434,000	0	0	0	0	0	0	0	2,065,381
HTP COMP ROOM CLNG SYS UPGRD	0	0	0	0	355,120	355,120	1,439,417	1,173,769	0	0	3,323,426
HTP DEWATER CENTRFG & PUMP 7&8	0	0	204,000	526,980	1,965,280	9,462,800	8,013,600	8,013,600	0	0	28,186,260
HTP DGUP FACILITY	0	0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	65,000,000
HTP DICE II CENTRIFUGE REPL	0	0	338,360	569,120	4,803,375	4,803,375	12,730,705	2,141,860	0	0	25,386,795
HTP DIG GAS COMP FAC	3,476,189	0	0	0	0	0	0	0	0	0	3,476,189
HTP DIG GAS DESULF FAC IMPR	2,159,510	2,629,690	0	0	0	0	0	0	0	0	4,789,200
HTP DIG GAS UTIL COOL WTR SYS	394,857	3,715,881	4,908,833	0	0	0	0	0	0	0	9,019,571
HTP DIG SCREEN FAC REHEB	0	0	17,040	319,620	22,980	22,980	0	0	0	0	382,620
HTP DIG SCREENING FAC IMPR	399,260	2,436,265	3,299,235	0	0	0	0	0	0	0	6,134,780
HTP DIGESTER FOAMING STUDY	30,921	0	0	0	0	0	0	0	0	0	30,921
HTP DILUTE POLYMER PUMP IMPR	0	0	0	183,180	272,620	272,620	1,897,682	804,167	0	0	3,430,269
HTP EFFLUENT CHANNEL COVER REP	189,600	935,240	3,080	0	0	0	0	0	0	0	1,127,920
HTP EPP HEADER REPL	601,280	2,538,000	4,645,000	2,381,000	0	0	0	0	0	0	10,165,280
HTP FLARES SYSTEM UPGRADE	178,660	3,937,532	2,272,328	0	0	0	0	0	0	0	6,388,520
HTP FOG & FOOD WASTE FACILITY	305,357	366,429	864,020	3,583,833	1,236,361	1,236,361	0	0	0	0	7,592,361
HTP FOOD WASTE CONCEPT STUDY	18,480	0	0	0	0	0	0	0	0	0	18,480

HYPERION TREATMENT PLANT PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2015/16	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
HTP G ST PIPE RACK STR REHAB	636,000	1,774,000	0	0	0	0	0	0	0	0	2,410,000
HTP GRIT HANDL IMPROV	166,840	280,020	4,426,120	1,531,180	0	0	0	0	0	0	6,404,160
HTP HDWKS FINE SCREENS INSTALL	103,600	330,240	451,860	1,568,440	6,947,400	6,947,400	5,731,900	5,700	0	0	22,086,540
HTP HDWKS GRIT CLASSF RELOC	541,576	1,021,524	0	0	0	0	0	0	0	0	1,563,100
HTP HDWKS ODOR SCRUB FAN ADD	0	5,940	80,820	272,980	0	0	0	0	0	0	359,740
HTP HWKS FINE SCREENS PILOT	461,020	23,220	0	0	0	0	0	0	0	0	484,240
HTP IPS BACKUP PUMP STUDY	29,200	32,401	0	0	0	0	0	0	0	0	61,601
HTP IPS ODOR CNTRL IMPROVEMENT	0	0	0	253,380	288,880	288,880	2,626,737	1,210,323	0	0	4,668,200
HTP MAIN CONTROL ROOM RELOC	216,600	0	0	0	0	0	0	0	0	0	216,600
HTP ODOR CTRL HDWRKS SYS RPL	0	0	179,840	307,960	3,565,721	4,653,959	0	0	0	0	8,707,280
HTP PREG BUIL FIRST FL MODIF	1,574,443	1,018,597	0	0	0	0	0	0	0	0	2,593,040
HTP PRIM INFL CH AIR SPARGERS	0	31,340	189,800	203,660	974,880	974,880	2,540	0	0	0	2,377,100
HTP PRIMARY INFLUENTGATES REPL	211,620	1,092,925	21,975	0	0	0	0	0	0	0	1,326,520
HTP PS & WAS CENTRIFUGE HYBRID	0	16,641	0	0	0	0	0	0	0	0	16,641
HTP REACTOR 1 & 2 UPGRADE	0	182,100	140,840	1,072,400	0	0	0	0	0	0	1,395,340
HTP REACTOR MICRO OXYGENATION	0	211,260	326,540	647,826	3,050,775	3,050,775	767,399	0	0	0	8,054,575
HTP SCREENING HANDLING IMPR	2,039,166	3,382,534	0	0	0	0	0	0	0	0	5,421,700
HTP SEC CLARIF STRUCT REHAB	0	0	620,500	900,728	5,610,175	5,043,077	21,600	21,600	0	0	12,217,680
HTP SEC CLARIFIERS EXPANSION	0	0	75,380	348,920	393,840	393,840	7,088,662	13,659,625	5,811,133	0	27,771,400
HTP SERVICE WATER FAC UPG	1,129,418	1,708,782	0	0	0	0	0	0	0	0	2,838,200
HTP SOLIDS HNDL TRUCK LOAD FAC	0	0	928,000	1,907,280	1,307,760	1,307,760	24,825,217	35,528,258	11,570,129	0	77,374,404
HTP SUBSTATION SEPARATION	1,305,802	2,736,631	16,818	0	0	0	0	0	0	0	4,059,251
HTP TRUCK LOAD ODOR CNTL MOD	284,540	253,120	3,773,384	4,174,508	402,548	402,548	0	0	0	0	9,290,648
HTP WW CONTROL SYSTEM REPL	11,084,518	12,268,739	9,797,823	7,428,370	0	0	0	0	0	0	40,579,450
FISCAL YEAR TOTAL - HTP	43,485,582	49,273,707	54,843,516	51,340,009	55,095,051	63,113,711	78,687,077	67,583,880	22,381,262	5,000,000	490,803,795

LOS ANGELES/GLENDALE WATER RECLAMATION PLANT PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 2016/17	6 TH Year 2017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
LAG BAR SCREEN	0	0	109,160	152,480	661,664	443,716	0	0	0	0	1,367,020
LAG CAPITAL EQUIP REPL PROG	95,000	250,000	250,000	0	0	0	0	0	0	0	595,000
LAG ELECTRICAL POWER SYS MODS	1,685,835	3,168,885	15,120	0	0	0	0	0	0	0	4,869,840
LAG HPE & AIR PIPING IMPRO	195,480	501,880	1,601,017	1,121,463	29,900	0	0	0	0	0	3,449,740
LAG NDN BLOW SYS ABB DCS PRO	235,678	504,667	424,394	0	0	0	0	0	0	0	1,164,739
LAG NDN BLOWER INSTALLATION	530,725	1,660,116	403,670	0	0	0	0	0	0	0	2,594,511
LAG NDN BLOWER PROCUREMENT	1,233,107	2,909,875	1,507,180	0	0	0	0	0	0	0	5,650,162
LAG PERSONNEL BUILDING	129,640	590,340	1,660,557	4,019,423	0	0	0	0	0	0	6,399,960
LAG POND FOUNTAIN PUMP REPLC	56,820	105,020	198,600	0	0	0	0	0	0	0	360,440
LAG PROCESS FLOW CNTRL AUTO	0	247,260	280,060	2,117,720	77,080	0	0	0	0	0	2,722,120
LAG TERTIARY FILTER REPL	337,400	3,454,898	847,463	0	0	0	0	0	0	0	4,639,761
LAG WW CONTROL SYSTEM REPL	0	0	0	1,389,657	2,336,640	940,213	676,224	0	0	0	5,342,734
FISCAL YEAR TOTAL - LAG	4,499,685	13,392,941	7,297,221	8,800,743	3,105,284	1,383,929	676,224	0	0	0	39,156,027

PUMPING PLANTS PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 2016/17	6 TH Year 2017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
MANCHESTER PP 601 REPLACEMENT	200,000	0	0	0	0	0	0	0	0	0	200,000
PP EQP UPGR/REPLC	0	0	0	0	100,000	4,800,000	4,800,000	5,970,000	20,000,000	25,000,000	60,670,000
SUNSET PP 632 WALL REHAB	500,000	0	0	0	0	0	0	0	0	0	500,000
VENICE PP DISCHARGE MANIFOLD REPL	4,094,175	0	0	0	0	0	0	0	0	0	4,094,175
VENICE PP DUAL FORCE MAIN	2,179,620	34,020,150	24,364,770	154,320	0	0	0	0	0	0	60,718,860
VENICE PP VIBRATION REHAB	193,630	0	0	0	0	0	0	0	0	0	193,630
FISCAL YEAR TOTAL - PP	7,167,425	34,020,150	24,364,770	154,320	100,000	4,800,000	4,800,000	5,970,000	20,000,000	25,000,000	126,376,665

SYSTEMWIDE PLANNED EXPENDITURES

PROJECT TITLE	1 st Year 2012/13	2 nd Year 2013/14	3 rd Year 2014/15	4 th Year 2015/16	5 th Year 20016/17	6 th Year 20017/18	7 th Year 2018/19	8 th Year 2019/20	9 th Year 2020/21	10 th Year 2021/22	PROJECT TOTAL
BOND ASSISTANCE PROGRAM	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
BUREAU-WIDE SECURITY SYSTEM	0	0	0	0	339,700	2,871,080	323,462	0	0	0	3,534,242
COMM INVLMNT & PROJ MITIGAT	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000
CONSTRUCTION SERVICES CONTRACT	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	20,000,000
CS WW CONTROL SYSTEM REPL	1,914,478	3,621,747	0	0	0	0	0	0	0	0	5,536,225
ELC EXHIBITS AND MEDIA	1,786,000	0	0	0	0	0	0	0	0	0	1,786,000
EMD LIMS REPLACEMENT	561,709	0	0	0	0	0	0	0	0	0	561,709
EMPAC SYSTEM REPLACEMENT	0	76,403	1,273,388	0	0	0	0	0	0	0	1,349,791
EQP UPGR/REPLC TREATMENT PLANT	0	0	0	0	9,000,000	16,800,000	20,800,000	30,970,000	52,075,000	99,200,000	228,845,000
GREEN ACRES CERP	75,000	75,000	75,000	0	0	0	0	0	0	0	225,000
HUMBOLDT GREENWAY SEP	1,300,000	2,525,177	0	0	0	0	0	0	0	0	3,825,177
LABORATORY EQUIPMENT PROC	655,000	465,000	451,000	454,600	0	0	0	0	0	0	2,025,600
MANCHESTER GREENWAY SEP	739,071	0	0	0	0	0	0	0	0	0	739,071
N ATWATER CRK RESTORATION SEP	147,162	0	0	0	0	0	0	0	0	0	147,162
OLD OAK RD BIO-SWALE BMP SEP	580,000	0	0	0	0	0	0	0	0	0	580,000
SMURRF	261,663	261,663	161,663	161,663	161,663	161,663	161,663	161,663	0	0	1,493,304
SOUTH DISTRICT YARD IMPRV	0	0	0	0	48,000	4,548,428	8,235,863	81,040	0	0	12,913,331
VAN NESS & SLAUSON BMP SEP	340,000	630,000	0	0	0	0	0	0	0	0	970,000
WW NETWORK SERVERS CERP	835,000	790,000	1,055,000	340,000	680,000	0	0	0	0	0	3,700,000
WW SYS FINANCIAL CNSLT (BONDS)	275,000	275,000	300,000	300,000	300,000	300,000	325,000	325,000	325,000	350,000	3,075,000
WW SYSTEM AUDITOR	78,000	79,000	80,000	81,000	82,000	83,000	84,000	85,000	86,000	87,000	825,000
FISCAL YEAR TOTAL - SW	12,248,083	11,498,990	6,096,051	4,037,263	13,311,363	27,464,171	32,629,988	34,322,703	55,186,000	102,337,000	299,131,612

TERMINAL ISLAND WATER RECLAMATION PLANT PLANNED EXPENDITURES

PROJECT TITLE	1 ST Year 2012/13	2 ND Year 2013/14	3 RD Year 2014/15	4 TH Year 2015/16	5 TH Year 2016/17	6 TH Year 2017/18	7 TH Year 2018/19	8 TH Year 2019/20	9 TH Year 2020/21	10 TH Year 2021/22	PROJECT TOTAL
TIWRP AWTF MF MEMBRANE REPL	2,834,788	0	0	0	0	0	0	0	0	0	2,834,788
TIWRP AWTF PH II EXP TO 6 MGD	171,220	464,420	803,163	3,787,822	3,091,315	0	0	0	0	0	8,317,940
TIWRP AWTF PH III EXP TO 9 MGD	0	0	0	0	0	1,095,200	914,560	16,546,676	27,248,540	165,584	45,970,560
TIWRP AWTF PROD WTER HRD STAB	378,143	637,197	0	0	0	0	0	0	0	0	1,015,340
TIWRP AWTF RO MEMBRANE REPL	535,257	0	0	0	0	0	0	0	0	0	535,257
TIWRP BIOGAS UPGRADE SYS	0	0	252,240	287,520	1,480,372	733,668	0	0	0	0	2,753,800
TIWRP BLENDER TANK RIM REHAB	279,500	279,500	1,467,333	733,667	0	0	0	0	0	0	2,760,000
TIWRP BLOWER CTRL SYS UPGRADE	312,392	0	0	0	0	0	0	0	0	0	312,392
TIWRP BLOWER REPLC	162,380	180,000	436,640	6,554,872	3,432,705	0	0	0	0	0	10,766,597
TIWRP CAPITAL EQP REPLC	549,200	430,000	318,000	408,000	0	0	0	0	0	0	1,705,200
TIWRP DAFT MODIFICATION	0	50,080	365,840	995,232	1,268,408	0	0	0	0	0	2,679,560
TIWRP DIG GAS MOISTURE REM	0	0	0	0	0	18,560	132,940	248,900	1,506,360	0	1,906,760
TIWRP FINAL CLARIFIERS REHAB	104,180	0	0	0	0	0	0	0	0	0	104,180
TIWRP FIRE PROTECT SYS REPLC	0	0	0	0	143,060	160,220	1,013,397	242,787	40	0	1,559,504
TIWRP HEADWORKS IMPROVEMENTS	1,621,447	3,939,265	1,524,614	0	0	0	0	0	40	0	7,085,366
TIWRP HPE DISINFECTION	0	0	0	65,040	100,080	391,545	306,633	0	0	0	863,298
TIWRP MOD OF PRIM CLAR WEIRS	0	71,920	529,420	587,380	8,987,927	4,297,373	0	0	0	0	14,474,020
TIWRP NEW SERVICE MAINT FAC	0	0	0	0	713,040	918,640	3,238,560	6,665,160	159,514	0	11,694,914
TIWRP PLANT INFL SAMPLING SYS	0	123,580	147,580	752,804	354,596	0	0	0	0	0	1,378,560
TIWRP POWER/ENERGY MGMT	0	0	0	0	38,000	456,410	0	0	0	0	494,410
TIWRP TER FIL INF PUMP VFD RPL	406,046	748,054	0	0	0	0	0	0	0	0	1,154,100
TIWRP TERTIARY FILTER REHAB	213,420	329,400	1,364,980	2,519,254	25,026	0	0	0	0	0	4,452,080
TIWRP TIRE SITE IMPROVEMENTS	386,769	386,769	2,200,667	1,100,333	0	0	0	0	0	0	4,074,538
TIWRP WW CONTROL SYSTEM REPL	0	411,002	6,634,287	3,684,160	3,396,563	0	0	0	0	0	14,126,012
FISCAL YEAR TOTAL - TIWRP	7,954,742	8,051,187	16,044,784	21,476,084	23,031,092	8,071,616	5,606,090	23,703,523	28,914,494	165,584	143,019,176

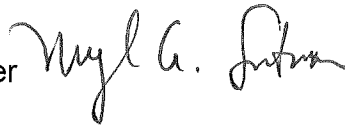
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 68

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Question 22 – Report back with recommendations on a pilot program in Workers' Compensation to reduce the workload to 125.

Subject: **CITY ATTORNEY – WORKERS' COMPENSATION WORKLOAD**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on a pilot program to reduce the caseload to 125 in the Workers' Compensation Division. Further analysis is needed to determine the full range of operational needs of this Division. As such, this Office does not recommend adding positions to the Workers' Compensation Division at this time.

MAS:MBC:04120132

Question No. 22

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 22 – City Attorney to report back with recommendations on a pilot program in Workers' Compensation to reduce caseload to 125

Currently, this Division is staffed at 20 attorneys. Progress is being made toward reducing the caseload. However, in the last several years, due to ERIP, transfers and our inability to hire, our support staff has been greatly reduced. Existing support staff struggles to handle and manage the increased paperwork of 20 attorneys.

Critical to reducing the caseload per attorney would be the addition of 5 support staff members, 5 attorneys, increased working space to accommodate them and the elimination of furloughs for the attorneys and support staff. For the 5 attorneys, we need to hire attorneys with Workers' Compensation backgrounds. Otherwise, two years will be needed to bring new attorneys up to speed in this complex area of the law. With experienced attorneys and the ability to maintain the 20 attorneys currently on staff, we should be able to reduce the caseload and reach our goal within two years or less. The furlough exemption is important to achieving the reduction in this timeframe. If we do not have a full-time employee-base, we will not be able to reduce our caseload in any meaningful way.

W. R. Mangum

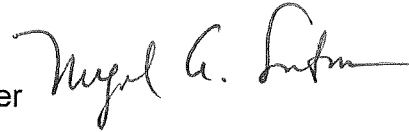
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 69

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Question 15 – How can the City more effectively reduce liability and hold departments accountable for the liability they produce?

Subject: **CITY ATTORNEY – DEPARTMENTS' ACCOUNTABILITY FOR LIABILITY**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on how the City can effectively reduce liability and hold departments accountable for the liability they produce. This Office will continue to work with the departments and the City Attorney's Office to manage the City's liability.

MAS:MBC:04120130

Question No. 15

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 15 – How can the City more effectively reduce liability and hold departments accountable for the liability they produce?

A mechanism could be developed to make each department account financially for the amounts paid in settlement and judgments for claims and lawsuits they generate. As an alternative, or additionally, 1) Each departmental Risk Manager could be required to evaluate the litigation reports provided by the City Attorney and identify problem areas, employees and supervisors to proactively cure potential future liability; 2) The Council and Mayor could require departmental heads and risk managers to report quarterly on the findings with proposed remedial actions.

Other risk management measures include: enhanced street/sidewalk/tree inspections and expedited repair of any damaged City property; and focused installation and/or repair of traffic control measures at high risk locations.


Wm R. Mangano

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 70

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Question 16 – What is the status of uncollected parking tax revenue. What has been done thus far? What is the plan going forward?

Subject: **CITY ATTORNEY – UNCOLLECTED PARKING TAX REVENUE**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on the status of uncollected parking tax revenue.

MAS:MBC:04120131

Question No. 16

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 16 – City Attorney to report back on the status of uncollected parking tax revenue. What has been done thus far? What is the plan going forward?

In addition to the filing of collection actions against parking operators, this Office is a member of a working group that includes representatives from the Board of Police Commission, Office of Finance, City Attorney and Councilmember Zine's office. As a member of that group, this Office drafted a proposed amendment to the Parking Occupancy Tax Ordinance that will require all parking operators in the City to secure their tax obligation with a surety bond. In addition, there is a proposal to require those operators whose police permits have been revoked for failure to pay taxes to install revenue control equipment on their lots before they are allowed to engage in business. These issues are scheduled for discussion in the Audits and Government Efficiency Committee on May 8, 2012.

In the interim, the Office of Finance and the Police Commission are coordinating, so that operators who are delinquent on their taxes are denied their annual Police Permit Renewals.

William R. Mangano

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 71

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how many home garaged vehicles and how much fuel costs for these vehicles? What are cost savings from eliminating home garaged cars and/or fuel cards?

Subject: **LOS ANGELES POLICE DEPARTMENT HOME GARAGED VEHICLES**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) to report back on the number of LAPD's home garaged vehicles and the costs associated with the vehicles. In addition, the Committee requested the Department to provide the estimated cost savings from the elimination of home garaged cars and/or fuel cards. Attached is the Department's response

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120150c

Question No.270

Attachment

HOME GARAGING Authority Vehicles
Maintenance and Fuel Costs

Home Garage Authority (HGA) Commute miles and cost calculation:

The daily average HGA vehicle commute miles are determined to be 56 per vehicle.

The average Vehicle Maintenance Cost per Mile (MCPM)

1. Motorcycles \$0.50 MCPM
2. All other vehicles \$0.30 MCPM

The average Miles per Gallon (MPG)

1. Motorcycles 36 PMG
2. All other vehicles 16.7 MPG

The average fuel cost purchased by the City for the trailing 12 months is \$3.50 per gallon.

The average Fuel Cost MPG (FCMPG)

1. Motorcycles \$0.097 FCMPG
2. All other vehicles \$0.20 FCMPG

Total average Operational Cost Per Mile (OCPM) for HGA vehicle is MCPM plus FCMPG

1. Motorcycle \$0.597 OCPM
2. All other vehicles \$0.50 OCPM

Total HGA vehicle Table and Cost:

Type of HGA	Number of Vehicles	Daily Commute Cost (DCC) <small>(56 * OCPM) * (HGV #)</small>	Average Yearly Cost <small>(365 days*65%) * DCC</small>
Motorcycles	280	\$9,361	\$2,220,897
Commanding Officers (includes civilians)	123	\$3,444	\$817,089
Reviewable (Committee approved)	544	\$15,232	\$3,613,792
Total	947	\$28,037	\$6,651,778

Voyager Card Usage and Cost:

1. Voyager fuel cost is \$0.45 per gallon more compared to City purchased fuel cost.
2. The Voyager fuel card usage amounts to 2.8% of all LAPD transactions for fuel purchase during the last trailing 12 months.
3. The Voyager card is used for:
 - a. Undercover operations when officers are away from the station and it is not feasible to return to any City fuel station for fuel
 - b. Unusual occurrences or during large scale emergencies
 - c. Premium fuel purchase for BMW Motorcycles as it is required by the manufacturer

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 72

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the optimal level of personnel needed to fill the 7,000 hours (12% gap) of fire apparatus repairs currently left unaddressed even after the use of overtime, and the necessary staffing levels to bring long-term stability to the operation at the LAFD Supply and Maintenance Division

Subject: **FIRE DEPARTMENT - OPTIMAL LEVEL OF PERSONNEL NEEDED TO FILL THE 7,000 HOURS (12% GAP) OF FIRE APPARATUS REPAIRS CURRENTLY LEFT UNADDRESSED EVEN AFTER THE USE OF OVERTIME**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the optimal level of personnel needed to fill the 7,000 hours of fire apparatus repairs currently left unaddressed even after the use of overtime. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120143

Question No. 67

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

TO: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst III



FROM: Fire Department

SUBJECT: FIRE DEPARTMENT – ANSWER TO QUESTION # 67 FOR BUDGET AND FINANCE COMMITTEE MEETING

This is in response to Question #67 from the Budget and Finance Committee:

Report back on the optimal level of personnel needed to fill the 7,000 hours (12% gap) of fire apparatus repairs currently left unaddressed even after the use of overtime, and the necessary staffing levels to bring long-term stability to the operation at the LAFD Supply and Maintenance Division.

Given the current size, make up, age and usage of the Los Angeles Fire Department's (LAFD) fleet, the current Maintenance Section staffing level of 71 is inadequate to meet the number of hours required to maintain our fleet size. The staffing level has been impacted by 12 authorities that remain unfilled. In addition, as a result of the Early Retirement Incentive Program (ERIP), 11 positions were eliminated in fiscal year 2009/10. Two additional positions were eliminated in exchange for a Welder position that is also now vacant.

Each vehicle in our fleet requires a specific number of work hours for annual maintenance, added to this figure are hours for mechanical or body repairs. As a result of reduced staffing, a gap has been created due to the number of required work hours to maintain our fleet and the number of work hours that our staff, are actually working. It was previously reported a need for additional staff to meet the 7,000 hours or 12% gap of fire apparatus repairs, this figure was based on fleet work load from two years ago. A current review of an internal database audit reveals this gap has increased to 20% as a result of an increase of our fleet and the inability to increase our maintenance staffing level.

Filling the 12 current vacancies will help bridge the gap that has been created but the use of overtime will continue until the backlog in repairs is completed and our fleet and labor hours are balanced.

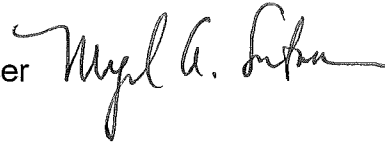
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 73

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back on Housing Code Violations.

Subject: **HOUSING – REPORT BACK ON REFERRING HOUSING CODE VIOLATIONS TO THE HOUSING DEPARTMENT**

During its consideration of the Los Angeles Housing Department (LAHD) 2012-13 Proposed Budget, the Committee asked LAHD to report regarding referring housing code violations to the Housing Department and not the Department of Building and Safety. Attached is the Department's response.

This memorandum is informational purposes only. There is no fiscal impact.

MAS:AS:02120141

Question No. 236


Attachment



Antonio R. Villaraigosa, Mayor
Douglas Guthrie, General Manager

INTER-DEPARTMENTAL MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: GREG KUNG, ACTING ASSISTANT GENERAL MANAGER, HOUSING DEPARTMENT 

DATE: MAY 4, 2012

REGARDING: 2012-13 BUDGET MEMO - QUESTION NO. 236
REPORT BACK ON HOUSING CODE VIOLATIONS. IS THERE A WAY TO REFER FOLLOW-UP TO LAHD AND NOT BUILDING AND SAFETY?

LAHD response:

When LAHD issues Notice-To-Comply (NTC), the initial compliance deadline is 30 days according to the Los Angeles Municipal Code. When there is significant effort towards compliance demonstrated by the property owner, there is a process in place in LAHD to grant extensions of time, up to 120 days, or longer if warranted. Building and Safety is the only department that can issue building permits, property repairs that require building permits need to go through their process.

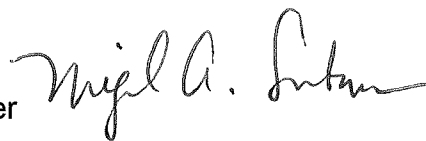
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 74

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report back regarding what the Planning Department is doing to improve the process for small businesses to open or build their businesses

Subject: **PLANNING DEPARTMENT – PROCESS FOR SMALL BUSINESSES**

Your Committee requested the Planning Department to report back on what the Department is doing to make the process easier for small businesses to open or build their businesses, especially if those businesses cannot afford experts or expeditors.

The Planning Department response is attached and includes a discussion of several process improvements that have been implemented or are in development.

MAS:MMR:02120125

Question No. 169

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAGUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING PROCESS IMPROVEMENTS IN PLANNING
(QUESTION NO. 169)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on what the Planning Department is doing to make the process easier for small businesses to get projects reviewed.

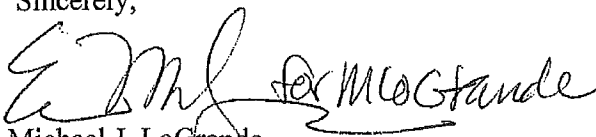
City Planning has undertaken a number of process improvements over the past couple years and has some additional improvements in the works. These include the following:

- **Citywide Development Services Case Management:** The consolidation of all case management services into one location in Figueroa Plaza has made this service much more accessible. Any applicant for virtually any type of project can come to Case Management for review of applications in the works, advice on ways to improve their project's chances for approval, assistance navigating the City's complicated approval process, and all other aspects of the development approval process. Currently, this service is provided at no cost to the applicant, though this is scheduled to change in Fiscal Year 2012-13 with the establishment of a nominal fee schedule for case management services.
- **Code Simplification:** Through code simplification, the Zoning Code is made more accessible to all potential applicants. This especially helps those with smaller projects, as entitlement requirements for small projects can be reduced to just one or two simple actions.

- **One Project, One Planner:** By reorganizing the Department around the concept that a project should have one point of contact with City Planning from beginning to end, the development approval process has been made much more accessible to applicants with small projects. No longer are multiple names and phone numbers, along with a detailed organization chart, required to track down application status.
- **Geo-Team Implementation:** The implementation of these 10 geographic coordination teams allows the Department to be more engaged with the communities and businesses. Coordination among the Geo-Teams ensures that planning and zoning policies are applied consistently and transparently across the City.
Technology: City Planning's central systems, ZIMAS (Zoning Information and Map Access System) and PCTS (Planning Case Tracking System) provide property, zoning, and case tracking information over the Internet 24x7 and free of charge. The Planning Department also links our systems to automated information in other City departments, such as Building and Safety's permit data, to facilitate the applicants' access to more development information. In addition, Planning forms and decision letters with related exhibits are available to the applicants over the Internet at no additional cost.
- **Zone Code Rewrite:** Looking to the future, City Planning is embarking on a five-year project to completely rewrite the City's 65 year old zone code. This project will drastically reduce the difficulty of navigating the City's development requirements and limitations, and in many cases may completely eliminate the need for discretionary review. The work plan also includes the development of a Layperson's Guide to Zoning and creating the Code as an interactive online tool people can use to easily research what they can and cannot do with their property, and how they should proceed if they want to develop.

I look forward to discussing this issue further with your Committee in the near future. If you have any questions, please call me at 978-1271.

Sincerely,



Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

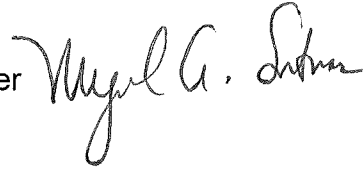
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 75

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the feasibility of implementing cat licenses. To include a lower fee for those that are neutered. Also consider a break-away collar.

Subject: **ANIMAL SERVICES – IMPLEMENTATION OF CAT LICENSES**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the possibility of implementing cat licenses. The Department's response is attached.

MAS:JLK:04120146

Question No. 180

ATTACHMENT

**BOARD OF
ANIMAL SERVICES
COMMISSIONERS**

JIM JENSVOLD
TARIQ A. KHERO
LISA MCCURDY
KATHLEEN RIORDAN
ALANA YAÑEZ

City of Los Angeles
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

**DEPARTMENT OF
ANIMAL SERVICES**
221 North Figueroa Street
5th Floor
Los Angeles, CA 90012
(888) 452-7381
FAX (213) 482-9511

BRENDA F. BARNETTE
GENERAL MANAGER

JOHN D. CHAVEZ
ASSISTANT GENERAL MANAGER

DR. JEREMY PRUPAS
CHIEF VETERINARIAN

May 4, 2012

Budget and Finance Committee
c/o City Administrative Officer
Room 1500, City Hall East
Los Angeles, CA 90012

QUESTION NO. 180 RE: CAT LICENSING

Honorable Councilmembers:

This correspondence is submitted in response to the Budget and Finance Committee's report back assigned to the Department of Animal Services. Budget Question No. 180 stated, "Report back on the feasibility of implementing cat licenses. To include a lower fee for those that are neutered. Also consider a break-away collar."

Cat owners can obtain identification tags from the Department now for a \$5 fee. These are not licenses and revenue is insignificant. In 2011, for example, identification tags were issued for 10 cats for total revenue of \$50. The Department and the City have investigated cat licensing several times during the past 10 years, but concerns expressed by cat advocates have eliminated consideration of a proposal each time. The Department does not currently sell breakaway collars for use with cat identification tags.

Sincerely,

BRENDA F. BARNETTE
General Manager

cc: Neil M. Guglielmo, Office of the Mayor
Jim Bickhart, Office of the Mayor
Gerry F. Miller, Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Jason Killeen, CAO

"Creating a Humane LA"

AN EQUAL OPPORTUNITY EMPLOYER

Visit our website at www.LAAnimalServices.com

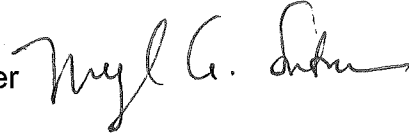
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 76

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report on the Condition Compliance Unit

Subject: **PLANNING DEPARTMENT – REPORT ON THE CONDITION COMPLIANCE UNIT**

Your Committee requested the Planning Department (DCP) to report back on the Condition Compliance Unit.

The response from the Planning Department is attached. The DCP requests the addition of one City Planning Associate, one Structural Engineering Associate and one Senior Clerk Typist to create a pilot program for a new Condition Compliance Unit. The total cost of the positions would be \$326,955 as shown in the table below. In addition, DCP requests \$28,000 for overtime and \$16,185 for furniture and equipment. The total for salaries, related costs and expenses would be \$371,140.

	Number	Annual Salary	Related Costs	Total
City Planning Associate	1	\$88,406	\$33,264	\$121,670
Structural Engineering Associate III	1	86,193	32,697	118,890
Senior Clerk Typist	1	60,330	26,065	86,395
Total	3	\$234,929	\$92,026	\$326,955

The Department states that the three positions and expenses would be paid for by the existing \$6,903 Plan Approval application fee. To cover the cost of the Condition Compliance pilot program, the Department would need to process an additional 54 Plan Approval applications annually. Since the Office of Zoning Administration approves between 600 and 800 cases a year, the Department should generate enough fees to pay for the pilot program.

If the Council approves these positions, the Personnel Department, the Civil Service Commission and this Office would review the position descriptions, organization charts and pay grade request. This Office would then recommend that the positions be added to the Department as unfunded resolution positions, which would be filled according to the process adopted by the Managed Hiring Committee, and that the Department provide a status of the Condition Compliance Unit in the Financial Status Reports.

MAS:MMR:02120128

Question No.252

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

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CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
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MICHAEL J. LOGRANDE
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(213) 978-1271

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(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING PLANNING CONDITION COMPLIANCE
UNIT PILOT PROGRAM (QUESTION NO. 252)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on the Condition Compliance Unit budget request from the Department.

The Department of City Planning, through the Office of Zoning Administration (OZA), approves Conditional Use Permits for a variety of uses, such as liquor stores, restaurants, and night clubs. Each of these permits is issued contingent on the applicants satisfying all of the conditions placed on them by the Zoning Administrator. These conditions can include limited hours of operation, parking requirements, signage, or any number of other items. Often, one of the conditions is that the applicant must return to the Planning Department within a set timeframe for a review of their compliance with the conditions of approval.

Unfortunately, no entity in the City has the resources to actually follow up with these businesses to ensure that they are compliant with their conditions. The only time follow-up occurs is when complaints are filed, at which time nuisance abatement investigations and proceedings can be initiated.

To address this lack of enforcement, the Planning Department proposes to create a pilot project for a Condition Compliance Unit. The Unit would consist of three staff, one City Planning Associate, one Structural Engineering Associate, and one Senior Clerk Typist. With these three staff, a limited proactive program would be established to follow up on condition compliance issues. Due to the small number of staff, this program could not be even close to comprehensive. However, utilizing Planning's existing systems capabilities, the limited staff time will be focused on the areas, uses, and issues where they can be most effective.

The issue of repetitive enforcement and duplication of effort was also brought up in the discussion of this item. While it is true that Building and Safety, Housing, and Street Services also have enforcement functions, there is often very little overlap between the businesses that would be subject to Planning Condition Compliance and these other agencies. Condition Compliance would focus almost completely on businesses operating under Conditional Use Permits. However, the Department of City Planning would for certain coordinate these efforts with those other departments which already operate pro-active enforcement programs. To the extent that any duplication can be eliminated and enforcement streamlined, all possible models would be considered.

Currently there is no specific "grace period" for compliance with conditions, as there is no pro-active enforcement effort. As the program gets underway, a standard timeframe for compliance will need to be established. Similarly, there is no fine structure for not complying with conditions. The only financial penalty is incurred in the form of nuisance abatement fees in cases which escalate to that level. Eventually, businesses that refuse to comply with the conditions imposed on them can have their Use Permits revoked.

Funding

As previously mentioned, conditional use permits often come with a requirement that the applicant return, usually requiring a Plan Approval application. These applications are charged a \$6,903 fee. On an annual basis, the new pilot project would only need to generate no more than 40 additional Plan Approval cases to completely cover the cost of the unit. Given that the OZA approves 600 to 800 use cases annually, this number should be easily achievable. In the first year this should be especially effective, as there is currently a large backlog of businesses which are overdue for Plan Approvals.

Because the revenue generated by this proactive approach will be application fees deposited into the Planning Case Processing Special Revenue Fund, the cost of the new unit will be funded by that Fund as well. The total cost for the three positions plus a small amount of overtime and expenses is estimated at \$276,765 for Fiscal Year 2012-13 (see Attachment).

I look forward to discussing this proposal with your Committee again in the near future. If you have questions, please call me at 978-1271.

Sincerely,



Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

Attachment – Condition Compliance Unit Budget Proposal

2012-13 BUDGET REQUEST/REDUCTION PACKAGE

1. DEPT: PLANNING	1A. BUREAU: Zoning Administration	2. DIVISION/SECTION: Nuisance Abatement/Compliance	3. PACKAGE TITLE: Condition Compliance Unit		
4. ACTIVITY TITLE AND NUMBER: Case Processing and Project Planning - BB6804		5. SERVICE TITLE AND NUMBER:			
7. DESCRIPTION OF WORK OBJECTIVE AND OUTPUT: <i>(Type information or Check Box if submitting attachments)</i> <input type="checkbox"/> See attached.			6. PROVIDES SERVICES TO:		
7A. ADDRESSES MAYOR'S BUDGET GOALS:			<table style="width:100%; border:none;"> <tr><td style="text-align:center;">Public Safety</td></tr> <tr><td style="text-align:center;">Economic Development</td></tr> </table>	Public Safety	Economic Development
Public Safety					
Economic Development					
9. RESOURCES REQUIRED NEXT FISCAL YEAR: <i>Note: For Position Reduction, please enter negative Gross Wages.</i>		FUNDS			
POSITIONS		FUNDS			
<u>No.</u>	<u>Class Title</u>	<u>Class Code</u>	<u>Gross Wages & Count</u>		
		<u>Salary Savings % Rate</u>	<u>Net Salary</u>		
1	CITY PLANNING ASSOC	7941_0	\$88,406.00		
			1.00 %		
			\$87,521.94		
1	STRUCT ENG ASSC III	7957_3	\$86,193.00		
			1.00 %		
			\$85,331.07		
1	SR CLERK TYPIST	1368_0	\$80,330.00		
			1.00 %		
			\$59,726.70		
			\$0.00 %		
			\$0.00 %		
			\$0.00 %		
			\$0.00 %		
			\$0.00 %		
			\$0.00 %		
			\$0.00 %		
3	TOTALS		\$232,579.71		
10. LEGAL BASIS: Policy or Budget		1010 - SALARIES, GENERAL \$232,579.71			
11. LAYOFFS: Projected number if package is not funded. <u>0</u>		1090 - OVERTIME GENERAL \$28,000.00			
		6010 - OFFICE AND ADMINISTRATIV \$16,185.00			
		Direct Cost Total \$276,764.71			
		Related Cost			
		Other			
		TOTALS \$276,764.71			
12. SOURCE OF FUNDS: List all proposed funding sources and basis for use of special purpose funds. <i>(Type information or Check Box if submitting attachments)</i> <input type="checkbox"/>					
FUND TITLE		AMOUNT			
52D - PLANNING CASE PROCESSING SPECIAL REVENUE FUND		\$276,764.71			
		\$0.00			
		\$0.00			
13. REVENUE: State the revenue impact of funding or not funding this package and any required ordinance changes. <i>(Type information or Check Box if submitting attachments)</i> <input type="checkbox"/> See attached.					
14. OUTCOME: Detail quantifiable and non-quantifiable benefits of funding this package, including the impact on service levels and consequences of not funding it. Identify any milestones or measurements of the stated outcomes. <i>(Type information or Check Box if submitting attachments)</i> <input type="checkbox"/> See attached.					
FOR ATTACHMENT INSTRUCTIONS, SEE THE TECHNOLOGY SUBMITTAL PAGE (PAGE 3).					
Preparer's Name: Matthew Crawford		Title: Senior Management Analyst II			
		Phone: 213-978-1288			

BUDGET REQUEST/REDUCTION PACKAGE

CAO 695B (Rev. 10/11)

DEPT/BUREAU: PLANNING/Zoning Administration	PACKAGE TITLE: Condition Compliance Unit
---	--

SOURCE OF FUNDS: If there is more than one fund, allocate below.

<u>Fund No./Title</u>	<u>Account No./Title</u>	<u>Amount</u>
52D - PLANNING CASE PROCESSING SPECIAL REVENUE FUND	1010 - SALARIES, GENERAL	\$232,579.71
	1090 - OVERTIME GENERAL	\$28,000.00
	6010 - OFFICE AND ADMINISTRATIVE	\$16,185.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00
	Related Cost	\$0.00
	Other	\$0.00
	<u>\$276,764.71</u>	

<u>Fund No./Title</u>	<u>Account No./Title</u>	<u>Amount</u>
	1010 - SALARIES, GENERAL	
	1090 - OVERTIME GENERAL	
	6010 - OFFICE AND ADMINISTRATIVE	
	Related Cost	
	Other	
		<u>\$0.00</u>

<u>Fund No./Title</u>	<u>Account No./Title</u>	<u>Amount</u>
	1010 - SALARIES, GENERAL	
	1090 - OVERTIME GENERAL	
	6010 - OFFICE AND ADMINISTRATIVE	
	Related Cost	
	Other	
		<u>\$0.00</u>

	TOTAL COST	<u><u>\$276,764.71</u></u>
--	-------------------	----------------------------

Preparer's Name: Mathew Crawford	Title: Senior Management Analyst II	Phone: 213-978-1288
--	---	-------------------------------

Condition Compliance Unit

Condition Compliance Unit

7. DESCRIPTION OF WORK OUTPUT AND OBJECTIVE:

The Department requests funding and position authority for three positions to create a Condition Compliance Unit as a pilot program to work alongside the current Nuisance Abatement/Revocations Unit within the Office of the Zoning Administrator (OZA).

This Unit will expand the scope of work within the OZA to include enforcement of condition compliance of discretionary actions granted by the Zoning Administrator. Currently, the Department only enforces conditions on a complaint basis, as part of the nuisance abatement process. Establishing this new unit will provide for proactive enforcement of the conditions of operation for businesses which were required as part of the approval of their conditional use permits.

This pilot program will be established with a core staffing of three employees, a City Planning Associate (CPA), a Structural Engineering Associate (SEA), and a Senior Clerk Typist. The CPA and SEA will lead the effort to identify businesses which are not or may not be in compliance with the conditions of operation imposed on them, for example hours of operation, parking requirements, documentation, subsequent plan approval filing, required signage, etc. Once these businesses have been identified, they will be notified that they are out of compliance and instructed to attain compliance by either adhering to the conditions imposed or filing an application for amendment of those conditions.

The Structural Engineering Associate will add a very valuable skill and background for this unit, providing a trained eye to evaluate compliance with conditions of approval regarding the physical structures of the businesses in the program. Without this expertise, the Condition Compliance Unit would only be able to focus on operational and filing requirements, missing out on a very important aspect of condition compliance.

The Senior Clerk Typist will be responsible for completing the required notifications, maintaining records on identified businesses, and tracking compliance efforts and success. Without clerical support, much of the staff time spent by the CPA and SEA would be on documentation, status logging, and record keeping, meaning less time in the field and less time on actual condition compliance field work. As a crucial part of this pilot program, the Senior Clerk Typist will also be tasked with documenting the success of the pilot, in order for Management to evaluate whether to continue the program into future years.

A significant amount of overtime will also be required, as some of the most contentious conditional use permits are for businesses operating mainly outside normal business hours.

Condition Compliance Unit

9. RESOURCES REQUIRED NEXT FISCAL YEAR:

Account 1010 – Salaries (with 1% salary savings) **\$232,580**

- 1 – City Planning Associate @ \$88,406
- 1 – Structural Engineering Associate @ \$86,193
- 1 – Senior Clerk Typist @ \$60,330

Account 1090 – Overtime **\$ 28,000**

Approximately 4 hours per week for 2 employees @ \$65/ hour
Additionally, some overtime may be required for public hearings

Account 6010 – Office and Administrative Expense **\$ 16,185**

- 3 – Supplies @ \$430 each
- 3 – Ergonomic Chair @ \$275 each
- 3 – File Cabinet, 4-Drawer Legal @ \$220 each
- 3 – 4-Shelf Bookcase @ \$300 each
- 3 – Standard Software Package @ \$610 each
- 3 – Standard Desktop Personal Computer @ \$1,400 each
- 2 – Smart Phones with monthly service plans @ \$1,040 each
- 1 – Color Laser Printer (Hardware) @ \$4,400

13. REVENUE:

The potential revenue resulting from this program is significant. The main source of revenue is from Plan Approval and Condition Use Permit filings by business operators who were required to file these applications but have not. The Plan Approval application fee is \$5,754, and the Conditional Use Permit (CUP) fee for alcohol and entertainment is \$6,459. Under this pilot program, one of the focuses of the unit will be identifying businesses which have not complied with their Plan Approval requirements and notifying them that they need to file or they will be found out of compliance and their permit to operate may be subject to revocation. In addition, many CUP's are approved with expiration dates. Businesses operating past their CUP expiration date without filing a new application would also be subject to revocation proceedings.

If businesses choose not to comply with their conditions of approval, they can be forwarded into the revocations process, which carries significantly higher fees, resulting in additional revenue to the City. The imposition of Conditions fee required at this point in the process is currently \$26,680. Revocation Plan Approvals filed subsequent to Revocation hearings are billed on a case-by-case basis for full-cost recovery, and often end up costing more than \$30,000.

Because these revenues are based on the decisions of individual business owners, it is very difficult to estimate how many will comply with their filing requirements. However,

Condition Compliance Unit

considering the incentive to file (with much higher fees and possible revocation if they don't) it is hoped that most will chose to comply. If this pilot program is successful in encouraging businesses to file their required applications, that additional fee revenue should be more than enough to reimburse the City for the cost of the program. This cost-recovery is another aspect of the pilot that will be evaluated.

14. OUTCOME:

A Condition Compliance Unit will benefit the entire City and will serve multiple purposes. The Unit will focus on Planning Condition violations and, over a period of time, serve as a pro-active compliance tool to ensure that the many conditions placed on businesses to benefit their communities are followed.

This pilot program will address Conditions related but not limited to business hours of operation, serving and dispensing of alcoholic beverages both on-site and off-site, applicant/business operators responsibility to maintain the site and adjacent area free of litter; signs posted in English, no loitering or public drinking, and providing required parking in compliance with the Los Angeles Municipal Code and the Department of Building and Safety; be responsive to the needs of residents within the City's 15 Council Districts; eliminate potential public nuisance impacts caused by a particular use which is operating in an improper manner resulting from a violation of Planning Conditions; assist the business owner/operator with condition compliance by requiring Standardized Training for Alcohol Retailers (STAR Training) for all employees serving alcoholic beverages and the owner/operator covenant recorded with the County Recorder's Office agreeing to comply with all terms and Conditions; assist communities in the preservation and revitalization of neighborhoods in the enforcement of zoning violations and further the goals of the Citywide General Plan Framework which seeks to assure a healthful and safe living environment and improve the quality of life and opportunities for all residents and business owners.

As this is envisioned as a pilot program, a main focus of this first year would be program evaluation. To this end, the success of the Unit will be evaluated toward the end of the next fiscal year based on cases opened, business responses, compliance rates achieved, case applications filed, and revenue generated.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 77

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the Department's arson closure rate; what is the basis for this and how is it compared to other municipalities

Subject: **FIRE DEPARTMENT - ARSON CLOSURE RATE; WHAT IS THE BASIS FOR THIS AND HOW DOES IT COMPARE TO OTHER MUNICIPALITIES**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the arson closure rate, its basis and how it compares to other municipalities. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120151

Question No.62

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

From: Brian L. Cummings, Fire Chief
Fire Department



Subject: **FIRE DEPARTMENT – QUESTION #62: REPORT BACK ON THE DEPARTMENT’S ARSON CLOSURE RATE; WHAT IS THE BASIS FOR THIS AND HOW IS IT COMPARED TO OTHER MUNICIPALITIES**

The Arson/Counter Terrorism Section (ACTS) closure rate is projected to be 35% in FY 11-12 on cases assigned and worked by Arson Investigators. This percentage rate comes from cases that are investigated and were cleared by other or cleared by arrest by the ACTS.

- **Cleared by Arrest**
 - There is an arrest of at least one suspect in a case and charges are filed either by the District Attorney's Office or the City Attorney's Office.
 - A suspect is arrested on an arrest warrant for an arson crime that occurred in the City.
 - Citation with a date for court.

- **Cleared Other**
 - District Attorney/City Attorney rejects other than those rejected for further investigation.
 - Cases in which there is at least one identified/known suspect, the suspect's location is known, but circumstances prevent arrest and prosecution of the offender. Examples: suspect dies before arrest can occur, suspect incarcerated/institutionalized indefinitely, prosecutor declines to file charges due to suspect's mental illness.
 - Juveniles that are referred to an outside agency, referred to a fire setting program, or are counseled and released.

Ours sections uses cleared by arrest and cleared by other for closures. However not all agencies use the same categories. These are all examples of the arson fires that are investigated due to having suspects, witnesses, and evidence available. Many cases have no further information available to continue the investigation.

The Department used the Houston Texas Fire Department as a benchmark due to the fact that they have a similar business model as the LAFD. Our closure rate is approximately the same. Most small cities in Southern California have fire companies that perform the cause and origin, then have the local law-enforcement agency follow-up for the criminal investigation. The LACo Fire Department splits their duties between The Fire Department and LACo Sheriff's Department.

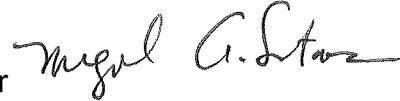
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 78

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Ability to increase hiring to devote resources to enforce specific violations

Subject: **ADDITIONAL PART-TIME TRAFFIC OFFICERS TO ENFORCE SPECIFIC VIOLATIONS**

Your Committee requested a report back from the Department of Transportation relative to increasing the size of the enforcement officer force by hiring more part-time traffic officers and if these additional officers can be used to enforce specific violations (ie, handicap violations).

Attached is the Department's response to this report. This memorandum is informational only. There is no fiscal impact.

MAS:IR:0610093


Question No. 281

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair

From: 
Jaime de la Vega, General Manager
Department of Transportation

Subject: **Questions for Departments Submitted in Writing (Transportation)**

QUESTION

If we increase the size of the enforcement officer force by hiring more PTOs, can we devote a significant contingent of officers to enforcement against specific violations (i.e. those who park in handicapped spaces without the appropriate placards)?

RESPONSE

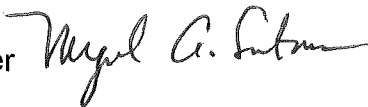
The hiring of additional PTO staff could enable the redeployment of some officers to focus enforcement efforts on specific types of violations (directed patrol/enforcement). Part-time officers would not be able to conduct "placard stings". At this time, the Department is not able to determine the exact number of officers that could be redeployed to perform the enhanced enforcement for disabled parking violations. The existing department infrastructure and currently available equipment will only support the hiring of 50 additional PTOs at a maximum.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 79

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on the feasibility of creating an enterprise fund for the Development Services Program

Subject: **BUREAU OF ENGINEERING – CREATING AN ENTERPRISE FUND FOR THE DEVELOPMENT SERVICES PROGRAM**

Your Committee requested this Office to report back on the feasibility of creating an enterprise fund for the Bureau of Engineering's Development Services Program.

The Development Services Program reviews plans and issues fee supported permits for private development and infrastructure improvement projects within the public right-of-way. The Proposed Budget includes \$17.22 million in funding (\$6.78 million for direct costs and \$9.00 million for indirect costs) and 72 positions to support the Development Services Program and includes \$8.17 million in revenue from fees collected at the public counters.

The National Council on Governmental Accounting Statement No. 1 defines the purpose of enterprise funds as "to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that all of the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges." The Development Services Program is not a full cost recovery program and requires a General Fund subsidy as many of its services are not fee supported such as answering phone calls on permit questions. To create an enterprise fund and comply with the City's Financial Policies, which state that "enterprise funds are expected to derive 100 percent of their revenue from charges, user fees, and interest", significant fee increases are required to achieve full cost recovery. These fee increases could deter constituent access to government services and increase the number of non-permitted projects, which would increase noncompliance.

Given the narrow and limited purpose of enterprise funds and the potentially negative impacts on the development community, and in light of the City's need to preserve financial flexibility by ensuring that revenue that would otherwise be deposited into the General Fund not be segregated away from the General Fund, no new enterprise funds are recommended at this time.

MAS:WKP:06120082

Question No. 128

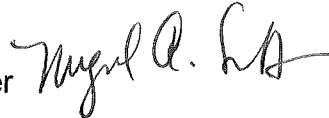
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 80

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: CAO to report with regard to how an additional appropriation of \$100,000 can be programmed into the proposed budget to be used on an as-needed basis

Subject: **CITY ETHICS COMMISSION – ADDITIONAL APPROPRIATION FOR AS-NEEDED STAFF**

The Budget and Finance Committee requested a report back on how an additional appropriation of \$100,000 can be programmed for as-needed staffing support.

The Department anticipates utilizing as-needed staff for the 2013 Municipal Elections to be used primarily for processing and auditing Campaign Matching Trust Fund claims. The timeframe for this peak workload demand will occur from November 2012 through June 2013.

The Department is provided an annual appropriation of \$250,000 for the hire of a Special Prosecutor, if needed. The Department has utilized these funds in prior years to address departmental budgetary shortfalls. Absent the need to hire a Special Prosecutor or other budgetary savings, the Department could utilize these funds for this purpose with a transfer to the As-Needed Salary Account through the Financial Status Report process. The Department does not anticipate the need to hire a Special Prosecutor at this time and has no other savings that could be utilized.

MAS:dmr:04120144c

Question No. 243

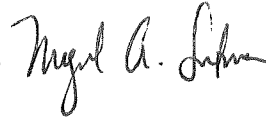
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 81

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Question 106 – Report back on the status of revenue producing or economic development ordinances

Subject: **CITY ATTORNEY – STATUS OF REVENUE PRODUCING OR ECONOMIC DEVELOPMENT ORDINANCES**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on the status of revenue producing or economic development ordinances.

MAS:MBC:04120134

Question No. 106

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 106 – City Attorney to report back on the status of revenue producing or economic development ordinances.

This Office gives high priority to revenue producing and economic development ordinances to the best of our ability given limited resources and numerous demands. We would be happy to address questions about specific ordinances.

W. R. Mangum

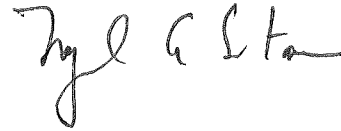
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 82

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the circumstances that led the LAPD to no longer provide security services for MTA (Metro) Transit System

Subject: **LOS ANGELES POLICE DEPARTMENT MTA SECURITY**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) to report back on the circumstances that led the LAPD to no longer provide security services for the Metropolitan Transportation Authority (MTA). Below is the Department's response:

The MTA security contract was obtained through a Request for Proposal (RFP) process. The LAPD competed through the RFP process and was awarded the contract in the middle 1990's. The LAPD provided services during the duration of the contract and were asked to compete again in 2002 when contract went out to bid. During the RFP process in 2002 the Los Angeles Sheriff's Department was awarded the contract.

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120126c

Question No.74

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 83

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the status of the City's plan to upgrade infrastructure, the timeline and ongoing impact this will have on the General Fund.

Subject: **INFORMATION TECHNOLOGY AGENCY – INFRASTRUCTURE**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the ongoing efforts to upgrade the City's technology infrastructure. The Department's response is attached.

MAS:MAF:11120027c

Question No.91

City of Los Angeles
California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverley Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 4, 2012

REF: ASB-089-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #91**
STATUS OF NETWORK EQUIPMENT REPLACEMENT PROJECT

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, ITA was asked to report back on the status of the multi-year Network Equipment Replacement project which the Mayor's budget proposes to fund with \$1M in MICLA for FY 2012-13. The project entails replacing the obsolete routers and switches that comprise the City's data and phone network. This would be the fifth year of funding for this on-going project. In the four previous years, the Department received a total of \$6.4M for this work and anticipates that when this additional \$1M is spent, we will have replaced 80% of all the equipment.

For a segment of our equipment, we are able to use equipment from a vendor that offers free life time maintenance. With this arrangement, we avoid having to purchase replacements because when one becomes defective, we get a replacement free. This savings has already been factored into the ITA budget in FY 2011-12 in that we reduced the Communication Services account 9350 by \$68,000 for communications maintenance. Since the equipment available under this contract cannot be universally applied to the City's infrastructure, we cannot foresee additional savings.

Moreover, the current pace of this replacement cycle really just allows the City to keep up with the useful life of technology; shortly after completion, we will need to begin replacing the first year equipment not under the above lifetime warranty.

The greatest benefit of this project is improved and expanded network capacity to allow for VoIP, video conferencing, video surveillance, and other high band-width uses.

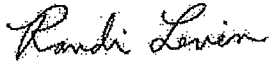


An Equal Employment Opportunity – Affirmative Action Employer



Honorable Councilmember Paul Krekorian, Chair
May 4, 2012
Page 2

Respectfully submitted,



Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

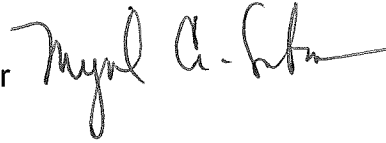
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 84

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back with a copy of the Frequently Asked Questions (FAQ) provided by the Department of Finance (DOF) relative to the transfer of housing assets.

Subject: **HOUSING – REPORT BACK WITH A COPY OF THE DEPARTMENT OF FINANCE’S HOUSING FREQUENTLY ASKED QUESTIONS**

During its consideration of the Los Angeles Housing Department (LAHD) 2012-13 Proposed Budget, the Committee asked LAHD to provide a copy of the Frequently Asked Questions (FAQ) disseminated by the State Department of Finance (DOF) relative to the transfer of the housing assets from the former Community Redevelopment Agency. Attached is the Department’s response. It includes copies of the following documents:

1. DOF – Housing FAQ;
2. Letter from LAHD to DOF dated April 18, 2012, regarding Defining Housing Assets;
3. Letter from the Counsel to the Mayor, City Administrative Officer and Chief Legislative Analyst to the Chief Executive Officer of The Designated Local Authority and successor to the former Community Redevelopment Agency of Los Angeles (DLA) dated April 18, 2012, regarding the Demand for Transfer of Housing Assets Including the Entire Housing Loan Portfolio; and,
4. Response from the DLA to the City dated April 23, 2012, regarding the Demand for Transfer of Housing Assets.

This memorandum is informational purposes only. There is no fiscal impact.

MAS:AS:02120140

Question No. 234

Attachments

Department of Finance – Housing Frequently Asked Questions

Q. Is the low and moderate income housing set-aside required or an enforceable obligation under AB X1 26?

A. The low-moderate income housing set-aside is not a continuing obligation. Thus payments that would have been made into the fund in the future had the redevelopment agency continued to exist should not appear on the Recognized Obligation Payment Schedule (ROPS). While redevelopment agencies may have deposited property tax into their Low and Moderate Income Housing Fund (Low-Mod Fund) prior to February 1, 2012, no new obligations should have been made against those funds after June 29, 2012. Funds which would have been deposited into the Low-Mod Fund to pay for enforceable housing obligations, such as payments for housing bond debt service, should be placed on the ROPS.

Q. Do the housing assets transferred to the sponsoring agency or local housing authority include funds or other monetary assets in the Low and Moderate Income Housing Fund?

A. Unencumbered funds in the Low and Moderate Income Housing Fund are specifically provided to the taxing agencies for distribution as property tax in Section 34176. Funds that are encumbered by enforceable obligations may be retained by the successor agency to satisfy those obligations. With approval of the oversight board, both obligations and funds to satisfy them may be transferred to the housing successor. The definition of what is an enforceable obligation for housing is the same as it is for all other obligations of the former redevelopment agency. For example, plans, resolutions, project designations, or other acts of the agency proposing to construct, buy, lease, or remodel housing, that were not specifically contracted for with an external party prior to June 29, 2011 are not enforceable obligations. No obligations should have been created against the low-moderate housing fund after June 29, 2011.

Q.. For purposes of AB X1 26, what is a housing asset that can transfer to the housing successor?

A. Housing assets to be transferred to the housing successor agency must be approved by the oversight board and thus are also subject to review by Department of Finance. In our view, housing assets are:

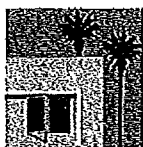
1. Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences (such as furniture and appliances) that was acquired for housing purposes (either by purchase or through a loan) in whole or part with funds from the Low and Moderate Income Housing Fund (Low-Mod Fund) or housing acquired with the other funds of the redevelopment agency. The share of the asset value that should be considered housing assets should be proportionate to the share of ownership of the asset that is held by the successor agency or if ownership shares are not defined by contract, in proportion to funding provided by the redevelopment agency in proportion to the total funding for the project.
2. Any funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing as low and moderate income housing are

defined by the Community Redevelopment Law. For this purpose, an enforceable obligation is defined the same way it is for AB X1 26 generally.

3. A stream of repayments from a loan of Low-Mod Fund money, if the repayments are encumbered by enforceable obligations to provide low-mod housing or for enforceable obligations associated with low-mod housing. Otherwise they are surplus funds that should be provide to taxing agencies.
4. A stream of rents or other payments from housing tenants or operators of low-mod housing that are enforceably obligated to provide low-mod housing or for enforceable obligations associated with low-mod housing. Thus money not contractually pledged for maintenance, operation, rent subsidy, or other specific purposes associated with the low-mod housing is surplus and should be provided to the taxing agencies.

We expect that most low-mod housing acquired with redevelopment funds will have long-term or permanent affordability covenants on it and thus will have little or no market value. While we expect that most housings built or acquired with low-mod funds will have long-term restrictions on rents and sales from other financing involved in the projects, there may be instances where this is not the case. If the redevelopment agency had sole title to the housing and the housing successor converts the housing to market rate rental or sells or otherwise generates money from the property, the funds derived from that transaction would also be a housing asset.

We also expect that some projects involving housing are mixed use and could include governmental-use property, commercial property, market rate housing, and housing that meets the Community Redevelopment Law definition of low-mod housing. While we would expect that significant amounts low-mod funds were not used to acquire commercial property or governmental-use property per se, there could be situations where title to the various types of properties is in the name of the redevelopment agency but the value (either of sales of assets or revenue streams should be apportioned between the low-mod fund and other funders, including the redevelopment agency general fund. Such assets may transfer to the housing successor only with approval of the oversight board. It may be preferable that these assets continue to be held and managed by the successor agency to the redevelopment agency.



Los Angeles Housing Department
LAHD

OFFICE OF THE GENERAL MANAGER

1200 West Seventh Street, 9th Floor, Los Angeles, CA 90017
tel 213.808.8808 | fax 213.808.8616
lahd@city.org



Antonio R. Villaraigosa, Mayor
Rushmore D. Cervantes, Interim General Manager

April 18, 2012

Ana Matosantos
Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Re: Defining "Housing Assets" Under ABx1-26

Dear Director Matosantos:

We write to challenge the Department of Finance's interpretation of the term, "housing assets," in a state statute, Assembly Bill ("AB") x1-26.

The problem with Finance's interpretation is how it treats the stream of repayments from loans made to develop low and moderate income ("low-mod" or "affordable") housing. Finance interprets "housing assets" to include this income stream only "if the repayments are encumbered by enforceable obligations to provide low-mod housing. Otherwise they are surplus funds that should be provided to the taxing agencies."¹ We strongly disagree. The language of the statute, prior interpretations of the statute by Finance (on which we relied), prior interpretation of the term by the State, and common sense all confirm that "housing assets" to be retained by the City under Section 34176 of ABx1-26 include the loan repayment stream, encumbered or not.

For decades the City of Los Angeles has promoted the development of affordable housing through a variety of tools. Among other things, the City has loaned money to private developers to build low-mod housing. A substantial number of these loans were made by the City's local redevelopment agency, the Community Redevelopment Agency of Los Angeles ("CRA/LA"). The program has been a success. Today the City is home to more than 23,000 units of affordable housing previously created by the CRA/LA. Many of these units are subject to loans that are being repaid. These loan repayments come from housing. The City plans to use these loan repayments to help it continue to promote affordable housing by, among other things:

- enforcing covenants on more than 28,000 existing housing units for up to 55 years;
- managing affordable housing loans on more than 450 projects, both finished and under construction, for upwards of 30 years;

¹ Department of Finance – Housing Frequently Asked Questions, http://www.dof.ca.gov/assembly_bills_26-27/documents/RDA_Web_Page_Housing_FAQs-2.pdf (last visited April 11, 2012).

- managing affordable housing loans on nearly two dozen projects now in pre-development, worth more than \$50 million; and
- supporting additional construction of affordable housing projects.

When the state legislature enacted ABx1-26, it aimed to abolish local redevelopment agencies. It also, however, determined to leave the affordable housing assets and functions of those agencies intact. The legislature gave the City and other localities the option to retain these housing assets and functions, and thereby stay in the business of promoting affordable housing. The City of Los Angeles did just that. On January 25, 2012, it formally elected to retain the housing assets held and functions previously performed by the CRA/LA. In electing to retain these "housing assets and functions," the City retained the right to continue to receive the loan repayment stream on low-mod loans, whether repayments are encumbered or not. This conclusion is compelled by:

- *The plain language of ABx1-26.* There is no dispute that the loans at issue were made to promote housing and that they are being repaid from housing. The statute states that when a city elects to "retain the housing assets and functions" previously held and performed "by the redevelopment agency," "all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city." Cal. Health & Safety Code § 34176(a).
 - There is no restriction on the term "housing assets." Rather, the statute makes clear that it includes "all rights." It does *not* say, "all rights, *except* the right to receive unencumbered loan repayments."
 - Further, ABx1-26 broadly defines the term, "assets." It bars redevelopment agencies from disposing of "assets, including but not limited to, real property, deeds of trust, and mortgages held by the agency, moneys, accounts receivable, contract rights, and proceeds of insurance claims, grant proceeds, settlement payments, rights to receive rents, and any other rights to payment of whatever kind." Cal. Health & Safety Code § 34163(d)(1) (emphasis added).
 - Nor is there any restriction on the term "housing . . . functions previously performed by the redevelopment agency." Cal. Health & Safety Code § 34176(a). It does *not* say "all functions, except the continued collection of unencumbered loan repayments." The CRA/LA collected housing loan repayments before the enactment of ABx1-26. A plain reading of the statute shows that the City may continue to perform this housing function.
- *Another section of the redevelopment law that requires that low-mod loan repayments be reused only for housing purposes.*
 - California Health and Safety Code Section 33334.3 states that interest and repayments to the Low and Moderate Income Housing Fund ("LMIHF") may only be used for housing purposes. "It is the intent of the Legislature that the Low and Moderate Income Housing Fund be used *to the maximum extent possible* to defray the costs of production, improvement, and preservation of low- and moderate-income housing." *Id.* at 33334.3(d) (emphasis added). ABx1-26 did *not* repeal this section of the redevelopment law.
 - This restriction on use demonstrates that the stream of housing loan repayments is "encumbered by enforceable obligations to provide low-mod housing." In other words,

even if the City were to accede to Finance's erroneous interpretation of ABx1-26, the City is still entitled to this income stream. ABx1-26 defines "enforceable obligation" to include "obligations imposed by state law." Cal. Health & Safety Code § 34171(d)(1)(C). By statute the legislature has encumbered the income stream by an enforceable obligation to provide low-mod housing. Even by Finance's own faulty reasoning, that money belongs to the City.

- o Additionally, LMIHF money belongs to the City. ABx1-26 states that the "oversight board shall direct the successor agency" to: Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176." California Health and Safety Code Section 34181(c). Section 34176 is in turn the statutory basis for the City's election to "retain the housing assets and functions" of the former CRA/LA. Proceeds of retained housing assets were not intended for redistribution to the taxing entities.
- o Even if ABx1-26 were erroneously interpreted to require amounts on deposit in the LMIHF to be transferred to the county auditor-controller at the time ABx1-26 went into effect, future deposits and balances would still be owed to the City as "housing assets." Upon a city's election to retain housing assets, section 34176(a) of ABx1-26 only excludes "any amounts on deposit in the Low and Moderate Income Housing Fund." Cal. Health & Safety Code § 34176(a). See also Id. § 34177(d) (directing successor agencies to remit to the county auditor-controller the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency). It does *not* say "and any *future* balances." The future proceeds of retained housing assets are considered housing assets themselves.
- *The Department of Finance's earlier interpretation of "housing assets," on which we reasonably relied in deciding to retain them.* On January 23, 2012, other representatives from the City and I spoke with Pedro Reyes, Chief Deputy Director of Policy, California Department of Finance to raise questions the City had regarding the elimination of Redevelopment Agencies and what it would mean to the City if it opted to retain the housing assets and functions previously held by the CRA/LA. I specifically asked about the retention of the loan portfolio proceeds. Mr. Reyes indicated the succeeding housing entity would retain all housing loan portfolio proceeds, for any purpose, including housing administration and program development purposes. The Department of Finance is estopped from changing its interpretation.
- *Prior definition of the term, "housing assets," by the State of California.* The California Department of Housing and Community Development is required under the Community Redevelopment Law to report on the activities of all local redevelopment agencies throughout the state. The Department has long required redevelopment agencies to report "Details of Housing Fund Assets," which as interpreted by the Department include "Housing Loans Receivable" and "Residual Receipt Loans Receivable."² A housing loan receivable or a residual receipts loan receivable is nothing more – and nothing less – than the right to loan repayment streams. The state is estopped from changing its interpretation.

² "Fiscal Year 2009-2010 Housing Activities of California Redevelopment Agencies," http://www.hcd.ca.gov/hpd/rda/09-10/ex_c2_09-10.pdf (last visited April 11, 2012).

- *Common sense.* Finance's interpretation would allow the City to retain the repayment stream only "if the repayments are encumbered by enforceable obligations to provide low-mod housing." Those repayment streams are, however, variable and uncertain on a year-to-year basis. Finance may be referring to private obligations, as opposed to obligations publicly imposed by statute. If so, it would have made no sense for a former Redevelopment Agency (RDA) to contractually obligate uncertain funding streams such as loan repayments for any project until the amount owed had actually been paid.
- *Practical reality.* Also – and importantly – without the income stream provided by the loan portfolio, the City's capacity to maintain and promote expansion of affordable housing would be severely compromised. The City has relied on this stream to fund a number of activities, including enforcement of covenants to maintain low-mod housing, and making new loans on low-mod housing projects. If that repayment stream were unavailable, the City would be forced to replace that money or go forward with a weakened affordable housing program.

Finance's erroneous interpretation of "housing asset" was published on its website in a document entitled, "Department of Finance – Housing Frequently Asked Questions."³ We request that Finance change its interpretation as described above. "Housing assets," which the City has elected to retain under the provisions of Section 34176 of ABx1-26, includes the right to the loan repayment stream on low-mod loans, whether repayments are encumbered or not. We ask that Finance affirmatively respond to this letter in writing no later than April 27, 2012, so that we may take appropriate steps to protect the City's interests in this matter. Those steps may include, for example, seeking a judicial interpretation and/or rescinding the City's election to retain the housing assets held and functions performed by the CRA/LA. The City may have additional arguments to support its claim. Accordingly, this request is made without prejudice to the City expanding on these arguments or making new arguments in the future, in any forum.

Sincerely,



RUSHMORE D. CERVANTES
Interim General Manager

cc: Honorable Jerry Brown, Governor, State of California
Honorable Antonio Villaraigosa, Mayor, City of Los Angeles
Honorable Tony Cardenas, Chair, LA City Council Committee on
Housing, Community & Economic Development
Christine Essel, Chief Executive Officer, CRA/LA Designated Local Authority
Linn Warren, Director, Department of Housing and Community Development
Claudia Capplo, Executive Director, California Housing Finance Agency
Pedro Reyes, Chief Deputy Director of Policy, Department of Finance

³ http://www.dof.ca.gov/assembly_bills_26-27/documents/RDA_Web_Page_Housing_FAQs-2.pdf (last visited April 11, 2012).



OFFICE OF THE MAYOR
ANTONIO R. VILLARAIGOSA

April 18, 2012

Ms. Christine Essel, Chief Executive Officer
CRA / LA,
The Designated Local Authority and successor to the former Community
Redevelopment Agency of Los Angeles
1200 W. 7th Street, 5th Floor
Los Angeles, CA 90017

Re: Demand for Transfer of "Housing Assets" Including the Entire Housing Loan
Portfolio

Dear Ms. Essel:

We write to request and demand that the CRA/LA, the Designated Local Authority and successor to the former Community Redevelopment Agency of Los Angeles ("DLA"), in conformity with its obligations under Assembly Bill x1-26, begin the process of transferring all "housing assets" retained by the City of Los Angeles Housing Department ("LAHD"). In particular, we ask that the DLA:

- immediately execute a master assignment of the entire housing loan portfolio from the DLA to LAHD; and
- confirm that the DLA interprets the term, "housing assets," to include all housing loan repayment streams, *whether encumbered by enforceable obligations to provide low-mod housing or not.*

The DLA's obligation to effectuate the transfer of all "housing assets" is a ministerial duty of the DLA and does not require Oversight Board approval. As you know, the California Department of Finance ("Finance" or "DOF") recently posted on its website a document that purports to interpret the term, "housing assets," as used in ABx1-26. Finance reads the term to include the repayment streams from loans made to support affordable housing *only "if they are encumbered by enforceable obligations to provide low-mod housing."* We believe this interpretation is wrong. We request that you promptly inform us whether the DLA (1) agrees with the Finance's interpretation or (2) agrees with the City that "housing assets" includes all housing loan



Ms. Christine Essel
April 18, 2012
Page 2

repayment streams, whether encumbered by enforceable obligations to provide low-mod housing or not.

This issue is important and should be resolved immediately. DLA staff acknowledged the controversy in a report recently issued to your governing board. The report states:

DOF has advised the CRA/LA to continue maintaining responsibility for managing and servicing the entire CRA/LA Loan Portfolio and process all proceeds generated, net of costs to manage the portfolio, from any loan repayments back to the taxing entities. It should be noted that the City does not concur with this recommendation, and further believes that the loan portfolio and all loan proceeds generated from Low/Mod funded loans should be considered housing assets to be transferred to the LAHD.¹

As you know, Finance interprets "housing assets" to include the housing loan portfolio income stream only "if the repayments are encumbered by enforceable obligations to provide low-mod housing. Otherwise they are surplus funds that should be provided to the taxing agencies."² We strongly disagree. The language of the statute, prior interpretations of the statute by Finance (on which we relied), prior interpretation of the term by the State, and common sense all confirm that "housing assets" to be retained by the City under Section 34176 of ABx1-26 include the loan repayment stream, encumbered or not.

For decades the City of Los Angeles has promoted the development of affordable housing through a variety of tools. Among other things, the City has loaned money to private developers to build low-mod housing. A substantial number of these loans were made by the City's local redevelopment agency, the Community Redevelopment Agency of Los Angeles ("CRA/LA"). The program has been a success. Today the City is home to more than 23,000 units of affordable housing previously created by the CRA/LA. Many of these units are subject to loans that are being repaid. These loan repayments come from housing. Going forward, the City plans to use these loan repayments to help it continue to promote affordable housing by, among other things:

¹ Report to the Governing Board on Status of Housing Functions and Transfer of Housing Assets, Functions and Obligations to the Los Angeles Housing Department (LAHD), April 19, 2012, at p. 4.

² Department of Finance – Housing Frequently Asked Questions, http://www.dof.ca.gov/assembly_bills_26-27/documents/RDA_Web_Page_Housing_FAQs-2.pdf (last visited April 11, 2012).

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April 18, 2012
Page 3

- enforcing covenants on more than 28,000 existing housing units for up to 55 years;
- managing affordable housing loans on more than 450 projects, both finished and under construction, for upwards of 30 years;
- managing affordable housing loans on nearly two dozen projects now in pre-development, worth more than \$50 million; and
- supporting additional construction of affordable housing projects.

When the state legislature enacted ABx1-26, it aimed to abolish local redevelopment agencies. It also, however, determined to leave the affordable housing assets and functions of those agencies intact. The legislature gave the City and other localities the option to retain these housing assets and functions, and thereby stay in the business of promoting affordable housing. The City of Los Angeles did just that. On January 25, 2012, it formally elected to retain the housing assets held and functions previously performed by the CRA/LA. In electing to retain these "housing assets and functions," the City retained the right to continue to receive the loan repayment stream on low-mod loans, whether repayments are encumbered or not. This conclusion is compelled by:

- *The plain language of ABx1-26.* There is no dispute that the loans at issue were made to promote housing and that they are being repaid from housing. The statute states that when a city elects to "retain the housing assets and functions" previously held and performed "by the redevelopment agency," "all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city." Cal. Health & Safety Code § 34176(a).
 - There is no restriction on the term "housing assets." Rather, the statute makes clear that it includes "all rights." It does *not* say, "all rights, *except* the right to receive unencumbered loan repayments."
 - Further, ABx1-26 broadly defines the term, "assets." It bars redevelopment agencies from disposing of "assets, including but not limited to, real property, deeds of trust, and *mortgages* held by the agency, moneys, *accounts receivable*, *contract rights*, and proceeds of insurance claims, grant proceeds, settlement payments, rights to receive rents, *and any other rights to payment of whatever kind.*" Cal. Health & Safety Code § 34163(d)(1) (emphasis added).

- Nor is there any restriction on the term "housing . . . functions previously performed by the redevelopment agency." Cal. Health & Safety Code § 34176(a). The statute does *not* say "all functions, except the continued collection of unencumbered loan repayments." The CRA/LA collected
- housing loan repayments before the enactment of ABx1-26. A plain reading of the statute shows that the City retains this housing function.
- *Another section of the redevelopment law that requires that low-mod loan repayments be reused only for housing purposes.*
 - California Health and Safety Code Section 33334.3 states that interest and repayments to the Low and Moderate Income Housing Fund ("LMIHF") may only be used for housing purposes. "It is the intent of the Legislature that the Low and Moderate Income Housing Fund be used to *the maximum extent possible* to defray the costs of production, improvement, and preservation of low- and moderate-income housing." *Id.* at 33334.3(d) (emphasis added). ABx1-26 did *not* repeal this section of the redevelopment law.
 - This restriction on use demonstrates that the stream of housing loan repayments is "encumbered by enforceable obligations to provide low-mod housing." In other words, even if the City were to accede to Finance's erroneous interpretation of ABx1-26, the City is still entitled to this income stream. ABx1-26 defines "enforceable obligation" to include "obligations imposed by state law." Cal. Health & Safety Code § 34171(d)(1)(C). By statute the legislature has encumbered the income stream by an enforceable obligation to provide low-mod housing. Even by Finance's own faulty reasoning, that money belongs to the City.
 - Additionally, LMIHF money belongs to the City. ABx1-26 states that the "oversight board shall direct the successor agency" to: "Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176." California Health and Safety Code Section 34181(c). Section 34176 is in turn the statutory basis for the City's election to "retain the housing assets and functions" of the former CRA/LA. Proceeds of retained housing assets were not intended for redistribution to the taxing entities.

- Even if ABx1-26 were erroneously interpreted to require amounts on deposit in the LMIHF to be transferred to the county auditor-controller at the time ABx1-26 went into effect, future deposits and balances would still be owed to the City as "housing assets." Upon a city's election to retain housing assets, section 34176(a) of ABx1-26 only excludes "any amounts on deposit in the Low and Moderate Income Housing Fund." Cal. Health & Safety Code § 34176(a). *See also id.* § 34177(d) (directing successor agencies to remit to the county auditor-controller the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency). It does *not* say "and any *future* balances."
- *The Department of Finance's earlier interpretation of "housing assets," on which we reasonably relied in deciding to retain them.* On January 23, 2012, other representatives of the City spoke with Pedro Reyes, Chief Deputy Director of Policy, California Department of Finance to raise questions the City had regarding the elimination of Redevelopment Agencies and what it would mean to the City if it opted to retain the housing assets and functions previously held by the CRA/LA. LAHD's Rushmore Cervantes specifically asked about the retention of the loan portfolio proceeds. Mr. Reyes indicated the succeeding housing entity would retain all housing loan portfolio proceeds, for any purpose, including housing administration and program development purposes. The Department of Finance is estopped from changing its interpretation.
- *Prior definition of the term, "housing assets," by the State of California.* The California Department of Housing and Community Development is required under the Community Redevelopment Law to report on the activities of all local redevelopment agencies throughout the state. The Department has long required redevelopment agencies to report "Details of Housing Fund Assets," which as interpreted by the Department include "Housing Loans Receivable" and "Residual Receipt Loans Receivable."³ A housing loan receivable or a residual receipts loan receivable is nothing more – and nothing less – than the right to loan repayment streams. The state is estopped from changing its interpretation.

³ "Fiscal Year 2009-2010 Housing Activities of California Redevelopment Agencies," http://www.hcd.ca.gov/hpd/rda/09-10/ex_c2_09-10.pdf (last visited April 11, 2012).

Ms. Christine Essel
April 18, 2012
Page 6

- *Common sense.* Finance's interpretation would allow the City to retain the repayment stream only "if the repayments are encumbered by enforceable obligations to provide low-mod housing." Those repayment streams are, however, variable and uncertain on a year-to-year basis. Finance may be referring to private obligations, as opposed to obligations publicly imposed by statute. If so, it would have made no sense for a former Redevelopment Agency (RDA) to contractually obligate uncertain funding streams such as loan repayments for any project until the amount owed had actually been paid.
- *Practical reality.* Also – and importantly – without the income stream provided by the loan portfolio, the City's capacity to maintain and promote expansion of affordable housing would be severely compromised. The City will use this stream to fund a number of activities, including enforcement of covenants to maintain low-mod housing, and making new loans on low-mod housing projects. If that repayment stream were unavailable, the City would be forced to replace that money with funds from an unknown source or stop creating affordable housing.

In summary, we request that, in discharging your obligations under AB x1-26, you begin the process of transferring all "housing assets" retained by the City of Los Angeles Housing Department ("LAHD"). In particular, we ask that the DLA:

- execute a master assignment of the entire housing loan portfolio from the DLA to LAHD immediately; and
- confirm that the DLA interprets the term, "housing assets," to include housing loan repayment streams, *whether encumbered by enforceable obligations to provide low-mod housing or not.*

We ask that the DLA affirmatively respond to this letter in writing no later than April 27th, 2012, so that we may take appropriate steps to protect the City's interests in this matter. Those steps may include, for example, seeking a judicial interpretation and/or rescinding the City's election to retain the housing assets held and functions performed by the CRA/LA.

We believe that no action by the DLA governing board is required for the DLA to perform the actions we request. You have suggested otherwise. If you continue to believe that DLA board action is required for any of the requested actions, we ask that the board promptly schedule a special meeting for that purpose.



1200 W. 7th Street / Suite 200
Los Angeles / California 90017

T 213 977 1600 / F 213 977 1665
www.crala.org

City of Los Angeles
200 N. Spring Street
Los Angeles, CA 90012

Attn: Brian Currey Miguel Santana Gerry Miller
 Counsel to the Mayor Chief Administrative Officer City Administrative Officer

Re: Demand for Transfer of "Housing Assets"

Dear Messrs. Currey, Santana, and Miller:

This is in response to your April 18, 2012 letter wherein you request specific actions of the CRA/LA, a Designated Local Authority and Successor to the Community Redevelopment Agency of the City of Los Angeles (the "DLA"), including:

- Immediate execution of a master assignment of the entire housing loan portfolio to the City of Los Angeles Housing Department (LAHD).
- Confirmation whether the DLA agrees with the California Department of Finance's (DOF) identification of "housing assets," or if it agrees with the City of Los Angeles (City), that "housing assets" includes all housing loan repayment streams, whether encumbered by enforceable obligations to provide low-mod housing or not.

Furthermore, you ask that if I believe that formal action by the DLA Governing Board is required to comply with your requests, that a special meeting of the Governing Board be promptly scheduled. In the letter, you ask for an affirmative response in writing no later than April 27th, 2012.

It should be noted that as a public body, the staff of the DLA, including myself as CEO, do not act independently of its Governing Board.

As you may be aware, CRA/LA was copied on a separate letter from the Los Angeles Housing Department (LAHD), addressed to Ms. Ana Matosantos, DOF Director, challenging DOF's interpretation of what constitutes a "housing asset." This letter contains many of the arguments and positions expressed in your correspondence to the DLA, and much like your letter, the LAHD letter requests an affirmative response from the DOF by April 27, 2012.

In light of the fact that the City, through its Housing Department, has raised the same concerns to the DOF regarding the interpretation of "housing assets," the CRA/LA will await DOF's response before responding to your letter. This will, we believe, help avoid any unnecessary



confusion and sustain the ongoing spirit of cooperation and collaboration that CRA/LA staff and LAHD staff have demonstrated during the transition plan development process.

Sincerely,

Christine Essel, CEO

CRA/LA, a Designated Local Authority and Successor to the Community Redevelopment Agency of the City of Los Angeles

cc: Ana Matosantos, Director, California Department of Finance
Pedro Reyes, Chief Deputy Director of Policy, California Department of Finance
Nelson Rising, CRA/LA Governing Board Chair
Mee Semcken, CRA/LA Governing Board Vice Chair
Timothy McOsker, CRA/LA Governing Board Member

Ms. Christine Essel
April 18, 2012
Page 7

The City may have additional arguments to support its claim. Accordingly, this request is made without prejudice to the City expanding on these arguments or making new arguments in the future, in any forum.

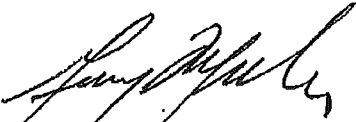
Very truly yours,



Brian Currey
Counsel to the Mayor



Miguel Santana
City Administrative Officer



Gerry Miller
Chief Legislative Analyst

cc.: Ana Matosantos, Director, California Department of Finance
Pedro Reyes, Chief Deputy Director of Policy, California Department of Finance
Nelson Rising, DLA Board Chair
Mee Semken, DLA Board Vice Chair
Timothy McOsker, DLA Board Member

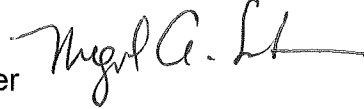
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 85

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how certain it is that all 223 personnel (sworn and civilian) from OPS will pass the updated background check and what is the plan if we lose some through this process.

Subject: **POLICE DEPARTMENT – OPS BACKGROUNDS**

During its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested the Department report back on the anticipated number of OPS employees that will pass an updated background check.

LAPD Response: It is anticipated that all OPS personnel will pass updated background checks. The Department will work with Personnel Department to identify employment options should an individual fail to pass the background process.

MAS:JLK:04120105

Question No.73

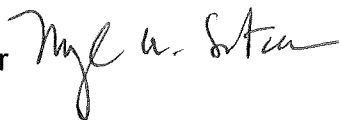
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 86

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on whether there are any legally mandated duties the 159 civilians currently perform

Subject: **LOS ANGELES POLICE DEPARTMENT LEGAL MANDATES**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) to report back on any legally mandated duties the 159 proposed deleted positions currently perform. Below is the Department's response:

Clerk Typists and Senior Clerk Typists conduct many legally mandated functions. If these layoffs proceed, it will be critical for the Department to implement the restructuring of the remaining Clerk Typist and Senior Clerk Typist positions to ensure compliance to the following mandates:

- State of California Department of Justice (CA DOJ) mandates outside agency access to LAPD reports;
- CA DOJ requires 24/7 staffing of the Watch Commander's Office for wants and warrants service and booking and identification information for detention and court purposes;
- CA DOJ requires all reports to be entered into the various criminal history systems for distribution to courts, prisons, attorneys, and law enforcement agencies. The courts mandate that all arrestees appearing in court have the paperwork related to their arrests;
- Timely data entry of vehicle information regarding stolen, impounded and repossessed vehicles into the Automated Vehicle and Property System;
- California Administrative Code, Section 6254 requires law enforcement agencies to provide copies of reports to victims;
- CA, DOJ mandates the data entry of sex and arson offender registration into the State offender databases, Violent Crime Information Network/California Sex and Arson Registry (VCIN/CSAR) and;
- CA DOJ mandates the submission of paperwork associated with narcotic offender registration.

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120125c

Question No. 71

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 87

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on status of back up generators including a list of generators citywide, its warranties, which department is responsible, how the duties of the 3 positions for heavy duty mechanics will be prioritized and breakdown of associated contractual services budget

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON BACK UP GENERATORS INCLUDING A LIST OF GENERATORS AND THE DUTIES OF 3 HEAVY DUTY MECHANICS AND ASSOCIATED CONTRACTUAL SERVICES BUDGET**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on status of back up generators including a list of generators citywide, its warranties, which department is responsible, how the duties of the 3 positions for heavy duty mechanics will be prioritized and breakdown of associated contractual services budget. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120156

Question No.83

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NO. 83
FOR THE 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested the Department of General Services report back with a list of backup generators maintained by the department, including information about the status of the generator warranties. Your Committee also requested information about how the duties of the heavy duty equipment mechanics will be prioritized and information about the associated contractual services budget.

Background: The 2012-13 Proposed Budget includes funding for three new heavy duty equipment mechanics along with hiring hall authority to maintain 221 emergency generators and 13 stationary emergency fire pumps installed in strategic locations throughout the City. In the event of a power outage, these generators provide electricity to continue essential operations including communications between Police, Fire, the Emergency Operation Center, emergency responders, and elected officials. The list of emergency generators that GSD maintains is attached.

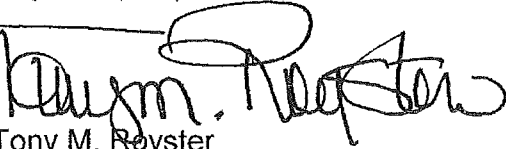
Heavy Duty Equipment Mechanic Responsibilities: These positions will be responsible for maintaining, repairing and testing the engines in the emergency generators and fire pumps throughout the City on a monthly basis. Each of these units must be started and "exercised" monthly to ensure that bearings do not seize in place, fuel pumps do not lose their prime and fuel does not become stale. In the event of emergencies, these positions will provide generator support where ever they are being used.

GSD also has responsibility for ensuring that electrical components in the generators are operative and received hiring hall funds to hire electricians for this purpose. A detailed schedule is being developed to ensure testing occurs on a monthly basis wherein priorities will given to critical sites such as ITA Communications, Pubic Safety, Fuel Stations and City Hall.

Emergency generators have a standard warranty of one year. The attached list shows that all the generators are past their warranty period except for one (Unit or Equipment number 99520).

Contractual Services: A total of \$71,000 is included in the contractual services account to provide for the annual filtration of 52 fuel storage tanks connected to the City's generators. The fuel in the storage tanks is usually only used during testing and occasionally in the event of a power outage. As a result, the fuel in these tanks is cycled at a much slower rate compared to a typical fuel storage tank. The fuel in these tanks must therefore be filtered annually to ensure that it does not go stale and fuel quality is maintained. Failure to do so could result in damaged, unworkable generators.

Should you have any questions or concerns, please contact Angela Sherick-Bright at (213) 928-9575.



Tony M. Royster
General Manager

Attachment

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG SIZE	SERIAL #	DESCRIPTION	WARRANTY
99059	DETRO	500	20	355376	GENER EMER	NO
99060	DETRO	500	20	355375	GENER EMER	NO
99061	DETRO	500	20	355523	GENER EMER	NO
99318	DELCO	Y146	7	6H58	GENER EMER	NO
90624	CAT	3306	10.5L	64Z30818	PUMP WATER	NO
90625	CAT	3306	10.5L	64Z30820	PUMP WATER	NO
90626	CAT	3306	10.5L	64Z30860	PUMP WATER	NO
90627	CAT	3306	10.5L	64Z30804	PUMP WATER	NO
90711	DETRO	DDFP	9	6VF188682	PUMP WATER	NO
90712	DETRO	DDFP	13.4L	6VF188699	PUMP WATER	NO
99004	DETRO	9163	40.0L	DD16E0010748	GENER EMER	NO
99005	DETRO	9163	24	DD16E0010746	GENER EMER	NO
99007	DETRO	9163	40.0L	DD16E0010744	GENER EMER	NO
99285	POW P	6150	7	2267170	GENER PORT	NO
99411	ONAN	OSX15-69	15L	6050811175	GENER EMER	NO
90523	CUMMI	V-504	504V8L	20238414	PUMP WATER	NO
90524	CUMMI	V-504	V8-504 L	20238413	PUMP WATER	NO
90713	CAT	3406C-D1TA	14L	6TB22387	PUMP WATER	NO
90729	CUMMI	12LD	855	260213MF	PUMP WATER	NO
90730	CUMMI	12LD	855 CU. IN	260212MF	PUMP WATER	NO
90731	CUMMI	12LD	855	260209MF	PUMP WATER	NO
90732	CUMMI	12LD	13.2	260208MF	PUMP WATER	NO
99015	ONAN	4OKC	1.5L	L890284599	GENER EMER	NO
99023	GENER	97A03148S	6.4L	2035347	GENER EMER	NO
99029	CAT	3512	52	5TDO0959	GENER EMER	NO
99034	KOHLE	400R	12.1L	320785	GENER EMER	NO
99036	KOHLE	60R0	3.9	320807	GENER EMER	NO
99037	KOHLE	400R	12.0L	320721	GENER EMER	NO
99039	KOHLE	400R	12.1	337875	GENER EMER	NO
99040	KOHLE	400R	12.1	337876	GENER EMER	NO
99041	KOHLE	400R	12.1	337877	GENER EMER	NO
99047	KOHLE	20R0	3.9	291762	GENER EMER	NO
99048	ONAN	25DL	3.4	A900296143	GENER EMER	NO
99049	KOHLE	20R0	3.9L	291752	GENER EMER	NO
99050	KOHLE	20R0	3.9	291758	GENER EMER	NO
99052	ONAN	65EN	7.7	C930503891	GENER EMER	NO
99054	GENER	93A0	6.4	AD-208796SRJ	GENER EMER	NO
99056	C. D.	3285	6.4L	AD208254SRH	GENER EMER	NO
99077	ONAN	125	4.1L	K840739956	GENER EMER	NO
99080	KOHLE	250R	9	320723	GENER EMER	NO

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG. SIZE	SERIAL #	DESCRIPTION	WARRANTY
99081	KOHLE	1326	9.1	320724	GENER EMER	NO
99088	CAT	SR4	51.8	6NA02917	GENER PORT	NO
99090	KOHLE	400R	12.1L	322181	GENER EMER	NO
99093	KOHLE	10R0	2	349121	GENER EMER	NO
99094	KOHLE	350R	12.1	362663	GENER EMER	NO
99112	ONAN	60DGCB	3.9	F940544704	GENER EMER	NO
99113	KOHLE	ROZJ61	3.9	32115	GENER EMER	NO
99114	KOHLE	450R	18	320762	GENER EMER	NO
99115	KOHLE	450R	18	321517	GENER EMER	NO
99116	KOHLE	450R	12	336174	GENER EMER	NO
99125	FAIRB	75A3	8	1957	GENER EMER	NO
99130	SPECT	250DS60	9.0L	386372	GENER EMER	NO
99134	CAT	3516TA	70	6HN00172/8DM00588	GENER EMER	NO
99145	CAT	3516TA	70	6HN00171/8DM00587	GENER EMER	NO
99147	CAT	3516TA	70	6HN00169/8DM00586	GENER EMER	NO
99148	ONAN	PYSB100UL	3.9L	5422462	GENER EMER	NO
99161	ONAN	500DFED	10.8L	L960626149	GENER EMER	NO
99162	ONAN	300DQDA	9.1	J980803344	GENER EMER	NO
99163	ONAN	100DGDB	5.9L	K980822218	GENER EMER	NO
99169	ONAN	100DGDB	5.9	K980822219	GENER EMER	NO
99173	ONAN	100DGDB	5.9	K980822217	GENER EMER	NO
99183	CAT	SR4B	70	TGM00516	GENER EMER	NO
99219	SPECT	800DS4	31.8L	5362001077	GENER EMER	NO
99220	SPECT	800DS4	31.8L	5362001072	GENER EMER	NO
99221	SYNER	80C	4.9L		GENER EMER	NO
99223	SYNER	80C	4.9L		GENER EMER	NO
99224	ONAN	230D	9.1	770970341	GENER PORT	NO
99235	CAT	SR4B	52L	4DM00688	GENER EMER	NO
99236	DETRO	800DS4	31.8L	678415	GENER EMER	NO
99237	DETRO	800DS4	31.8L	678416	GENER EMER	NO
99250	ONAN	750DF	30L	F010246391	GENER EMER	NO
99254	KOHLE	300REOVZ	12.1L	2003624	GENER EMER	NO
99255	KOHLE	180KW	N/A	PE606883475	GENER EMER	NO
99260	HMLIT	180R62	0.8	1H3040024	GENER PORT	NO
99263	DETRO	6045C	6.9	6A18587	GENER EMER	NO
99264	DETRO	6045C	6.9	6A19595	GENER EMER	NO
99267	ONAN	QST30-G1-NR1	N/A	E030505910	GENER EMER	NO
99268	ONAN	150K	5.9L	591230	GENER PORT	NO
99269	KOHLE	2DR0ZJ71	3.9L	320517	GENER EMER	NO
99271	CAT	SR4B	5	4LM00591	GENER EMER	NO

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG SIZE	SERIAL #	DESCRIPTION	WARRANTY
99272	CAT	SR4B	14.6	9DR00815	GENER EMER	NO
99274	KOHLE	250RE0ZV	12.7L	2077902	GENER EMER	NO
99275	ONAN	100DGDB	5.9L	K980820398	GENER EMER	NO
99276	ONAN	100DGDB	5.9	K980822220	GENER EMER	NO
99277	ONAN	230KW	14.0L	30114446	GENER EMER	NO
99278	ONAN	150KW	8.3L	45951425	GENER EMER	NO
99279	ONAN	100DGDB	5.9L	45776265	GENER EMER	NO
99280	ONAN	100KW	5.9L	4577016	GENER EMER	NO
99281	LAWLE	7123	13.2	12VA060484	GENER EMER	NO
99291	KOHLE	230RE02DB			GENER EMER	NO
99295	GENER	60KW	3.9L	2078288	GENER EMER	NO
99296	KOHLE	100KW	N/A	2042313	GENER EMER	NO
99297	GENER	180KW	7.25L	2078601	GENER EMER	NO
99299	ONAN	250DFAC	10	B980688505	GENER EMER	NO
99300	KOHLE	40R025-71	3.9L	371319	GENER EMER	NO
99301	ONAN	15DFAC	1.0L	E9827429161111111	GENER EMER	NO
99302	ONAN	250DFAC	10.0L	E980741206	GENER EMER	NO
99303	KOHLE	180R02D	5.9		GENER EMER	NO
99305	KOHLE	30ROZJ61	3.9	321004	GENER EMER	NO
99311	KOHLE	80RES			GENER EMER	NO
99316	ONAN	150R	2.5L	K810596748	GENER EMER	NO
99317	ONAN	350	18.9L	K820641877	GENER EMER	NO
99319	KOHLE	150RE0ZJB	6.8L	PE6068H34150	GENER EMER	NO
99329	ONAN	200D	4.2	B850750232	GENER EMER	NO
99335	ONAN	ODL4	4.2L	K870940444	GENER PORT	NO
99336	ONAN	ODVE	6.7L	E86D823336	GEN TL MTD	NO
99338	KOHLE	4BT	3.9L	234651	GENER EMER	NO
99342	ONAN	JC3R		675953901	GENER EMER	NO
99354	ONAN	75JB	2L	J780362037	GENER EMER	NO
99357	KOHLE	40RO	3.9L	2335426	GENER EMER	NO
99358	KOHLE	40RO	3.9L	235096	GENER EMER	NO
99359	KOHLE	40RO	3.9L	235419	GENER EMER	NO
99383	ONAN	100D	5.9L	J910424941	GENER EMER	NO
99384	ONAN	25OL	3.4L	53113659	GENER EMER	NO
99385	NONE	25OL	3.4L	53113659	GENER EMER	NO
99386	ONAN	50DG	3.9L	H910416639	GENER EMER	NO
99387	ONAN	30DL	3.4L	E900321763	GENER EMER	NO
99389	ONAN	50DG	3.9L	1910421065	GENER EMER	NO
99391	MAGNA	682F	24.2L	LD940841	GENER EMER	NO
99393	KOHLE	350RE0ZDD	14L	2137411	GENER EMER	NO

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG. SIZE	SERIAL #	DESCRIPTION	WARRANTY
99394	KOHLE	50RE0ZJB	4.5	2117373	GENER EMER	NO
99397	KOHLE	50RE0ZJB		2149034	GENER EMER	NO
99398	KOHLE	200 KW	6.8	2163235	GENER EMER	NO
99399	KOHLE	150RE0ZJB	4.5	2045758	GENER EMER	NO
99402	KOHLE	200RE0ZV	7.3	2032562	GENER EMER	NO
99409	ONAN	1250KW		50775680	GENER EMER	NO
99410	KOHLE	100KW	4.5	2136338	GENER EMER	NO
99412	DETRO	2000	23L	2132705	GENER EMER	NO
99415	DETRO	230RE	12.7L	2110308	GENER EMER	NO
99416	DETRO	200KW	6.8L	2081356	GENER EMER	NO
99418	KOHLE	350RE0ZDD	14	2226104	GENER EMER	NO
99419	CAT	2000KW	69L	SBJ00293	GENER EMER	NO
99450	ENGIN	20RO	3.9L	320805	GENER EMER	NO
99451	KOHLE	180R	5.9L	320768	GENER EMER	NO
99452	JD	20R0	3.9L	334213	GENER EMER	NO
99453	KOHLE	30	12.1L	320716	GEN TL MTD	NO
99454	KOHLE	50R0	3.9L	320820	GENER EMER	NO
99456	KOHLE	400R	12.1L	320784	GENER EMER	NO
99457	KOHLE	400R	12.1L	321362	GENER EMER	NO
99466	CAT	2000KW	69L	SBJ00292	GENER EMER	NO
99467	CAT	650W	27	MJE00110	GENER EMER	NO
99468	KOHLE	350RE0ZDD	31	7MDDL3I	GENER EMER	NO
99469	KOHLE	350RE0ZDD	23.9	5352005414	GENER EMER	NO
99480	GNERA	150KW	6.8	2093469	GENER EMER	NO
99486	DETRO	150KW	6.8	2118205	GENER EMER	NO
99487	CAT	20KW	2.2	CAT00C22ANCB00369	GENER EMER	NO
99488	DETRO	100KW	4.5	PE4045H548418	GENER EMER	NO
99489	CAT	600KW	18.1	EST00138	GENER EMER	NO
99490	KOHLE	150RE0ZJB	6.8	PE6068L006607	GENER EMER	NO
99491	KATOL	125KW		PE6068H548962	GENER EMER	NO
99492	KOHLE	100KW	4.5	PE4045H559087	GENER EMER	NO
99493	LITTL	9900-00-01	3.9	4D34K00958	GENER EMER	NO
99494	KOHLE	160KW	6.8	PE6068H606903	GENER EMER	NO
99495	KATOL	125KW		1566490108	GENER EMER	NO
99496	KOHLE	1000RE0ZDC	31	5362004098	GENER EMER	NO
99497	KOHLE	230RE0ZDB	12	2123312	GENER EMER	NO
99499	KOHLE	100RE0ZJD		PE40452072517	GENER EMER	NO
99506	KOHLE	100RE0ZJD		2268375	GENER EMER	NO
99507	KOHLE	250RE0ZJD	9L	RG6090LO57983	GENER EMER	NO
99508	CUMMI	DQGAB	50	33171779	GENER EMER	NO

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG. SIZE	SERIAL #	DESCRIPTION	WARRANTY
99517	CAT	SR4B	27	MJE00331	GENER EMER	NO
99518	KOHLE	750RE0ZDC	23.9	5352005362	GENER EMER	NO
99520	CUMMI	DQGAB	275	73018652	GENER EMER	YES
99558	KOHLE	150REOZJD	6.8L	PE6068L084898	GENER EMER	NO
99559	KOHLE	400REOZDD	N/A	6R1033814	GENER EMER	NO
99560	CUMMI	QSX15-69	15	L960626149	GENER EMER	NO
99831	ONAN	50 D	8.3	F880134159	GEN TL MTD	NO
99990	OLYMP	D75P2	3.9L	OLY00000TNPFO1874	GENER EMER	NO
99992	ONAN	QSM11-G2	10.8L	35084636	GENER EMER	NO
53498	SAUK	CTEE-14000	N/A	1S9ST172051910124	TL GENER	NO
53499	SAUK	CTEE-14000	N/A	1S9ST172251910125	TL GENER	NO
53500	SAUK	CTEE-14000	N/A	1S9ST172451910126	TL GENER	NO
55196	MAGNU	MLT 4060MMH	N/A	5AJLS161X5B000967	TL LIGHT	NO
55197	MAGNU	MLT 4060MMH	N/A	5AJLS16185B000966	TL LIGHT	NO
55198	MAGNU	MLT 4060MMH	N/A	5AJLS16115B000968	TL LIGHT	NO
99000	KOHLE	30	3.9L	320151	GEN TL MTD	NO
99011	ALTUR	1891	5.9L	18911	GENER PORT	NO
99016	ALTUR	ARDJ	5.9L	1891-2	GEN TL MTD	NO
99017	ALTUR	ARDJ	7.6 L	1891-3	GEN TL MTD	NO
99018	ALTUR	ARDJ	7.6L	1891-4	GEN TL MTD	NO
99019	ALTUR	ARDJ	5.9	1891-5	GEN TL MTD	NO
99020	ALTUR	ARDJ	5.9	1891-6	GEN TL MTD	NO
99021	ALTUR	ARDJ	5.9L	1891-7	GEN TL MTD	NO
99022	ALTUR	ARDJ	5.9L	1891-8	GEN TL MTD	NO
99043	HONDA	EX55	1.5	EA11048607	GENER PORT	NO
99044	HONDA	EX55	1.5	EA11048562	GENER PORT	NO
99045	HONDA	EX55	1.5	EA11048606	GENER PORT	NO
99046	HONDA	EX55	1.5	EA11048616	GENER PORT	NO
99055	DEERE	4039	3.9L	T04039D423198	GENER EMER	NO
99251	KOHLE	180KW	6.8L	2031327	GEN TL MTD	NO
99252	KOHLE	180KW	6.8L	2031326	GEN TL MTD	NO
99253	KOHLE	180KW	6.8L	2031327	GEN TL MTD	NO
99390	DETRO	9163	24.2L	16E0006576	GENER EMER	NO
53570	HOBAR	JET-EX5D	4.5L	107PX11279	TL GENER	NO
99003	MULTI	GA6R	1	2965523	GENER PORT	NO
99030	MULTI	GA6R	1.5	2953206	GENER PORT	NO
99031	MULTI	GA6R	1.5	2953238	GENER PORT	NO
99032	MULTI	GA6R	1.5	2953201	GENER PORT	NO
99033	MULTI	GA6R	1.5	2953231	GENER PORT	NO
99069	ONAN	EMER	1.3	D900310908	GENER PORT	NO

Emergency Generators And Fire Pumps Maintained by General Services

UNIT #	MAKE	MODEL	ENG SIZE	SERIAL #	DESCRIPTION	WARRANT
99070	HONDA	EB35	1	EA6-30367 53	GENER PORT	NO
99071	HONDA	EB35	1	EA6-31005 90	GENER PORT	NO
99072	HONDA	EB35	1	EA6-3105 216	GENER PORT	NO
99073	HONDA	EB35	1	EA6-31050 30	GENER PORT	NO
99121	ONAN	80DGDA	5.9	I94055554L	GENER PORT	NO
99129	GENER	HI DESERT	3.8	10794	GEN TL MTD	NO
99179	HONDA	EB3500X	1	LA63109974	GENER PORT	NO
99180	HONDA	EB3500X	1	EA6-3108723	GENER PORT	NO
99181	HMLIT	CGE6300	1.5	HR0820078	GENER PORT	NO
99182	HMLIT	CGE6300	1.5	CGE6300	GENER PORT	NO
99192	HONDA	EB3500XK1A		EA6-3139775	GENER EMER	NO
99348	ONAN	CMM 7000	653CC	C060892613	GENER PORT	NO
99361	ONAN	CMM 7000	653CC	D060908640	GENER PORT	NO
99362	ONAN	CMM 7000	653CC	D060908641	GENER PORT	NO
99363	ONAN	CMM 7000	653CC	H050822103	GENER PORT	NO
99400	ONAN	65NN	1.3L	E933030800	GEN TK MTD	NO
99401	ONAN	5EGH	.75L	1108332	GEN TK MTD	NO
99498	HONDA	EV6010	0.36L	6090011524	GEN VN MTD	NO
99058	ONAN	50QS	3.9	I920483405	GENER EMER	NO
53575	MQPOW	DCA220SSJ	6.8L	5SLBG18287L002615	TL GENER	NO
99259	KOHLER	150R0ZJ	8.1L	690460	GENER EMER	NO
99261	VOLVO	175KW	N/A	771238	GEN TL MTD	NO
99265	VOLVO	175KW	N/A	771238	GEN TL MTD	NO
99505	KOHLER	750RE0ZDC	23.9	2229817	GENER EMER	NO
53109	INGER	G145	4.5L	4FVGEBCB99U409051	TL GENER	NO
99035	ENGIN	20R0	3.9	321106	GENER EMER	NO
99078	KOHLER	100R	5.9	3208808	GENER EMER	NO
99172	GENER	04064-0	N/A	OXY0763	GENER EMER	NO
99230	KOHLER	125ROZJ		382251	GENER EMER	NO
99258	KOHLER	250RE0ZV	9.6L	770510	GENER EMER	NO
99284	DETRO	257W	12.7L	2007765	GENER EMER	NO
99105	ONAN	MARQUIS 7000		H963566554	GEN TL MTD	NO
99068	CAT	3412	14.1	81Z02258	GENER EMER	NO
99001	KOHLER	30R0ZJ61	3.9	320148	GENER EMER	NO

Total Units 234

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 88

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the number of home garaged vehicles by department and how many users are issued voyager cards, and what system is there in place to monitor voyager cards to ensure only City use

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON THE NUMBER OF HOME GARAGED VEHICLES, NUMBER OF VOYAGER CARDS ISSUED, AND MONITORING SYSTEM FOR VOYAGER CARDS**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the number of home garaged vehicles by department and how many users are issued voyager cards, and what system is there in place to monitor voyager cards to ensure only City use. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120160

Question No.86

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX NO. (213) 928-9515

ANTONIO R. VILLARAIGOSA
MAYOR

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NO. 86
FOR THE 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested a report back on the following:

1. Number of Home Garaged Vehicles
2. Number of Home Garaged Vehicles that are issued Voyager cards
3. Voyager card monitoring

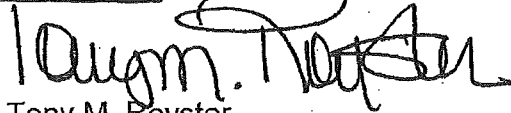
Attached is a list of the Home Garaged Vehicles. There are currently 121 Home Garaged Vehicles, of which 15 have Voyager cards. Voyager cards are for the sole purpose of fueling City vehicles at commercial fueling stations and are issued to individuals who need to purchase fuel when there is not a City fueling station available or nearby.

Every effort should be made to obtain fuel at City facilities when available before using a Voyager Card. The issuance of the Voyager cards by the Department of General Services (GSD) is premised on the prudent use of the cards by the requesting Department. To ensure accountability, approval at the highest level, at the Department head level, is required to obtain a Voyager card.

Monitoring the usage is the responsibility of the Departments that are issued the Voyager cards. To ensure accountability, GSD provides automated Voyager Card transaction reports that are emailed to Departments on a monthly basis. Included with the Voyager transaction history, each report contains an automated

reminder message that includes guidelines on appropriate use and a link to the GSD intranet site where City fuel site locations, hours of operations and maps can be accessed. With the exception of helicopters, GSD does not oversee the Voyager cards issued by the Police and Fire Departments.

Should you have any questions or concerns, please contact Angela Sherick-Bright at (213) 928-9575.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a large, looping initial "T".

Tony M. Royster
General Manager

Attachment

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer

CITY'S HOME-GARAGED VEHICLES

May 2, 2012

DEPARTMENT	VEHICLE #	MAKE	Voyager Card Issued
MAYOR	02010	FORD	
MAYOR	02366	TOYOTA	
MAYOR	02616	HONDA	
MAYOR	02617	HONDA	
MAYOR	02652	HONDA	
MAYOR	02658	HONDA	
MAYOR	02665	HONDA	
MAYOR	02669	HONDA	
MAYOR	02673	HONDA	
MAYOR	02680	HONDA	
MAYOR	03230	HONDA	
MAYOR	03285	HONDA	
CITY ATT.	02348	TOYOTA	
CITY ATT.	02359	TOYOTA	
CITY ATT.	02660	HONDA	
CITY ATT.	02662	HONDA	
CITY ATT.	02715	HONDA	
CITY ATT.	03180	FORD	√
CITY ATT.	03211	TOYOTA	
CITY ATT.	03212	TOYOTA	
CITY ATT.	16049	CHEVY	√
CONTROLLER	16330	FORD	
CD 1	02347	TOYOTA	
CD 1	02350	TOYOTA	
CD 1	02641	HONDA	
CD 1	02653	HONDA	
CD 1	02671	HONDA	
CD 1	02686	HONDA	
CD 1	02749	DODGE	
CD 1	02938	HONDA	
CD 2	03513	TOYOTA	
CD 3	02338	TOYOTA	
CD 3	02358	TOYOTA	
CD 3	02668	HONDA	
CD 3	03045	CHEVY	
CD 3	03218	TOYOTA	
CD 3	04350	MERCURY	√
CD 4	02009	FORD	
CD 4	02646	HONDA	
CD 4	02655	HONDA	√
CD 4	02661	HONDA	
CD 4	02693	HONDA	√
CD 4	03223	HONDA	
CD 4	03778	HONDA	

CITY'S HOME-GARAGED VEHICLES

May 2, 2012

DEPARTMENT	VEHICLE #	MAKE	Voyager Card
CD 5	L1007*	CHEVY	√
CD 5	02618	HONDA	
CD 5	02678	HONDA	
CD 5	03286	HONDA	
*Councilman's personal vehicle. The City performs routine maintenance to the vehicle which cost is reimbursed by Councilmember.			
CD 6	02357	TOYOTA	
CD 6	02365	TOYOTA	
CD 6	02369	TOYOTA	
CD 6	02370	TOYOTA	
CD 6	02654	HONDA	
CD 6	02659	HONDA	
CD 6	03287	HONDA	
CD 6	16156	TOYOTA	
CD 7	02064	HONDA	
CD 7	02649	HONDA	
CD 7	02667	HONDA	
CD 7	02685	HONDA	
CD 7	02689	HONDA	
CD 7	03226	HONDA	
CD 7	16656	TOYOTA	√
CD 8	03202	CHEVY	
CD 8	03278	MERCU	√
CD 9	02308	HONDA	
CD 9	02342	TOYOTA	
CD 9	02640	HONDA	
CD 9	02647	HONDA	
CD 9	03214	TOYOTA	
CD 9	03284	HONDA	
CD 10	02314	CHRYSLER	
CD 10	02344	TOYOTA	
CD 10	02670	HONDA	
CD 10	02675	HONDA	
CD 10	02716	TOYOTA	
CD 10	03200	CHEVY	
CD 10	16277	FORD	
CD 11	02353	TOYOTA	
CD 11	02642	HONDA	
CD 11	02672	HONDA	
CD 11	03205	CHEVY	√
CD 11	03216	TOYOTA	
CD 11	03217	TOYOTA	
CD 11	03380	HONDA	
CD 11	16460	FORD	
CD 12	02648	HONDA	
CD 12	02656	HONDA	
CD 12	02664	HONDA	

CITY'S HOME-GARAGED VEHICLES

May 2, 2012

DEPARTMENT	VEHICLE #	MAKE	Voyager Card
CD 12	02683	HONDA	
CD 12	03376	HONDA	
CD 12	16044	FORD	√
CD 14	02351	TOYOTA	
CD 14	02620	HONDA	
CD 14	02676	HONDA	
CD 14	02905	HONDA	
CD 14	03220	HONDA	
CD 14	03222	HONDA	
CD 14	03371	HONDA	
CD 14	16655	TOYOTA	
CD 15	02063	HONDA	√
CD 15	02621	HONDA	
CD 15	02691	HONDA	
CD 15	03231	FORD	√
ANIMAL SERVICES	03512	TOYOTA	
OFFICE OF CAO	03393	TOYOTA	
CDD	03406	TOYOTA	
EL PUEBLO	03379	HONDA	
EMD	02354	TOYOTA	√
	03179	FORD	
GSD	03404	TOYOTA	
LA ZOO	03394	TOYOTA	
DONE	03283	HONDA	
PERSONNEL	02677	HONDA	
PLANNING	03495	TOYOTA	
PW - CON AD	03390	HONDA	
PW - ENGINEERING	02606	HONDA	
PW - ST. LIGHTING	02608	HONDA	√
PW - ST. SERVICES	02607	HONDA	
RAP	02604	HONDA	√
LACERS	03515	TOYOTA	

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 89

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the sweat-free monitoring program

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON SWEAT-FREE MONITORING PROGRAM**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the sweat-free monitoring program. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

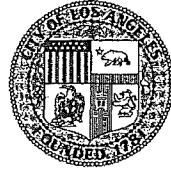
MAS:JS:08120159

Question No. 116

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NO. 116
FOR THE 2012-13 PROPOSED BUDGET

Your Committee requested a report back on the status of the sweat-free monitor.

As part of the City's Sweat-free Program, the Department of General Services (GSD) issued a Request for Proposal (RFP) and awarded a contract to an independent monitoring organization, Worker Rights Consortium (WRC), for monitoring and enforcement of the Sweat-free Ordinance (Ordinance). This initial contract with WRC began on December 1, 2006. GSD recently completed a RFP and will soon award a new professional services contract in order to continue this work. We anticipate the new contract will be in effect starting June 1, 2012.

The Sweat-free monitor plays an integral role in the success of the City's Sweat-free Program and has been effective in investigating and assisting the City in enforcing the Sweat-free Policy. The monitor is able to travel internationally to conduct site visits to ensure working conditions meet those established by the ordinance.

Through the use of the monitor, the City is able to outline for suppliers how their obligations under the Ordinance are manifested at the workplace level, with particular reference to methods for ensuring compliance by sub-contract manufacturing facilities outside of the United States, and outlining for suppliers the methods used by the WRC for investigation of factories and remediation of worker rights violations, and the expectations of the City in the event that a complaint arises in a given supplier's supply chain.



The City's factory monitoring work under this contract relied on three main components: a) worker education and outreach, b) ongoing monitoring, and c) compliance investigations in response to alleged worker rights violations at facilities supplying the City.

In its role as the City's sweat-free monitor, WRC conducted six full-scale investigations of City sub-suppliers in various locations across the globe and provided the City with a number of detailed, informative monitoring reports that included helpful recommendations on improving working conditions within the City's supply chain.

Monitoring/Enforcement Contract Highlights

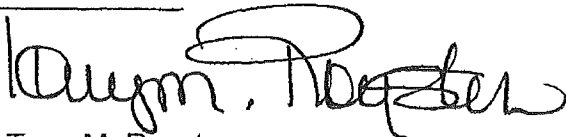
The following are few examples of the results derived from the contractor's efforts:

1. **Investigating and mapping the City's global supply chain for apparel:** The WRC spent months investigating and working with City primary contractors to determine several layers of subcontractors, including manufacturing locations across the globe.
2. **Completion of the first official full-scale investigation of a factory that produces for the U.S. state and local government market (New Wide Garment in Cambodia):** New Wide Garment was reported by Williamson-Dickie as a supplier of its Dickies brand under the City's contract with Galls (the City's main supplier of uniforms/apparel). As a result of this investigation, significant progress was made in the area of nondiscrimination, freedom of association, wages and contracts, occupational health and safety, and hours of work and overtime.
3. **Conducting two additional full-scale factory investigations (Mazara factory in Mexico and Alamode factory in Honduras),** which ceded similar results. Progress was made in the area of occupational health and safety, back pay and wages, and health plans and benefits.
4. **Substantial progress in the areas of nondiscrimination, back pay and wages, health plans and benefits, and occupational health and safety at the Alamode factory in Honduras.** This full-scale investigation was completed on October 22, 2009. WRC's verification audit confirmed the progress and provided more details in this regard: a retroactive payment of approximately \$30,000 was made to workers to correct the company's previous underpayment of the legal minimum wage; all 500 Alamode employees were enrolled in the Honduran national health care system, in which nearly 60% of them had not been enrolled prior to WRC's investigation; and the unlawful practice of conducting annual pregnancy testing for female workers was ceased.

5. **Elimination of Rocky Brands from Galls contract:** In May 2008, based on WRC's multiple reports of labor rights violations at Rocky Brands' manufacturing facilities in China and Rocky Brands management's lack of responsiveness, the Management Analyst II in charge of administering the Ordinance worked with Galls to remove Rocky Brands as subcontractor from the City contract.

6. **Progress in reinitiating dialogue between Gildan San Antonio factory management in Honduras and the local Non Governmental Organization (NGO), CODEMUH.** Upon receiving a complaint from CODEMUH regarding the health and safety issues at the factory on October 2008, WRC sought to re-engage both parties. WRC's months of communications and meetings with the parties finally resulted in re-engagement and the development of a framework for future meetings in which the health and safety issues were addressed.

If you have any questions or need additional information regarding this matter, please contact, John Trevoda at (213) 928-9504.



Tony M. Royster
General Manager

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer

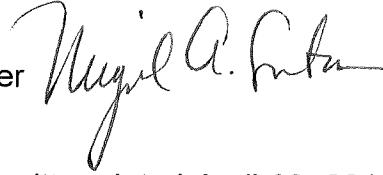
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 90

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated April 30, 2012 to report back on the impact from funds received from the State Public Library Foundation.

Subject: **LIBRARY – REPORT BACK ON THE IMPACT FROM FUNDS RECEIVED FROM THE STATE PUBLIC LIBRARY FOUNDATION**

During consideration of the Library Department (Library) 2012-13 Proposed Budget, the Committee asked the Library to report back on the impact from funds received from the State Public Library Foundation. Attached is the Department's response.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120151

Question No. 80

Attachment

BOARD OF LIBRARY
COMMISSIONERS

DR. TYREE WIEDER
PRESIDENT

DR. MARSHA HIRANO-NAKANISHI
VICE-PRESIDENT

PAULA MADISON
EDUARDO TINOCO
RITA WALTERS

RAQUEL BORDEN
BOARD EXECUTIVE ASSISTANT

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

May 4, 2012

LOS ANGELES
PUBLIC LIBRARY
ADMINISTRATIVE OFFICES

RICHARD J. RIORDAN
CENTRAL LIBRARY
630 WEST FIFTH STREET
LOS ANGELES, CA 90071

(213) 228-7515 Phone
(213) 228-7096 TDD
(877) 488-4327 TDD
(TOLL FREE NO.)

Susan Kent
INTERIM CITY LIBRARIAN

The Honorable Paul Krekorian, Chair
City Council Budget & Finance Committee
c/o Erika Pulst, Office of the City Clerk
Room 395, City Hall

Dear Councilman Krekorian:

Below is the requested information from the Library Department regarding Question #80.
If there are any questions, please feel free to contact us at (213) 228-7515.

Question # 80:

Report back on the impact from funds received from the State Public Library Foundation

Department Answer:

The Public Library Foundation/Fund (PLF) was created in the mid-1980's (California Education Code 18024) to distribute funds to public libraries based on population size. Over the years, the Los Angeles Public Library (LAPL) received annual allotments ranging from \$1 million to \$6 million, depending on the State budget. For its FY 2011-2012 budget, LAPL received approximately \$1.4 million.

In the Governor's FY 2012-13 budget, no funds have been set aside for any public libraries in the state. However, LAPL will receive an additional \$14.7 million allocation due to Measure L. Of that \$14.7 million, \$8.1 million is set aside to reimburse the city's General Fund for related costs and \$6.6 million is targeted for library operations and services. The \$1.4 million shortfall created by the elimination of PLF funding in the Governor's budget is being offset with Measure L funds.

Sincerely,

Susan Kent
Interim City Librarian

cc: Honorable City Councilmembers, Budget and Finance Committee
Aileen Adams, Deputy Mayor of Strategic Partnerships
Neil Guglielmo, Budget Director, Mayor's Office
Karen Kalfayan, Assistant Chief Legislative Analyst
Elaine Owen-Sanchez, Senior Administrative Analyst, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 91

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on breakdown of service impact of workforce reduction

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON BREAKDOWN OF SERVICE IMPACT OF WORKFORCE REDUCTION**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on breakdown of service impact of workforce reduction.

The Department submitted a request to adjust three of the 15 positions targeted for deletion in a letter to the Committee dated May 2, 2012. The attached Department's response addresses the service impact of workforce reduction based on the revised list.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120158

Question No.81

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NO. 81
FOR DEPARTMENT OF GENERAL SERVICES 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested a report back on the breakdown of service impacts of workforce reductions in Blue Book Items 12 and 13.

Attached are detailed service impacts for each position, including Program, Class Title and vacancy information. Please note that in a letter dated May 2, 2012, GSD requested to adjust three of the 15 positions targeted for deletion.

Should you have any questions or concerns, please contact Valerie Melloff at (213) 928-9586.

Tony M. Royster
General Manager

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer



Department: General Services

BLUEBOOK ITEM #12 - 12 Positions

Program Name: GASP FI4050

Count	Class Code	Class Title	Vacant/Filled	Cost
1	1368	Senior Clerk Typist	Filled	\$ 60,287

IMPACT:

- This will essentially leave GSD with three positions handling records for 1500 employees, a job that just two years ago was being performed by 6 employees.
- File maintenance will necessarily become an "as-can" or "as legally required" duty with long delays.
- Processing Records requests or records verifications will slow down significantly.
- Elimination of this filled position will result in a layoff.
- At their budget hearing, the Personnel Department requested two Senior Clerk Typist positions in addition to the 10 positions that are part of the Human Resources Consolidation (GSD Blue Book Item 41). If approved, the person occupying this position will be transferred to Personnel instead of being laid off.

Program Name: Supply Services FR4011

Count	Class Code	Class Title	Vacant/Filled	Cost
1	1837-1	Sr. Storekeeper	Vacant	\$ 69,514
1	9184-2	Management Analyst II	Vacant	\$ 83,175
2	9184-1	Management Analyst I	Vacant	\$ 127,368
2	1832-1	Warehouse & Toolroom Worker I	Vacant	\$ 102,288

IMPACT:

- Procurement - 2 positions: Vacant Senior Storekeeper and Management Analyst I positions are targeted for deletion. These positions were used to employ Procurement Aides as a bridge class to Procurement Analysts. The deletion of these positions will result in increased delays in obtaining critical supplies for all City departments. Will result in higher prices being paid, as existing staff will not have the capability to perform in depth price analysis on items purchased. This is noted in a recently released Controller audit.
- Warehouse operations - 2 positions: Vacant Warehouse & Toolroom Worker I positions are targeted for deletion. These vacant positions are assigned to the Distribution Center General (DCG). The loss of these two positions would mean that Supply Services would be unable to regain its ability to effectively provide the inventory maintenance activities required for the storage and distribution of over 2,100 different commodities. The DCG processes over 3,000 issues and makes over 1,000 deliveries per month. The capacity to effectively provide these services for City departments will be greatly diminished if these two positions are permanently eliminated.
- Supplier and Customer Relations - 2 positions: Vacant Management Analyst I and Management Analyst II positions are targeted for deletion. This will reduce GSD's ability to oversee and coordinate mandated social/economic vendor compliance programs.

Program Name: Standards Division FR4010

Count	Class Code	Class Title	Vacant/Filled	Cost
1	7968	Material Testing Technician II	To be Vacated	\$ 67,442

IMPACT:

- Loss of this position will result in delays to Quality Assurance Program (QAP) mandated testing services for State and Federal funded Public Works Engineering and Contract Administration projects, including Propositions F, K and Q, and other special funds.

Program Name: Fleet Services FQ4008

GSD Proposed Adjusted to Deleted Positions

(Request sent to Budget & Finance Committee on 5/2/12)

Count	Class Code	Class Title	Vacant/Filled	Cost
1	3711-5	Equipment Mechanic	Vacant	\$ 72,531
2	3763	Machinist	Vacant	\$ 152,116

Original Reduction in BB Item #12

Count	Class Code	Class Title	Vacant/Filled	Cost
1	3711-5	Equipment Mechanic	Vacant	\$ 72,531
1	3742	Helicopter Mechanic	Vacant	\$ 90,289
1	3749-1	Helicopter Mechanic Supervisor I	Vacant	\$ 96,855

IMPACT:

- Elimination of 1 Equipment Mechanic will result in closing the 36th Street Shop at West LA which currently supports 231 units of equipment from Animal Services, Public Works, Transportation, Recreation and Parks and General Services. These Departments will have to take their equipment for maintenance and repair to downtown LA. The elimination of the one Equipment Mechanic is equivalent to reducing the fleet by 50 to 75 units of equipment.
- Eliminating 2 Machinists positions will result in Fleet Services becoming unable to meet the component supply demands for the City's motor sweeper operation and for GSD Standards Division's testing of materials used by various Departments. Machinists routinely fabricate sweeper components that are no longer in production, as well as fabricating test samples from sewer lines. Fleet Services fabricates between 500 to 750 test samples for the Standards Division each year.

Program Name: Construction Forces FH4003

Count	Class Code	Class Title	Vacant/Filled	Cost
1	3194	Building Maint and Const Gen Supt II	To be Vacated	\$ 159,751

IMPACT:

- GSD received As-Needed authority approval to move this position into a Special Funded position on an as-needed basis.
- Increase the "mark-up" added to project costs that now cover training, CTO, safety supplies, administrative staff salaries, and other expenses which will result in additional project costs and make the Division less competitive.

BLUEBOOK ITEM #13 - 3 Positions

Program Name: Mail Services FI4050

GSD Proposed Adjusted to Deleted Positions

(Request sent to Budget & Finance Committee on 5/2/12)

Count	Class Code	Class Title	Vacant/Filled	Cost
1	1141	Clerk	Filled	\$ 48,189

Original Reduction in BB Item #13

Count	Class Code	Class Title	Vacant/Filled	Cost
1	1121-1	Delivery Driver I	Filled	\$ 48,018

IMPACT:

- This reduction will severely impact the delivery, receipt and processing of time-sensitive mail such as USPS Certified, Express, Insured, International, Priority, Registered, and UPS Overnight Delivery Services
- Mail Services will divide messenger mail services with the Barcode Automation Program (BAP). The BAP was developed to automate outbound U.S. mass mailers to receive USPS postage rate reductions. The BAP saves the City \$1.4 million each year.
- The direct result of an elimination of the Clerk is a reduction in the BAP mail productivity, inability to meet restrictive timelines, and loss of postage cost savings.
- Elimination of this filled position will result in layoffs.

Program Name: Supply Services FR4011

Count	Class Code	Class Title	Vacant/Filled	Cost
2	1832-1	Warehouse & Toolroom Worker I	Vacant	\$ 102,288

IMPACT:

- Warehouse operations - 2 positions: These vacant positions are assigned to the Distribution Center General (DCG). The loss of these two positions would mean that Supply Services would be unable to regain its ability to effectively provide the inventory maintenance activities required for the storage and distribution of over 2,100 different commodities. The DCG processes over 3,000 issues and makes over 1,000 deliveries per month. The capacity to effectively provide these services for City departments will be greatly diminished if these two positions are permanently eliminated.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 92

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how the department will work with LAPD to ensure a seamless transition for OPS and how the department will ensure that its previous OPS customers are receiving the same level of service

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON HOW THE DEPARTMENT WILL WORK WITH LAPD TO ENSURE A SEAMLESS TRANSITION FOR OPS AND HOW THE DEPARTMENT WILL ENSURE THAT ITS PREVIOUS OPS CUSTOMERS ARE RECEIVING THE SAME LEVEL OF SERVICE**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to Report back on how the department will work with LAPD to ensure a seamless transition for OPS and how the department will ensure that its previous OPS customers are receiving the same level of service. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120157

Questions No.265 and 266

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX NO. (213) 928-9515

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NOS. 265 and 266
FOR THE 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested a report back on how will the department work with the Los Angeles Police Department (LAPD) to ensure a seamless transition for the Office of Public Safety (OPS)? (Question 265) How will the department ensure that previous OPS customers are receiving the same levels of service? (Question 266)

The Department of General Services (GSD) is working very closely with LAPD, CAO and Office of the Mayor to ensure the consolidation is transparent to the customer-departments that will be served. Over the past 19 months, GSD has shared information with LAPD about OPS operations, including patrol and post assignments, watches, deployment of personnel, and policies and procedures. GSD has also provided specific details on budgetary issues, fire arms, radios, vehicles, computers and other equipment. Statistics on arrests, citations, and radio calls have also been shared.

GSD will also work with LAPD to ensure a complete understanding of the services provided to customer-departments, including the day-to-day nuances of OPS operations. GSD has provided copies of each Memorandum of Agreement (MOA) with customer departments and identified liaisons from these departments for the MOA working group being organized by LAPD. These departments include the Los Angeles Convention Center, the Los Angeles Zoo, the Library, Recreation and Parks, and the Bureau of Sanitation. OPS staff will attend the MOA working group meetings to provide expertise and historical information on the creation of MOAs and facilitate the development of new LAPD MOAs with customer departments.



GSD remains committed to ensuring that customer-departments continue to receive the highest levels of service.

If you have any questions or need additional information regarding this matter, please contact, Valerie Melloff at (213) 928-9586.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a large, looping initial "T".

Tony M. Royster
General Manager

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 93

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back with a statistical analysis of contracting with Best Friends versus having the City deal with the animals that Best Friends rescues from shelters.

Subject: **ANIMAL SERVICES – ANALYSIS OF BEST FRIENDS CONTRACT**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested our Office and the Department to report back on the impact the Best Friends contract has had on Department operations.

On January 11, 2012, the City executed a contract authorizing Best Friends Animal Society (Best Friends) to operate and provide animal welfare services at the Northeast Valley Animal Care Center (Northeast). On January 28, 2012, Best Friends opened Northeast to the public for the first time; the facility was completed in 2008. Through March 31, the Department has transferred 538 animals to Best Friends and it is likely that without this agreement an equivalent number of animals would have been euthanized by the Department due to time and space constraints.

If the City were to operate Northeast in the same manner as Best Friends, the City would incur \$2.6 million in on-going salary costs (\$1.8 million in direct salary costs and \$800,000 in related costs).

Between February 1, 2012 and March 31, 2012, the public adopted 228 dogs and cats, purchased 116 dog licenses, and had 232 animals spayed/neutered at Northeast. Additionally, Best Friends has transported 169 animals through their "Pup My Ride" program.

Since Northeast opened, the combined adoptions at the three San Fernando Valley Animal Care Centers (West Valley, East Valley, and Northeast Valley) have exceeded the prior year adoption numbers for the same period, as well as, the five year average adoption numbers for the same period, Attachment 1. The Department's response is also attached to this memo.

MAS:JLK:04120111

Question No. 191

ATTACHMENTS

Analysis of 1st Quarter Adoptions from 2007 to 2012

	January 2007	January 2008	January 2009	January 2010	January 2011	Five Year Average	January 2012	% Diff. 2011 to 2012	% Diff. 5yr Avg to 2012
West Valley	206	273	373	372	327	310	279	-14.7%	-10.1%
East Valley	332	385	518	423	426	417	355	-16.7%	-14.8%
Northeast Valley	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SFV TOTAL	538	658	891	795	753	727	634	-15.8%	-12.8%
<i>BASIN TOTAL</i>	<i>734</i>	<i>894</i>	<i>961</i>	<i>817</i>	<i>903</i>	<i>862</i>	<i>803</i>	<i>-11.1%</i>	<i>-6.8%</i>
CITY TOTAL	1272	1552	1852	1612	1656	1589	1437	-13.2%	-9.6%

	February 2007	February 2008	February 2009	February 2010	February 2011	Five Year Average	February 2012	% Diff. 2011 to 2012	% Diff. 5yr Avg to 2012
West Valley	214	276	323	357	287	291	288	0.3%	-1.2%
East Valley	279	386	389	502	355	382	333	-6.2%	-12.9%
Northeast Valley	n/a	n/a	n/a	n/a	n/a	n/a	125	n/a	n/a
SFV TOTAL	493	662	712	859	642	674	746	16.2%	10.7%
<i>BASIN TOTAL</i>	<i>704</i>	<i>809</i>	<i>973</i>	<i>761</i>	<i>810</i>	<i>811</i>	<i>739</i>	<i>-8.8%</i>	<i>-8.9%</i>
CITY TOTAL	1197	1471	1685	1620	1452	1485	1485	2.3%	0.0%

	March 2007	March 2008	March 2009	March 2010	March 2011	Five Year Average	March 2012	% Diff. 2011 to 2012	% Diff. 5yr Avg to 2012
West Valley	226	313	335	330	306	302	323	5.6%	7.0%
East Valley	306	389	419	369	338	364	298	-11.8%	-18.2%
Northeast Valley	n/a	n/a	n/a	n/a	n/a	n/a	103	n/a	n/a
SFV TOTAL	532	702	754	699	644	666	724	12.4%	8.7%
<i>BASIN TOTAL</i>	<i>681</i>	<i>758</i>	<i>900</i>	<i>774</i>	<i>787</i>	<i>780</i>	<i>786</i>	<i>-0.1%</i>	<i>0.8%</i>
CITY TOTAL	1213	1460	1654	1473	1431	1446	1510	5.5%	4.4%

The basin total reflects the combined adoption numbers for the Harbor, South LA, West LA, and North Central Care Centers which are located south of Mulholland Drive.

**BOARD OF
ANIMAL SERVICES
COMMISSIONERS**

JIM JENSVOLD
TARIQ A. KHERO
LISA MCCURDY
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ALANA YAÑEZ

City of Los Angeles
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

**DEPARTMENT OF
ANIMAL SERVICES**
221 North Figueroa Street
5th Floor
Los Angeles, CA 90012
(888) 452-7381
FAX (213) 482-9511

BRENDA F. BARNETTE
GENERAL MANAGER

JOHN D. CHAVEZ
ASSISTANT GENERAL MANAGER

DR. JEREMY PRUPAS
CHIEF VETERINARIAN

May 4, 2012

Budget and Finance Committee
c/o City Administrative Officer
Room 1500, City Hall East
Los Angeles, CA 90012

REPORT BACK NO. 191 RE: IMPACT OF BEST FRIENDS AT NORTHEAST SHELTER

Honorable Committee Members:

This correspondence is submitted in response to the Budget and Finance Committee's report back assigned to the Department of Animal Services. Budget Question No. 191 stated, "Report back with a statistical analysis of contracting with Best Friends versus having the City deal with the animals that Best Friends recues from shelters."

Best Friends Animal Society began its adoption program in January 2012 at the Northeast Valley shelter. Since then, they have adopted out 538 animals through March 31, 2012. Animals in the Department's care require vaccinations, microchipping, and sterilization and Best Friends provides this at no cost to the Department. Best Friends also sells the license and remits the fee to us. If the Department is unsuccessful in adopting out an animal, it will be euthanized. Having Best Friends take a shelter animals saves us the following costs per animal:

Spay/neuter surgery	\$68	
Rabies vaccination	\$7	
Microchip	\$15	
Euthanasia	\$30	
Total	\$120*	(*Does not include the cost of care.)

Other benefits in having Best Friends run Northeast Valley Shelter include:

- The Department can reallocate existing Department staff to the care of animals at other City shelters

"Creating a Humane LA"

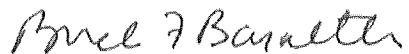
AN EQUAL OPPORTUNITY EMPLOYER

Visit our website at www.LAAnimalServices.com

Budget and Finance Committee
Report Back on Question 191
May 4, 2012

- The euthanasia rate is reduced because kennel and cage space at other shelters is made available
- Best Friends sells licenses for each dog adopted to a City resident

Sincerely,



Brenda F. Barnette, General Manager
Department of Animal Services

c: Neil M. Guglielmo, Office of the Mayor
Jim Bickhart, Office of the Mayor
Jerry Miller, Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Jason Killeen, CAO

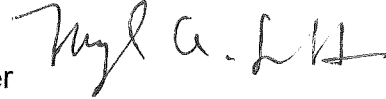
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 94

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on financial costs associated with technology donations.

Subject: **INFORMATION TECHNOLOGY AGENCY – TECHNOLOGY DONATIONS**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the additional costs incurred by the City when accepting donated technological equipment. The Department's response is attached. ITA recommends that technology donations be reviewed by ITA through the City's Procurement Technology Review process to ensure that any costs, impacts on the security of City's infrastructure, or network connection considerations can be identified and considered prior to the acceptance of the donation.

MAS:MAF:11120026c

Question No.89

City of Los Angeles

California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 4, 2012

REF: ASB-088-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORT BACK #89**
POLICY RECOMMENDATION REGARDING COSTS FOR DONATED
EQUIPMENT

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, ITA was asked to report back with recommendations regarding a policy to address donated technology, particularly recognizing the potential on-going support and maintenance costs. Given the Department's diminishing resources, the expanding variety of technology, and the on-going security concerns, this is a very timely question.

The Department recommends that a donation of any type of technology be treated as a new technology request which must be reviewed by ITA through the City's Procurement Technology Request process. Through this vetting of the technology, ITA has an opportunity to determine whether the new device/system/hardware will have an impact on the cost or security of City infrastructure, particularly that supported by ITA. Also, the Department would be able to ensure that devices that will connect to the City's network can be remotely wiped of data in the event they are lost. Not all devices have this feature and some City data would potentially be visible if a networked device were lost.

The recommendation from ITA would then be included in the receiving Department's report to their appropriate Council Committee when they request Council approval to accept technology equipment. Through this process, the Council will be advised on whether donations are consistent with the City's technology standards, and its ability to sustain and maintain them in the context of the City's overall information technology.

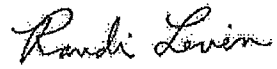


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Honorable Councilmember Paul Krekorian, Chair
May 4, 2012
Page 2

Respectfully submitted,

A handwritten signature in cursive script that reads "Randi Levin".

Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

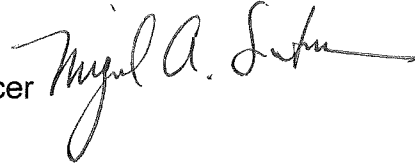
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 95

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the Fire Department plans to fulfill civilian duties as a result of the proposed layoffs, without relying on sworn staff to complete those duties

Subject: **FIRE DEPARTMENT - HOW THE DEPARTMENT PLANS TO FULFILL CIVILIAN DUTIES AS A RESULT OF THE PROPOSED LAYOFFS WITHOUT RELYING ON SWORN STAFF**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on how the Department plans to fulfill civilian duties as a result of the proposed layoffs, without relying on sworn staff to complete those duties. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120140

Question No.55

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Miguel A. Santana, City Administrative Officer
City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II

From: Brian L. Cummings, Fire Chief
Fire Department



Subject: **FIRE DEPARTMENT – QUESTION #55: REPORT BACK ON HOW THE
FIRE DEPARTMENT PLANS TO FULFILL CIVILIAN DUTIES AS A
RESULT OF THE PROPOSED LAYOFFS, WITHOUT RELYING ON
SWORN STAFF TO COMPLETE THESE DUTIES**

The Fire Department (“LAFD”) is tentatively slated to lose fifteen civilian regular authorities in the Fiscal Year 2012-13 Budget. The LAFD’s current civilian staff comprises less than 10% of the entire workforce, and only 5% of the entire budget. Elimination of fifteen positions will further reduce the ability to support sworn members resulting in either the work not getting done, lengthy delays, or having the remaining civilian staff work out of class in some cases.

Depending on the nature and urgency of the work, in some cases, the further reduction of civilian positions will translate to having to detail sworn members to fill necessary gaps, especially in the areas of grants management, potential new revenue evaluation, recruit training/processing of new recruit candidates, and systems work as related to the new dispatch system. When civilian positions are not staffed, the LAFD is forced to employ Administrative Duty sworn personnel to work on certain projects that cannot be delayed. Although the Department is not in favor of utilizing sworn members to perform civilian duties in some cases there are no other alternatives due to the limited civilian work force.

It should be noted that 30% (approximately 90 out of 319 authorities) are dedicated to fleet maintenance and repair. This leaves 224 civilian positions (not all filled) to: provide systems support to 106 fire stations, the training academy and dispatch center; provide payroll and personnel support for 3,500 sworn members; handle hundreds of investigations; process \$142 million in revenue (\$170 million estimated in FY 12/13); perform audits; manage over \$10 million in various grants; manage over \$5 million in contracts, write new and renewal of contracts; manage 9 salary and 13 expense accounts in the amount of \$472 million and special funds of approximately \$4 million. The Department’s civilian staffing is already at a minimum level based on the level of support that is required for a public safety department and the complexity of work that is required in many areas.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 96

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on item 39, handheld radios, and whether this equipment is covered under existing warranty as replacement radios

Subject: **LOS ANGELES POLICE DEPARTMENT HANDHELD RADIOS**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) whether the handheld radios are covered under an existing warranty as replacement radios. Below is the Department's response:

The handheld radios for which the LAPD is seeking maintenance funding are not covered under any existing warranty. The initial purchase of LAPD handheld radios in 2008 included a full 3-year comprehensive warranty. The start and end date of warranty coverage for the radios is staggered, as the radios were deployed throughout the Department in phases. Beginning in 2011, the warranty for the first deployed radios expired and the Department was allocated \$226,000 to continue maintenance coverage. For Fiscal Year 2012-13, an additional \$528,000 is required, as the warranty ends for the majority of the initial radio purchase. There are no other existing warranties.

This memorandum is informational only. There is no fiscal impact.


MAS:AMY:04120122c

Question No. 49

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on item 39, handheld radios, and whether this equipment is covered under existing warranty as replacement radios. Report back on the funding for the handheld radios

Subject: **LOS ANGELES POLICE DEPARTMENT HANDHELD RADIOS - SUPPLEMENTAL**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the City Administrative Officer (CAO) and the Los Angeles Police Department (LAPD) to report back on the funding for the handheld radios purchased in 2008.

The 2008-09 Adopted Budget authorized the LAPD to purchase 9,300 handheld radios to replace the Department's inventory through a municipal lease-purchase agreement with Motorola, Inc. The LAPD, working with the CAO and the General Services Department (GSD) negotiated the best possible purchasing and financing agreements. The total direct cost of equipment and services is \$31,682,961. The cost of financing was approximately \$5.7 million, bringing the total cost to the City to \$37.4 million. The CAO executed the financing agreement and payments are being made from the Capital Finance Administration Fund (CFAF) and are included in the City's debt charts. The CFAF is a special fund administered by the CAO that consolidates non-general obligation bond and long-term City debt financing program expenditures, including lease-purchase agreements. Funds are budgeted in the CFAF each fiscal year based upon the payments required by the terms of the lease-purchase agreement.

The initial purchase of LAPD handheld radios in 2008 included a full three-year comprehensive warranty. The start and end date of warranty coverage for the radios is staggered, as the radios were deployed throughout the Department in phases. Beginning in 2011, the warranty for the first deployed radios expired and the Department was allocated \$226,000 to continue maintenance coverage. For Fiscal Year 2012-13, an additional \$528,000 is required, as the warranty ends for the majority of the initial radio purchase. There are no other existing warranties.

This memorandum is informational only. There is no fiscal impact.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 97

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Budget and Finance Committee Request: "Report back on department concerns relative to position transfers to Personnel for HR Consolidation."

Subject: **PUBLIC WORKS, BUREAU OF STREET LIGHTING – HR CONSOLIDATION**

The Budget and Finance Committee requested a report on the Bureau of Street Lighting's position regarding the transfer of two positions to the Personnel Department as part of the Human Resources (HR) Consolidation.

Two positions, a Personnel Analyst II and Clerk Typist, were transferred to the Personnel Department as part of the HR Consolidation in the Proposed 2012-13 Budget. The Bureau contends that only one position, the Personnel Analyst II, meets the requirements for the consolidation, and that the Clerk Typist position should be restored to the Bureau from Personnel.

Upon meeting with the Bureau and Personnel, it has been determined that only the Personnel Analyst II meets the requirements for consolidation, and that the Clerk Typist position should be restored to the Bureau from Personnel.

RECOMMENDATION

It is recommended that one Clerk Typist position and salary funding of \$47,915 be restored to the Bureau of Street Lighting from the Personnel Department.

FISCAL IMPACT STATEMENT

Restoring one Clerk Typist position to the Bureau of Street Lighting from the Personnel Department would result in increased funding of \$47,915 to the Bureau's 2012-13 Budget and an equal decrease in funding to the Personnel Department. Funding is provided by the Street Lighting Maintenance Assessment Fund. There is no impact to the General Fund.

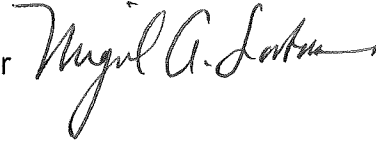
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 98

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on alternative ways to fund Channel 36.

Subject: **INFORMATION TECHNOLOGY AGENCY – CHANNEL 36 FUNDING**

Your Committee requested the Information Technology Agency (ITA) to report back regarding alternative ways to fund Channel 36. The Department's response is attached. ITA indicates that the Department has been unable to identify additional funding to support Channel 36 operations.

MAS:MAF:11120020c

Question No.94

City of Los Angeles

California

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehi, Interim



ANTONIO R. VILLARAIGOSA
MAYOR

INFORMATION TECHNOLOGY
AGENCY

ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

May 2, 2012

REF: ASB-082-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #94**
ALTERNATIVE WAYS TO FUND CHANNEL 36

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, the Information Technology Agency was asked to report back on possible sources of funding for Channel 36 operations. The department supports funding Channel 36 and had proposed \$250,000 in Telecom Development Account funding for this purpose. When the proposed budget shifted the 311 Call Center operations from being General Fund funded to TDA funded, it left a shortfall in TDA funding for other eligible activities such as Channel 36.

The Department agrees this is a valuable service, but does not have any funding available to cover this unbudgeted expense.

Respectfully submitted,

Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO



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CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 99

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report back regarding the number of Zoning Administrators and consideration of adding an additional Zoning Administrator to improve the approval process

Subject: **PLANNING DEPARTMENT – ADDITIONAL ZONING ADMINISTRATOR**

Your Committee requested the Planning Department (DCP) to report on any consideration that has taken place regarding the addition of a Zoning Administrator to support the approval process and to reduce response times so that businesses can open more quickly in Los Angeles.

The Planning Department response is attached. The DCP requests the addition of two new Associate Zoning Administrators and two new City Planning Associates. The total cost of the positions would be \$619,849 as shown in the table below.

	Number	Annual Salary	Subtotal	Related Costs	Total
Associate Zoning Administrator	2	\$141,402	\$282,804	\$93,705	\$376,509
City Planning Associate	2	\$88,406	176,812	66,529	243,340
Total			\$459,616	\$160,233	\$619,849

The Department states that the four positions would be fully paid for by Special Funds, and that the Department would work with the Managed Hiring Committee (MHC) to ensure that each position is filled when the caseload and fees justify the additional staff.

If the Council approves any or all of the four positions, this Office recommends that they be added to the Planning Department as unfunded resolution positions. The positions would be filled according to the process adopted by the MHC.

MAS:MMR:02120124

Question No. 168

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAGUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271
ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING ADDITIONAL STAFFING IN THE OFFICE
OF ZONING ADMINISTRATION (QUESTION NO. 168)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on consideration of adding an additional Associate Zoning Administrator (AZA) to speed up the approval process and get more businesses open, hiring employees, and paying sales tax in the City.

Since the implementation of the Early Retirement Incentive Program (ERIP) in 2009 the number of Associate Zoning Administrators that process non-Expedited cases has gone down from eight to four, a 50% loss. Although the economy has weakened in the past four years, the ZA case filing has decreased only by about 20%. The inadequate staffing level has resulted in a significant deterioration of the ZA case processing turnaround time.

To address this challenge, the Department has begun to use junior staff, under the supervision of the Chief ZA, to process ZA cases that do not require public hearings and to assist the AZAs in preparing the Letter of Decisions (LODs). The Department has also formed a backlog strike force to process some backlog ZA cases using overtime. The Department's efforts have improved the case processing time in the OZA somewhat. For example, currently a case that has been accepted for review will have a public hearing within approximately five months, compared to eight to nine months in the past.

However, certain ZA case types are legally required to be processed and heard by the AZAs; and having only four AZAs to handle the case load is severely insufficient. The AZA positions are fully funded with the City Planning Case Processing Fees. The applicants pay the full cost recovery fees but are not receiving the service they pay for in a timely fashion due to the staffing shortage in the Planning Department.

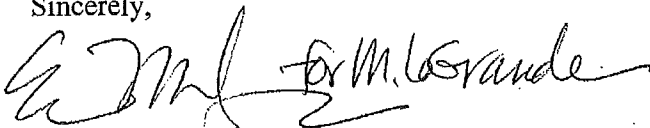
Budget and Finance Committee
May 4, 2012
Page 2

In order to process ZA cases within its legal timeframe, the Department requests two (2) new Associate Zoning Administrator positions and two (2) City Planning Associate positions. The additional City Planning Associates will work to increase the number of cases ready for the ZA hearings. All four positions will be fully Special Fund supported, and the Department will work with the Managed Hiring Committee to ensure that each position is only filled when the caseload and fees warrant the additional staff.

The Department of City Planning appreciates Council's desire to provide adequate staffing in the Office of Zoning Administration to process its cases. When entitlement decisions are being delivered in a timely fashion, the City as a whole will reap the benefits of new jobs and much-needed tax revenues.

I look forward to discussing this issue further with your Committee in the near future. If you have any questions, please call me at 978-1271.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. LoGrande". The signature is fluid and cursive, with a large initial "M" and "L".

Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 100

Date: May 5, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to Report back on updated costs for the Occupy LA event including City Hall Park Restoration

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO CITY HALL PARK RESTORATION**

The Department of Recreation and Parks has submitted the attached response relative to the most current costs related to the City Hall Park restoration.

MAS: MTS: 08120149

Question Number 78

ATTACHMENT

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

**FISCAL YEAR 2012-13 QUESTION NO. 78 – UPDATED COSTS FOR THE OCCUPY
LA EVENT INCLUDING THE CITY HALL PARK RESTORATION**

Occupy LA members and other participants populated the City Hall Park from October 1, 2011 through November 30, 2011. The Department of Recreation and Parks (RAP) expended about \$100,000 to perform maintenance tasks such as trash pickup, mowing the grass and to secure the area. These costs include labor, installation of a fence, and safety supplies and tools needed for the cleanup of the area.

Subsequent to their exit, RAP began the improvement project for City Hall Park (North and South areas). Per the improvement option adopted by the Mayor and City Council, RAP has been working to renovate these areas in the following manner:

- North Area – remove all turf and replace with low water use planting areas, install decomposed granite paths connecting City Hall's Temple and Spring Street entrances with permeable paving at the ends of the new paths, redesign the existing irrigation system, and add new landscape lighting.
- South Area – add new low water use planting areas and reseed the Upper South Lawn at the central plaza area, install decomposed granite at the bus transit node along Spring Street and a decomposed granite path connecting it to the Upper South Lawn, expand the existing planting areas in the Lower South Lawn and add a decomposed granite path to the Fireman's Memorial, reseed the lawn areas in the Upper and Lower South Lawn with low water use hybrid turf/grass, redesign the existing irrigation system, and add new landscape lighting.

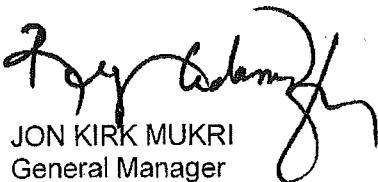
The total estimated costs for the City Hall Park improvements are about \$1 million. Funding includes \$400,000+ from various donations, grants and rebates and the remainder from various City sources.



Honorable Paul Krekorian
May 4, 2012
Page 2

Should you have any questions, please contact Superintendent Michael Shull, at (213) 202-2655 or Executive Officer Regina Adams, at (213) 202-2633.

Sincerely,



JON KIRK MUKRI
General Manager

JKM:RA:MS/cw

cc: Romel Pascual, Office of the Mayor
Jennie Carreon de Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 101

Date: May 5, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to Report back on efforts to have CRA Prop 84 grants reassigned to City and Administered by the Department

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO REASSIGNMENT OF CRA PROP 84 GRANTS**

The Department of Recreation and Parks has submitted the attached response relative to the current efforts to have the CRA Prop 84 grants reassigned to the City and administered by the Department.

MAS: MTS: 08120150

Question Number 113

ATTACHMENT

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

**FISCAL YEAR 2012-13 QUESTION NO. 113 – EFFORTS TO HAVE THE CRA PROP 84
GRANTS REASSIGNED TO THE CITY AND ADMINISTERED BY RAP**

On November 7, 2006, California voters passed the "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006" (Proposition 84), which authorized \$5.4 billion in general obligation bonds for a number of State grant programs. Two of the grant programs created were the Statewide Park Program, which is administered by the Office of Grants and Local Services (OGALS), and the Urban Greening Planning Grant Program, which is administered by the Natural Resources Agency (NRA). A total of \$368 million was dedicated to the Statewide Park Program to create new park and recreation facilities in proximity to the most critically underserved communities throughout California and a total of \$17.5 million was dedicated to Urban Greening Planning Grant Program to make grant awards for the purpose of creating urban greening plans that will serve as the master document guiding and coordinating greening projects in the applicant's jurisdiction. These funds were approved to be distributed in a two-round competitive process.

In 2011, the Community Redevelopment Agency of Los Angeles (CRA/LA) was notified that it had been awarded Statewide Park Program Round 1 funds for 7 projects totaling \$29,118,231. They are: (1) Midway Zocalo Park in the amount of \$5,000,000, (2) Nevin Avenue Elementary School Park in the amount of \$ 2,898,340, (3) La Mirada Park in the amount of \$1,223,300, (4) Ord & Yale Street Park (Chinese Pedestrian Garden Park) in the amount of \$ 4,999,705, (5) Slauson-Wall Park in the amount of \$4,999,933, (6) Vermont Median Park in the amount of \$4,996,953, and (7) Wilshire Center/Koreatown Central Park in the amount of \$5,000,000, and that it had been awarded Urban Greening Planning Grant Program Round 1 funds for the Downtown Los Angeles Open Space Master Plan project in the amount of \$250,000.



Honorable Paul Krekorian
May 4, 2012
Page 2

In late 2011, the CRA/LA was dissolved, as a result, in February 2012, the Department of Recreation and Parks (RAP) was approached by CRA/LA and asked if RAP was interested in assuming the administration of their Proposition 84 awarded grants and pending applications. For Statewide Park Program projects, RAP was also contacted by OGALS and asked if RAP was interested in assuming the administration of the Proposition 84 awarded grants on behalf of the City of Los Angeles (City). For the Urban Greening Planning Grant Program, RAP contacted NRA about assuming the grant.

In February 2012, the OGALS representatives convened a meeting with City staff, including representative from the Office of the City Administrative Officer (CAO), Office of the Chief Legislative Analyst (CLA), Council Offices, Mayor's Office and the Bureau of Engineering, as well as, CRA/LA staff to discuss the status of the Statewide Park Program Round 1 awarded projects and the City's interest in assuming the awarded grants and the Statewide Park Program Round 2 pending applications. Subsequent to the meeting, OGALS sent a letter requesting a letter from the City stating its interest in assuming the awarded grants and pending applications, as well as a revised Application Form, Grant Scope/Cost Estimate Form, and Revised Funding Sources Form, listing the RAP as the applicant on behalf of the City, which was provided by the due date of March 16, 2012.

In March 2012, the NRA requested an approved Board report indicating RAP's interest in the Downtown Los Angeles Open Space Master Plan project (Board Report No. 12-102, approved at its meeting of April 4, 2012) and a revised Council resolution, which was approved by Council at its meeting of April 25, 2012 (Council File No. 12-0557), and submitted to NRA by the due date of May 1, 2012.

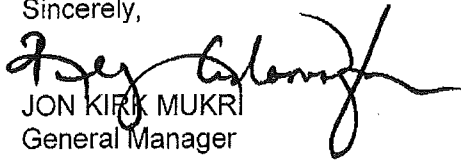
In late March, OGALS made the Statewide Park Program Round 2 awards. None of the CRA/LA projects were selected for award; however, OGALS contacted RAP requesting updated environmental and acquisition documentation for the CRA/LA Round 2 applications that were submitted. Of the seven applications submitted: (1) Arts District Park in the amount of \$2,500,000, (2) Central Avenue Jazz Park Expansion in the amount of \$ 3,332,939, (3) Fashion District Park in the amount of \$4,999,960, (4) Monsignor Romero Park Plaza in the amount of \$ 500,000, (5) Placita del Seoul in the amount of \$4,639,873, (6) San Pedro Neighborhood Park in the amount of \$2,182,295, and (7) Wilshire Center/Koreatown Central Park (Phase II) in the amount of \$1,618,663, RAP reconvened and determined that there were only three viable projects worth pursuing. They are: (1) Arts District Park in the amount of \$2,500,000, (2) Monsignor Romero Park Plaza in the amount of \$ 500,000, and (3) Placita del Seoul in the amount of \$4,639,873. As of May 3, 2012, all requested documentation has been submitted to the State.

RAP continues to work with the State agencies to provide all requested documents. As of RAP's latest follow-up with the State on May 3, 2012, regarding the assumption of the CRA/LA Proposition 84 grants, RAP has not received an official determination from the State.

Honorable Paul Krekorian
May 4, 2012
Page 3

Should you have any questions, please contact Michael Shull, Superintendent, at (213) 202-2655 or Regina Adams, Executive Officer, at (213) 202-2633.

Sincerely,


JON KIRK MUKRI
General Manager

JKM:RA:MS/bc

cc: Romel Pascual, Office of the Mayor
Jennie Carreon de Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 102

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Savings from elimination of hiring to attrition

Subject: **POLICE DEPARTMENT – ELIMINATION OF SWORN HIRING PLAN SAVINGS**

Following its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested this Office to report back on the savings realized from eliminating the sworn hiring plan.

The elimination of the sworn hiring plan would save \$7.6 million. The \$7.6 million consists of \$6 million in direct salary costs and equipment, as well as, \$1.6 million in related costs.

MAS:JLK:04120128


Question No. 271

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 103

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report on the cases or building activity that may be causing an increase in revenues and the ability of the Planning Department to meet the demand

Subject: **PLANNING DEPARTMENT – POSSIBLE CAUSES FOR INCREASES IN REVENUES**

Your Committee requested the Planning Department to report back on possible causes for an increase in budgeted fee revenues, such as an escalation in certain cases or building activity, and on the Department's ability to meet the rising demand for services.

The Planning Department report is attached which includes a discussion of the upsurge in types of cases. In addition, the Department requests four positions to assist with backlogs due to staffing shortages. These four positions are addressed in Budget and Finance Question No. 168.

MAS:MMR:02120126

Question No. 170

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
RECINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAGUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING PLANNING CASE PROCESSING
WORKLOAD AND TURNAROUND TIME (QUESTION NO. 170)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on City Planning's entitlement case filing activities, case processing turnaround time, backlog, and staffing needs.

Filing for discretionary review in the past three years has been slowly increasing as the economy recovers. However, because the construction field is normally the slowest of all businesses to turnaround in a bad economy, this uptrend is somewhat sluggish. The case types that are increasing more noticeably are large residential and mixed-use developments, small lot subdivisions, density bonus entitlements, and use cases (conditional use permits).

Fiscally, the impact of the slow recovery in the construction sector is lessened on City Planning in the current fiscal year. This is due to two factors: (1) the implementation of the new Planning fee schedule in late 2009 as a result of a comprehensive fee study and (2) the significant reduction in the Department's staffing. Currently the Planning Case Processing Special Revenue Fund carries a balance of \$4 million. However, this amount is not a surplus but a balance of fees paid by the applicants that will be spent when the Department is caught up in case processing. Ideally, the Department of City Planning's staffing level should match exactly the fees collected so that all applicants would have their cases processed within the legal timeframe, on which the fees were established.

In order to mitigate the negative impact of the Early Retirement Incentive Program (ERIP) and other staffing reduction policies, the Department has been streamlining the case processing procedures, simplifying the zoning code, consolidating Use Permit processing requirements, and

Budget and Finance Committee

May 4, 2012

Page 2

increasing the case processing capacity using overtime. These mitigation measures are effective, but a permanent solution to the staffing shortage is needed.

The Department of City Planning requests that two (2) new Associate Zoning Administrator positions and two (2) City Planning Associate positions be added in Fiscal Year 2012-13. These positions will be fully Special Fund supported, and the Department will work with the Managed Hiring Committee (MHC) to ensure that each position is only filled when the caseload and fees warrant the additional capacity.

I look forward to discussing this issue with your Committee in the near future. If you have any questions, please call me at 978-1271.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. LoGrande". The signature is written in dark ink and is positioned above the printed name.

Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 104

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the possibility of restoring the three Animal Control Officer positions. If possible identify the funding, or at least consider authorizing the positions without funding. Would it be beneficial to hold the three Animal Control Officer II positions vacant?

Subject: **ANIMAL SERVICES – RESTORATION OF THREE ANIMAL CONTROL OFFICER POSITIONS**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested our Office to report back on the possibility of restoring the three Animal Control Officer (ACO) positions deleted in the Proposed Budget.

Currently, it is not beneficial to reauthorize regular unfunded authorities for the deleted ACO positions. Funding for the positions is not available and it is unlikely that the Department will generate revenues in excess of the budgeted amounts. If the Department requested the authority to fill the positions, they would be required to identify the funding source or revenue source which would be necessary to reimburse the General Fund for the direct and related costs of the positions.

Our Office is hopeful the Department will present a comprehensive report establishing a formal Administrative Citation Enforcement (ACE) Program within Animal Services which, at a minimum, would be cost neutral. At that time, resolution authorities for the ACO positions could be authorized with an identified funding source.

MAS:JLK:04120108

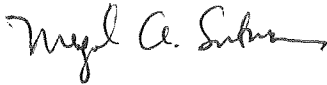
Question No. 179

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 105

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Budget and Finance Committee Request: "Provide a recommendation on the reallocation of the Street Lighting Engineering Associate to Street Lighting Engineer."

Subject: **PUBLIC WORKS, BUREAU OF STREET LIGHTING – STREET LIGHTING ENGINEER REALLOCATION**

The Budget and Finance Committee requested a recommendation from the City Administrative Officer on the Bureau of Street Lighting's request to reallocate one Street Lighting Engineering Associate III to a Street Lighting Engineer.

The Bureau reports that the requested position will lead a new division that will oversee Transportation Grant funded projects, bikeway projects, solar street lighting and decorative LED programs. These programs have increased in workload and the need for targeted oversight of testing, review, approval and deployment.

Though new areas of work have added to the Bureau's workload, other areas have decreased, such as Series to Multiple conversions and other infrastructure improvement projects. Additionally, many of the new programs are temporary in nature and will be completed in two or three years. If the LED conversion of 140,000 street lights is completed in 2012-13, as is proposed in the Budget, staffing on that program can be deployed to the new programs as needed.

Reallocation of a position would be a permanent change to the Bureau's Departmental Personnel Ordinance and an ongoing increased cost to the Street Lighting Maintenance Assessment Fund. This Office believes that the Bureau can manage the new programs within its existing authority.

MAS:JHC:06120087

Question No.131

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 106

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on whether the Department has taken steps to minimize risk associated with potential litigation

Subject: **LOS ANGELES POLICE DEPARTMENT RISK MANAGEMENT**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) to report back on the steps taken by the Department to minimize risk associated with potential litigation. Below is the Department's response:

- The Department has hired Beth D. Corriea as the Department Risk Manager to oversee, advise and implement various risk management strategies;
- The Department has created the Liability Management Committee which meets on a monthly basis to address risk management issues in LAPD;
- The Department continues to utilize the Risk Management Executive Committee to monitor Officers who have engaged in high risk behaviors;
- The Department Risk Manager has established open dialogue with Plaintiffs' attorneys who regularly sue the Department on employment litigation issues; and,
- The Department Risk Manager has intervened on employment litigation issues resulting in their successful termination and/or mitigation of liability against the City.

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120127c

Question No. 75

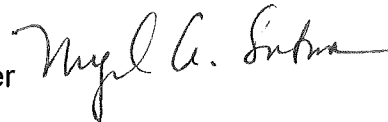
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 107

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: What do you attribute to the proposed increase in revenue of \$110,000 from fines and penalties?

Subject: **ANIMAL SERVICES - \$110,000 INCREASE IN PROPOSED REVENUE**

During its consideration of the Animal Services Department's 2012-13 Proposed Budget, the Committee requested our Office to report back on the \$110,000 proposed increase in fine and penalty fee revenue.

The Omnibus Dog Licensing Ordinance established a series of late fees and penalties for pet owners who fail to license their dogs. The Ordinance included an amnesty period for owners to come forward and purchase a dog license without paying the new penalties. The amnesty period expired in April. The Department's proposed fine and penalty fee revenue has been increased by \$110,000 consistent with revenue projections associated with the collection of the new fines and fees over the 2012-13 Fiscal Year.

Subsection (h) was added to Section 53.15 of the Municipal Code to authorize the Department to collect a \$20 fee for a sterilized dog and a \$100 fee for an unsterilized dog, if the dog license tax and dog license costs are not paid within 45 days after the fees are due. In addition, a \$25 field collection fee will be assessed when the license tax and fee are collected at the dog owner's property following a notice to pay by the Department.

MAS:JLK:04120110

Question No.189

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 108

0590-00000-0000

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Lifeline Program – What is the process to appropriately determine if we can shift paying for the Lifeline program from the General Fund? Have we gone to the voters? Report back on the schedule of opportunities for this program on the ballot.

Subject: **SHIFTING GENERAL FUND BURDEN FROM THE LIFELINE PROGRAM**

Your Committee requested that we report on opportunities to shift burden from the General Fund for low-income subsidies currently provided for refuse collection fees and sewer charges, including any ballot opportunities.

Discounts are currently available to certain low-income residents who receive sanitation services from the City and pay the Solid Waste Fee and Sewer Service Charge, as described below. According to California Constitution Article XIII D, Sec 6(b)(3), enacted by Proposition 218, the amount of a property-related fee or charge, inclusive of refuse collection and sewer service, cannot exceed the proportional costs of the service attributable to a property, thereby prohibiting cost-sharing of subsidies among other rate payers. Currently, the General Fund therefore subsidizes these discounts.

- Solid Waste Fee (SWF) Lifeline Rate Program – the City subsidizes 30 percent of the Solid Waste Fee for participants at least 62 years of age or disabled, and who meet low-income requirements (approximately \$34,200 per household). The proposed 2012-13 funding level of \$4.7 million from the General Fund supports approximately 38,000 customers. The number of subscribers in a given year is contingent on funding available for the subsidy. The program is capped at 58,910 customers. The ordinance governing Lifeline provisions for the Solid Waste Fee requires that participants be recertified every two years and the subsidy level evaluated every five years.
- Sewer Service Charge (SSC) Low-Income Program – the City provides an approximate 31 percent discount for low-income customers for the first nine hundred cubic feet of wastewater discharge. The proposed 2012-13 funding level of \$550,000 maintains the discount at the current level, supporting approximately 78,753 customers. Because the Clean Water Act requires that a low-income discount, if offered, must be open to everyone who qualifies, SSC subscribers cannot be capped. Consequently, the General Fund requirement is subject to any change in the number of qualifying subscribers.

Opportunities to shift burden away from the General Funding include but are not limited to the following (additional substantive analysis, including input from the Bureau of Sanitation and City Attorney, is needed to determine the full range of operational and legal considerations):

- A ballot vote in the City of Los Angeles to allow for surcharges to the SWF and SSC or other mechanisms to recover the cost of low-income subsidies. The applicable reference is California Constitution Article XIII D, Section 6(c) describing voter approval for new and increased fees and charges. Ballot possibilities include a citywide vote which requires two-thirds voter approval, or a mail-out ballot to property owners which requires a majority (51 percent) approval. The process for a ballot vote entails:
 - Adoption of an ordinance by the Mayor and Council to establish a low-income surcharge and/or other permissible mechanism, and,
 - Voter approval of a City-specific measure through a County of Los Angeles General Election (the next available ballot is November 6, 2012 – with a deadline of July 3 for Council to request the City Attorney to prepare the resolution to place the item on the ballot); or,
 - Voter approval through a City municipal election (the next available ballot is March 5, 2013 for a Primary Nominating Election and May 21, 2013 for a General Municipal Election - with deadlines of October 31, 2012 and January 16, 2013, respectively, for Council to request the City Attorney to prepare the resolution to place the item on the ballot); or,
 - Voter approval through a mail-out ballot to Los Angeles City property owners – approximately 780,000 properties (one vote per parcel).

The cost of placing a measure on a County ballot is approximately \$3.7 million for the first item and \$500,000 for subsequent items, with an additional \$700,000 in printing and mail-out costs. Thus, the cost could range from \$1.2 million to \$4.4 million depending on the overall content of City measures on the ballot. The cost of a City administered election would be substantially less.

- Change in state legislation through a statewide ballot that would enable the provision of low-income subsidies within rates and/or provide exemptions for residential refuse collection and sewer charges from the definition of property-related services (as currently exists for electrical or gas service). This would amend California Constitution Article XIII D, specifically in reference to Section 3(b) regarding services recognized as an “incident of property ownership.” This would likely interest other municipalities throughout the State although requires a substantially larger effort to coordinate and garner support.

MAS:ER:06120083

Question: 119

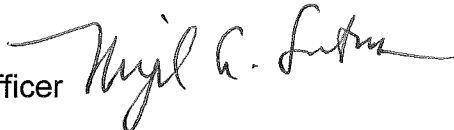
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 109

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on various questions regarding how assets of the City Employees' Retirement System are invested, collaboration efforts with other pension systems, and MBE/WBE managers.

Subject: **CITY EMPLOYEES' RETIREMENT SYSTEM – VARIOUS**

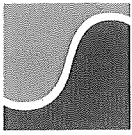
The City Employees' Retirement System has submitted the attached report back regarding various questions raised by the Budget and Finance Committee.


This memorandum is provided for information only. There is no fiscal impact.

Attachment

MAS:RPC:BC:MDG:01120068d

Question Nos. 23, 26 through 30, 33 through 37



Date: May 3, 2012
To: Maria Gutierrez, Office of the CAO
From: Tom Moutes, General Manager 
Subject: Responses to Questions Posed During LACERS Budget Presentation

During our budget presentation, we were asked to report back regarding a number of questions. As many of the questions relate to how we invest the assets of the retirement system, it is important to note the Charter-granted powers and duties of LACERS Board relating to LACERS assets, including the investment of those assets:

*Consistent with Article XVI, Section 17 of the California Constitution... each retirement board shall... Have **sole and exclusive fiduciary responsibility over the assets of the system** (emphasis added) which are held for the purposes of: (1) providing benefits to system participants and their beneficiaries; and (2) defraying the reasonable expenses of administering the system. (Charter Section 1106)*

Following are answers to the questions posed:

Question #23: Report back on collaboration efforts with other pension systems to improve operations.

- LACERS works collaboratively with the other two City pension funds in a number of ways including:
 - Negotiating potentially fee-reducing clauses into all investment contracts that reduces applicable fees through fee aggregation when a LACERS investment manager is retained by one or both of the other City pension systems to provide services for a similar mandate;
 - For private equity and real estate where one or both of the other systems are invested, LACERS collaborates with the other systems to obtain a reduction in outside legal fees;
 - LACERS makes its health (medical and dental) plans available to retired sworn members of the Los Angeles Fire and Police Pensions system (LAFPP) upon demonstrable inability on the part of the retired sworn member to obtain health coverage from one of the organizations traditionally offering this coverage to sworn personnel;
 - LACERS and LAFPP provide back-up business continuity services to each other on an as-needed basis when business disruptions have occurred; and
- LACERS has a Memorandum of Understanding with the San Francisco Employees' Retirement System (SFERS) to provide reciprocal disaster

recovery/business continuity services. The partnership between LACERS and SFERS was heralded as a model of collaboration between pension systems.

- LACERS belongs to the California Association of Public Retirement Systems (CALAPRS) and the State Associate of County Retirement Systems (SACRS). CALAPRS and SACRS sponsor educational forums for sharing best practice information and exchanging ideas among trustees and staff of California public retirement system.

Question #26: Is there an opportunity to lower the threshold (currently \$50 million assets under management) in order to utilize more emerging managers who have good returns?

Lowering the investment threshold is contrary to LACERS Risk Policy and industry standards. There are costs and risks associated with mandates below \$50 million. From a cost perspective, having too many small mandates will increase trading costs and LACERS costs for investment management fees. From a risk perspective, LACERS policy requires not making an investment that represents more than 20% of any given investment product managed by the selected manager. This 20% limitation also is based on best practices and industry standards for fiduciaries. Industry standards used for pension plans are to size investment mandates between 0.5% and 2.0% of the total fund level. Based upon this industry standard range, LACERS (approximately \$11 billion) would invest in managers with minimum of product assets under management (AUM) of \$55 million.

Question #27: In which asset classes have you exceeded your benchmark index during the past 12 months? Which asset managers have exceeded the benchmark index during the same period?

Please see the attached Portfolio Performance Review for the Quarter Ending December 31, 2011. It is important to note that investment managers are evaluated on long-term performance, normally over a full business cycle.

Question #28: Given the impact to the General Fund, how do you expect to add value over the benchmark index next year?

We plan to add value to the portfolio over the next year by utilizing the risk budget framework for asset allocation recently adopted by our Board. This framework necessitates an asset class by asset class review of our investments over the next 18 months. This review will allow us to identify a mix of mandates and managers that will help provide us with the best risk-adjusted returns.

Additionally, LACERS will be increasing the portfolio's passive exposure by 27%. Expected management fee savings from this shift are expected to be \$8.5 million in Fiscal Year 2012-13 and \$10 million annually thereafter.

Question #29: Which asset classes are you targeting and what factors went into your decision?

All of LACERS asset classes were reviewed and analyzed through the risk budget framework mentioned above. This framework resulted from educational sessions on new proposed asset strategies and presentations and discussions on risk management. Development of the framework further included creation of a transition manager pool, an expansion of policies and procedures of manager monitoring (with quantitative and qualitative metrics to consistently evaluate performance), risk budgeting, and further enhancing opportunities for emerging investment managers.

Question #30: Are you going to continue to work with the successful managers who have exceeded the benchmark index? Please provide a matrix listing managers, benchmarks, and their performance.

That will be determined by our Board on a case-by-case basis under the framework outlined above. The Board's goal is to retain those investment managers that can provide superior returns over the long term, normally at least 3-5 years. Please see the attached Portfolio Performance Review for the Quarter Ending December 31, 2011.

Question #33: What percentage of your current fund allocations are with MBE/WBE managers?

While LACERS policies do not define MBE/WBE managers and, therefore, we do not track the percentage allocated to them; LACERS does have an emerging manager program. Currently \$100 million has been allocated to public market emerging managers with an "aspirational goal" to double the size of that mandate over the next 12 months. With that in mind, LACERS Board adopted an Emerging Investment Manager Policy (attached).

The purpose of the Emerging Investment Manager Policy is to provide a framework for identifying skillful investment firms with the potential to add value to LACERS investment portfolio that would otherwise not be identified in LACERS standard institutional investment manager search process. These firms typically are in their early business stages and do not possess the organizational depth and resources of larger investment management firms, and thus represent greater business risk. However these smaller firms may be able to generate superior performance returns because of the increased market flexibility associated with a somewhat smaller

asset base. The goal of the Policy is to locate and fund emerging investment managers with successful histories of generating positive alpha at an appropriate level of active risk. Under this Policy, LACERS will consider an emerging investment manager mandate as part of any manager search undertaken by the Board.

Question #34: What are the total fees you pay to your MBE/WBE managers and how do they compare to the total fees you pay? Please provide us with a comparison of your payments over the past 12 months.

As indicated above, LACERS policies do not define MBE/WBE managers and, therefore, we do not track the fees paid to them. Please see the Investment Manager Expense attachment.

Question #35: Will there be impacts to existing LACERS Emerging Managers as a result of the asset reallocation plan being proposed over the next 18 months?

This is not known at this time as it will be determined by our Board on a case-by-case basis under the framework outlined above.

Question #36: It looks like you are increasing allocations in the International asset class. Are you aware of and currently using Emerging Managers in the International asset class?

At this time LACERS does not employ any emerging managers within this asset class, however under our Emerging Manager Policy, we will consider emerging investment manager mandates as part of any manager search undertaken by the Board.

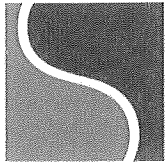
Question #37: Do you have goals as they relate to fund allocation resources that you award to MBE/WBE and Emerging Managers? If so, what are they and what is your allocation goal to these groups today? Please break it down by asset class as a comparison of the total resources allocated to all managers.

LACERS Board recently adopted an "aspirational goal" to double the public market emerging manager exposure from \$100 to \$200 million in the next 12 months.

If you have any questions or require further information, please do not hesitate to contact me at (213) 473-7280.

TM:

Attachments



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

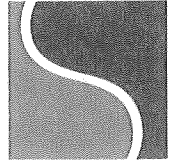
Portfolio Performance Review

Quarter Ending December 31, 2011

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Non-U.S. Equity Managers	Tab 4
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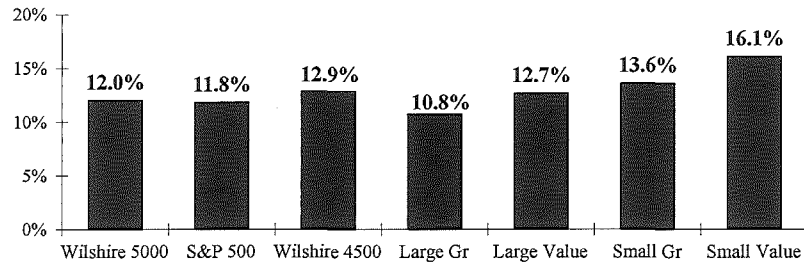


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RETIREMENT SYSTEM

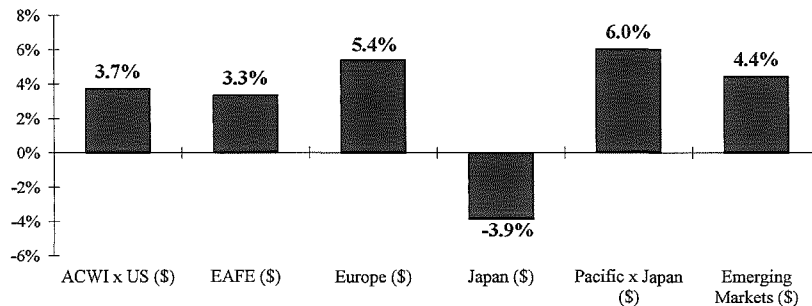
Executive Summary

Market and Economic Review

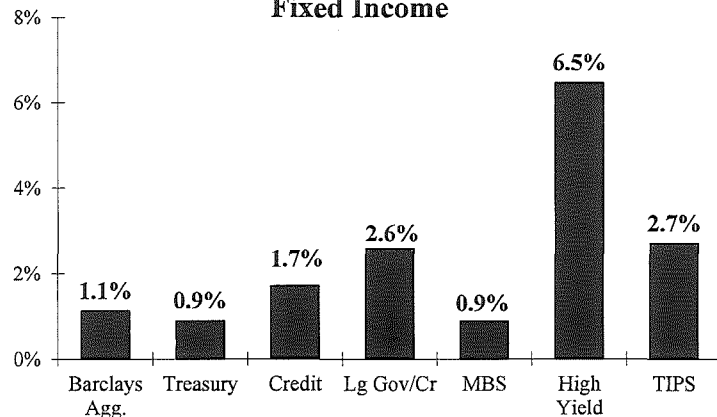
U.S. Equity



Non U.S. Equity



Fixed Income



- Equity markets rallied significantly during the 4Q/2011 despite continued sovereign debt crisis in Europe
- US GDP posted an annualized growth rate of 2.8% in 4Q/11, an increase from 1.8% in 3Q/11
- Unemployment rate dipped in 4Q to 8.5%, compared to 9.1% in 3Q
- Consumer Price Index declined to -0.5% for the quarter; a significant drop from 0.5% in 3Q
- Fed Funds Rate remained unchanged at the range of 0% to 0.25%

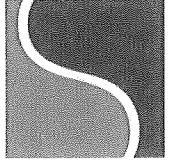
- All major non-U.S. markets had positive returns for the quarter, with the exception of Japan, despite fears of a double-dip recession in Europe and slowing economic growth in China
- Pacific Basin x Japan was the best performer, while Japan was the worst performer
- U.S. dollar strengthened against both Pound and Euro; however, it marginally declined against the Japanese Yen

- U.S. yield curve virtually remained the same for all maturities compared to 3Q11
- Yields were at historic lows across all maturities and significantly lower than a year ago
- Investors' flight to safety slowed during the quarter as they rotated back into equities
- Spreads in High Yield market tightened and this sector was the strongest sector of the entire fixed income market

Performance Overview

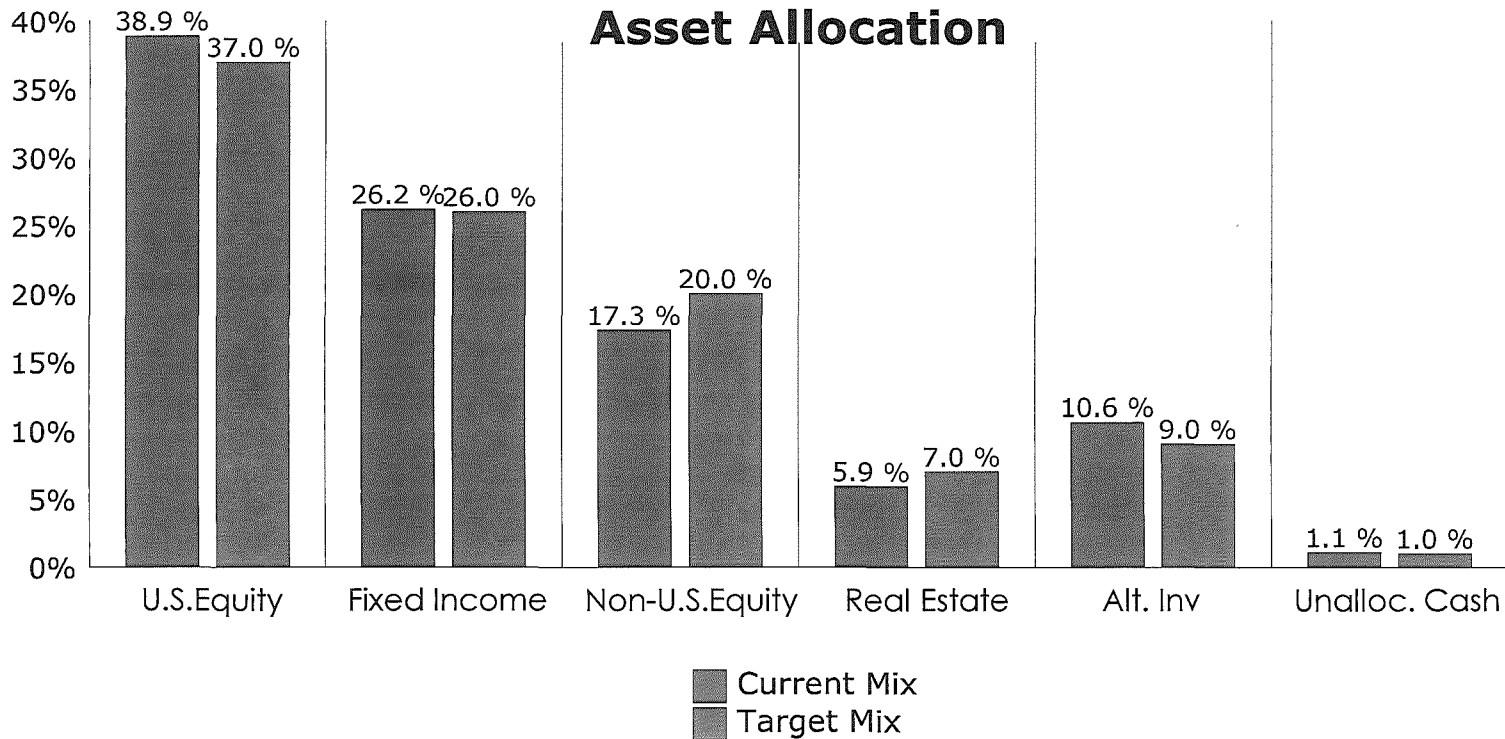
- *LACERS investment portfolio ended the 4th quarter with a market value of \$10.2 billion, up \$0.4 billion from the previous quarter. The Fund's net of fee return was 5.6% for the quarter and -0.1% for the one-year period.*
- *The Total Fund underperformed its policy benchmark by 1.5% for the quarter and by 1.3% for the one-year period.*
- *In a comparison to other public funds with market values greater than \$1 billion in TUCS (Trust Universe Comparison Service), LACERS ranked in the 28th percentile for the quarter and in the 81st percentile for the one-year period.*
- *All asset classes, except Alternative Investments, produced positive returns in the 4th quarter of 2011.*
- *Publicly traded portfolios, except Non-U.S. Equity, outperformed their respective benchmarks for the quarter.*
- *Real Estate and Alternative Investments underperformed their benchmarks by 2.2% and 16.2%, respectively.*

Note: Due to the J-curve effect in early stages of a fund's life, returns may lag prior to realization of proceeds in later years.



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RETIREMENT SYSTEM

Fund Overview



	As of 12/31/2011	Target *	Minimum	Maximum
U.S. Equity	38.9%	37.0%	33.0%	42.0%
Fixed Income	26.2%	26.0%	23.0%	29.0%
Non-U.S. Equity	17.3%	20.0%	17.0%	24.0%
Real Estate	5.9%	7.0%	4.0%	10.0%
Alternative Inv.	10.6%	9.0%	6.0%	12.0%
Unallocated Cash	1.1%	1.0%	0.0%	3.0%

* Revised 4th Qtr 2009 - decrease U.S. Equity from 42% to 37%; increase Fixed Income from 22% to 26%; increase Alternative Inv. from 8% to 9%.

LACERS Total Fund

(Returns are Net of Fees)

	Market Value (\$million)	% to Total Fund	Current Quarter	One Year	Three Years	Five Years	Ten Years	Fifteen Years ¹	Since Inception ¹	5 Year Tracking Error
LACERS Master Trust	\$ 10,233	100.0%	5.6	-0.1	10.1	1.3	5.6	6.2	7.7	2.5
<i>Policy Benchmark</i>			7.1	1.2	11.9	1.7	5.6	6.5	7.8	
Excess Return			-1.5	-1.3	-1.8	-0.4	0.0	-0.3	-0.1	
U.S. Equity	\$ 3,976	38.9%	12.6	-1.4	14.6	-0.5	3.7	6.2	8.9	1.4
<i>Russell 3000</i>			12.1	1.0	14.9	0.0	3.5	5.1	7.4	
Excess Return			0.5	-2.4	-0.3	-0.5	0.2	1.1	1.5	
Non-U.S. Equity	\$ 1,767	17.3%	3.4	-15.3	10.6	-3.1	6.2	3.4	4.1	1.7
<i>MSCI ACWI ex U.S.*</i>			3.7	-13.7	10.7	-2.9	6.3	4.6	4.8	
Excess Return			-0.3	-1.6	-0.1	-0.2	-0.1	-1.2	-0.7	
Total Fixed Income	\$ 2,677	26.2%	2.2	6.0	11.2	6.9	6.7	7.1	7.5	2.7
<i>BC U.S. Universal</i>			1.5	7.4	7.7	6.4	6.0	6.1	6.6	
Excess Return			0.7	-1.4	3.5	0.5	0.7	1.0	0.9	
Real Estate **	\$ 602	5.9%	1.1	12.8	-13.5	-6.3	2.9	5.4	5.7	10.4
<i>NCREIF Property (Lagged)</i>			3.3	16.1	-1.5	3.4	7.8	9.4	9.3	
Excess Return			-2.2	-3.3	-12.0	-9.7	-4.9	-4.0	-3.6	
Alternative Investments **	\$ 1,085	10.6%	-3.1	12.7	6.6	9.2	9.8	10.4	9.5	19.9
<i>Russell 3000 + 400 bps</i>			13.1	5.0	18.9	4.0	7.5	9.1	11.4	
Excess Return			-16.2	7.7	-12.3	5.2	2.3	1.3	-1.9	

¹ Indicates gross returns

* Both the MS ACWI ex US and Barclays US Universal indices are historically blended with other indices.

** Due to the J-Curve effect in early stages of a fund's life, returns may lag prior to realization of proceeds in later years.

Total Fund Performance Attribution

(based on net-of-fee returns)

	Portfolio		Policy**		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
U.S. Equity	38.5%	12.6	37.0%	12.1	0.0	0.2	0.0	0.2
Non-U.S. Equity	17.7%	3.4	20.0%	3.7	0.1	-0.1	0.0	0.0
Fixed Income	26.0%	2.2	26.0%	1.5	-0.1	0.2	0.0	0.1
Real Estate	5.9%	1.1	7.0%	3.3	0.0	-0.1	0.0	-0.1
Alternative Investments	10.9%	-3.1	9.0%	13.1	0.1	-1.8	0.0	-1.7
Cash	1.0%	1.5	1.0%	0.0	0.0	0.0	0.0	0.0
Total	100.0%	5.6	100.0%	7.1	0.2	-1.6	0.0	-1.4

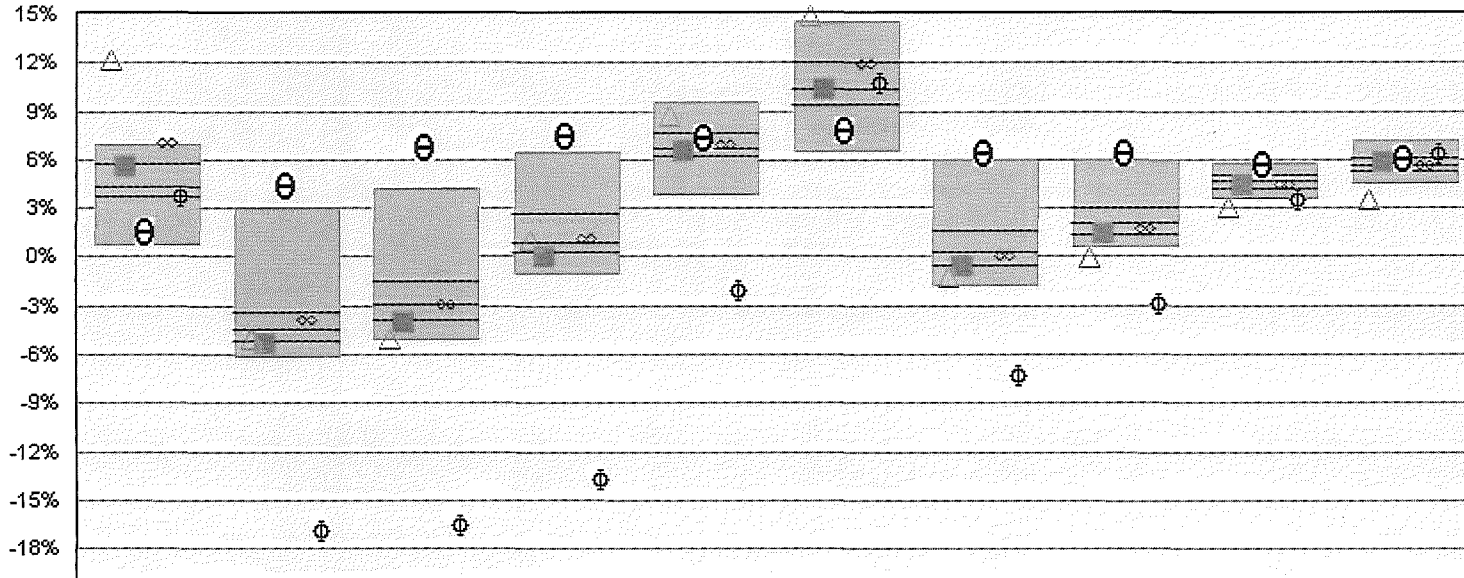
*Attribution method utilizes all cash flows during the period. Allocation displayed is average period market values.

** Policy Benchmark composition: U.S. Equity – Russell 3000; Non-U.S. Equity – MSCI ACWI ex-US; Fixed Income – BC Universal; Real Estate – NCREIF Lagged; Alternative Investments – Russell 3000 + 4%; Cash – 90 Day T-Bill.

- The Fixed Income and U.S. Equity portfolios outperformed their benchmarks due to selection effect.
- The Non-U.S. Equity and the Real Estate portfolios underperformed their benchmarks due to selection effect.
- Alternative Investments underperformed its respective benchmark, primarily due to selection effect and reflected lag effects between the private equity portfolio and the publicly-traded portfolio.

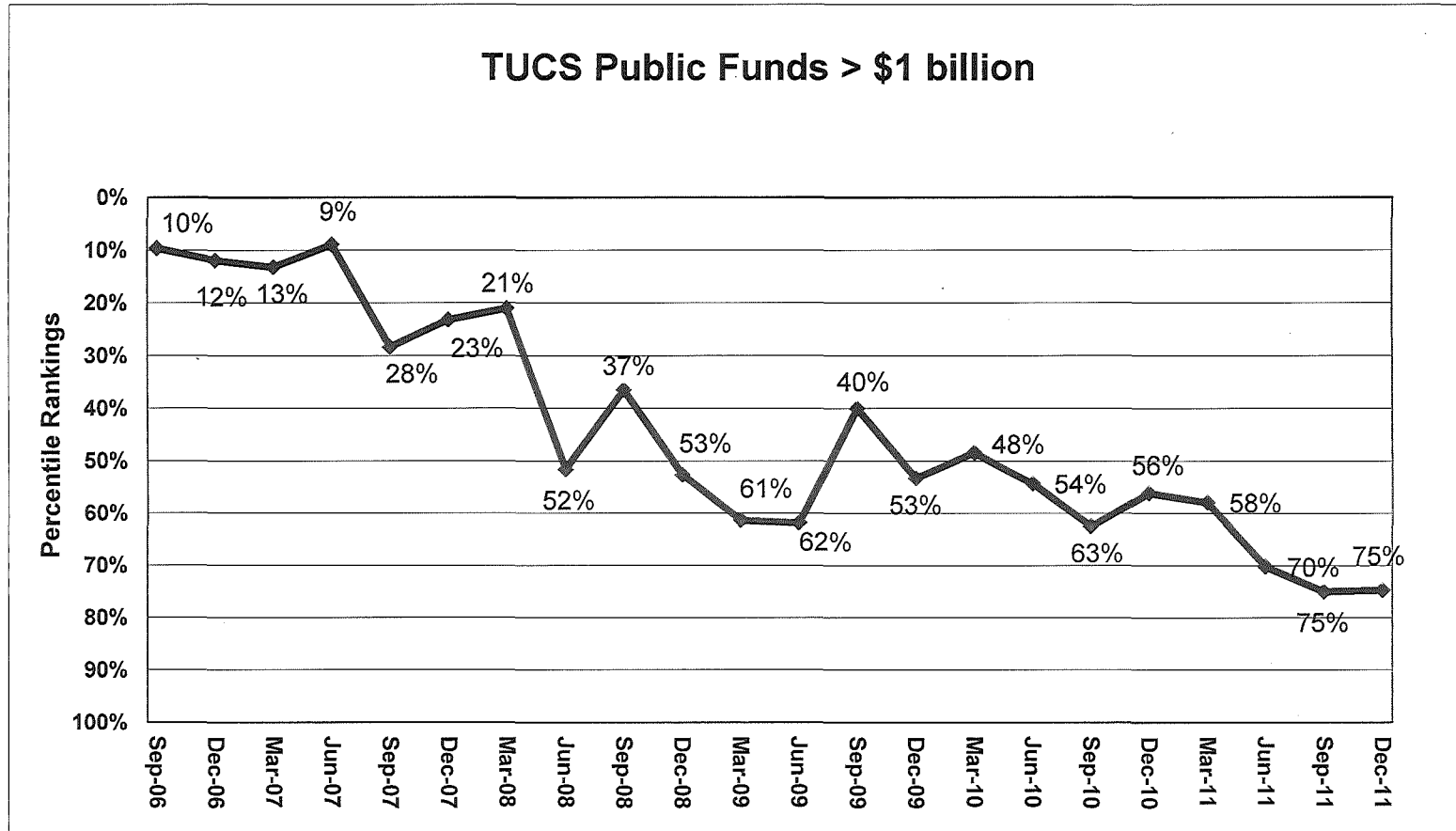
Trust Universe Comparison Service Performance Comparison

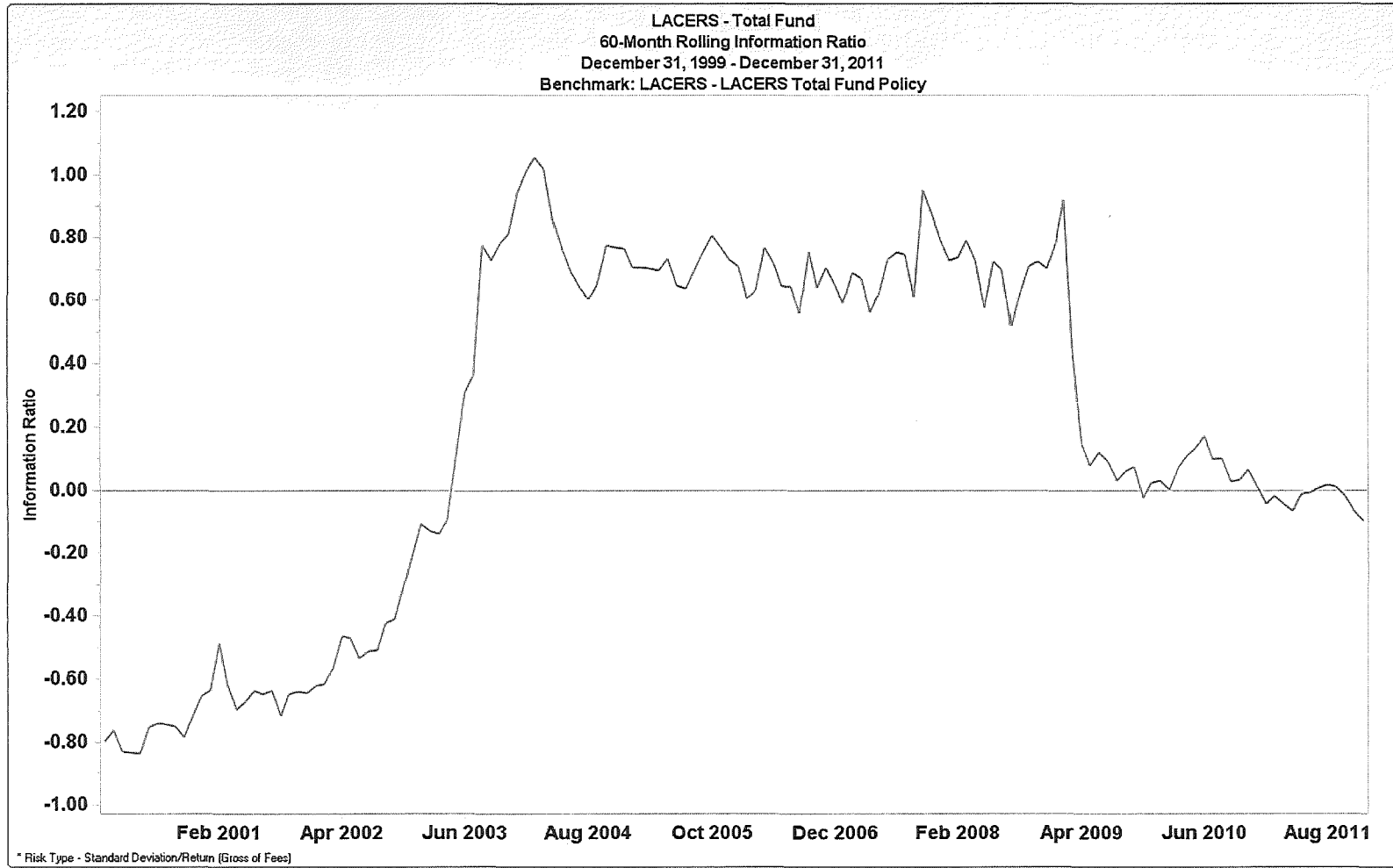
Total Returns of Master Trusts - Public : Plans > \$1 Billion
Cumulative Periods Ending : December 31, 2011

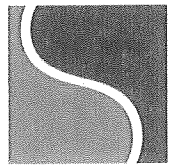


Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	6.89	3.07	4.26	6.46	9.56	14.56	5.93	5.96	5.80	7.12
25th	5.74	-3.39	-1.52	2.65	7.69	12.09	1.62	3.03	5.06	6.16
50th	4.34	-4.43	-2.95	0.86	6.75	10.37	0.30	2.03	4.64	5.57
75th	3.72	-5.13	-3.92	0.26	6.20	9.39	-0.54	1.33	4.19	5.27
95th	0.71	-6.13	-5.10	-1.06	3.84	6.63	-1.67	0.62	3.60	4.57
No. Of Obs	62	62	62	62	59	59	59	59	56	55
LosAngeles City	5.66 (28)	-5.30 (78)	-3.98 (78)	0.08 (81)	6.62 (62)	10.35 (55)	-0.51 (73)	1.50 (71)	4.42 (62)	5.86 (41)
Policy Index LACERS	7.06 (4)	-3.85 (33)	-2.91 (48)	1.17 (45)	6.97 (41)	11.90 (30)	0.07 (55)	1.72 (64)	4.47 (58)	5.58 (48)
Russell 3000	12.12 (1)	-5.01 (68)	-5.04 (92)	1.02 (46)	8.68 (5)	14.87 (1)	-1.27 (92)	-0.02 (99)	2.97 (100)	3.51 (99)
MSCI World Ex US (N)	3.72 (76)	-16.87 (100)	-16.55 (100)	-13.71 (100)	-2.06 (100)	10.70 (41)	-7.28 (100)	-2.92 (100)	3.51 (97)	6.31 (19)
Barclays US Univ Indx	1.45 (91)	4.36 (1)	6.67 (1)	7.40 (4)	7.28 (33)	7.71 (87)	6.36 (1)	6.39 (1)	5.66 (13)	6.01 (32)

5-Year Rolling Return/Risk Rankings







LACERS
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RETIREMENT SYSTEM

U.S. Equity Managers

U.S. Equity Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
U.S. Equity	Oct-94	\$ 3,976	100.0%	12.6	-1.4	14.6	-0.5	3.7	8.9	1.4
<i>Russell 3000</i>				<i>12.1</i>	<i>1.0</i>	<i>14.9</i>	<i>0.0</i>	<i>3.5</i>	<i>7.4</i>	
Excess Return				0.5	-2.4	-0.3	-0.5	0.2	1.5	
AllianceBernstein	Mar-98	\$ 399	10.0%	11.1	-2.1	13.8	0.8	1.3	3.2	4.1
<i>Russell 1000 Growth</i>				<i>10.6</i>	<i>2.6</i>	<i>18.0</i>	<i>2.5</i>	<i>2.6</i>	<i>1.8</i>	
Excess Return				0.5	-4.7	-4.2	-1.7	-1.3	1.4	
Aronson, Johnson & Ortiz	Oct-01	\$ 422	10.6%	13.4	2.6	11.0	-2.1	5.0	5.8	3.3
<i>Russell 1000 Value</i>				<i>13.1</i>	<i>0.4</i>	<i>11.5</i>	<i>-2.6</i>	<i>3.9</i>	<i>4.6</i>	
Excess Return				0.3	2.2	-0.5	0.5	1.1	1.2	
Blackrock Russell 1000 Value	Dec-98	\$ 426	10.7%	13.1	0.5	11.8	-2.5	4.0	3.7	0.1
<i>Russell 1000 Value</i>				<i>13.1</i>	<i>0.4</i>	<i>11.5</i>	<i>-2.6</i>	<i>3.9</i>	<i>3.6</i>	
Excess Return				0.0	0.1	0.3	0.1	0.1	0.1	
Thomson Horstmann	Oct-95	\$ 308	7.7%	15.2	-12.1	18.9	-0.3	6.1	9.5	6.4
<i>Russell 2000</i>				<i>15.5</i>	<i>-4.2</i>	<i>15.6</i>	<i>0.2</i>	<i>5.6</i>	<i>7.2</i>	
Excess Return				-0.3	-7.9	3.3	-0.5	0.5	2.3	
Franklin Advisers	Sep-94	\$ 268	6.7%	14.9	0.0	23.3	3.0	3.7	8.1	4.9
<i>Russell 2000 Growth</i>				<i>15.0</i>	<i>-2.9</i>	<i>19.0</i>	<i>2.1</i>	<i>4.5</i>	<i>5.7</i>	
Excess Return				-0.1	2.9	4.3	0.9	-0.8	2.4	
Sit Investments	Jan-01	\$ 213	5.3%	12.1	-0.1	19.4	3.2	5.1	2.5	6.2
<i>Russell 2000 Growth</i>				<i>15.0</i>	<i>-2.9</i>	<i>19.0</i>	<i>2.1</i>	<i>4.5</i>	<i>2.4</i>	
Excess Return				-2.9	2.8	0.4	1.1	0.6	0.1	

¹ Indicates gross returns

U.S. Equity Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Donald Smith & Co. <i>Russell 2000 Value</i>	Feb-06	\$ 87	2.2%	10.6	-13.3	19.7	-0.6	--	3.2	9.8
Excess Return				-5.4	-7.8	7.3	1.3	--	2.6	
PanAgora Asset Management <i>Russell 2000 Value</i>	Feb-06	\$ 149	3.8%	18.0	-0.1	18.1	-2.9	--	-0.2	3.4
Excess Return				2.0	5.4	5.7	-1.0	--	-0.8	
Blum Stinson <i>Russell 2000</i>	Sep-08	\$ 45	1.1%	5.7	-25.5	0.1	--	--	-0.8	--
Excess Return				-9.8	-21.3	-15.5	--	--	-5.0	
New Mountain Cap Group <i>Russell Midcap Blend</i>	Mar-08	\$ 54	1.4%	2.6	-6.8	12.8	--	--	2.0	--
Excess Return				-9.7	-3.4	0.8	--	--	3.9	
Relational Investors <i>Russell 1000 Blend</i>	Dec-05	\$ 121	3.0%	14.4	-0.8	15.2	-3.8	--	-1.1	8.0
Excess Return				2.6	-2.0	1.4	-3.4	--	-3.2	
Rhumblin Advisors <i>S&P 500</i>	Mar-93	\$ 644	16.2%	11.8	2.3	14.3	0.0	3.1	7.8	0.3
Excess Return				0.0	0.2	0.2	0.2	0.2	0.1	
Blackrock S&P 500 Index Plus <i>S&P 500</i>	Feb-10	\$ 737	18.5%	12.0	2.3	--	--	--	9.8	--
Excess Return				0.2	0.2	--	--	--	0.4	

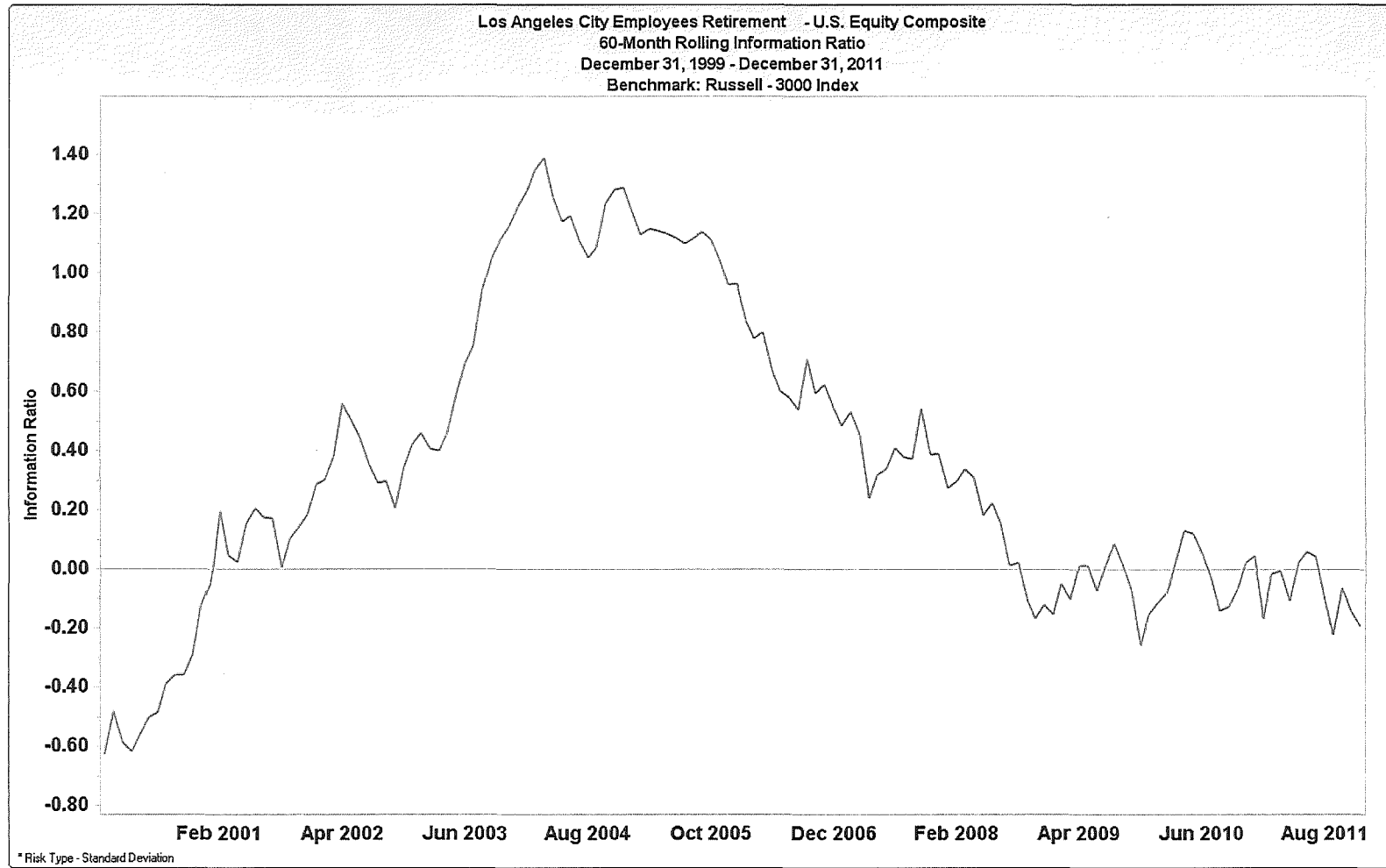
¹ Indicates gross returns

U.S. Equity Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Manager-of-Manager Programs			2.6%							
Attucks <i>Russell 2000</i>	Nov-05	\$ 29	0.7%	17.1 15.5	-2.6 -4.2	17.0 15.6	0.5 0.2	-- --	2.9 2.9	3.5
Excess Return				1.6	1.6	1.4	0.3	--	0.0	
Capital Prospects <i>Russell 3000</i>	Dec-05	\$ 28	0.7%	11.8 12.1	-1.1 1.0	14.4 14.9	-0.6 0.0	-- --	1.9 2.5	2.7
Excess Return				-0.3	-2.1	-0.5	-0.6	--	-0.6	
Progress Investment <i>Russell 3000</i>	Oct-06	\$ 46	1.2%	10.4 12.1	-2.7 1.0	11.8 14.9	-1.9 0.0	-- --	-0.7 0.6	2.3
Excess Return				-1.7	-3.7	-3.1	-1.9	--	-1.3	

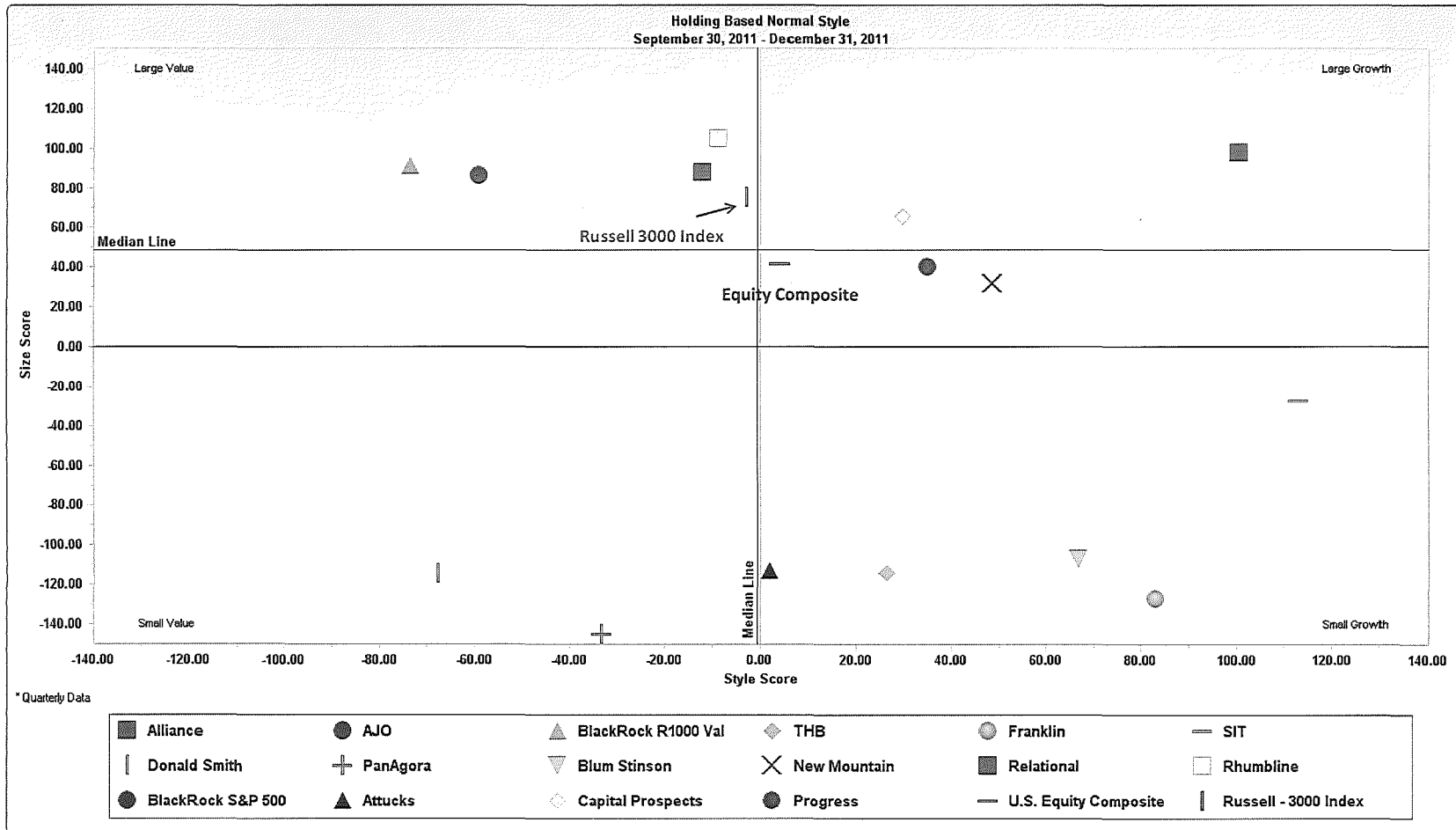
¹ Indicates gross returns



**Holdings Based Performance Attribution
09/30/2011 - 12/31/2011**

Manager	Index	Variance		
		Stock Selection	Sector Weight	Total
BlackRock	S&P 500	0.00	0.00	0.00
Rhumblin	S&P 500	0.00	0.00	0.00
AllianceBernstein	Russell 1000 Growth	0.17	0.15	0.32
Aronson+Johnson+Ortiz	Russell 1000 Value	0.36	0.16	0.52
BlackRock	Russell 1000 Value	0.00	0.00	0.00
Franklin Advisers	Russell 2000 Growth	1.24	-0.18	1.06
Sit Investment	Russell 2000 Growth	-1.88	0.05	-1.83
Thomson Horstmann & Bryant	Russell 2000	1.08	0.19	1.26
Donald Smith	Russell 2000 Value	-3.61	-0.55	-4.15
PanAgora	Russell 2000 Value	0.91	0.16	1.07
Blum Stinson	Russell 2000	-8.05	-1.41	-9.46
New Mountain	Russell MidCap	-4.30	7.79	3.49
Relational Investors	Russell 1000	3.03	0.05	3.08
Attucks	Russell 2000	1.84	0.25	2.09
Capital Prospects	Russell 3000	-0.22	0.06	-0.16
Progress	Russell 3000	-1.31	0.35	-0.96
DE Composite	Russell 3000	0.71	0.07	0.78

**Attribution values exclude impact of trading within the quarter.*



MANAGER REPORT CARD¹

U.S. Managers	Inception Date	Mandate	Current Quarter		One Year		Three Years		Five Years		Since Inception	Comments ²
			I	U	I	U	I	U	I	U	I	
➤ Alliance Bernstein	Mar-98	Large Cap Growth	✓	✓	✗	✗	✗	✗	✗	✗	✓	"On Watch" since 03/11 - performance. Monitoring manager.
➤ Aronson, Johnson & Ortiz	Oct-01	Large Cap Value	✓	✓	✓	✓	✗	✗	✓	✗	✓	Performance satisfactory.
➤ Thomson Horstmann	Oct-95	Small Cap	✗	✓	✗	✗	✓	✗	✗	✗	✓	Performance mixed. Monitoring manager.
➤ Franklin Advisers	Sep-94	Small Cap Growth	✗	✓	✓	✓	✓	✓	✓	=	✓	Performance satisfactory.
➤ Sit Investments	Jan-01	Small Cap Growth	✗	✗	✓	✓	✓	✗	✓	✓	✓	Performance mixed. Monitoring manager.
➤ Donald Smith	Feb-06	Small Cap Value	✗	✗	✗	✗	✓	✓	✓	✗	✓	Performance mixed. Monitoring manager.
➤ Panagora	Feb-06	Small Cap Value	✓	✓	✓	✓	✓	✗	✗	✗	✗	"On Watch" since 10/11 - organization.
➤ Blum Stinson	Sep-08	Corp Gov	✗	n/a	✗	n/a	✗	n/a	n/a	n/a	✗	Limited track record. Performance lagging. Monitoring manager.
➤ New Mountain Cap Grp	Mar-08	Corp Gov	✗	n/a	✗	n/a	✓	n/a	n/a	n/a	✓	Limited track record.
➤ Relational Investors	Dec-05	Corp Gov	✓	n/a	✗	n/a	✓	n/a	✗	n/a	✗	Terminated in November 2011
➤ Attucks	Nov-05	Fund of Funds	✓	n/a	✓	n/a	✓	n/a	✓	n/a	=	"On Watch" since 06/11 - performance.
➤ Capital Prospects	Dec-05	Fund of Funds	✗	n/a	✗	n/a	✗	n/a	✗	n/a	✗	"On Watch" since 06/11 - performance.
➤ Progress	Sep-06	Fund of Funds	✗	n/a	✗	n/a	✗	n/a	✗	n/a	✗	"On Watch" since 10/09 - performance.
➤ BlackRock R1000 Value	Dec-98	R1000 Value Index	=	✓	✓	✓	✓	✗	✓	✗	✓	Performance satisfactory.
➤ BlackRock S&P 500 Index Plus	Feb-10	S&P 500 Index	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	Limited track record.
➤ Rhumblin Advisors	Mar-93	S&P 500 Index	=	✓	✓	✓	✓	✗	✓	✗	✓	Performance satisfactory.

¹ Current Quarter, 1-Yr, 3-Yrs, and 5-Yrs returns are net of fees. Since Inception returns are gross of fee.

² Managers are placed on the Watch List for concerns with organization, process, and performance. Managers are normally on the Watch List for 6 months though can be longer if manager issues still remain but not severe enough to warrant contract termination recommendation.

LEGEND	
✓ outperformed index	I index
✗ underperformed index	U universe median
= equal to index	

AllianceBernstein

Mandate: Large Cap Growth
Benchmark: Russell 1000 Growth

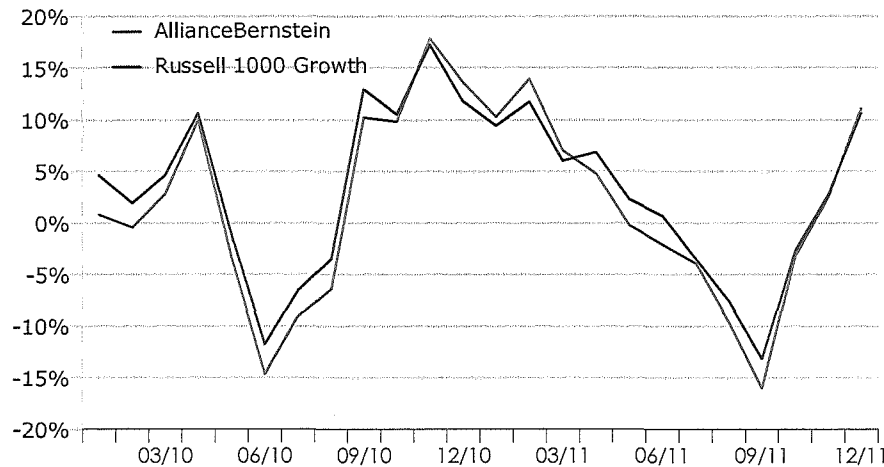
Objective: Outperform the benchmark by 100 bps, annualized over a full market cycle (normally 3-5 years).

Strategy

Alliance invests in U.S. stocks with large market caps, high P/E ratios and expected high earnings per share.

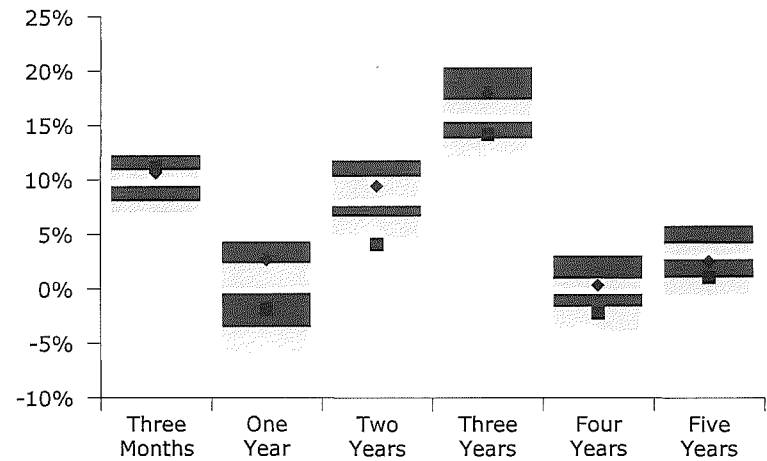
Performance

Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
AllianceBernstein	11.1	(2.1)	3.8	13.8	0.8	3.2	Mar-1998
Russell 1000 Growth	10.6	2.6	9.5	18.0	2.5	1.8	
<i>Excess Return</i>	0.5	(4.7)	(5.7)	(4.2)	(1.7)	1.4	

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ AllianceBernstein	11.2	(1.9)	4.1	14.2	(2.3)	1.0
Rank	22	64	94	73	82	76
◆ Russell 1000 Growth	10.6	2.6	9.5	18.0	0.3	2.5
Rank	30	24	31	19	40	57

10th Percentile	12.2	4.3	11.7	20.3	2.9	5.8
1st Quartile	10.9	2.3	10.3	17.4	0.9	4.2
Median	9.4	(0.4)	7.6	15.3	(0.5)	2.7
3rd Quartile	8.0	(3.6)	6.6	13.8	(1.7)	1.1
90th Percentile	7.0	(6.0)	4.7	12.1	(3.9)	(0.7)

Number Of Observations	230	204	193	152	122	101
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Aronson , Johnson & Ortiz

Mandate: Large Cap Value

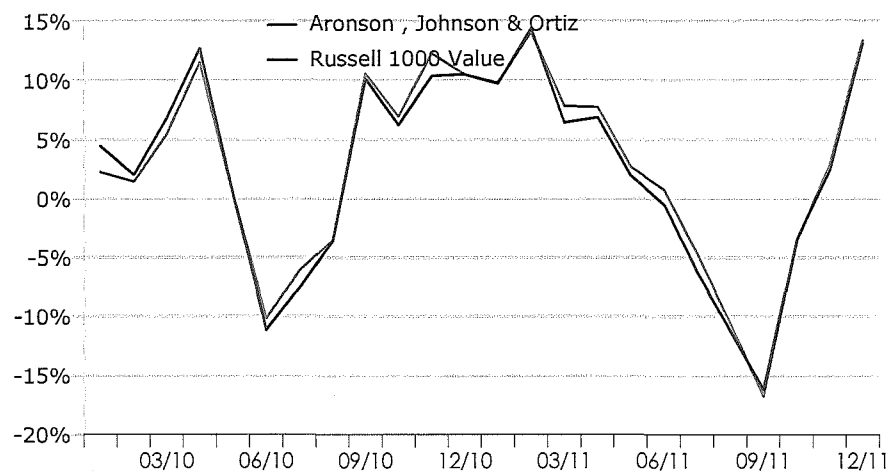
Benchmark: Russell 1000 Value

Strategy

Aronson invests in U.S. stocks with large market caps, low P/E ratios and lower historical earnings per share that are expected to increase.

Performance

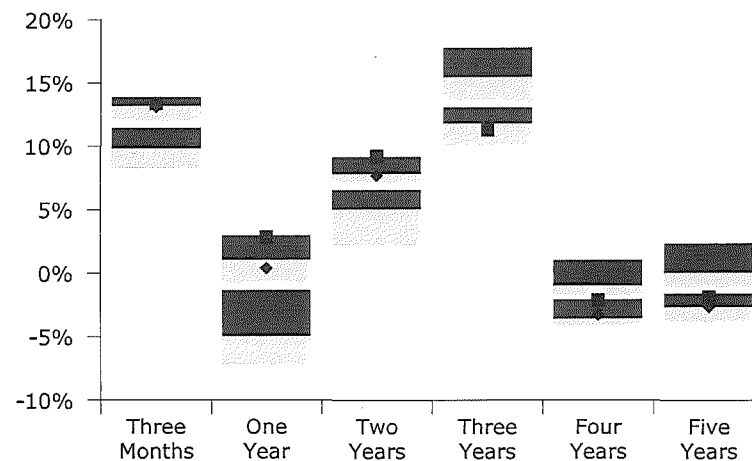
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Aronson , Johnson &	13.4	2.6	9.0	11.0	(2.1)	5.8	Oct-2001
Russell 1000 Value	13.1	0.4	7.7	11.5	(2.6)	4.6	
Excess Return	0.3	2.2	1.3	(0.5)	0.5	1.2	

Objective: Outperform the benchmark by 200 bps , annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Aronson , Johnson & Ortiz	13.4	2.8	9.2	11.3	(2.1)	(1.9)
Rank	20	12	8	84	51	58
◆ Russell 1000 Value	13.1	0.4	7.7	11.5	(3.2)	(2.6)
Rank	26	33	28	79	66	74

10th Percentile	13.8	3.0	9.1	17.8	1.0	2.3
1st Quartile	13.2	1.1	7.8	15.5	(1.0)	0.0
Median	11.5	(1.3)	6.6	13.0	(2.1)	(1.7)
3rd Quartile	9.8	(5.0)	5.0	11.8	(3.6)	(2.7)
90th Percentile	8.3	(7.2)	2.2	10.1	(4.1)	(3.8)

Number Of Observations	194	173	157	131	114	99
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Thomson, Horstmann & Bryant

Mandate: Small Cap

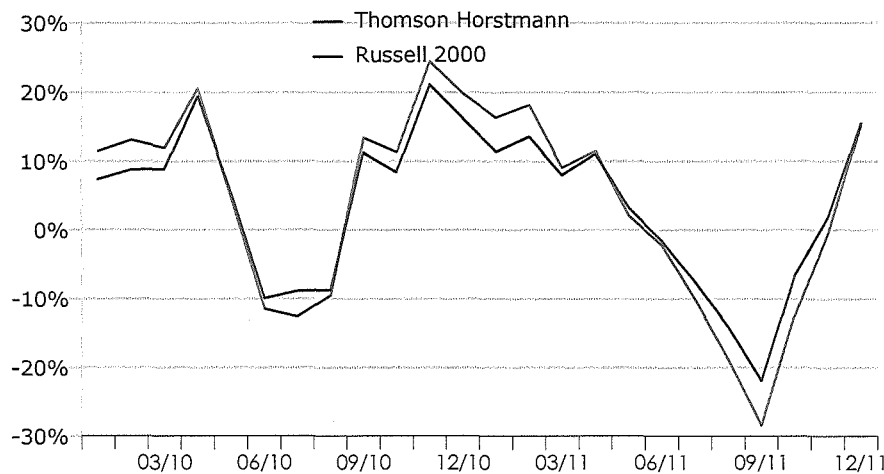
Benchmark: Russell 2000

Strategy

Thomson invests in U.S. stocks with small market caps and low P/E ratios.

Performance

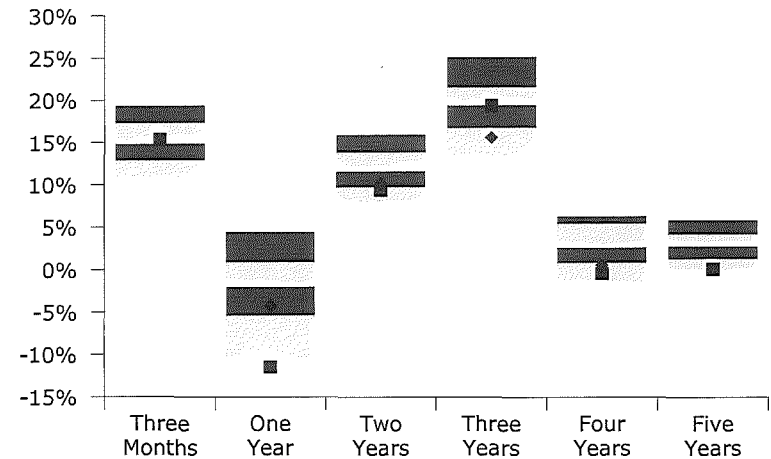
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Thomson Horstmann	15.2	(12.1)	8.9	18.9	(0.3)	9.5	Oct-1995
Russell 2000	15.5	(4.2)	10.3	15.6	0.2	7.2	
Excess Return	(0.3)	(7.9)	(1.4)	3.3	(0.5)	2.3	

Objective: Outperform the benchmark by 250 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Thomson Horstmann	15.4	(11.5)	9.4	19.4	(0.5)	0.1
Rank	40	95	80	50	88	89
◆ Russell 2000	15.5	(4.2)	10.3	15.6	0.6	0.2
Rank	39	69	70	82	81	88
10th Percentile	19.3	4.4	15.9	25.1	6.3	5.8
1st Quartile	17.3	1.0	13.9	21.6	5.4	4.2
Median	14.8	(2.1)	11.6	19.4	2.6	2.7
3rd Quartile	12.9	(5.4)	9.7	16.8	0.9	1.3
90th Percentile	10.9	(10.4)	8.0	13.4	(1.4)	(0.1)
Number Of Observations	212	170	134	137	110	88

Franklin Advisers

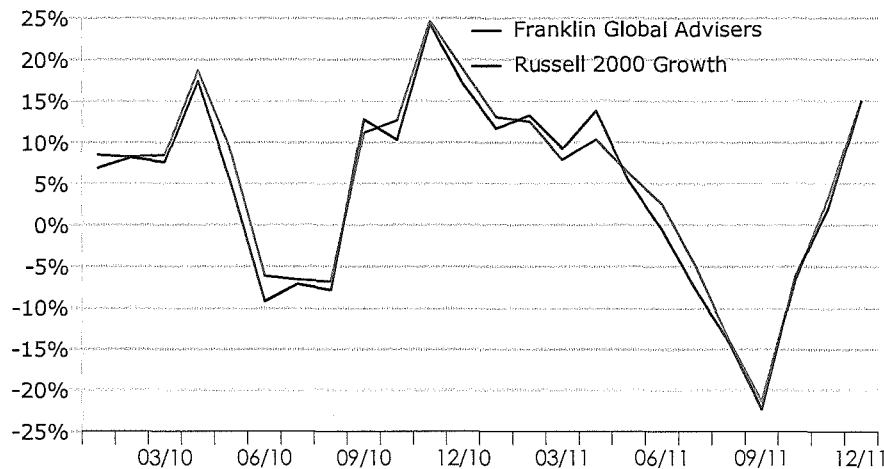
Mandate: Small Cap Growth
Benchmark: Russell 2000 Growth

Strategy

Franklin invests in U.S. stocks with small market caps, low P/E ratios and earnings per share that are expected to increase at rates much greater than the overall market.

Performance

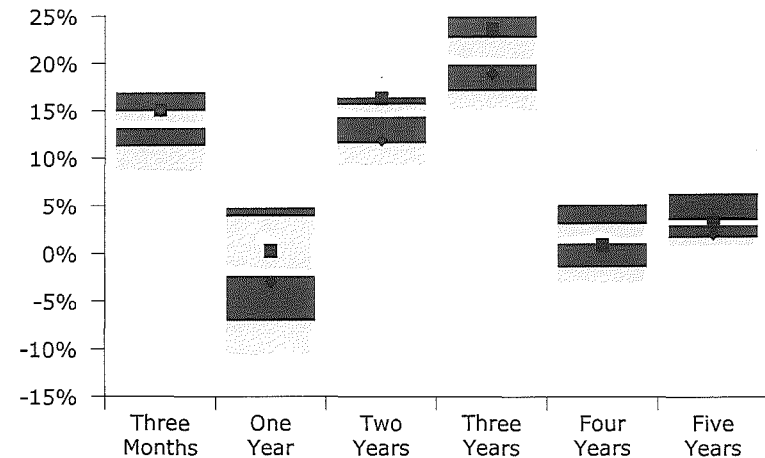
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Franklin Global Advis	14.9	0.0	16.0	23.3	3.0	8.1	Sep-1994
Russell 2000 Growth	15.0	(2.9)	12.0	19.0	2.1	5.7	
Excess Return	(0.1)	2.9	4.0	4.3	0.9	2.4	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quarfile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Franklin Global Advisers	15.1	0.3	16.4	23.7	0.9	3.3
Rank	24	37	11	15	51	36
◆ Russell 2000 Growth	15.0	(2.9)	12.0	19.0	0.9	2.1
Rank	25	53	73	59	51	69
10th Percentile	16.9	4.8	16.4	24.9	5.1	6.3
1st Quartile	15.0	3.9	15.7	22.8	3.1	3.5
Median	13.2	(2.4)	14.4	19.9	1.1	3.0
3rd Quartile	11.3	(7.0)	11.6	17.1	(1.4)	1.7
90th Percentile	8.7	(10.6)	9.3	15.0	(3.1)	0.7
Number Of Observations	45	42	37	41	33	26

Sit Investments

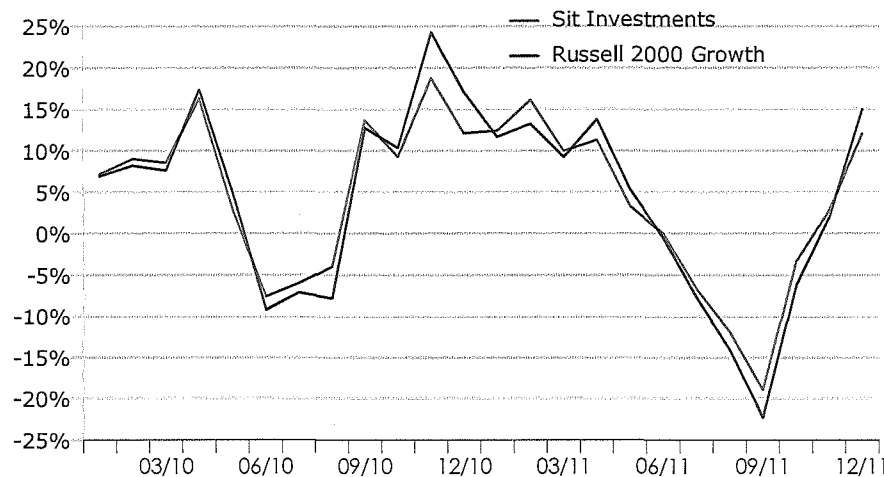
Mandate: Small Cap Growth
Benchmark: Russell 2000 Growth

Strategy

Sit invests in U.S. stocks with small market caps, low P/E ratios and earnings per share that are expected to increase at rates much greater than the overall market.

Performance

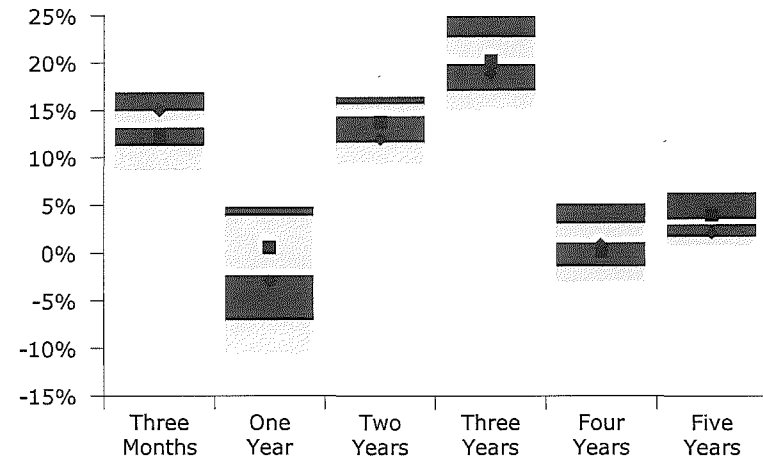
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Sit Investments	12.1	(0.1)	13.1	19.4	3.2	2.5	Jan-2001
Russell 2000 Growth	15.0	(2.9)	12.0	19.0	2.1	2.4	
Excess Return	(2.9)	2.8	1.1	0.4	1.1	0.1	

Objective: Outperform the benchmark by 300-450 bps , annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Sit Investments	12.2	0.6	13.8	20.2	0.2	4.0
Rank	63	34	54	42	56	20
◆ Russell 2000 Growth	15.0	(2.9)	12.0	19.0	0.9	2.1
Rank	25	53	73	59	51	69
10th Percentile	16.9	4.8	16.4	24.9	5.1	6.3
1st Quartile	15.0	3.9	15.7	22.8	3.1	3.5
Median	13.2	(2.4)	14.4	19.9	1.1	3.0
3rd Quartile	11.3	(7.0)	11.6	17.1	(1.4)	1.7
90th Percentile	8.7	(10.6)	9.3	15.0	(3.1)	0.7
Number Of Observations	45	42	37	41	33	26

Donald Smith & Co.

Mandate: Small Cap Value

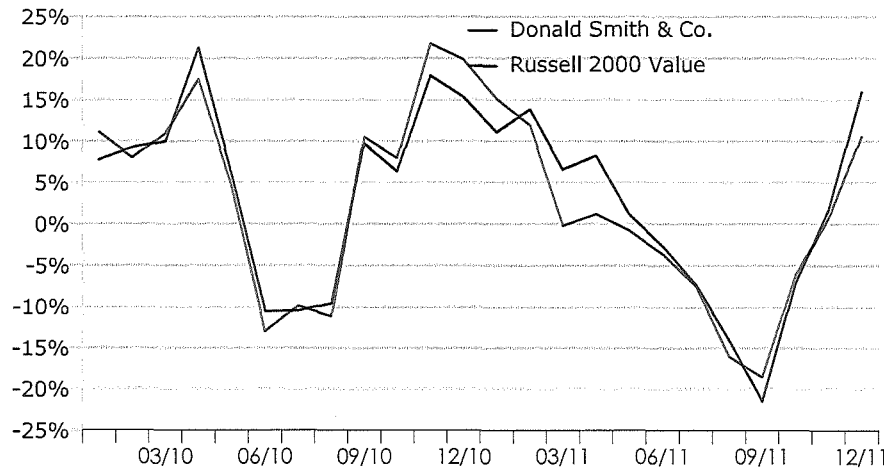
Benchmark: Russell 2000 Value

Strategy

Donald Smith invests in U.S. stocks with small market caps, low P/E ratios and lower historical earnings per share that are expected to increase.

Performance

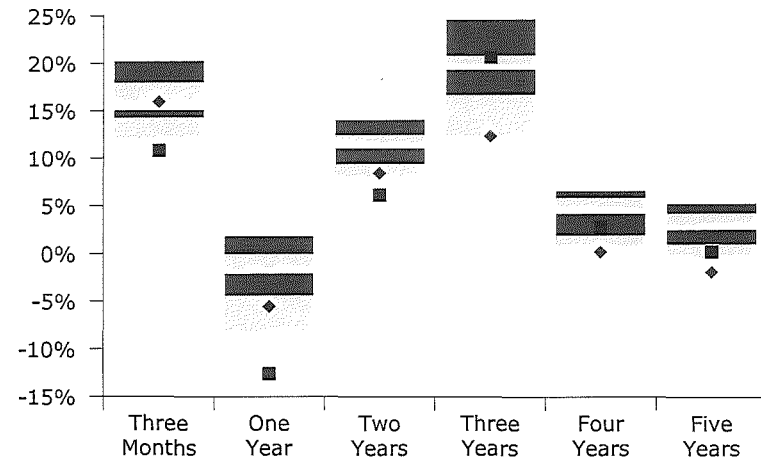
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Donald Smith & Co.	10.6	(13.3)	5.3	19.7	(0.6)	3.2	Feb-2006
Russell 2000 Value	16.0	(5.5)	8.5	12.4	(1.9)	0.6	
Excess Return	(5.4)	(7.8)	(3.2)	7.3	1.3	2.6	

Objective: Outperform the benchmark by 300 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Donald Smith & Co.	10.8	(12.6)	6.1	20.7	2.8	0.2
Rank	96	99	99	27	56	84
◆ Russell 2000 Value	16.0	(5.5)	8.5	12.4	0.2	(1.9)
Rank	39	81	86	91	97	99
10th Percentile	20.2	1.8	14.0	24.6	6.5	5.2
1st Quartile	18.0	(0.0)	12.5	20.9	5.9	4.2
Median	15.0	(2.2)	11.0	19.3	4.2	2.5
3rd Quartile	14.3	(4.4)	9.5	16.7	1.9	1.0
90th Percentile	12.1	(8.5)	8.0	12.4	0.8	(0.3)
Number Of Observations	141	106	90	96	75	63

PanAgora Asset Management

Mandate: Small Cap Value

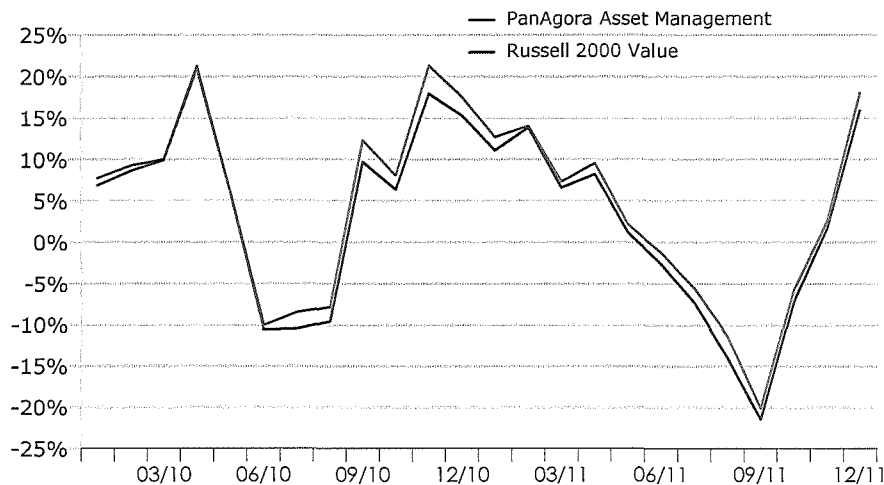
Benchmark: Russell 2000 Value

Strategy

PanAgora invests in U.S. stocks with small market caps, low P/E ratios and lower historical earnings per share that are expected to increase.

Performance

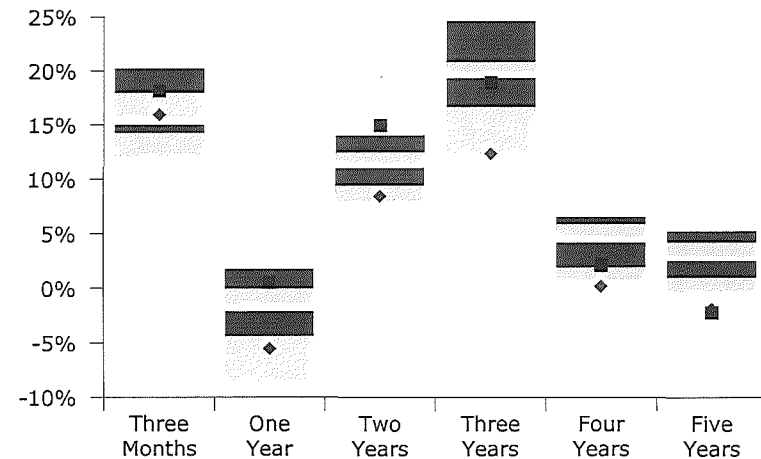
Quarterly Rate of Return Vs Benchmark



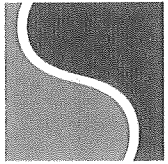
Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
PanAgora Asset Mgmt	18.0	(0.1)	14.2	18.1	(2.9)	(0.2)	Feb-2006
Russell 2000 Value	16.0	(5.5)	8.5	12.4	(1.9)	0.6	
<i>Excess Return</i>	2.0	5.4	5.7	5.7	(1.0)	(0.8)	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ PanAgora Asset Mgmt	18.2	0.6	15.0	18.9	2.1	(2.2)
Rank	22	21	6	57	69	99
◆ Russell 2000 Value	16.0	(5.5)	8.5	12.4	0.2	(1.9)
Rank	39	81	86	91	97	99
10th Percentile	20.2	1.8	14.0	24.6	6.5	5.2
1st Quartile	18.0	(0.0)	12.5	20.9	5.9	4.2
Median	15.0	(2.2)	11.0	19.3	4.2	2.5
3rd Quartile	14.3	(4.4)	9.5	16.7	1.9	1.0
90th Percentile	12.1	(8.5)	8.0	12.4	0.8	(0.3)
Number Of Observations	141	106	90	96	75	63



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Non-U.S. Equity Managers

Non-U.S. Equity Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total Non-U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Non-U.S. Equity	Oct-94	\$ 1,767	100.0%	3.4	-15.3	10.6	-3.1	6.2	4.1	1.7
<i>MSCI ACWI ex U.S.*</i>				3.7	-13.7	10.7	-2.9	6.3	4.8	
Excess Return				-0.3	-1.6	-0.1	-0.2	-0.1	-0.7	
Capital Guardian <i>MSCI Europe</i>	May-96	\$ 365	20.7%	4.9	-12.0	8.0	-5.4	4.2	7.8	2.8
Excess Return				5.4	-11.1	7.9	-5.2	4.4	5.7	
				-0.5	-0.9	0.1	-0.2	-0.2	2.1	
Daiwa <i>MSCI Pacific*</i>	Dec-95	\$ 177	10.0%	-0.3	-16.6	6.2	-4.0	6.3	3.3	2.3
Excess Return				-0.3	-13.7	7.5	-3.6	5.5	-0.2	
				0.0	-2.9	-1.3	-0.4	0.8	3.5	
Franklin Templeton <i>MS AC Asia Pacific*</i>	Nov-91	\$ 193	10.9%	3.4	-8.9	20.2	2.4	10.5	7.3	5.8
Excess Return				1.0	-15.1	11.0	-1.9	7.1	2.7	
				2.4	6.2	9.2	4.3	3.4	4.6	
Marvin & Palmer <i>MSCI World ex U.S.</i>	May-01	\$ 112	6.4%	7.2	-12.4	5.4	-3.8	1.9	0.6	8.4
Excess Return				3.5	-12.2	8.5	-4.2	5.0	3.4	
				3.7	-0.2	-3.1	0.4	-3.1	-2.8	
State Street Equity <i>MSCI World ex U.S.</i>	Aug-93	\$ 490	27.8%	3.2	-12.3	9.6	-3.6	5.5	5.0	0.6
Excess Return				3.2	-12.7	9.4	-3.9	5.1	4.3	
				0.0	0.4	0.2	0.3	0.4	0.7	
TT International <i>MSCI World ex U.S.</i>	May-01	\$ 114	6.5%	3.5	-17.3	6.7	-6.2	3.7	2.6	4.4
Excess Return				3.5	-12.2	8.5	-4.2	5.0	3.4	
				0.0	-5.1	-1.8	-2.0	-1.3	-0.8	

¹ Indicates gross returns

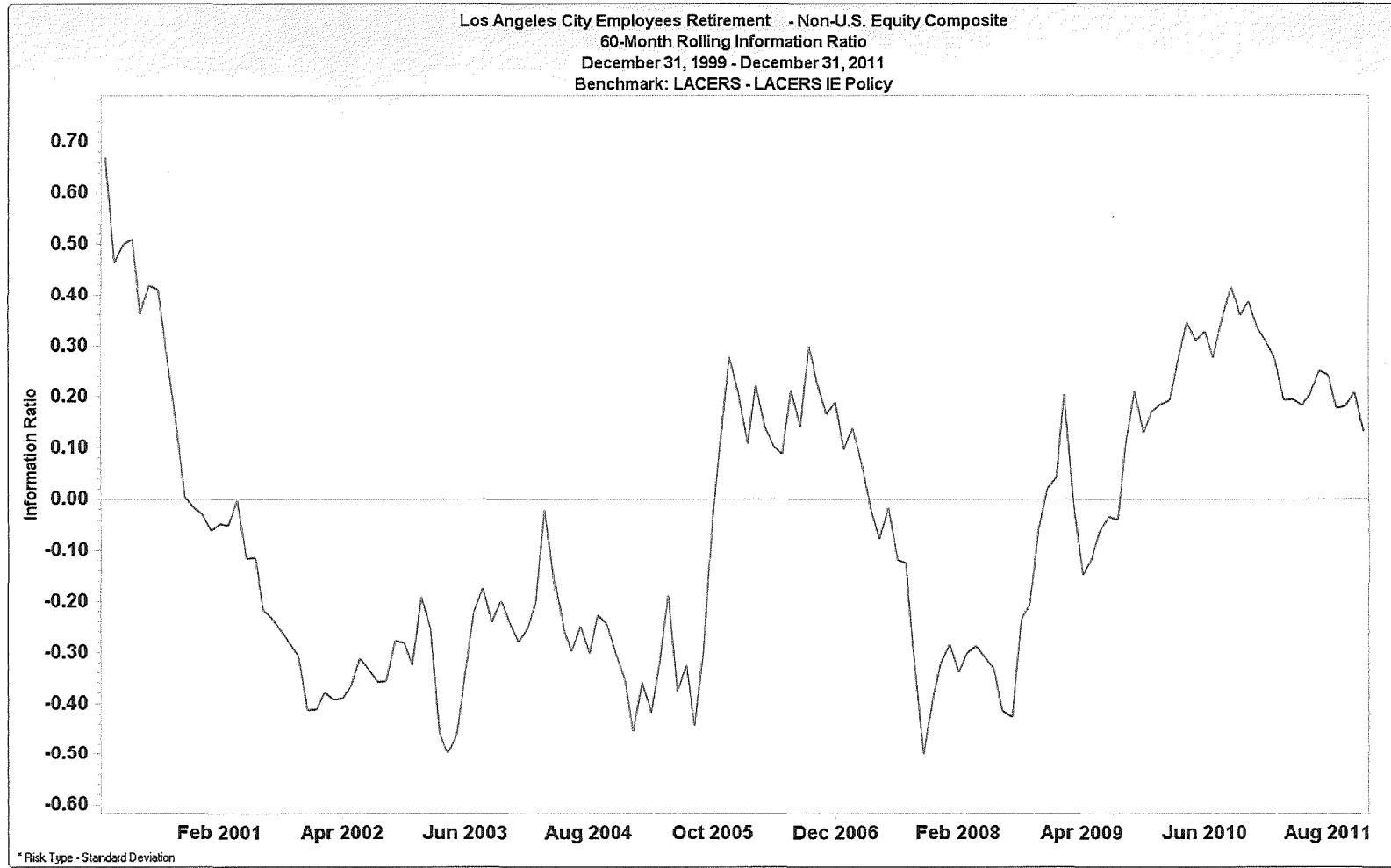
Non-U.S. Equity Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total Non-U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Batterymarch <i>MSCI EMF (Emg Mkts Free)</i>	Sep-08	\$ 99	5.6%	2.4	-23.4	18.1	--	--	7.0	--
Excess Return				4.4	-18.4	20.1	--	--	7.7	
				-2.0	-5.0	-2.0	--	--	-0.7	
Boston Company <i>MSCI EMF (Emg Mkts Free)</i>	Jan-03	\$ 169	9.6%	3.0	-23.7	16.9	1.7	--	16.5	5.4
Excess Return				4.4	-18.4	20.1	2.4	--	16.6	
				-1.4	-5.3	-3.2	-0.7	--	-0.1	
Knight Vinke Asset <i>Knight Vinke 10%</i>	Apr-06	\$ 46	2.6%	2.2	-28.5	-9.0	-9.2	--	-10.8	26.7
Excess Return				2.4	10.0	10.0	10.0	--	10.0	
				-0.2	-38.5	-19.0	-19.2	--	-20.8	

¹ Indicates gross returns

* The MS ACWI ex U.S., MSCI Pacific, and MSCI AC Asia Pacific indices are historically blended with other indices.



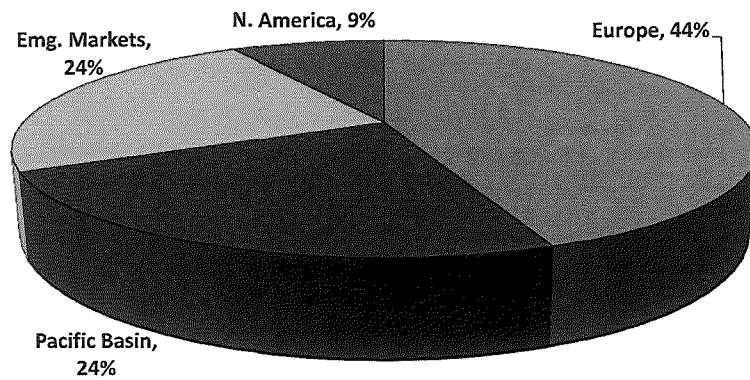
**Holdings Based Performance Attribution
09/30/2011 - 12/31/2011**

Manager	Index	Variance			
		Currency Weight	Country Weight	Stock Selection	Total
Batterymarch	MSCI Emg	0.32	0.34	-1.14	-0.48
Capital Guardian	MSCI Europe	-0.11	0.22	-0.33	-0.22
Daiwa	MSCI Pacific	-0.01	0.15	0.68	0.83
Franklin Templeton	MSCI AC Asia Pacific	-0.52	2.31	0.97	2.76
Marvin & Palmer	MSCI World x US	-0.56	1.47	3.60	4.52
State Street	MSCI World x US	0.04	-0.09	-0.25	-0.30
The Boston Compony	MSCI Emg	0.12	-0.81	0.16	-0.53
TT International	MSCI World x US	-0.11	0.59	0.17	0.65
IE Composite	MSCI ACWI x US	-0.10	0.14	0.09	0.13

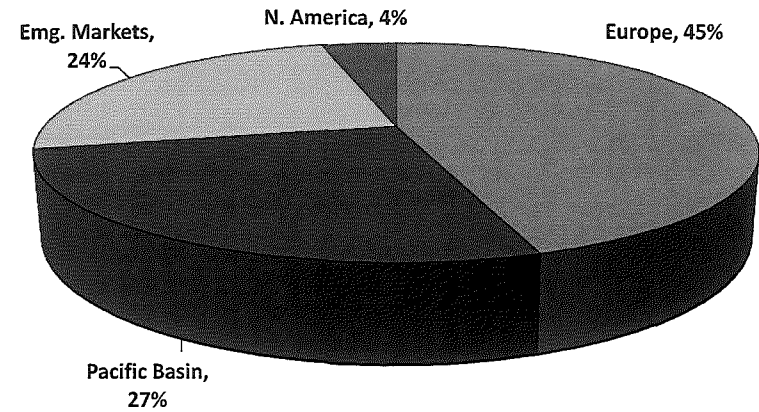
**Attribution values exclude impact of trading within the quarter.*

Country Allocation

Benchmark – MSCI ACWI x-U.S. Index



International Equity Composite



MANAGER REPORT CARD¹

Non-U.S. Managers	Inception Date	Mandate	Current Quarter		One Year		Three Years		Five Years		Since Inception	Comments ²
			I	U	I	U	I	U	I	U	I	
➤ Batterymarch	Aug-08	Emerging Markets	✖	✖	✖	✖	✖	✖	n/a	n/a	✖	Performance lagging. Monitoring manager.
➤ Boston Company	Jan-03	Emerging Markets	✖	✖	✖	✖	✖	✖	✖	✖	✖	Performance lagging. Monitoring manager.
➤ Capital Guardian	May-96	Europe	✖	✖	✖	✖	✓	✖	✖	✖	✓	"On Watch" since 02/10 - performance
➤ Daiwa	Dec-95	Asia Pacific	=	✖	✖	✖	✖	✖	✖	✖	✓	"On Watch" since 12/11 - organization. Performance lagging. Monitoring manager.
➤ Franklin Templeton	Nov-91	Asia Pacific	✓	✓	✓	✓	✓	✓	✓	✓	✓	Performance satisfactory.
➤ Marvin & Palmer	May-01	Non US Developed	✓	✓	✖	✖	✖	✖	✓	✖	✖	"On Watch" since 03/09 - performance.
➤ TT International	May-01	Non US Developed	=	✖	✖	✖	✖	✖	✖	✖	✖	"On Watch" since 01/09 - performance.
➤ State Street	Aug-93	Non US Developed	=	✖	✓	✖	✓	✖	✓	✖	✓	Performance satisfactory.
➤ Knight Vinke	Apr-06	Corp Gov - Europe	✖	n/a	✖	n/a	✖	n/a	✖	n/a	✖	"On Watch" since 06/11 - performance.

¹ Current Quarter, 1-Yr, 3-Yrs, and 5-Yrs returns are net of fees. Since Inception returns are gross of fee.

² Managers are placed on the Watch List for concerns with organization, process, and performance. Managers are normally on the Watch List for 6 months though can be longer if manager issues still remain but not severe enough to warrant contract termination recommendation.

LEGEND	
✓ outperformed index	I index
✖ underperformed index	U universe median
= equal to index	

Capital Guardian

Mandate: Europe Region Equity Manager

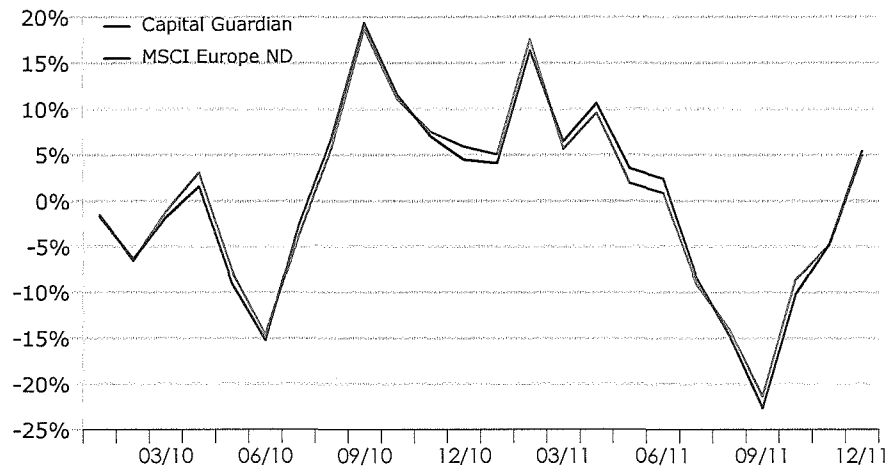
Benchmark: MSCI Europe ND

Strategy

Capital Guardian invests in Non-U.S. stocks across all developed European countries.

Performance

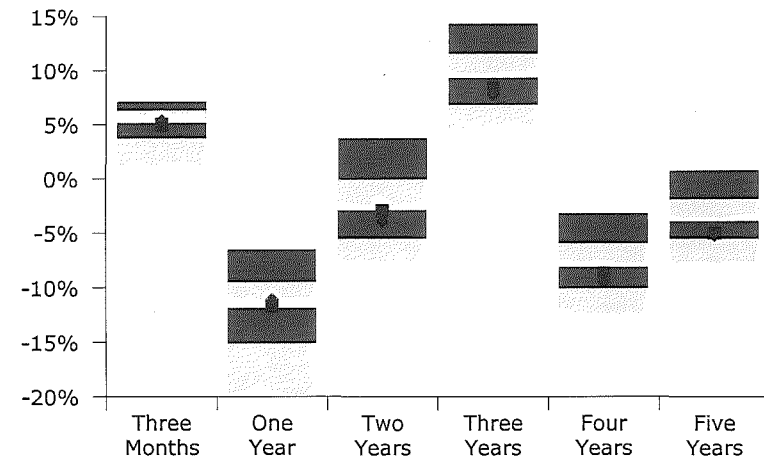
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Capital Guardian	4.9	(12.0)	(3.4)	8.0	(5.4)	7.8	May-1996
MSCI Europe ND	5.4	(11.1)	(3.9)	7.9	(5.2)	5.7	
Excess Return	(0.5)	(0.9)	0.5	0.1	(0.2)	2.1	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Capital Guardian	5.0 (11.7)	(2.9)	8.4	(8.7)	(5.0)	
◆ MSCI Europe ND	5.4 (11.1)	(3.9)	7.9	(9.4)	(5.2)	
Rank	55	50	55	60	60	70
10th Percentile	7.1 (6.5)	3.8	14.3 (3.2)	0.7		
1st Quartile	6.3 (9.5)	(0.1)	11.6 (6.0)	(1.9)		
Median	5.2 (11.9)	(2.9)	9.3 (8.1)	(3.9)		
3rd Quartile	3.8 (15.1)	(5.5)	6.8 (10.1)	(5.5)		
90th Percentile	1.3 (19.9)	(7.5)	4.6 (12.5)	(7.7)		
Number Of Observations	124	122	121	113	106	94

Daiwa

Mandate: Pacific Basin Manager

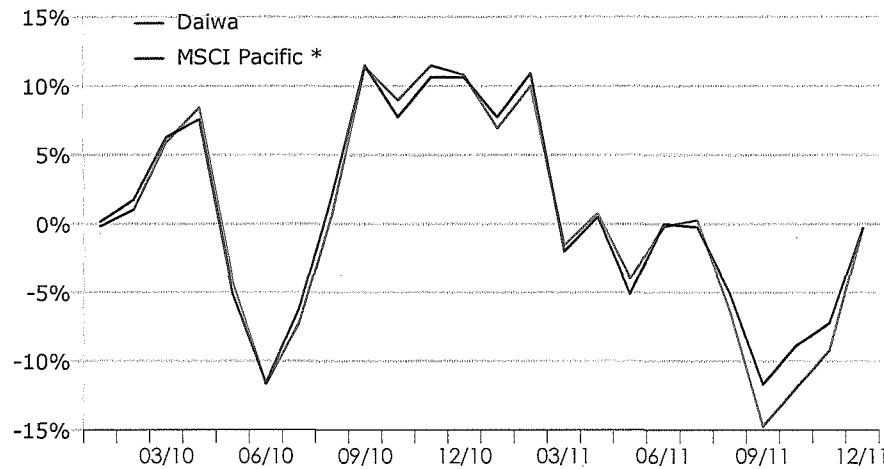
Benchmark: MSCI Pacific

Strategy

DAIWA invests in Non-U.S. stocks primarily in Japan and Australia. Investment opportunities in other Asian countries are also pursued.

Performance

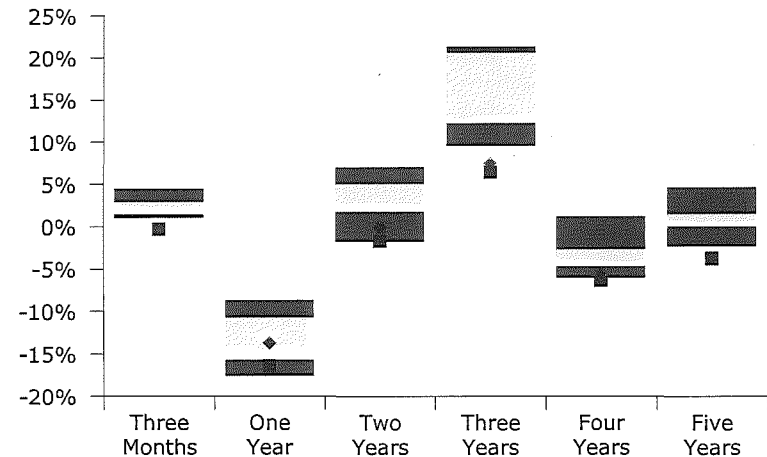
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Daiwa	(0.3)	(16.6)	(1.8)	6.2	(4.0)	3.3	Dec-1995
MSCI Pacific *	(0.3)	(13.7)	(0.0)	7.5	(3.6)	(0.2)	
Excess Return	0.0	(2.9)	(1.8)	(1.3)	(0.4)	3.5	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Daiwa	(0.3)	(16.4)	(1.7)	6.4	(6.3)	(3.7)
Rank	99	75	75	99	99	99
◆ MSCI Pacific *	(0.3)	(13.7)	(0.0)	7.5	(5.7)	(3.6)
Rank	99	50	75	99	75	99
10th Percentile	4.5	(8.7)	7.0	21.4	1.2	4.6
1st Quartile	2.9	(10.7)	5.1	20.7	(2.7)	1.5
Median	1.5	(15.8)	1.8	12.3	(4.7)	(0.0)
3rd Quartile	1.1	(17.6)	(1.8)	9.6	(6.1)	(2.4)
90th Percentile	1.1	(17.6)	(1.8)	9.6	(6.1)	(2.4)
Number Of Observations	10	10	10	10	9	9

Franklin Templeton

Mandate: Pacific Basin Manager

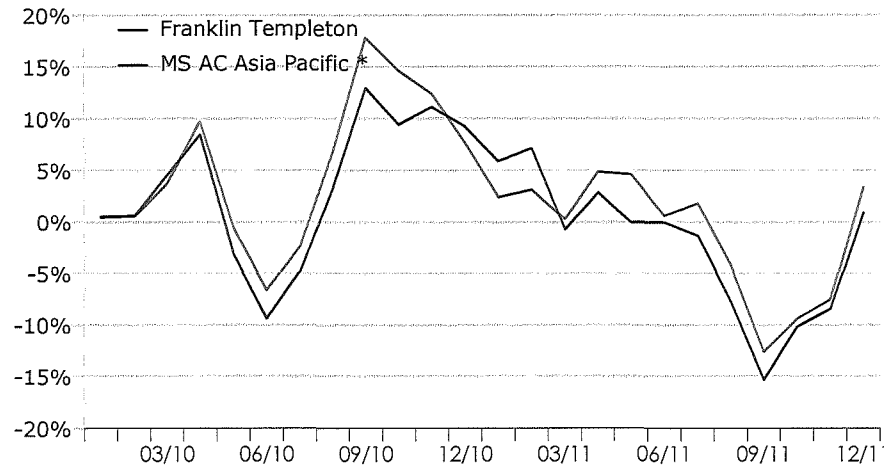
Benchmark: MS AC Asia Pacific *

Strategy

Franklin invests in Non-U.S. stocks in the Asia/Pacific region. Investments are in both developed and emerging countries.

Performance

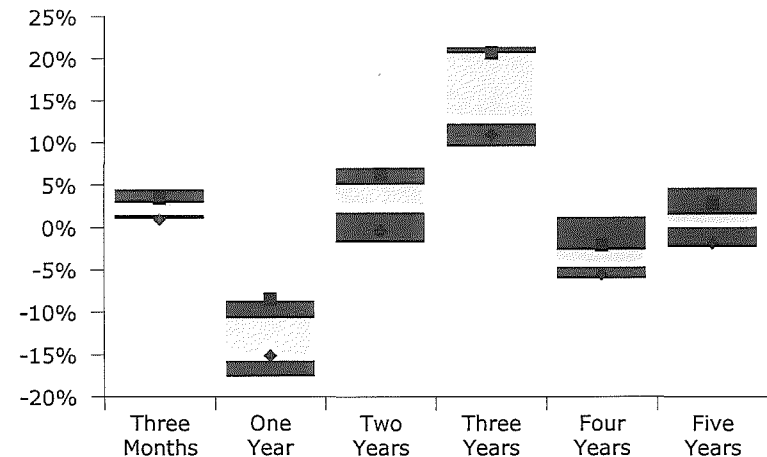
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Franklin Templeton	3.4	(8.9)	5.8	20.2	2.4	7.2	Nov-1991
MS AC Asia Pacific *	1.0	(15.1)	(0.3)	11.0	(1.9)	2.7	
<i>Excess Return</i>	2.4	6.2	6.1	9.2	4.3	4.5	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Franklin Templeton	3.5	(8.5)	6.3	20.7	(2.1)	2.8
Rank	25	1	25	50	25	25
◆ MS AC Asia Pacific *	1.0	(15.1)	(0.3)	11.0	(5.6)	(1.9)
Rank	99	50	75	75	75	75
10th Percentile	4.5	(8.7)	7.0	21.4	1.2	4.6
1st Quartile	2.9	(10.7)	5.1	20.7	(2.7)	1.5
Median	1.5	(15.8)	1.8	12.3	(4.7)	(0.0)
3rd Quartile	1.1	(17.6)	(1.8)	9.6	(6.1)	(2.4)
90th Percentile	1.1	(17.6)	(1.8)	9.6	(6.1)	(2.4)
Number Of Observations	10	10	10	10	9	9

Marvin & Palmer

Mandate: Non-U.S. Developed Equity Mgrs.

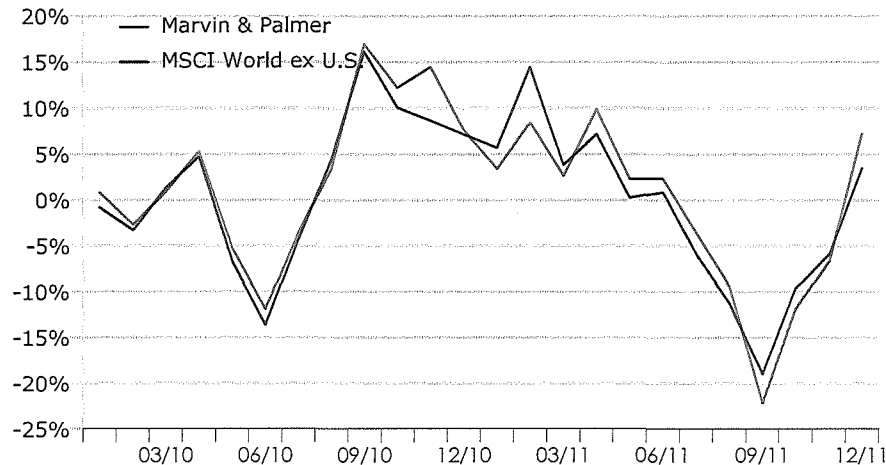
Benchmark: MSCI World ex U.S.

Strategy

Marvin & Palmer is a momentum-based investor in Non-U.S. stocks. Investments are made in countries that are expected to outperform the MSCI index over the very short term. Momentum-style managers do well when markets are very volatile and overall direction is strong.

Performance

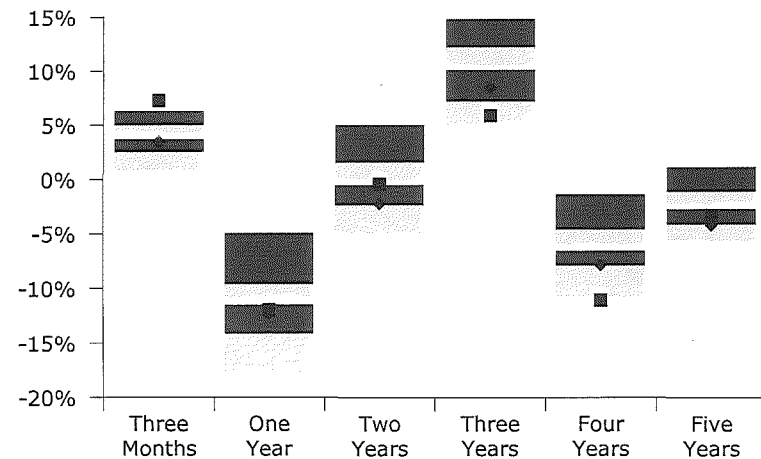
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Marvin & Palmer	7.2	(12.4)	(0.9)	5.4	(3.8)	0.6	May-2001
MSCI World ex U.S.	3.5	(12.2)	(2.2)	8.5	(4.2)	3.4	
Excess Return	3.7	(0.2)	1.3	(3.1)	0.4	(2.8)	

Objective: Outperform the benchmark by 200 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Marvin & Palmer	7.3 (11.9)	(0.4)	5.9 (11.1)	(3.3)		
Rank	7	54	48	82	93	60
◆ MSCI World ex U.S.	3.5 (12.2)	(2.2)	8.5 (7.8)	(4.2)		
Rank	59	59	74	64	75	78
10th Percentile	6.3 (4.9)	5.0	14.8 (1.4)	1.1		
1st Quartile	5.0 (9.6)	1.6	12.3 (4.6)	(1.1)		
Median	3.7 (11.5)	(0.5)	10.1 (6.6)	(2.7)		
3rd Quartile	2.5 (14.1)	(2.4)	7.2 (7.9)	(4.2)		
90th Percentile	0.9 (18.0)	(5.0)	5.0 (10.8)	(5.7)		
Number Of Observations	234	225	208	187	153	137

TT International

Mandate: Non-U.S Developed Equity Mgrs.

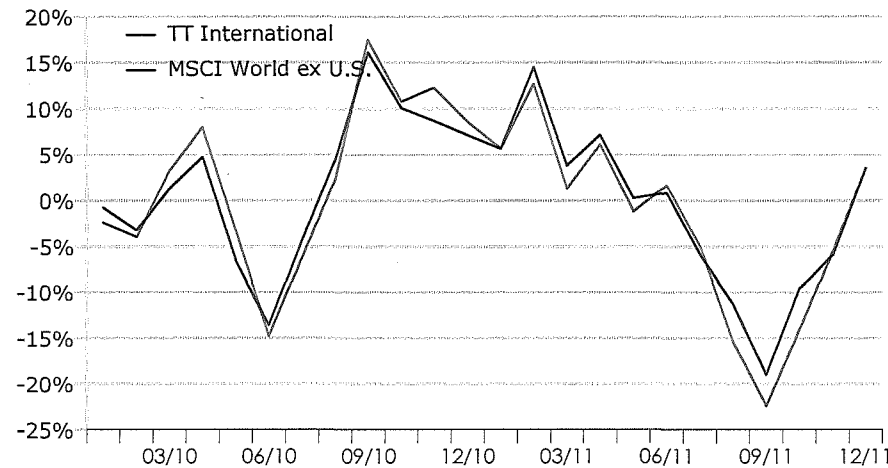
Benchmark: MSCI World ex U.S.

Strategy

TT Intl invests in Non-U.S. stocks primarily in developed countries. There is no regional focus. Potential investment opportunities are pursued in all countries within the MSCI World ex US index.

Performance

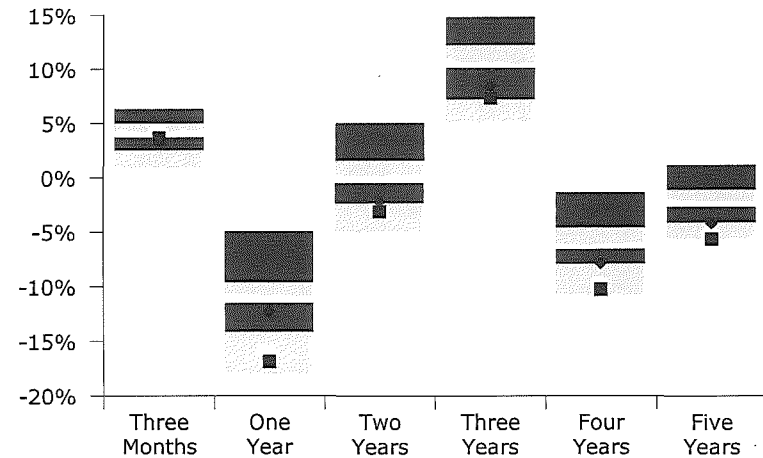
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
TT International	3.5	(17.3)	(3.6)	6.7	(6.2)	2.6	May-2001
MSCI World ex U.S.	3.5	(12.2)	(2.2)	8.5	(4.2)	3.4	
<i>Excess Return</i>	(0.0)	(5.1)	(1.4)	(1.8)	(2.0)	(0.8)	

Objective: Outperform the benchmark in U.S. \$ by 3% per annum, net of fees, over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ TT International	3.6 (16.9)	(3.1)	7.4 (10.3)	(5.7)		
Rank	55	85	82	75	89	89
◆ MSCI World ex U.S.	3.5 (12.2)	(2.2)	8.5 (7.8)	(4.2)		
Rank	59	59	74	64	75	78

10th Percentile	6.3 (4.9)	5.0	14.8 (1.4)	1.1		
1st Quartile	5.0 (9.6)	1.6	12.3 (4.6)	(1.1)		
Median	3.7 (11.5)	(0.5)	10.1 (6.6)	(2.7)		
3rd Quartile	2.5 (14.1)	(2.4)	7.2 (7.9)	(4.2)		
90th Percentile	0.9 (18.0)	(5.0)	5.0 (10.8)	(5.7)		

Number Of Observations	234	225	208	187	153	137
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Batterymarch

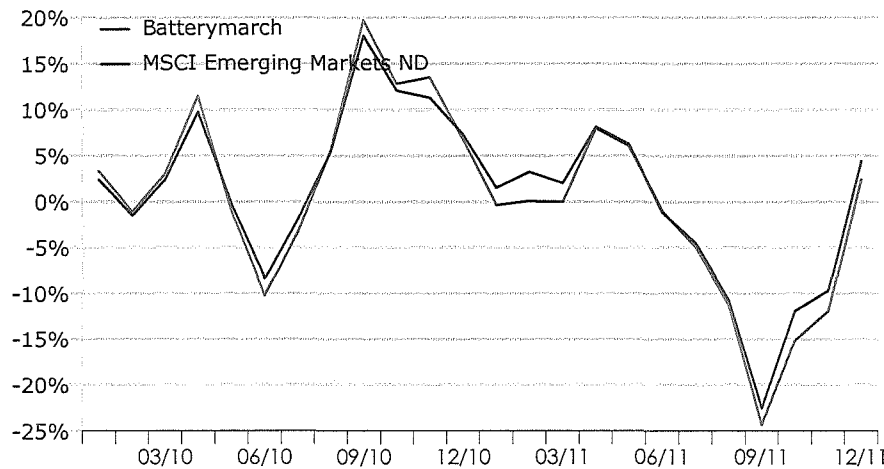
Mandate: Emerging Markets Equity
Benchmark: MSCI Emerging Markets ND

Strategy

Batterymarch invests in Non-U.S. stocks in emerging countries that are part of the MSCI Emerging Markets index.

Performance

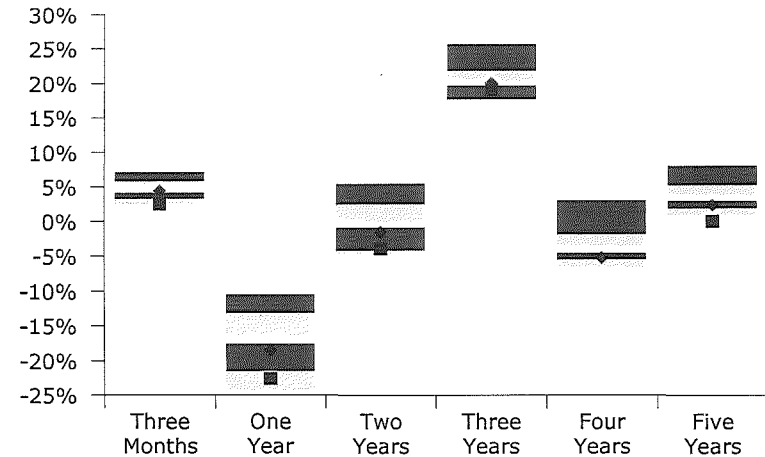
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Batterymarch	2.4	(23.4)	(4.8)	18.1	--	7.0	Sep-2008
MSCI Emerging Mkt	4.4	(18.4)	(1.5)	20.1	--	7.7	
Excess Return	(2.0)	(5.0)	(3.3)	(2.0)	--	(0.7)	

Objective: Outperform the benchmark by 300 bps, annualized over a full market cycle (normally 3-5 years).

Quarfile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ BatteryMarch	2.6 (22.6)	(3.9)	19.2	--	--	--
◆ MSCI Emerging Mkt	4.4 (18.4)	(1.5)	20.1	(5.2)	2.4	
Rank	90	85	68	60		
10th Percentile	7.0 (10.5)	5.4	25.7	3.0	8.0	
1st Quartile	5.8 (13.2)	2.5	21.8	(1.9)	5.2	
Median	4.1 (17.6)	(1.0)	19.7	(4.6)	2.9	
3rd Quartile	3.3 (21.5)	(4.2)	17.7	(5.5)	1.9	
90th Percentile	2.5 (24.3)	(4.6)	17.3	(6.6)	0.8	
Number Of Observations	70	70	63	58	53	49

Boston Company

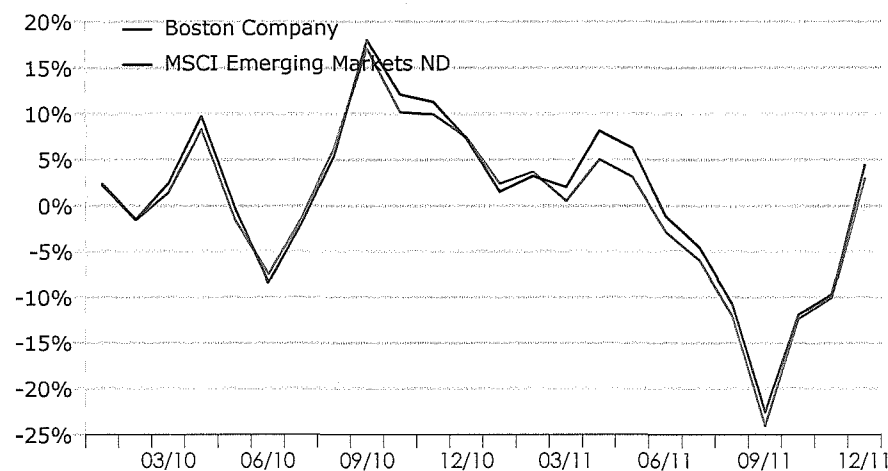
Mandate: Emerging Markets Equity
Benchmark: MSCI Emerging Markets ND

Strategy

Boston Co. invests in Non-U.S. stocks in emerging countries that are part of the MSCI Emerging Markets index.

Performance

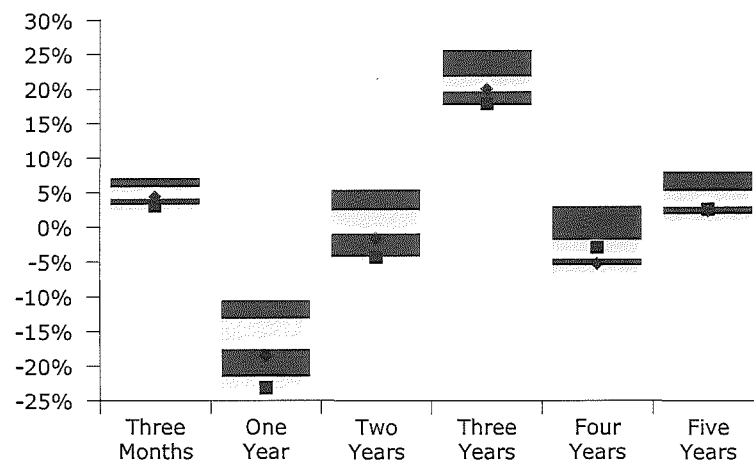
Quarterly Rate of Return Vs Benchmark



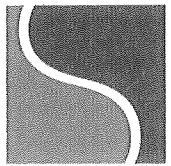
Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Boston Company	3.0	(23.7)	(5.1)	16.9	1.7	16.5	Jan-2003
MSCI Emerging Mkt	4.4	(18.4)	(1.5)	20.1	2.4	16.6	
<i>Excess Return</i>	<i>(1.4)</i>	<i>(5.3)</i>	<i>(3.6)</i>	<i>(3.2)</i>	<i>(0.7)</i>	<i>(0.1)</i>	

Objective: Outperform the benchmark by 200-300 bps, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Boston Company	3.1 (23.1)	(4.3)	17.9	(3.0)	2.6	
◆ MSCI Emerging Mkt	4.4 (18.4)	(1.5)	20.1	(5.2)	2.4	
Rank	80	87	76	71	33	71
Rank	42	55	53	45	70	74
10th Percentile	7.0 (10.5)	5.4	25.7	3.0	8.0	
1st Quartile	5.8 (13.2)	2.5	21.8	(1.9)	5.2	
Median	4.1 (17.6)	(1.0)	19.7	(4.6)	2.9	
3rd Quartile	3.3 (21.5)	(4.2)	17.7	(5.5)	1.9	
90th Percentile	2.5 (24.3)	(4.6)	17.3	(6.6)	0.8	
Number Of Observations	70	70	63	58	53	49



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Fixed Income Managers

Fixed Income Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total Fixed Income	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Total Fixed Income	Oct-94	\$ 2,677	100.0%	2.2	6.0	11.2	6.9	6.7	7.5	2.7
<i>BC U.S. Universal*</i>				1.5	7.4	7.7	6.4	6.0	6.6	
Excess Return				0.7	-1.4	3.5	0.5	0.7	0.9	
Domestic Fixed Income		\$ 2,588	96.7%	2.3	6.3	11.5	7.4	6.9	7.5	2.9
<i>BC U.S. Universal*</i>				1.4	7.4	7.7	6.4	6.0	6.9	
Excess Return				0.9	-1.1	3.8	1.0	0.9	0.6	
Loomis Sayles	Jun-80	\$ 1,039	38.8%	2.2	6.6	11.5	7.0	7.1	10.2	4.2
<i>BC U.S. Universal*</i>				1.4	7.4	7.7	6.4	6.0	8.7	
Excess Return				0.8	-0.8	3.8	0.6	1.1	1.5	
Neuberger Berman	Nov-90	\$ 1,050	39.2%	2.8	6.1	13.0	8.0	7.3	7.8	3.4
<i>BC U.S. Universal*</i>				1.4	7.4	7.7	6.4	6.0	7.1	
Excess Return				1.4	-1.3	5.3	1.6	1.3	0.7	
Baird Advisors	Mar-05	\$ 242	9.1%	1.2	6.5	7.9	6.2	--	5.7	1.5
<i>BC U.S. Agg Govt/Credit Intermed</i>				0.8	5.8	5.6	5.9	--	5.3	
Excess Return				0.4	0.7	2.3	0.3	--	0.4	
LM Capital Group	Mar-05	\$ 256	9.6%	2.1	5.8	8.7	6.3	--	6.1	3.0
<i>BC U.S. Universal*</i>				1.4	6.4	5.9	6.0	--	5.4	
Excess Return				0.7	-0.6	2.8	0.3	--	0.7	

¹ Indicates gross returns

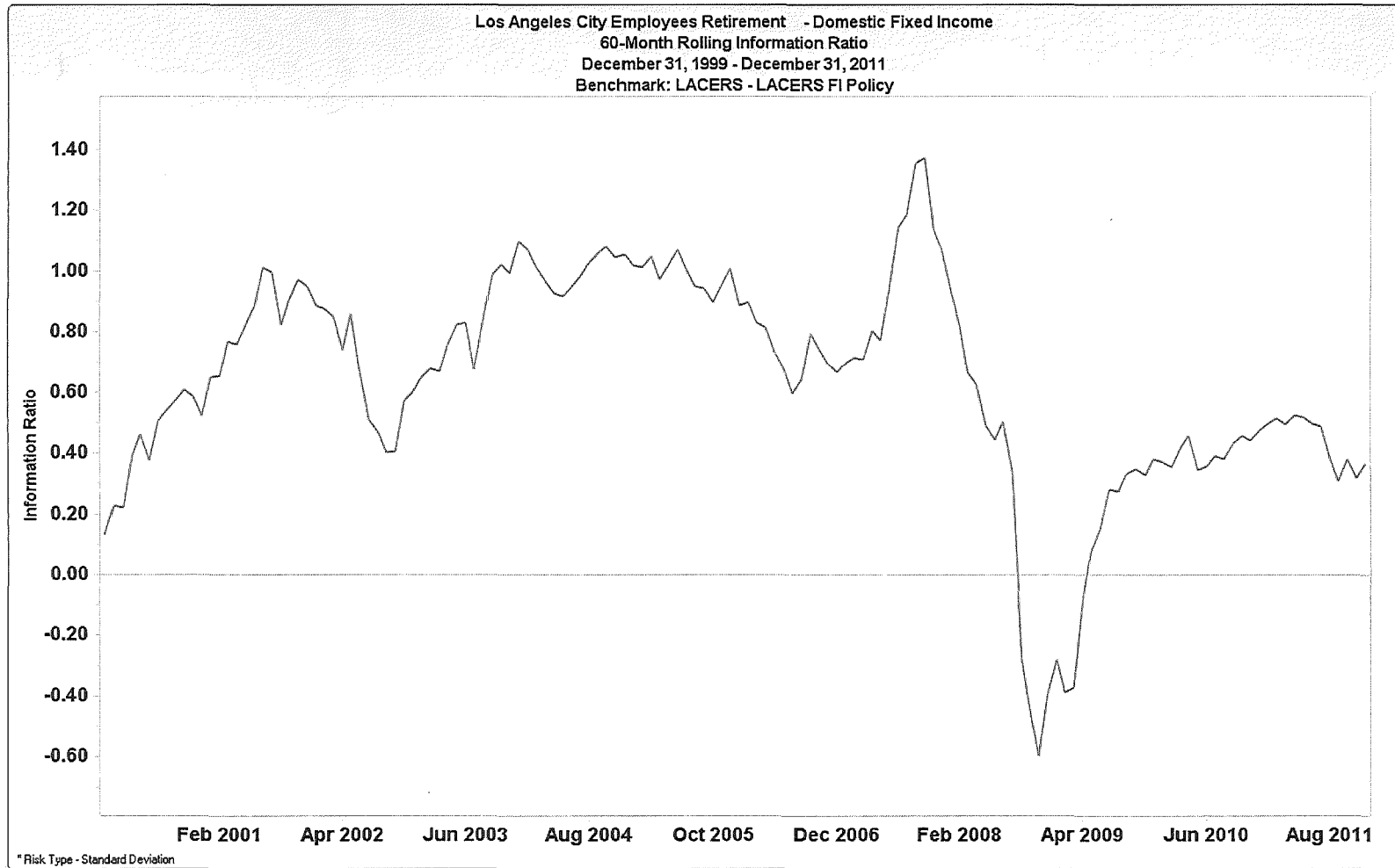
* The BC U.S. Universal index has historical data blended with other indices.

Fixed Income Managers

(Returns are Net of Fees)

	Inception Date	Market Value (\$million)	% to Total Non-U.S. Equity	Current Quarter	One Year	Three Years	Five Years	Ten Years	Since Inception ¹	5 Year Tracking Error
Opportunistic Fixed Income		\$ 89	3.3%	-1.7	-1.8	6.5	--	--	-1.7	--
<i>CG High Yield Bond</i>				6.4	5.5	23.3	--	--	8.2	
Excess Return				-8.1	-7.3	-16.8	--	--	-9.9	
Highbridge	Nov-10	\$ 35	1.3%	1.3	6.4	--	--	--	-0.8	--
<i>S&P LSTA Leveraged Loan B</i>				3.4	2.1	--	--	--	3.4	
Excess Return				-2.1	4.3	--	--	--	-4.2	
Oaktree Loan	Aug-07	\$ 14	0.5%	1.2	0.2	13.8	--	--	2.9	--
<i>Credit Suisse Lev Loan TR</i>				2.7	1.8	17.5	--	--	3.7	
Excess Return				-1.5	-1.6	-3.7	--	--	-0.8	
Torchlight Investors	Oct-07	\$ 34	1.3%	-3.9	4.7	-11.3	--	--	-18.3	--
<i>BC US Aggregate CMBS</i>				3.1	6.0	17.9	--	--	7.1	
Excess Return				-7.0	-1.3	-29.2	--	--	-25.4	
Whippoorwill	Jul-05	\$ 6	0.2%	-10.9	-18.2	-0.1	-2.9	--	-0.6	16.4
<i>CG High Yield Bond</i>				6.4	5.5	23.3	7.2	--	7.4	
Excess Return				-17.3	-23.7	-23.4	-10.1	--	-8.0	

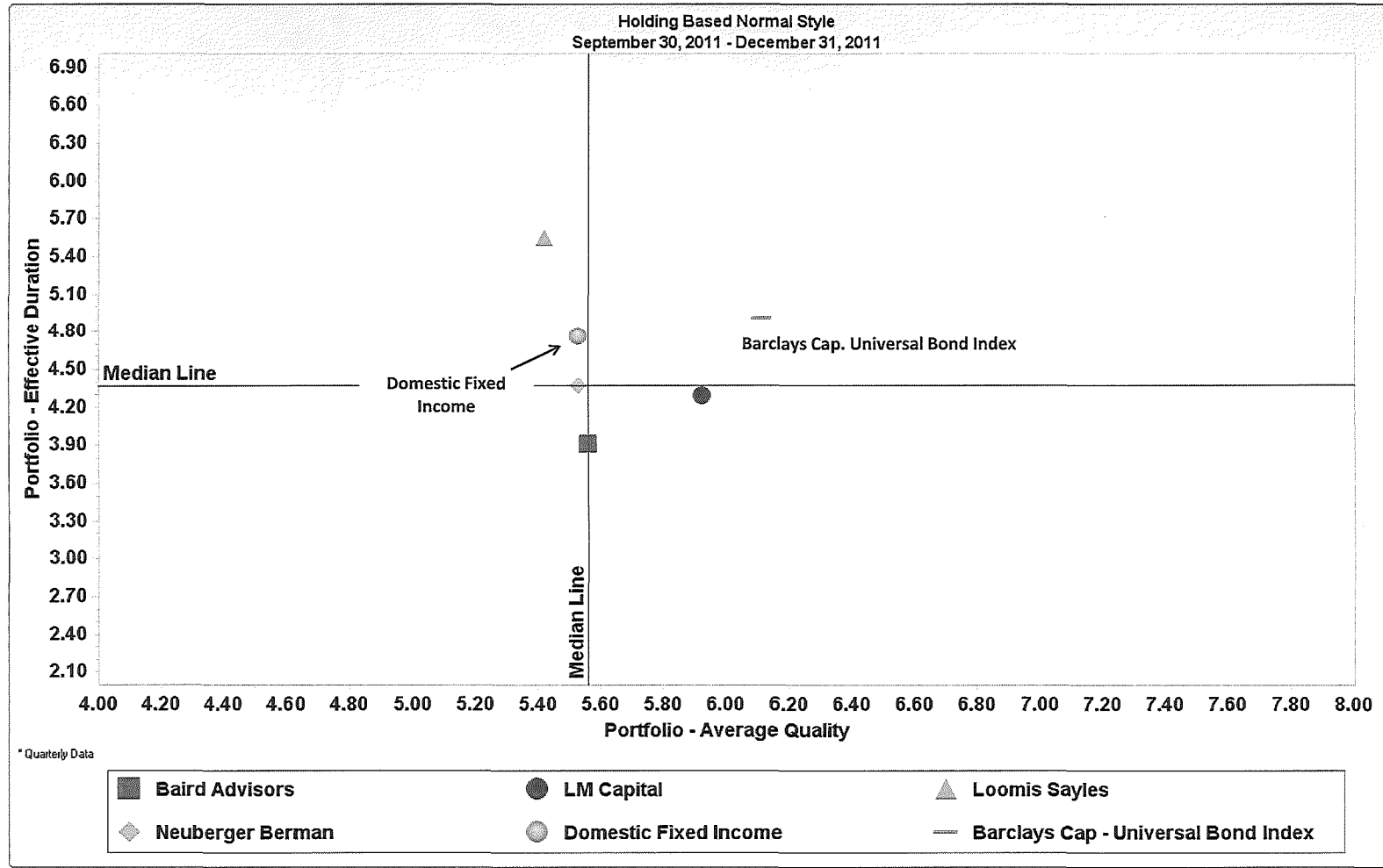
¹ Indicates gross returns



Holdings Based Performance Attribution*
09/30/2011 to 12/31/2011

	Index	Yield	Duration	Sector	Quality	Selection	Total
Baird Advisors	Barclays US Gov/Cr Inter	0.30	0.00	-0.11	0.21	0.03	0.43
LM Capital Group	Barclays Universal	0.01	0.14	-0.03	-0.08	-0.30	-0.26
Loomis Sayles	Barclays Universal	0.00	0.04	-0.39	0.36	0.40	0.41
Neuberger Berman	Barclays Universal	0.71	0.28	-0.56	0.60	0.85	1.88
Fixed Income Composite	Barclays Universal	0.21	0.10	-0.33	0.29	0.41	0.68

**Attribution values exclude impact of trading within the quarter.*



MANAGER REPORT CARD¹

Domestic Fixed Income	Inception Date	Mandate	Current Quarter		One Year		Three Years		Five Years		Since Inception	Comments ²
			I	U	I	U	I	U	I	U	I	
➤ Neuberger Berman	Nov-90	Core - Plus	✓	✓	✗	✗	✓	✓	✓	✓	✓	Performance satisfactory.
➤ Loomis Sayles	Jun-80	Core - Plus	✓	✓	✗	✗	✓	✓	✓	✓	✓	Performance satisfactory.
➤ Baird Advisors	Mar-05	Intermediate	✓	✓	✓	✓	✓	✓	✓	✓	✓	Performance satisfactory.
➤ LM Capital Group	Mar-05	Core - Plus	✓	✓	✗	✓	✓	✓	✓	✓	✓	Performance satisfactory.
➤ Highbridge	Nov-10	Distressed Debt	✗	✗	✓	✓	n/a	n/a	n/a	n/a	✗	Limited track record.
➤ Oaktree Loan	Aug-07	Bank Loan	✗	✗	✗	✗	✗	✗	n/a	n/a	✗	In redemption.
➤ Torchlight	Oct-07	Distressed Debt	✗	✗	✗	✗	✗	✗	n/a	n/a	✗	Performance lagging. Monitoring manager.
➤ Whippoorwill	Jul-05	Distressed Debt	✗	✗	✗	✗	✗	✗	✗	✗	✗	Redeemed 06/11. Remaining balance represents 2011 audit reserve.

¹ Current Quarter, 1-Yr, 3-Yrs, and 5-Yrs returns are net of fees. Since Inception returns are gross of fee.

² Managers are placed on the Watch List for concerns with organization, process, and performance. Managers are normally on the Watch List for 6 months though can be longer if manager issues still remain but not severe enough to warrant contract termination recommendation.

LEGEND	
✓ outperformed index	I index
✗ underperformed index	U universe median
= equal to index	

Loomis Sayles

Mandate: U.S. Fixed Income Manager

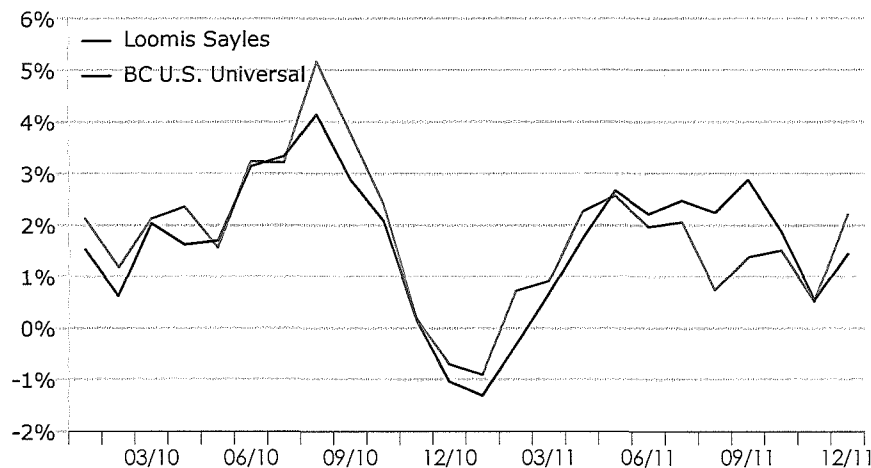
Benchmark: BC U.S. Universal

Strategy

Loomis invests primarily in U.S. investment-grade bonds rated Baa3 or higher by Moody's.

Performance

Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Loomis Sayles	2.2	6.6	7.7	11.5	7.0	10.2	Jun-1980
BC U.S. Universal	1.4	7.4	7.3	7.7	6.4	8.7	
Excess Return	0.8	(0.8)	0.4	3.8	0.6	1.5	

Objective: Outperform the benchmark by 50 bps, annualized over a full market cycle (normally 3-5 years).

Quarfile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Loomis Sayles	2.2	6.8	7.8	11.7	7.3	7.2
Rank	33	52	40	26	39	41
◆ BC U.S. Universal	1.4	7.4	7.3	7.7	6.4	6.4
Rank	54	46	47	58	63	62
10th Percentile	3.7	16.0	13.8	18.0	10.5	9.7
1st Quartile	2.7	9.4	9.9	11.9	8.0	7.9
Median	1.5	7.0	7.1	8.5	6.8	6.8
3rd Quartile	0.9	4.7	5.7	6.1	5.6	5.6
90th Percentile	0.1	1.2	2.5	3.0	2.9	3.3
Number Of Observations	470	448	410	350	289	265

Neuberger Berman

Mandate: U.S. Fixed Income Manager

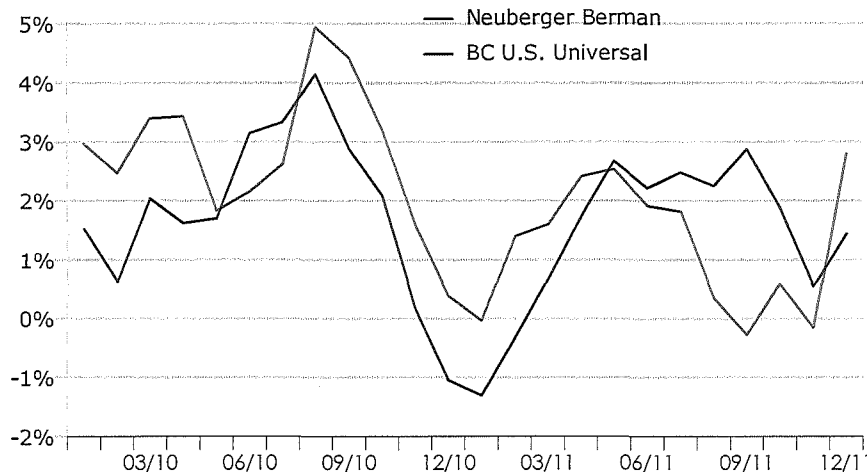
Benchmark: BC U.S. Universal

Strategy

Neuberger invests in investment-grade bonds rated Baa3 or higher by Moody's.

Performance

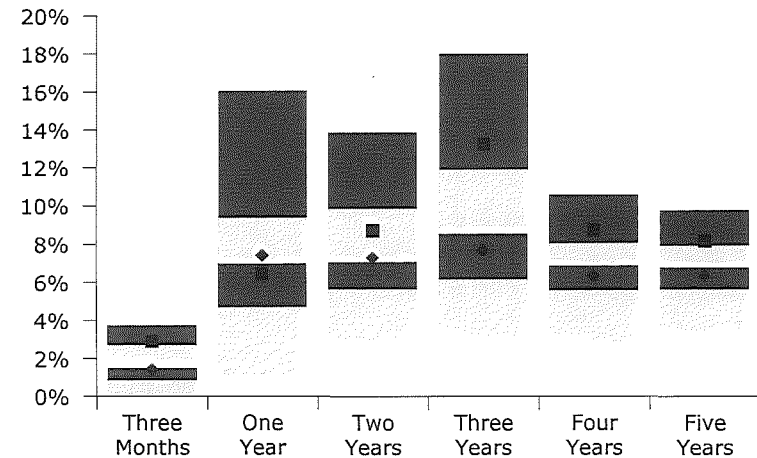
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Neuberger Berman	2.8	6.1	8.4	13.0	8.0	7.8	Nov-1990
BC U.S. Universal	1.4	7.4	7.3	7.7	6.4	7.1	
Excess Return	1.4	(1.3)	1.1	5.3	1.6	0.7	

Objective: Outperform the benchmark by 100 bps , annualized over a full market cycle (normally 3-5 years).

Quarfile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Neuberger Berman	2.9	6.5	8.7	13.2	8.7	8.2
Rank	20	57	33	21	20	22
◆ BC US Universal	1.4	7.4	7.3	7.7	6.4	6.4
Rank	54	46	47	58	63	62
10th Percentile	3.7	16.0	13.8	18.0	10.5	9.7
1st Quartile	2.7	9.4	9.9	11.9	8.0	7.9
Median	1.5	7.0	7.1	8.5	6.8	6.8
3rd Quartile	0.9	4.7	5.7	6.1	5.6	5.6
90th Percentile	0.1	1.2	2.5	3.0	2.9	3.3
Number Of Observations	470	448	410	350	289	265

Baird Advisors

Mandate: Intermediate Fixed Income

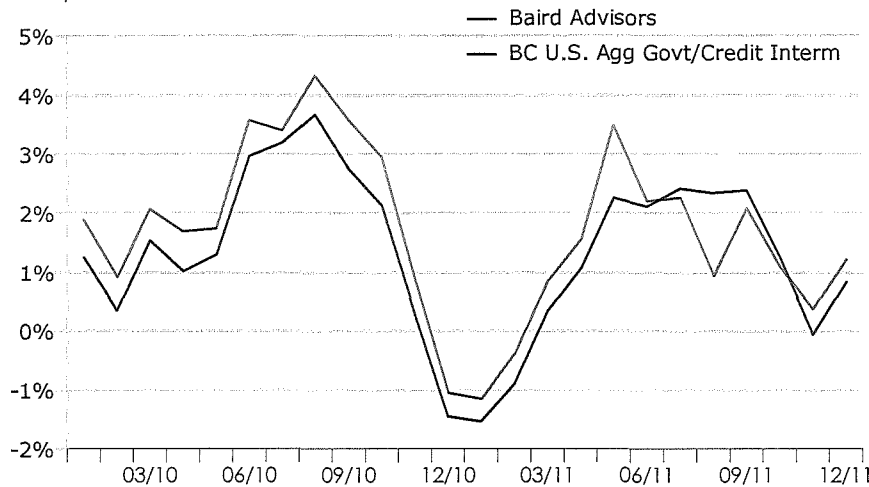
Benchmark: BC U.S. Agg .Govt/Credit Intermed

Strategy

Baird invests primarily in U.S investment-grade bonds in the government and credit sectors with 3-5 year maturities.

Performance

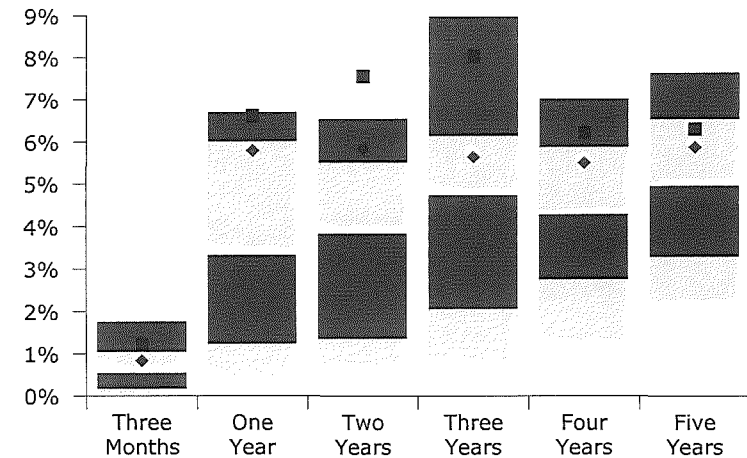
Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
Baird Advisors	1.2	6.5	7.4	7.9	6.2	5.7	Mar-2005
BC U.S. Agg Govt/Cred	0.8	5.8	5.8	5.6	5.9	5.3	
<i>Excess Return</i>	<i>0.4</i>	<i>0.7</i>	<i>1.6</i>	<i>2.3</i>	<i>0.3</i>	<i>0.4</i>	

Objective: Outperform the benchmark by 15-40 bps , annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ Baird Advisors	1.2	6.6	7.6	8.1	6.2	6.3
Rank	24	13	3	13	22	30
◆ BC U.S. Agg Govt/Cred	0.8	5.8	5.8	5.6	5.5	5.9
Rank	35	27	21	32	28	32
10th Percentile	1.7	6.7	6.5	9.0	7.0	7.6
1st Quartile	1.0	6.0	5.5	6.1	5.9	6.5
Median	0.6	3.3	3.8	4.7	4.3	5.0
3rd Quartile	0.2	1.2	1.4	2.1	2.8	3.3
90th Percentile	0.1	0.5	0.6	0.8	1.3	2.2
Number Of Observations	70	69	66	53	43	43

LM Capital Group

Mandate: U.S. Fixed Income Manager

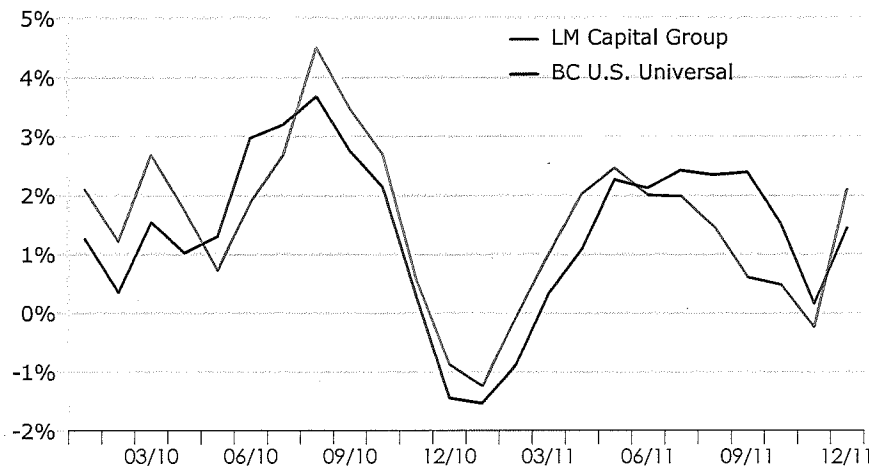
Benchmark: BC U.S. Universal

Strategy

LM Capital invests primarily in U.S. investment-grade bonds rated B3 or higher by Moody's.

Performance

Quarterly Rate of Return Vs Benchmark



Net Returns %	LCQ	1 Yr.	2 Yrs.	3 Yrs.	5 Yrs.	Gross ITD Return	Inception Date
LM Capital Group	2.1	5.8	6.6	8.7	6.3	6.1	Mar-2005
BC U.S. Universal	1.4	6.4	6.2	5.9	6.0	5.4	
<i>Excess Return</i>	0.7	(0.6)	0.4	2.8	0.3	0.7	

Objective: Outperform the benchmark by 20-50 bps, net of fees, annualized over a full market cycle (normally 3-5 years).

Quartile Rankings



	QTD	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.
■ LM Capital Group	2.1	6.0	6.7	8.9	6.5	6.4
Rank	6	26	9	11	20	29
◆ BC U.S. Universal	1.4	6.4	6.2	5.9	5.7	6.0
Rank	20	19	15	30	26	31
10th Percentile	1.7	6.7	6.5	9.0	7.0	7.6
1st Quartile	1.0	6.0	5.5	6.1	5.9	6.5
Median	0.6	3.3	3.8	4.7	4.3	5.0
3rd Quartile	0.2	1.2	1.4	2.1	2.8	3.3
90th Percentile	0.1	0.5	0.6	0.8	1.3	2.2
Number Of Observations	70	69	66	53	43	43

Definitions

I. Asset Allocation

- Market %: market value as a percent of the total fund's market value.
- Target %: investment policy on target allocation for each asset classes.
- Minimum and Maximum %: range of allocation for each asset classes.

II. Policy Benchmarks -- Current

- US Equity: 37% Russell 3000
- Non-US Equity: 20% MS ACWI ex US Net Div
- Core Fixed Income: 26% Barclays Capital (BC) US Universal
- Real Estate: 7% NCREIF
- Alternative Investments: 9% Russell 3000 plus 400 bps annually. Calculated on a dollar-weighted basis, and holding cash flows at 0% return for the first 36 months.
- Cash: 1% 90-day Treasury Bill
- **Total:** 37% US Equity; 20% Non-US Equity; 26% Core Fixed Income; 7% Real Estate; 9% Alternative Investments; 1% Cash

III. Indices

• Cash

Salomon Brothers 3-Month Treasury Bills: an average of the last three 3-month treasury bill issues' monthly return equivalents of yield averages, which are not marked to market. Month-end discount yields are converted to bond-equivalent yields, then a simple average is taken, and that number is decomposed to a monthly return using the actual number of days in the month and a 365-day year.

• Equity

- ♦ **Dow Jones Industrial Average:** This index is the price-weighted average of 30 actively traded blue chip stocks.
- ♦ **NASDAQ:** A market value weighted index that measures all domestic and non-US based securities, more than 4700 companies listed on the NASDAQ stock market.
- ♦ **Russell Midcap Value:** contains Russell Midcap stocks having less-than-average growth orientation and are included in the Russell 1000 Value Index.

- ◆ **Russell 1000:** consists of the 1000 largest securities in the Russell 3000 Index. The Russell 1000 is capitalization-weighted.
- ◆ **Russell 1000 Growth:** contains Russell 1000 stocks having greater-than-average growth orientation. Stocks tend to exhibit lower dividend yields and higher price-to-book ratios, price-earnings ratios and forecast growth values than the Value universe. The index is capitalization-weighted (as opposed to equal-weighted).
- ◆ **Russell 1000 Value:** contains those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe. Russell 1000 Value is capitalization-weighted.
- ◆ **Russell 2000:** contains the smallest 2,000 stocks in the Russell 3000 Index, representing approximately 11% of the Russell 3000 total market capitalization. The index is capitalization-weighted (as opposed to equal-weighted).
- ◆ **Russell 2000 Growth:** contains those Russell 2000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.
- ◆ **Russell 2000 Value:** contains those Russell 2000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.
- ◆ **Russell 3000:** measures performance of the 3000 largest US companies based on total market capitalization. This index represents approximately 98% of the investable US equity market. The Russell 3000 is capitalization-weighted.
- ◆ **Standard and Poor 500:** the S&P, which represents approximately 75% of NYSE market capitalization and 30% of NYSE issues, contains 500 industrial, utility, transportation and financial companies in the U.S. markets (mostly NYSE issues). The S&P is capitalization-weighted (as opposed to equal-weighted), calculated on a total return basis with dividends reinvested.
- ◆ **FTSE All Share:** an arithmetic, market value-weighted average of approx. 680 securities representing 98-99% of the UK market capitalization, FTSE All-Share is the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indices.
- ◆ **Morgan Stanley All Country World ex USA:** an arithmetic, market value-weighted average of approx. 1800 securities from outside the United States. The index is calculated on a total return basis, including reinvestment of gross dividends before deduction of withholding taxes.
- ◆ **Morgan Stanley Capital International Emerging Markets Free:** contains securities of the following countries which are available to all investors regardless of local status: Argentina, Brazil, Chile, Colombia, Greece, India, Indonesia, Israel, Jordan, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Portugal, South Africa, Sri Lanka, Thailand, Turkey and Venezuela.

- ◆ **Morgan Stanley Capital International EAFE:** an arithmetic, market value-weighted average of over 900 securities from Europe, Australia, and the Far East. The index is calculated on a total return basis, including reinvestment of gross dividends before deduction of withholding taxes. The following countries are represented: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom.
- ◆ **Morgan Stanley Capital International Europe:** includes companies representing 15 European countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
- ◆ **Morgan Stanley Capital International Pacific:** includes companies representing 5 countries: Australia, Hong Kong, Japan, New Zealand and Singapore.
- ◆ **Morgan Stanley Capital International Pacific ex Japan:** includes companies representing 4 countries: Australia, Hong Kong, New Zealand and Singapore.
- ◆ **Morgan Stanley All Country Asia Pacific:** includes companies representing 14 countries: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Korea, New Zealand, Singapore, Thailand, and Taiwan. It is calculated on a total return basis with dividends reinvested.

- **Fixed Income**
 - ◆ **Barclays Capital Aggregate:** an aggregate of the Government/Corporate Bond Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The index contains fixed rate debt issues with at least one-year maturity, \$100 million par value outstanding, and investment grade ratings by Moody's, S&P or Fitch (in that order). Returns are market-value weighted inclusive of accrued interest.
 - ◆ **Barclays Capital Universal:** This index contains the Barclays Capital Aggregate index bonds plus approximately 10% of the remaining index includes US High Yield, Eurodollar, Emerging Markets, 144A Private Placements, and CMBS bonds.
 - ◆ **Barclays Capital US Govt/Credit Intermediate:** This index is a sub-component of the Lehman Aggregate index. Bonds consist of the US Treasury, US Agency (non-MBS), and US Investment-grade credit holdings with a maturity range of 1 to 10 years.

- ◆ **Bond Rating Methodology:** Bond ratings are intended to characterize the risk associated with holding a particular bond or categories of bonds. These ratings are the risk assessed by the market and that the bond issuer must pay to attract purchasers to the bond. These ratings are expressed as a series of letters and sequences.

Rating Categories in descending order:

- ◇ **AAA:** The best quality rating, stable cash flows, very protective bond covenants, very low probability of default.
- ◇ **Aa:** The second best rating. Stable cash flows, less protective bond covenants, very low probability of default.
- ◇ **A:** Stable cash flows, less protective bond covenants, long-term probability of default is higher than AAA or Aa.
- ◇ **Baa:** Medium quality rating, reliable cash flows short term, less-reliable cash flows long term, bond covenants offer limited protection. Moderate probability of default. Downgrade to a lower rating is also possible. Baa bonds are the lowest rating still considered 'investment grade.
- ◇ **Ba thru B:** Highly speculative. Long-term assurance of cash flows and protective elements are low. Purchasers of these bonds generally specialize in assessing credit risk of specific bond issues. Much higher spreads versus investment grade bonds provide the incentive for purchasers. High default or downgrade risk.
- ◇ **Caa thru C:** Poor standing. Either close to default or in default. Highly probable loss of principal.
- ◇ **D:** Coupon payments were not paid on the due date which puts the bond in default. Unless both protective covenants and issuer assets are adequate (not likely), holder loses all likelihood of recovering principal.

- **Real Estate**

NCREIF Property Index: the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary environment. Data is collected quarterly from a membership of investment managers and plan sponsors. Returns are gross of fees; include income, realized gains/losses, and appreciation/depreciation; and are market-value weighted. Property values are determined by consistent appraisal methodology and sold properties are removed in the quarter of the sale (the historical data remains). Current quarter performance is preliminary.

IV. Universe Comparison

All Northern Trust Universes are gross of fees. Universe breaks are at 10, 25, 50, 75 and 90 percentiles.

- **TUCS Plan Universes**

Published on a quarterly basis using monthly observations. Over time, the plan population members will change due to new plans being introduced and other plans closing or leaving the universe.

- **Public Funds**

Includes the range of performance of all Public Funds greater than 1 billion dollars. Monitored by the Wilshire's Trust Universe Comparison Services Group. Plans include state and municipal plans and systems.

- **Manager Universes**

Created using the performance of managers used by sponsor subscribers to the Risk & Performance Services Group (RPS). Each occurrence of a manager is considered as an observation. The manager universes are used to describe the actual experience of plan sponsors use of the managers; no manager supplied representative portfolios or composites are used in the creation of the universes. All occurrences of a manager are included in the magnitudes they are used by the sponsors; no stratification or judgments are introduced by RPS to alter a manager's representation. Manager portfolios are used from all market segments (ERISA, Public, Foundation & Endowments, and Wealth) since managers are hired to fulfill a specific policy objective that is not unique by plan type. Inclusion in a universe is based upon quantitative screening using the criteria described; an RPS analyst determines the comparison of a manager to this style background for reporting purposes. The portfolio criteria are applied as the average of the values over the time period being observed and not simply the current point in time value.

- **US Equity - Large Cap Core**

Includes portfolios with a portfolio average market capitalization greater than \$10 billion but not displaying any significant growth or value bias. The Barra Growth and Barra Book to Price risk factors are used to determine style orientation. Most of the portfolios also display a market-like beta.

- **US Equity - Large Cap Growth**

Includes portfolios with a portfolio average market capitalization greater than \$10 billion. Portfolios will also display a significant growth bias as represented by a Barra Growth Risk Factor in the top 40% of all US equity portfolios and a Barra Price/Book score in the bottom 70% of all US equity portfolios monitored by RPS. Most growth portfolios display an above market beta.

◆ **US Equity - Large Cap Value**

Includes portfolios with a portfolio average market capitalization greater than \$10 billion. Portfolios will also display a significant value bias as represented by a Barra Price/Book score in the top 30% of all US equity portfolios monitored by RPS. Most value portfolios display a below market beta and above market dividend yield.

◆ **US Equity - Small Cap Growth**

Includes portfolios with a portfolio average market capitalization of less than \$2 billion. Small Cap Growth portfolios will also display a growth bias as represented by a Barra Growth Risk Factor in the top 31% of all US equity portfolios monitored by RPS.

◆ **US Equity - Small Cap Value**

Includes portfolios with a portfolio average market capitalization of less than \$2 billion. Small Cap Value portfolios will also display a value bias as represented by a Barra Price/Book score in the top 27% and a Barra Growth factor score in the bottom 31% of all US equity portfolios monitored by RPS.

◆ **Non-US Equity - Developed Markets**

Includes all managers investing in developed markets outside of North America. The majority of the portfolios in this universe are EAFE-oriented but may contain an opportunistic allocation to emerging markets equity (extended EAFE). There are a few regional non-US equity managers (Europe & Pacific Basin) also represented.

◆ **Non-US Equity - Emerging Markets**

Includes all managers investing in emerging markets. The universe includes emerging markets managers that are diversified across all emerging markets as well as specialists in regional emerging markets.

◆ **US Fixed Income**

Includes all managers, active and passive, investing in US Fixed Income, including high yield fixed income managers.

◆ **Non-US Fixed Income**

Includes all managers investing in non-US Fixed Income.

V. Investment Performance

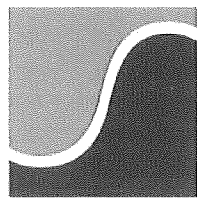
- Time: the internal rate of return (accounting for daily cash flows) monthly based on trade-date, full accrual accounting, and using market values. For periods of greater than one month, a time series of linked monthly returns is maintained, introducing a time weighted effect.
- The Real Estate and the Alternative Investments returns are lagged one quarter.
- The LACERS Total Fund return is dollar-weighted to include Alternative investments.

VI. Performance Attribution

- **Returns-Based Attribution.**
Total Fund Performance Attribution table is a Returns-based. It attributes the difference between the Total Portfolio performance and the Policy performance to each of the underlying asset classes. The table details three attribution subcategories of the return impact: weighting, selection, and interaction. Combined, these three subcategories equal the total impact on return attribution of each asset class. The weighting column identifies what impact the asset class allocation of the portfolio had on the asset class policy return vs. the total policy return. The selection column indicates how much active management returns impacted the total portfolio vs. the benchmark. Please note the weighting and impact column may not add exactly to the total column due to rounding error and to include an interaction factor, which is included to ensure the total formula adds to 1.00 and identifies the impact that the interaction between the difference in the allocation and the difference in returns had on the total portfolio return vs. the benchmark return. The interaction factor is typically insignificant and near 0.0.
- **Holdings-Based Attribution.**
US Equity, Non-US Equity, and Fixed Income tables are Holdings-based. The table details various attribution subcategories which impacted each manager's performance such as: selection, weighting, duration, yield, quality, etc.

VII. Terminology

- **Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income portfolio given a 1% change in the US Treasury yield curve (interest rates). A portfolio with a duration of 4 would be expected to lose 4% of its value when interest rates rise 1%. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.
- **Information ratio:** A ratio of portfolio returns above the returns of a benchmark (usually an index) to the volatility of those returns. The information ratio (IR) measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait.
- **Standard deviation:** A statistical measure of volatility or the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. A manager with a one-year return of 5% and a standard deviation of 5, indicates the range of returns for this manager will likely fall between 0% and 10% during most annual time periods.
- **Tracking error:** A measure of the difference between returns of the portfolio and that of the benchmark it was attempting to imitate; reported as a "standard deviation percentage" difference.



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

**EMERGING INVESTMENT MANAGER POLICY
PUBLIC MARKETS**

BOARD APPROVED: FEBRUARY 14, 2012

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EMERGING INVESTMENT MANAGER POLICY

Public Markets

Objectives and Goals

The objective of this Emerging Investment Manager Policy ("Policy") is to identify investment firms with the potential to add value to the LACERS investment portfolio ("Fund") that would otherwise not be identified by the standard LACERS institutional investment manager search process. The Board of Administration ("Board") believes that smaller investment management organizations may generate superior performance returns because of the increased market flexibility associated with smaller asset bases. The Policy provides an opportunity for LACERS to identify skillful investment management organizations in their early business stages.

Consistent with the Board's fiduciary responsibility, the goal of this Policy is to locate and fund emerging investment managers with successful histories of generating positive alpha at an appropriate level of active risk. LACERS may consider an emerging investment manager mandate as part of any investment manager search undertaken by the Board, after staff and the General Fund Consultant have determined that the emerging manager return and risk characteristics of the mandate under consideration are no less favorable than comparable, non-emerging investment manager opportunities available for that mandate.

The Board recognizes that emerging investment managers do not possess the organizational depth and resources of larger investment management firms, and thus represent a greater business risk. The Board also recognizes that prudent management of the Fund requires that emerging investment managers, once retained, will manage significantly smaller amounts of Fund assets than larger investment management firms. Each of these issues will result in greater oversight and administrative responsibilities for Fund staff, and will consequently be part of the evaluation whenever emerging investment managers are being considered for inclusion in a manager search.

Managers hired pursuant to this Emerging Investment Manager Policy will be held to the same performance, reporting and retention standards as all other LACERS investment managers.

Emerging Investment Manager Minimum Criteria

The Board has approved the following minimum criteria for any firm being considered for an emerging investment manager mandate:

1. The firm will have no more than \$2 billion in total firm assets under management.



2. The firm must have a minimum of \$50 million under management in the product being considered and LACERS portfolio size shall not exceed 20% at the time of hire.
3. The firm must have been in existence for a minimum of one year.
4. The portfolio manager must have a minimum of five years verifiable experience managing the particular investment product.
5. No person or entity, other than the principals and/or employees of the firm, shall own more than forty-nine percent (49%) interest of the firm.

Provisions for Post-Emerging Firms

LACERS expects that successful emerging investment management firms will grow beyond the maximum \$2 billion in assets under management required to be categorized as an emerging investment manager. An emerging investment manager under contract to LACERS that successfully grows its assets under management so that the firm no longer meets the criteria for an emerging manager may be considered for a larger mandate, and will be given preference for larger mandates versus other investment managers, if the following conditions are generally met:

1. The product under consideration must have a minimum track record of five years, all acquired at that firm. An exception to this is if the portfolio manager has a clearly established track record from a previous firm.
2. The manager's five-year, net-of-fees performance must exceed the passive market benchmark for the LACERS mandate.
3. The manager's five-year, gross-of-fees performance must rank above median in an appropriate peer universe comparison.
4. The manager's rolling 36-month return over the most recent sixty months must exceed the LACERS mandate benchmark for 60% of the available period observations.
5. The manager's most recent three-year performance history must be built on an asset base that is equivalent to the proposed size of the LACERS mandate.
6. The key individuals responsible for developing the track record must still be active in the investment management process.
7. A representative portfolio for the product under consideration must have fundamental characteristics which reflect the LACERS mandate for which the manager would be bidding.

INVESTMENT MANAGEMENT EXPENSE

	<u>ADOPTED BUDGET FY 2011-12</u>	<u>ESTIMATED EXPENSE FY 2011-12</u>	<u>PROPOSED BUDGET FY 2012-13</u>
1 Baird Advisors	\$ 342,195	\$ 301,842	\$ 307,376
2 Torchlight Debt Opp Dept (frmly ING Clarion Debt Opp Fund II)	405,372	517,726	527,611
3 Neuberger Berman - Active (frmly Lehman Brothers)	2,034,604	864,031	885,956
4 LM Capital Group, LLP	414,721	382,415	394,936
5 Loomis Sayles Fixed	1,199,465	1,231,969	1,276,626
6 Oaktree Loan Fund	233,415	82,693	3,465
7 Whippoorwill Fund LP	87,744	91,671	90,401
8 Highbridge Principal	750,000	750,000	1,000,000
9 Alliance Capital	1,754,925	863,899	-
10 Aronson & Partners	1,191,640	1,160,311	1,020,121
11 Blackrock (formerly Barclays Large Cap Value Index)	71,017	79,924	78,046
12 Blackrock (formerly Barclays S&P Index)	473,088	525,519	976,829
13 CI-Blum Capital	738,030	650,668	598,506
14 Donald Smith & Co	925,400	806,067	695,435
15 Franklin Global Advisers (Fiduciary Trust)	791,872	755,923	626,253
16 New Mountain Vantage	1,222,754	1,140,084	1,135,626
17 Panagora Asset Management	1,138,588	1,091,597	965,382
18 Relational Investors	1,310,752	1,320,709	-
19 Rhumblin	68,253	51,532	46,193
20 SIT Investment Associates	1,534,800	1,490,702	1,320,746
21 Thomson Horstmann & Bryant	2,323,779	2,145,024	1,806,433
22 Batterymarch Financial	1,019,413	964,575	872,846
23 Capital Guardian	1,870,847	1,736,457	1,585,867
24 Daiwa	595,070	295,712	453,772
25 Knight Vinke	896,001	807,695	764,189
26 Marvin & Palmer	689,850	315,507	-
27 State Street	160,712	175,692	173,389
28 Templeton	1,064,790	874,960	831,616
29 The Boston Company	1,497,368	1,404,332	1,294,303
30 TT International	733,014	666,723	602,311
31 Attucks	258,664	237,759	244,316
32 Capital Prospects	219,157	197,621	206,062
33 Progress Investment	323,078	299,113	310,904
34 Investment Managers - Domestic Index Fund (TBD)	1,000,000	250,000	162,799
35 Investment Managers - International Index Fund (TBD)	1,000,000	250,000	120,494
36 Real Estate Managers	12,076,330	10,140,487	10,731,956
37 Alternative Investment Managers	16,301,122	17,024,809	18,189,411
Subtotal - Investment Managers Fee	\$ 58,717,827	\$ 51,945,746	\$ 50,300,176
38 R.E. Consult (Courtland)	\$ 256,000	\$ 256,000	\$ 256,000
39 Real Estate & Alternative Inv Legal	200,000	200,000	200,000
40 Alt Investment Consult (Hamilton Lane)	800,000	908,356	925,000
41 Specialized Alt Investment (PCA)	242,500	32,167	-
42 General Fund Consultant (Wilshire Associates Inc)	437,450	433,883	437,750
43 Northern Trust	35,000	35,000	76,500
Subtotal - Investment Consulting Fee	\$ 1,970,950	\$ 1,865,406	\$ 1,895,250
44 Bloomberg Financial Services	\$ 50,000	\$ 46,008	\$ 50,000
45 CEM Benchmarking	20,000	-	-
46 Institutional Shareholder Services	94,868	100,936	128,622
Subtotal - Other Investment Expense	\$ 164,868	\$ 146,944	\$ 178,622
INVESTMENT MANAGEMENT EXPENSE	\$ 60,853,645	\$ 53,958,096	\$ 52,374,048

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 110

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on progress made with collections over the past year and how Finance has implemented recommendations from the Controller and the Commission on Revenue Efficiency (CORE).

Subject: **OFFICE OF FINANCE – COLLECTION EFFORTS AND IMPLEMENTATION OF CONTROLLER AND CORE RECOMMENDATIONS**

The Office of Finance (Finance) has submitted the attached report back regarding the progress Finance has made with collections over the past year and how the Department has implemented Controller and CORE recommendations. Finance reports that at the end of 2010-11 it presented a comprehensive report on the status of implementing recommendations from the CORE *Blueprint Reform of City Collections*, the Macias Study, Controller audit reports, and Council directives (See C.F. 10-0225). The progress is detailed in this report and is attached. An update to this report is expected to be released in late May/early June 2012.

This memorandum is informational only. There is no fiscal impact.

Attachments

MAS:RPC:BC:MDG:01120064d


Question No. 20

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Officer

Attention: Maria Gutierrez, Finance Specialist III

FROM: 
Antoinette Christovale, CPA
Director of Finance
Office of Finance

**SUBJECT: RESPONSE TO BUDGET & FINANCE COMMITTEE QUESTION NO. 20
– OFFICE OF FINANCE COLLECTION EFFORTS AND
IMPLEMENTATION OF CORE AND CONTROLLER REPORT
RECOMMENDATIONS**

In response to Question No. 20 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the progress Finance has made with collections over the past year and if Finance has implemented the recommendations from the Commission on Revenue Efficiency (CORE) and Office of the Controller audit reports.

Finance presented a comprehensive report at year-end of FY 2010-11 on the status of implementing recommendations from the CORE Blueprint for Reform of City Collections, the Macias Study, Office of the Controller Audit reports, and the Council. The report included progress made by Finance and other City Departments. It further provided a matrix of the recommendations noting that several had been completed, initiated or assigned as a next step. Finance is in the process of updating this report with an anticipated release date to the Mayor and City Council in late May/early June 2012.

If you have any questions or would like to discuss this matter, please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.

cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

ANTOINETTE CRISTOVALE
DIRECTOR OF FINANCE

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 220 - CITY HALL
LOS ANGELES, CA 90012

(213) 978-1774



ANTONIO R. VILLARAIGOSA
MAYOR

August 8, 2011

The Honorable Budget and Finance Committee
The Honorable Audits and Governmental Efficiency Committee
200 N. Spring Street, Room 303
Los Angeles, California 90012

Attn: Erika Pulst, Legislative Assistant/Richard Williams, Legislative Assistant

RE: Accounts Receivable Citywide Improvement Initiatives Report 4th Quarter FY11 (C.F. Nos. 10-0225)

Dear Honorable Committee Members:

As requested by the Joint Budget and Finance and Audits and Governmental Efficiency Committees, I am releasing the Accounts Receivable Citywide Improvement Initiatives Report for the 4th Quarter Fiscal Year 2010-2011. This report is a follow-up to our transmittal dated April 8, 2011 and furthers ongoing quarterly reporting on citywide accounts receivable management efforts. It also includes responses from City departments on various directives.

If you have any questions, please contact Jeffery Whitmore, Revenue Manager, Office of Finance at (213) 978-1781 and City Departments directly on their report backs.

Sincerely,

Antoinette Cristovale, CPA
Director of Finance

Attachments

cc: Honorable Wendy Greuel, City Controller
Honorable Carmen Trutanich, City Attorney
Gaye Williams, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattera, Deputy Mayor of Budget and Finance Policy
Gerry Miller, Chief Legislative Analyst
Miguel Santana, Chief Administrative Officer
Bud Ovrom, General Manager, Department of Building & Safety
June Lagmay, City Clerk, Office of the City Clerk
Brian Cummings, Interim Fire Chief, Fire Department
Tony Royster, General Manager, Department of General Services
Douglas Guthrie, General Manager, Housing Department
Randi Levin, General Manager, Information Technology Agency
Maggie Whelan, General Manager, Personnel Department
Michael LoGrande, Director of Planning, Planning Department
Andrea Alarcon, President, Board of Public Works
Jaime de la Vega, General Manager, Transportation Department
Richard Tefank, Executive Director, Police Commission
Commission on Revenue Efficiency (CORE)

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

Accounts Receivable Citywide Improvement Initiatives

Fiscal Year 2010-11
4th Quarter Report



OFFICE OF FINANCE

Antoinette Christovale, CPA
Director of Finance

June 30, 2011



Office of Finance

Accounts Receivable Citywide Improvement Initiatives

SUMMARY

On April 8, 2011, Office of Finance (Finance) transmitted the first of ongoing quarterly reporting in response to the Macias Consulting Group Study (Macias Study), *Feasibility and Implementation Study: Centralization of Billing and Collection Activities* (2009); 2010 City Controller's *Follow-Up Audit on Citywide Billing and Collection Practices*; Commission on Revenue Efficiency's (CORE) *Blueprint for Reform of City Collections* (October 2010); and City Council actions (C.F. 10-0225).

On May 3, 2011, the City Council instructed:

1. Finance to continue regular quarterly reporting on progress to the City Council of proposed and ongoing initiatives being undertaken by Finance as described in Exhibit i.
2. City departments to prepare and submit responses, as coordinated by Finance, on the directives contained in Exhibit ii within 60 days.
3. Finance, with the assistance of the City Attorney, to develop a Request For Proposals (RFP) for sale of uncollectible accounts receivable and submit to Council for authorization within 45 days.

Finance Initiatives (Exhibit i)

Finance is continuing to report quarterly on progress toward implementing the various recommendations and ultimately improving collection of monies due the City. This is the second Accounts Receivable Citywide Improvement Initiative (ARCI) update for the 4th Quarter of Fiscal Year (FY) 2010-11. The accounts receivable related directives of the City Controller, Macias Study, CORE and City Council are each represented herein via initiatives Finance is proposing and undertaking. (Exhibit i)

Finance is pursuing the many initiatives for citywide accounts receivable improvements within existing resources. Finance has successfully implemented Council's revenue programs in FY 2010-11 and has made some progress in addressing the escalated initiatives, particularly in acquiring information needed to further efforts in improving upon and informing about citywide accounts receivable.

FY 2010-11 citywide collections totaled \$27.3 million, slightly below prior year's \$28.3 million. This was despite several new initiatives:

- Secondary collections (\$.05 million) contracts executed December 2010
- Non-Tax Amnesty program (\$2.9 million) from February through April 2011
- Administrative Tax Liens (\$1.1 million) initiated December 2010

Accounts Receivable Citywide Improvement Initiatives

While both the Non-Tax Amnesty Program and Administrative Tax Liens were successful exceeding the budgeted revenues by \$1 million, the secondary collections program was low performing, in part due to a mid-year start, but also due to a slow adoption and implementation rate as collections among various departments is decentralized and dependent on modifications and interface development with their systems, in addition to the business process changes. Finance continues to work with departments to facilitate implementation of secondary collections processes where appropriate and will continue to evaluate the program's effectiveness along with ways to improve it, such as through enhanced centralized collections management tools.

Currently underway FMS Phase 2 centralized accounts receivable billing data and enhanced reporting is the implementation of Macias Phase I. This project is currently on track for a December 2011 implementation with analysis and reporting to subsequently follow, although some departments may not meet this timeline for their own interface development. The primary known exception to the project's Concept Design is the non-involvement of the Los Angeles Convention Center (LACC), which was in-scope of Council's original project approval. LACC expressed confidentiality issues with the project scope and as of present, is not participating and will not be part of the initial system implementation. More recently, a preliminary assessment from the City Attorney indicates it may also be problematic to include ambulance billings as part of the reporting system due to Health Insurance Portability and Accountability Act (HIPAA) constraints on information. This is under further review and consideration.

Looking forward, this system development begets a need for ongoing resource requirements in supporting, maintaining, and using the system. Without continuing appropriate staffing the system's functionality and accuracy would be at-risk. Additionally, the baseline deliverable will need to continue to evolve to address the many nuances and variations of citywide accounts receivable types and reporting requirements. Permanent resources will be required in the FY 2012-13 Budget. In the meantime, Finance is making progress in current reporting of the citywide Accounts Receivable Quarterly (ARQ), and is further expanding and honing reporting in the upcoming 4th Quarter ARQ report.

In improving and compiling information on citywide receivables, Finance also engaged the Revenue Management Committee (RMC) to obtain information for response to many of the initiatives that Finance is addressing in Exhibit i.

Departments' Report Back (Exhibit ii)

Finance has compiled departments' report-backs on department specific directives identified by the City Controller, CORE, and Macias Study listed in Exhibit ii. All departments' responses have been received with City Attorney's response to Council to follow. It is important to note that since the Fire department started referring delinquent ambulance billings to the City contracted collection agencies administered by Finance, \$4.3 million in payments have been received. This is revenue that otherwise would not have been collected.

Accounts Receivable Citywide Improvement Initiatives

Leveraging this survey data and other information sources, detailed information spanning application of penalty and interest, applicable ordinances, and specific billing procedures for the universe of citywide billable receivables is being centrally compiled by Finance (See draft template - Exhibit iii). This data will be maintained with an annual validation and update by City departments. With this resource along with the aforementioned data capture underway by Finance, the Inspector General position will have an information repository as a starting point in working with departments to achieve citywide initiatives. Finance proposes to work with departments to centrally compile this data in the next 90 days and request Council's support in this action.

Sale of Uncollectibles RFP

An RFP for expanded broker evaluation and sale of uncollectibles is pending final review in conjunction with the City Attorney. The RFP was being designed to secure a broker for evaluation and sale of debt; however, this proposed model requires further legal consideration and the RFP as drafted may need to be modified. In the event that broker services cannot be secured, City staff would be required to conduct the debt sale. This was the case in the City's prior debt sale and it proved to be a cumbersome process for City staff. Additionally it should be noted that ambulance billings and parking citations are likely outside the scope of any debt sale by Finance due to legal constraints. Upon completion of review, the RFP will be transmitted to Council for further consideration.

Next Steps in Centralization

While the Macias Study identifies that citywide billing may be feasible, little tangible financial benefit is traceable to this effort in the figures provided in the study. Finance believes that centralized billing is not the next most logical and productive step in improving citywide accounts receivable management. Enhanced centralized management of citywide collection activities is likely to be the most significant improvement that can be made by Finance in terms of efficiency and potential revenue. While billing relies on specific departmental knowledge in generation and handling, collection activity is a more opportune task for Finance to successfully and more quickly overtake. Collections management is a core competency of Finance.

Finance is presently working to determine possible costs and benefits of enhanced centralized collections management. Some of the potential benefits of a robust centralized modern collections management system include:

- Performance-based monitoring and assignment of debt to external collection agencies
- Centralized collections data and reporting
- Standardized, automated processes for both primary and secondary collections
- Centralized case management for the entire collections lifecycle
- Centralization of collections business functions and tools (e.g. skip tracing, lien tracking, etc.)
- Increased opportunities to pool accounts by debtor across all departments

Accounts Receivable Citywide Improvement Initiatives

- Reduced departmental interface management and technical support requirements
- Reduced dependency on departmental collections management processing and manual processes
- Increased control and accountability for collections management under Finance

Finance is prioritizing centralized collections management for consideration as the “next step” in the centralization of accounts receivable. This will require continuing collaboration and cooperation of citywide departments in facilitating the review process, legal support on issues related to types of debt eligible to be centralized under Finance, change management, determination of appropriate resource levels, procurement, and implementation. Finance is working toward presenting options for centralized collections management in the FY 2012-13 budget development process.

Closing

Resource enhancements will be required to fully implement many of the directives identified in this report, particularly those with a reliance on technological enhancement. Finance’s current capacity to pursue significant additional new technologies is limited. In the meantime, Finance will continue to pursue data, policy, and procedure improvements while managing ongoing activities and programs; however, the pace of execution of citywide improvements is unlikely to increase significantly as many of the directives are an escalation of Finance’s existing programs without additional resources.

Finance will continue to take input, refine, and evolve from this point. Finance looks forward to continuing engagement with the Mayor, City Council, City Controller, City Attorney, City Departments and CORE in furthering and improving on the City’s initiatives.

RECOMMENDATIONS

That the City Council, subject to approval of the Mayor:

1. Request the City Attorney to report back to the Council with responses to items designated to the City Attorney in Exhibit ii as well as to identify a liaison to assist the Office of Finance in addressing legal issues pertinent to the initiatives listed in Exhibit i.
2. Request Citywide departments to work with the Office of Finance in compiling extensive citywide accounts receivable data in a form similar to Exhibit iii over the next 90 days as coordinated by Finance.

Attachments

- Exhibit i – Finance Directives Checklist
- Exhibit ii – Departmental Report-Back Tracker
- Exhibit iii – Draft Invoice-Type Workbook Template

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
1	Citywide Reporting	City Controller	<p>1)a) In implementing centralized billing and collections, Finance should:</p> <p>Explore the cost effectiveness of having the Information Technology Agency (ITA) build any interfaces and system modifications as part of the Financial Management System (FMS) implementation, as opposed to Macias' proposal to hire a contractor to develop a portal.</p>	ITA	Council has approved FMS Phase 2 project to build a citywide accounts receivable billing data warehouse and reporting tool as recommended.	03/31/2011	Implemented
2	Citywide Reporting	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-A comprehensive summary of all outstanding receivables due the City, broken down by principal, interest, fines, and fees.</p> <p>-What portion of the amount is realistically collectible, and what portion should be considered for write off due to legal or practical constraints.</p>	City Attorney; CAO; CLA	<p>On 6/30/2011, Finance released the FY11 3rd Quarter Accounts Receivable Quarterly Report, which provides a breakdown of outstanding receivables by principal, interest and penalties.</p> <p>Uncollectibles trending data will accrue over time in the FMS Phase 2: accounts receivable data warehouse. But initial evaluation will likely require at least a year of data.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
3	Citywide Reporting	CORE	2) FMS ROLL OUT AND FUTURE FUNDING - CORE recommends that ITA and Finance take all actions necessary for full and smooth launch of the new FMS by July 1, 2011, coupled with implementation of the accounts receivable module / component by September 30, 2011. Additionally, it will be vital for the City to fund the future phases of greater accounts receivable centralization.	ITA	FMS Phase 1, including Accounts Receivable module, went live <u>July 2011</u> . FMS Phase 2 accounts receivable billing data warehouse is currently scheduled for <u>December 2011</u> delivery.	06/30/2011	Initiated
4	Citywide Reporting	CORE	41) REVISE ACCOUNTS RECEIVABLE REPORTING TEMPLATE - CORE recommends that Finance revise the accounts receivable template used by departments and Finance for reports of quarterly receivables. i. Include columns delineating breakdowns of any applied interest, penalties and late fees. ii. Include columns delineating the age of receivables with greater specificity, and in time frames that will (a) correspond to the process flow and timetable(s) outlined in the (revised) Collection Guidelines, and (b) more clearly delineate accounts approaching statute(s) of limitations for collections.	Citywide	Revised Accounts Receivable Quarterly reporting was produced for the 3rd Quarter, FY 11. Refinements (including multiple aging report variations) will continue to occur with the launch of FMS Phase 2.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
5	Citywide Reporting	Macias Study	1) a) As part of centralization of report development, Finance should develop query access for each existing receivable system: - Envision -eTims (outsourced) -HIMS -FSS -CryWolf -PIMS	ITA; Citywide	These systems are all in-scope of the FMS Phase 2 accounts receivable billing data warehouse.	03/31/2011	Initiated
6	Citywide Reporting	Macias Study	3) The City Should Increase Accounts Receivable Reporting Frequency and Content for the Fire, Housing, Police and Transportation Departments from quarterly to monthly for four departments with high billing rates and receivables.	DOT; LAFD; LAHD; LAPD	FMS Phase 2 accounts receivable billing data warehouse project automated reporting will readily allow for monthly AR report generation.	03/31/2011	Next Step
7	Citywide Reporting	Macias Study	3)a) The content of the account receivable reporting should report the historic amount billed and amount collected-to-date, per month, from those billings.	Citywide	The FY11 4th Quarter Accounts Receivable report will include quarterly and annual billing data. Billing data will accumulate on a go-forward basis from FMS Phase 2 accounts receivable billing data warehouse project go-live. Reporting is anticipated to be generated once sufficient data has accumulated for trending analysis.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
8	Citywide Reporting	Macias Study	3)b) These departments should determine the causes for late (over 90 days), and report a breakdown of receivable dollars by categorized cause, and Finance should graphically report these metrics to the Mayor's office and to Department management. This information will help both Finance and the Mayor's office oversee the effectiveness of these four departments in maximizing revenue.	DOT; LAFD; LAHD; LAPD	Causality reporting is envisioned for FMS Phase 2 accounts receivable billing data reporting and in the data mapping process Finance is working with departments on identifying causal data.	03/31/2011	Next Step
9	Citywide Reporting	Macias Study	4)a) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: -the Police Department should add DUI billings to their accounts receivable reporting.	LAPD	Inclusion of this receivable type is not presently feasible as it is not system maintained. Further analysis is necessary.	06/30/2011	Next Step
10	Citywide Reporting	Macias Study	4)b) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: - the Public Works Bureau of Sanitation should add billings for industrial waste, septage waste hauling, groundwater, and refuse and recycling services in the quarterly accounts receivable and collections report provided to Finance.	PW San	Sanitation IWMD billings are currently reported.	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
11	Citywide Reporting	Macias Study	<p>4)c) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance:</p> <p>- the Bureau of Street Lighting should include billings for street light repairs.</p>	PW BSL	Inclusion of this receivable type is being re-evaluated post-FMS GoLive.	06/30/2011	Next Step
12	Centralized Collections	City Controller	<p>27) Finance should provide departments with reports or electronic files that would allow the departments to reconcile their inventory of accounts to Finance's records.</p>		<p>Finance implemented this recommendation with the 2008 web-based portal and provided subsequent training to departments on using the tool to reconcile their inventory to Finance's records. In addition, CUBS (CCU system) reports are available to departments.</p> <p>Finance is enhancing this web tool based on user feedback to facilitate ease and usability for departments including:</p> <ul style="list-style-type: none"> -Excel export and improved printing -User defined query parameters <p>The contractor is working on these enhancements with an anticipated implementation of October 2012.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
13	Centralized Collections	City Controller	28) Finance should determine the feasibility of enhancing the website to meet the information needs of user departments.	Citywide	Enhancement is feasible and underway. See response to Document Line No. 12.	06/30/2011	Implemented
14	Centralized Collections	City Council	AUTHORIZE the Office of Finance to negotiate and execute a two-year contract with four firms to provide secondary collection services on a contingency fee basis with the Office of Finance to be responsible for the contracts, though other City departments will also have the opportunity to refer delinquent accounts. (CF#10-0396 August 11, 2010)		This recommendation has been implemented with four secondary collection agency contracts effective <u>December 31, 2010</u> .	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
15	Centralized Collections	City Council	INSTRUCT the Los Angeles Police and Fire Departments to report back on the current process of referring delinquent accounts to the Office of Finance with recommendations to expedite the process. (CF#s 10-0225 and 10-1155 October 13, 2010)	LAFD; LAPD	<p>According to the Police Commission's response (Council File No. 10-0225), all eligible accounts have been referred to collection agencies on a weekly basis, except for accounts that have been contested, have entered into installment agreements for payment, or are scheduled to be satisfied through alarm school. Further information is listed in their memo.</p> <p>Fire has indicated in its responses that delinquent accounts are referred to collections within 45 days except as otherwise required by Ordinance. For example CUPA invoices are deemed delinquent at 60 days from the invoice date. Fire Department began referring Ambulance billings over 270 days to City collection agencies in February 2010 generating \$4.3 million.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
16	Centralized Collections	CORE	19) COMPULSORY / AUTOMATIC ACCOUNT TRANSFERS - CORE recommends replacing the current system of department "referrals" of accounts from one stage of collections to another with a de facto system of compulsory account transfers, under the supervision of Finance. Rather than make referrals a discretionary or recommended act by a department, the transfer should be compulsory (and, preferably, automatic) – unless there is a specific reason or circumstance to not do so.	ITA; Citywide	In FMS, automated account transfers to primary collections are being conducted for departments using the Accounts Receivable module, as do various other citywide receivable systems. Citywide departments are in the process of establishing referrals to secondary agencies. Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
17	Centralized Collections	CORE	21) PRIMARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines setting forth the process flow for primary collections of accounts of less than \$5,000 – as follows: i. Delinquent accounts, shall henceforth be de facto transferred to a primary collection agency (unless a department provides a satisfactory specific reason or circumstance not to).ii. If no payment is received within a 9 month period from transfer of an account to the primary collection agency, the account shall, in consultation with Finance, be automatically transferred to secondary collections.iii. If partial payment is received within the 9 month period, the period for the primary agency to hold the account may be extended up to another three months. iv. Finance shall have discretion to “pull” any account or pool of accounts at will.	ITA; Citywide	i. See Document Line No. 16 for information on automated transfers. ii. & iii. Under existing contracts, primary collection agencies have up to a year to collect once delinquent accounts are referred to the agency; however, these contracts are set to expire <u>September 2012</u> . New primary collection contracts may reflect the recommendation that agencies will have up to 9 months to collect once accounts are referred, instead of 12 months. i.v. Finance has the contractual right to pull or pool accounts, but generally the determination to do so is with the referring department in practice.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
18	Centralized Collections	CORE	22) SECONDARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines to provide for an automatic or compulsory transfer of unpaid accounts from primary to secondary collection vendors as soon as time allotted to primary collection has expired. Such transfer should be automatic and, at the same time, in consultation with Finance. Such transfer, we generally believe, should be for a six (6) month period -- except where Finance determines otherwise.	ITA; Citywide	Current secondary collections contracts stipulate a six month collection period. See also Document Line No. 16 for more information on automated transfers.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
19	Centralized Collections	CORE	23) MULTIPLE VENDORS AND COMPETITION - CORE recommends that Finance have contracts with at least two private collection agencies with respect to each major type of receivable. Each vendor would initially receive equal referrals and Finance would evaluate and publish each vendor's performance quarterly. Under a rewards-based system for distributing accounts, the evaluations would be determinative of the volume of accounts assigned in subsequent quarters. Competition is good, and Finance should reward superior performance with additional referrals.		Council has approved contracts with 4 secondary collection agencies, effective <u>December 2010</u> . Expansion of vendor competition may be reviewed in context of the next contract cycle in <u>2012</u> . Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
20	Citywide Customer ID	City Controller	34) Finance should develop a comprehensive database of delinquent debtors, which departments could refer to before accepting payments by check.	Citywide	<p>In accordance with LAMC 21.15, Finance since 2009 has been posting a list of delinquent tax debts due the City in excess of \$100,000 on a regular basis. In addition, a list of delinquent accounts that are in litigation are also posted.</p> <p>In <u>May 2010</u>, Finance began posting a non-tax debtor list on the City intranet. The purpose of the list is for departments to cross reference when servicing customers and request payment before extending additional services, permits, or fees to a debtor. Finance will begin providing the list in a more searchable and sortable Excel format.</p> <p>Finance is developing a LATAX look up file that will provide departments access to BTRC and other status for tax accounts. See Doc Line No. 21.</p>	06/30/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
21	Citywide Customer ID	CORE	4) CITYWIDE CUSTOMER ID SYSTEM - CORE recommends implement-action of a consistent Citywide ID system for all accounts to be used by individuals and companies for their dealings with any and every City department. Finance, ITA and the Treasurer should prepare and submit a report on needed funding and a projected timeline for such implementation, along with projected cost savings from such a consistent system.	City Controller; GSD; ITA; Treasurer; Citywide	An LATAX/FMS service vendor intercept of payments for vendors not current with their tax payments was developed and implemented in conjunction with FMS on July 5th. A commodity vendor intercept with SMS is also planned but presently the SMS system resources are largely devoted to FMS GoLive. In the meantime, Finance has implemented a tax intercept process based on SMS vendors via a manual process with GSD to intercept any monies related to SMS vendors.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
22	Citywide Customer ID	CORE	44) INVENTORY OF CITY DATABASES - CORE recommends that ITA develop and submit an inventory to Council of currently existing and available department and Citywide data pools / databases that could assist in identifying parties who may owe the City money. Specifically: Instruct ITA and Finance to prepare an inventory of known databases, with brief descriptions of the data fields in each database, the format / software of each of the databases and the accessibility of the database to other departments.	ITA; Citywide	A citywide review of accounts receivable systems and data types has been conducted jointly by FMS Phase 1 and the FMS Phase 2 Project Team. Relevant information is being captured in the accounts receivable billing data warehouse scheduled for <u>December 2011</u> . The data warehouse; however, does not constitute a customer identification system.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
23	Citywide Customer ID	CORE	45) INVENTORY OF NON-CITY DATABASES - CORE recommends that Finance submit to Council a memorandum identifying non-City databases which might be beneficial for the City to have access to for the purposes of revenue enhancement.		<p>On <u>October 7, 2010</u>, Finance submitted recommendations for the City's 2011-12 Legislative Proposals request in which the IRS, State Board of Equalization (SBOE), and the LA County Assessor's Office are identified as desired data sources that are not currently accessible without legislative action.</p> <p>Finance's proposal for information sharing between the SBOE and LA County has been advanced in the form of AB 563. This bill is working its way through the California legislature. The Senate Governance and Finance Committee voted 6 - 3 in favor of the bill.</p> <p>Finance is inquiring on the status of legislation for IRS data sharing and will update once available.</p>	06/30/2011	Submitted

Finance Directives Checklist
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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
24	Citywide Customer ID	CORE	<p>46) DATA BASE OF DELINQUENTS - CORE recommends that Finance, in consultation with the City Attorney, develop a process for departments to access a master list / database of both business tax and non-business tax-related receivables - to verify that a party does not have delinquent accounts with any City department prior to the City extending or granting to such party:</p> <ul style="list-style-type: none"> -Certain services, -Permits, -Approvals, -Contracts, -Employment, or -Commission/Board appointment or renewal 	City Attorney	<p>See Document Line Nos. 21 and 25.</p> <p>Finance is developing online view capability to LATAX for City departments to cross-reference vendors for tax registration and debts prior to entering into an agreement.</p> <p>Finance also interfaces with Building and Safety to identify permit applicants without business tax registration or who owe taxes prior to receipt of permit.</p> <p>Finance is consulting with the City Attorney's office.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
25	Citywide Customer ID	CORE	48) POST LIST OF TOP NON-TAX DEBTORS ON THE INTERNET - CORE recommends that Finance post the names of top non-tax-delinquent debtors on the City's website – subject to City attorney approval.	City Attorney	The internet posting of tax debtors is modeled after the State of CA top debtors list to motivate debtors to pay amounts due the City. The intranet posting of non-tax debtors is only to be used by City departments to cross reference and request payment before extending additional services, permits, or fees to a debtor. Finance is not recommending internet posting of non-tax debtors at this time. Finance is awaiting City Attorney's advice.	06/30/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
26	Central Payment Portal	CORE	3) CENTRAL PAYMENT PORTAL - CORE recommends that Finance, ITA and the Treasurer prepare and submit a report on the needed funding and projected timeline for implementing a Citywide on-line payments portal – with multiple ways to pay for accounts and receivables.	ITA; Treasurer; Citywide	A number of departments have online payment portals as discussed in Document Line No. 27. However, this item speaks to centralizing and merits a citywide perspective and discussion. Finance has suggested that next steps in citywide core financial systems be discussed in FMS POC. With addition of Treasurer function to Finance, this will be further explored internally as well.	06/30/2011	Next Step
27	Central Payment Portal	CORE	49) ON-LINE AND AUTO-PAY OPTIONS - CORE recommends that Finance, in consultation with the Treasurer and ITA, prepare and submit a report on the extent and availability of on-line and auto-pay payment options (credit card, e-check, etc.) for various types of collections by departments and Finance and collection agencies.	ITA; Treasurer	Finance accepts multiple online payment forms including Automated Clearing House, credit and debit cards, and eCheck for tax and permit holders. All City outside collection agencies maintain online payment options. Additional departmental online payment options are identified in Exhibit i-a.	06/30/2011	Submitted

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
28	Citywide Billing	City Controller	<p>1)b) In implementing centralized billing and collections, Finance should:</p> <p>-Work with the CAO, LAFD, and other stakeholders to determine responsibilities related to EMS billing and collection functions.</p>	CAO; LAFD	<p>The direction for EMS billings and collections is presently being undertaken by the Fire Department as authorized by Council. Fire is the new contract holder for services supporting Fire's system and processes from the field through collections.</p> <p>Finance will work with Fire collaboratively in support of their accounts receivable management efforts. Fire should report back with the results of their system enhancements once sufficient data is available. The City may re-evaluate the current arrangement once sufficient time has lapsed to evaluate successes and future steps in EMS billing and collections process improvements.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
29	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer and the Chief Legislative Analyst to review Phase I and Phase II recommendations of the Macias report, reconcile Council actions to-date with those recommendations and submit revised recommendations within 45 days to the Budget and Finance Committee. (CF# 10-0225 October 13, 2010)	CAO; CLA	The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
30	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer, the Chief Legislative Analyst, the City Attorney, the Los Angeles Police and Fire Departments, and any other affected department, to report in 45 days with recommendations to structure a centralized billing and collections process and bring forth any ordinances needed for implementation. (CF#s 10-0225 and 10-1155-S1 October 13, 2010)	City Attorney; CAO; CLA; LAFD; LAPD	Finance is pursuing enhanced centralized collections management and will develop a proposal through the FY 2012-13 budget process.	06/30/2011	Next Step
31	Citywide Billing	City Council	INSTRUCT the Office of Finance to report on the status of the creation of a centralized City billing process; including the anticipated increase in collections from utilization; the amount of time before a debt is referred to a collection agency; the authority which would be needed by the Revenue Manager to act as "Collections Sheriff." (CF#s 10-0225 and 10-1155 October 13, 2010)		The accompanying report is the latest status in citywide billing and collection improvement. While the Macias Study provides some estimates of financial benefits, it is premature from Finance's perspective to speculate on financial benefits. Citywide Guidelines specify referral to collections by 45 days past due. In the manner of a "Collections Sheriff", Finance is supportive of the Inspector General concept.	03/31/2011	Submitted

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
32	Citywide Billing	CORE	1) MACIAS STUDY FOLLOW-THROUGH - CORE recommends that Finance prepare a memorandum for Council re: the next steps it recommends to follow-up and follow-through on the "Feasibility Study: Centralization of Billing and Collection Activities", dated Dec. 21, 2009, by Macias Gini & O'Connell.		The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted
33	Citywide Billing	CORE	53) CONSOLIDATED BILLINGS - CORE recommends that Finance report to Council about possible MOUs and other arrangements to consolidate billings or assign billing responsibility to another department or agency, in or out of the City – DWP, County, BOE, etc.	Citywide	Finance requested feedback from RMC members on potential consolidation opportunities for further exploration; however, no responding departments identified any among existing receivables.	06/30/2011	Initiated

Finance Directives Checklist
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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
34	Citywide Billing	Macias Study	<p>1) The City should centralize report development and develop enhanced revenue metrics, as described in Phase 1, and centralize billing and collections for the following invoices, as described in Phase 2:</p> <ul style="list-style-type: none"> -Ambulance (EMS) billing -Ambulance (contract) -Inspection Restitution (Fire) -Fire safety watch -Film safety (Fire) -Brush clearance/ non-compliance (Fire) -Other Fire Department fees -DUI charges (Police) -Annual permits (e.g., CUPA)(Fire) -False alarm billings (Police) -Parking citations (delinquent collections only) 	ITA; Citywide	<p>Phase 1 of Macias: Centralization of report development and enhanced metrics is currently underway as FMS Phase 2 citywide accounts receivable billing data warehouse. The project system delivery date target is <u>December 2011</u>. Data and reporting will be leveraged in determining ongoing AR centralization efforts.</p> <p>The most significant revenue pieces of Macias Phase 2 are underway as Fire EMS billings are contracted and updated DOT parking citation billing processes is pending release of an RFP.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
35	Admin Authority	CORE	6) STRENGTHEN AUTHORITIES OF THE OFFICE OF FINANCE - CORE recommends that Finance submit proposed ordinance changes to Council that would clarify and strengthen the authorities needed by Finance to ensure compliance of departments with its instructions – and to provide Finance greater latitude in developing instructions and guidelines it deems efficacious.	City Attorney	Mayor's Executive Directive No. 5, re-released on May 18, 2011 along with accompanying updated Citywide Guidelines, additionally extends Mayoral directive to Finance instructions regarding billing and collections. Finance is initiating review of City Ordinances pertaining to the Board of Review and to be followed by review of other ordinances governing receivables management. See Also Document Line Nos. 67 and 69.	06/30/2011	Initiated
36	Admin Authority	CORE	20) PROCESS FLOW AND TIMETABLE - CORE recommends that the Current Non-Tax Accounts Receivable Process Flow and Timetable of the Collection Guidelines be replaced with CORE's updated Recommended Non-Tax Flowchart.	Citywide	Updated Citywide Guidelines were released in <u>May 2011</u> by the Mayor's Office. Process flow and timetable reflect current business processes and will continue to evolve as changes in processes occur.	06/30/2011	Initiated

Finance Directives Checklist
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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
37	Departments' Practices	City Council	Direct Finance, with the assistance of the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), City Attorney and operating departments establish a Revenue Collection Review Task Force to identify all of the methods that individually and collectively are available to the City, including outside resources, in order to secure the revenue due to the City. The Task Force should identify systems that are working and those that must be reevaluated and reinstated. After conducting its review, the Task Force recommend to Council new processes and procedures to capture outstanding revenue due to the City and institutionalize systems that will minimize and mitigate the delay in receipt of accounts payable and the potential of revenue in the future. (CF# 09-2560-S1 February 10, 2010)	City Attorney; CAO; CLA; Citywide	A report back to Council is being drafted.	06/30/2011	Initiated

Finance Directives Checklist
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Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
38	Departments' Practices	CORE	8) REVENUE COLLECTION REVIEW TASK FORCE - CORE recommends that Finance immediately report to the Council's Budget & Finance Committee regarding the status of creation of this Task Force. CORE further recommends that the Committee request each of the members of the Task Force to appear before the Committee.	City Attorney; CAO; CLA;	See response to Document Line No. 37.	03/31/2011	Initiated
39	Departments' Practices	CORE	9) REVENUE MANAGEMENT COMMITTEE - CORE recommends that Finance take all necessary steps to reconstitute and invigorate its current Revenue Management Committee (the "RMC").	Citywide	Finance recently required all City departments with accounts receivable to participate in the RMC. Finance has received and is reviewing feedback from RMC members to help determine ways to improve the value of meetings and maximize revenue collection.	06/30/2011	Initiated
40	Departments' Practices	Neighborhood Council Budget Advocates	4) Create a Board of Permits and Licenses with representatives from CAO, Office of Finance, LAPD, Public Works, City Attorney's Office, DOT, and LAFD Emergency Ambulance Services.	City Attorney; CAO; DOT; LAFD; LAPD; PW Board	Finance is in contact with the CAO on the establishment of such a body.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
41	Departments' Practices	City Controller	33) Finance should require departments that receive a high volume of checks to work with the City Treasurer to explore the feasibility of installing a check verification system.	Treasurer; Citywide	Most departments, in prior consultation with the Treasurer's Office, do not use check verification services as it was deemed not cost effective for their particular situations; however, a couple of departments have expressed interest in evaluating the use of such a service. After consolidation of Treasurer's Office, Finance will follow up with these departments in the 1st Quarter of FY 12.	06/30/2011	Initiated
42	Departments' Practices	CORE	39) USE OF CITY ATTORNEY LETTERHEAD - CORE recommends that Finance report to the Council and the City Attorney regarding departmental compliance with Sec. 4.4 of the Collection Guidelines.	City Attorney; Citywide	While one department has not yet responded, Finance has reviewed the submissions and has deemed that they are generally compliant with requirements though there are a few minor adjustments in a couple of samples that Finance is providing feedback on.	06/30/2011	Initiated
43	Departments' Practices	CORE	50) ADVANCE PAYMENTS - CORE recommends that Finance identify services and billing types for which City departments should, or could, demand advance payment(s) and/or deposits.	Citywide	Finance addresses this directive in its review of departments' billing and collections practices. Survey responses on this topic did not identify additional pre-payment opportunities.	06/30/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
44	Departments' Practices	Macias Study	2) The Office of Finance should ensure that 14 Departments Establish Uniform Billing Procedures: Fourteen of the 17 City departments included in our review rely on informal, locally-developed processes and institutional knowledge, rather than consistent, documented processes for billing. The remaining departments, such as the Police, Fire and Transportation departments have more detailed guidance governing billing and collection processes.	Citywide	Finance is pending receipt of two departments' updated billing processes and procedures.	06/30/2011	Initiated

Finance Directives Checklist
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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
45	Revenue Programs	City Council	INSTRUCT the City Administrative Officer, with the assistance of the Office of Finance and in consultation with the Chief Legislative Analyst to report on potential parameters and probable success of a billing amnesty program, including better ways to utilize the City Intranet for publication of delinquent non-tax debtors. (CF#s 10-0225 and 10-1155 October 13, 2010)	CAO; CLA	The Non-Tax Amnesty Program ran from <u>February 1, 2011 through April 30, 2011</u> and \$2.9 million was received, exceeding the \$1 million revenue goal. A list of non-tax debtors' accounts is posted on the intranet so that City departments can cross reference this list and can request payment due the City when a listed debtor applies for additional City services. Finance is modifying this list in a more searchable and sortable Excel format. See also Document Line No. 20.	06/30/2011	Implemented
46	Revenue Programs	CORE	24) SELECTION CRITERIA AND COMPENSATION - CORE recommends that the City's future collection agency-related Requests for Proposals (RFPs) and agreements refocus from low-fee, low-bid contracts to performance-based selection and compensation. For aged accounts, vendors should be provided with significantly enhanced commission(s) in relation to the difficulty and likelihood of collection.	City Attorney	Implemented in Secondary Collection Contracts. Current contracts will expire in <u>September 2012</u> . Finance will work with City Attorney to implement in the next collections contract cycle as well.	03/31/2011	Implemented

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
47	Revenue Programs	CORE	25) COLLECTION AGENCY CONTRACT PROVISIONS - CORE recommends specific provisions for collection agency contracts be considered, as follows: i. Competition clauses (See CORE Nos. 23 and 58). ii. Performance guarantees. iii. Performance bonds. iv. Annual financial statements to monitor vendor's strength and resources. v. Quarterly meetings between the vendor, Finance and department personnel to review and discuss how to improve everyone's performance. vi. Options for debtors to pay online. vii. Benchmarks. viii. Preferences for local employment. ix. Incentives to aggressively work the "back end" of account pools. x. Incentives to collect sooner rather than later. xi. Sophisticated and effective skip tracing. xii. Pairing of pools of receivables.		Finance will review with the City Attorney in conjunction with the next contract cycle. Existing contracts are scheduled to expire <u>September 2012</u> .	03/31/2011	Next Step
48	Revenue Programs	CORE	29) FINANCE'S EXERCISE OF SETTLEMENT AUTHORITY - CORE recommends that Finance report on its claims settlement statistics and policies to the Council's Budget & Finance Committee.		Finance's settlement authority under Los Angeles Administrative Code Section 5.177.1 accounted for \$3.9 million of collections generated revenue, representing 592 claims in FY11.	06/30/2011	Submitted

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
49	Revenue Programs	CORE	30) IMPLEMENT OFFER IN COMPROMISE PROGRAM - CORE recommends that Finance report to the Mayor, Council, CAO and CORE on the details and timetable of the forthcoming Offer in Compromise Program.	Citywide	The Offer in Compromise Program was implemented in <u>December 2010</u> and is an ongoing program.	03/31/2011	Implemented
50	Revenue Programs	CORE	31) EXPEDITE NON-TAX AMNESTY PROGRAM - CORE recommends that the Council expedite and fund the implementation of a comprehensive non-tax amnesty program proposed by Finance in its FY 10-11 budget.	Citywide	The Non-Tax Amnesty Program was implemented <u>February 1, 2011 through April 30, 2011</u> . The successful Non-Tax Amnesty Program resulted in \$2.9 million collected, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
51	Revenue Programs	CORE	37) REFERRALS TO CITY ATTORNEY - CORE recommends that Finance and the City Attorney clearly memorialize the parameters, dollar thresholds and timing of cases transferred to the City Attorney from Finance or from departments.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
52	Revenue Programs	CORE	40) COLLECTION REPORTS - CORE recommends that Finance and the City Attorney copy the other on monthly collection reports. Finance should copy the City Attorney on any reports related to departmental compliance with the Collection Guidelines and with reports on the status of collections by each department. Similarly, CORE recommends that the City Attorney furnish updates regarding all collections and account delinquency cases being handled by the City Attorney.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

Finance Directives Checklist
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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
53	Revenue Programs	CORE	58) AMEND COLLECTIONS CONTRACTS - CORE recommends amendment of Finance's private collection contracts to make additional/secondary collection attractive to collection vendors. Because collecting aged accounts is considerably more difficult than primary collection, Finance should amend its existing contracts with private collections vendors to provide that an enhanced commission (of up to 40%) be paid with respect to collecting aged and difficult accounts. Working very aged accounts is not attractive to City vendors under the current compensation agreements. (See also CORE No. 24).		Secondary collection agencies' contracts have been established as of <u>December 2010</u> . In general, commission rates are substantially higher for secondary collection.	03/31/2011	Implemented
54	Revenue Programs	Neighborhood Council Budget Advocates	7) Aggressively reduce primary and secondary collection periods for all licenses, permits, fees, and fines. Period not to exceed 120 days.		Collection periods are anticipated to be reduced in the next contract cycle with existing collection agency contracts due to expire <u>September 2012</u> . See Document Line No. 17.	06/30/2011	Next Step

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Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
55	Delinquency Penalties	City Controller	21) The Mayor's Office should form a work group, which includes Finance and the City Administrative Officer (CAO), to review interest and penalties charged on various departmental billings.	CAO; Citywide	Finance proposes to coordinate a citywide review of interest and penalties and will report back on a process pending advice from City Attorney. See Document Line Nos. 56 and 59. Also pending resource referenced in Document Line No. 71.	06/30/2011	Next Step
56	Delinquency Penalties	City Controller	22) Finance should determine when interest should begin accruing and when the interest rate should be changed.	Citywide	Finance has a standard for determining when interest should begin accruing and when the interest rate should be changed. Departments have been provided this information for consideration in the application of their billing and collection practices. Finance updates the interest rate annually and notifies departments. Finance is awaiting City Attorney's advice on application to other receivable types. See Document Line Nos. 55 and 59.	06/30/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
57	Delinquency Penalties	City Council	REQUEST the City Attorney and INSTRUCT the Office of Finance to report back to the Council on the feasibility of granting the Office of Finance the ability to administer liens on unpaid business tax assessments without having to refer the matter to the City Attorney's Office. (CF# 09-1476 July 10, 2009)	City Attorney	Effective <u>September 12, 2010</u> , Los Angeles Municipal Code (L.A.M.C.) Sec. 21.15 was amended authorizing Finance to record liens against real and personal property used in connection with activities that generated unpaid taxes, interest, and penalty liabilities due the City. (See L.A.M.C. Sec. 21.15 (o)).	03/31/2011	Implemented
58	Delinquency Penalties	City Council	REQUEST the City Attorney to report on all legal options to pursue delinquent payments; other related penalties or asset acquisition; parameters under which legal action should be considered; and the amount of time appropriate to allow a collection agency to resolve payment before it is referred to the City Attorney. (CF#s 10-0225 and 10-1155 October 13, 2010)	City Attorney	Finance has expedited certain audit cases to the City Attorney's Office for litigation. Additionally, Finance has implemented a lien program as described in Document Line No. 57. With implementation of secondary collections the City collection process is now 18 months. These programs are in part designed to help reduce the referral of delinquent accounts to the City Attorney's office for litigation.	03/31/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
59	Delinquency Penalties	CORE	32) STANDARDIZE INTEREST AND PENALTIES - CORE recommends that the Council instruct the City Attorney to prepare draft ordinance(s) necessary to apply consistent fees, penalties, and interest charges for all City receivables - except as may be noted as being impermissible. Said draft should then be sent to each department General Manager, who would have no more than 30 days to object. Revised draft ordinance(s) would be submitted to the AGE Committee and to Council for review and approval.	City Attorney; Citywide	Finance has requested City Attorney's response on item.	06/30/2011	Next Step
60	Delinquency Penalties	CORE	33) INCREASE INTEREST AND PENALTIES - CORE recommends that Finance prepare a report on the feasibility of increasing the interest rate and penalties currently applied to delinquent receivables to no less than the average being charged by other municipalities.	City Attorney; Citywide	See response to Document Line Nos. 55, 56 and 59.	03/31/2011	Next Step

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
61	Delinquency Penalties	CORE	34) ADMINISTRATIVE LIENS - CORE recommends that Finance move to aggressively implement the City's newly adopted administrative lien Ordinance for delinquent taxes. Finance should also report on its implementation and the results thereof to the Council's Budget & Finance Committee six (6) months after the effective date of the Ordinance.		LAMC 21.15 (o) regarding liens is effective and Finance implemented the Lien Program in <u>December 2010</u> . While the implementation was delayed, Finance collected \$1.1 million in FY11, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
62	Delinquency Penalties	CORE	36) LIEN RECOMMENDATIONS - CORE recommends that Finance and the City Attorney collaborate to draft a framework for a Citywide policy dictating the greater use of liens and other encumbrances with recommendations for applications.	City Attorney	Presently, the lien program referenced in Document Line No. 59 is the only such program under Finance. Finance will draft an general policy for inclusion in a future update to the Citywide Guidelines on the use of liens.	03/31/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
63	Delinquency Penalties	Neighborhood Council Budget Advocates	2) Mandate that businesses must maintain valid business permits and must pay for such permits in a timely manner or be subject to suspension or revocation.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types, although it is currently the case for a number of permits that they are not renewed without payment except where legal requirements dictate otherwise. City Attorney input will also be required. Finance will initiate coordination of this review after fulfillment of resource requirements as identified in Document Line No. 71.	06/30/2011	Next Step
64	Delinquency Penalties	Neighborhood Council Budget Advocates	3) Amend City ordinance so that permits may be suspended or revoked by the City after 30 to 45 days of non-payment and hearings.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types. See also Document Line No. 63.	06/30/2011	Next Step

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
65	Delinquency Penalties	Neighborhood Council Budget Advocates	5) Combine hearing efforts of Office of Finance, City Attorney, and CID (LAPD).	City Attorney; LAPD	The feasibility and legal practicality of this proposal is uncertain. Each of these entities' administrative hearing processes addresses unique issues in an attempt to finalize assessment determinations, litigation decisions, and permit actions. Due process concerns are of issue in the analysis of this proposal as these entities each have differing roles and authority. City Attorney review has been requested.	06/30/2011	Next Step
66	Delinquency Penalties	Neighborhood Council Budget Advocates	6) Make revoked permits subject to ACE citation.	City Attorney; Citywide	The Administrative Citation Enforcement program is still under review and development at this time. This proposal is being shared with the City Attorney's Office.	06/30/2011	Next Step
67	Uncollectible	City Controller	7) For accounts returned as uncollectible by Allied, Finance should refer the accounts directly to the Board of Review (BOR) for write-off approval unless a specific department requests to make the referrals itself.	City Attorney; City Controller; Treasurer; Citywide	In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated. Finance is following up with the principal parties to begin discussion.	03/31/2011	Next Step

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
68	Uncollectible	CORE	26) RFP / RFQ FOR EVALUATION OF SALEABLE RECEIVABLES - CORE recommends that Finance issue a Request for Proposals (RFP) / Request for Qualifications (RFQ) for evaluation of receivables for sale and for brokers specializing in such sales. Council should be presented with the scope of work for the RFP / RFQ prior to its release.	City Attorney; City Controller; Treasurer; Citywide	An RFP for a broker is pending final review in conjunction with City Attorney.	06/30/2011	Initiated

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#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
69	Uncollectible	CORE	<p>27) REDEFINE THE BOARD OF REVIEW - CORE recommends amending the City Administrative Code to make the primary charge of the Board of Review (BOR) the evaluation of (pools of) accounts receivable for sale or auction. Currently, the BOR is charged with evaluating improbable receivables for write-off. While there are some receivables of clearly no value that need to be evaluated for write-off approval by the BOR, nearly all the rest of the City's improbable receivables should, more appropriately, be evaluated by the BOR, in consultation with debt sale brokers, for approval for sale or auction. For the bulk of aged receivables, the City would then automatically write-off the difference between the amount of the debt and the amount realized in a final sale or auction.</p>	<p>City Attorney; City Controller; Treasurer; Citywide</p>	<p>In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated as discussed in Document Line No. 35.</p> <p>See also response to Document Line No. 68 regarding debt sale.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
70	Uncollectible	CORE	28) REVIEW OF ACCOUNTS RECEIVABLES FOR SALE - CORE recommends that the Mayor and Council direct that accounts uncollected after secondary collections should be automatically forwarded to the Board of Review for evaluation and recommendation for auction or sale.	City Attorney; City Controller; Treasurer; Citywide	See response to Document Line No. 68.	03/31/2011	Next Step
71	Resource Requirement	City Controller	24) Finance should consider reducing the scope of its departmental reviews so that it can increase the number of departments reviewed.		Finance has updated and narrowed the scope of its departmental reviews. Given competing directives and lack of staffing, departmental reviews are currently on hold. Finance received a hiring freeze exemption on May 27, 2011 for staff to renew this function once the hiring process and training are completed. The review process will initially incorporate follow-up on a number of inter-departmental coordinating initiatives identified in this checklist.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
72	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>- A proposed incentive mechanism to share a portion of the amounts collected with City departments, including Finance and the City Attorney, to enhance staffing to seek additional debt collection.</p>	City Attorney; CAO; CLA	<p>Finance's FY 2011-12 Budget Package outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities.</p> <p>The proposal was not adopted.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
73	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-Detailed recommendations on supplemental resources - both in-house and contract - that should be authorized to expedite collection of the City's receivables.</p>	City Attorney; CAO; CLA	<p>In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities. As evaluation of further receivables centralization initiatives continues, additional resources requirements will be identified. See Document Line No. 71.</p> <p>Finance's proposals were not adopted; however, certain bargaining units have bargained furlough reductions. Finance resources responsible for much of collections are still subject to furlough.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
74	Resource Requirement	CORE	7) ADEQUATE STAFFING AND FUNDING FOR FINANCE - CORE recommends that the Council prioritize staffing and funding for Finance's revenue-generating positions and work.i. Exempt Finance's revenue-generating positions from employee furloughs and hiring freezes.ii. Allocate funding needed to fully staff Finance's Revenue Management Division.iii. Allocate funding needed to fund analysts and clerical staff for the FMS project.iv. Consider a stable and certain funding source for Finance's collection work – perhaps, in part, from Finance's collections.	CAO; CLA	In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain Finance's revenue collection activities. Finance's proposals were not adopted.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
75	Resource Requirement	CORE	43) AUDIT OF DEPARTMENTAL AR REPORTS - CORE recommends that Finance present to Council and the CAO a Memorandum regarding the resources needed by Finance to adequately audit the accounts receivable being reported by departments.		Finance's FMS Phase 2 team will be responsible for delivery of a centralized reporting system, along with post-implementation departmental accounts receivable activity monitoring, tracking, analysis, reconciliation and reporting. Finance's FMS Phase 2 team resources continuation requested in the department's <u>FY 2011-12 Budget request</u> . Requested resources are continued in the FY 11-12 Budget.	06/30/2011	Submitted

ONLINE PAYMENT OPTIONS BY DEPARTMENT

Department	Payment Types	Website
Animal Services	Over-the-Counter (OTC) and Online-Credit Card	www.laanimalservices.com/
Building & Safety	Over-the-Counter (OTC) and Online-Credit Card	www.ladbs.org/
Office of Finance	OTC and Online-Credit Card, ACH debit, e-check	www.ci.la.ca.us/finance/
Library	OTC and Online-Credit Card	www.lapl.org
Convention Center	OTC – Credit Card	www.lacclink.com/
Ethics Commission	Online – Credit Card	http://ethics.lacity.org/
Fire	OTC – Credit Card, in process of setting up on-line credit card acceptance	http://lafd.org/
Housing	OTC and Online – Credit Card, in process of setting up e-check	http://lahd.lacity.org/
LAWA	OTC – Credit Card	www.lawa.org
PW – Engineering	OTC and Online – Credit Card	http://eng.lacity.org/
Rec & Parks	OTC and Online – Credit Card, E-check	www.ci.la.ca.us/rap/
Transportation	OTC and Online – Credit Card	http://ladot.lacity.org/
DWP	OTC, IVR, and Online – Credit Card, e-check, Kiosk in Van Nuys	www.ladwp.com/
Zoo	OTC and Online – Credit Card	www.lazoo.org/

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
1	Building & Safety	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.	See Exhibit ii – B&S
2	Building & Safety	Macias	5)a) Building and Safety Department should increase the timeliness in referring delinquent billings to collections.	See Exhibit ii – B&S
3	Building & Safety	Macias	5)b) Building and Safety Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process the different types of bills produced within the Department. Similarly, procedure manuals should be developed for the collections process.	See Exhibit ii – B&S
4	Building & Safety	Macias	5)c) Building and Safety Department should develop a set of metrics to measure billing and collection process performance. This should include: cycle time to complete various types of billings, average labor hours and cost to produce a bill, and initial payment collection rate by bill type.	See Exhibit ii – B&S
5	Building & Safety	Macias	5)d) Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
6	Building & Safety	Macias	5)e) Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.	See Exhibit ii – B&S
7	Building & Safety formerly EnvironmentLA	Macias	12)a) EnvironmentLA should document solid waste permit billing processes within the department.	See Exhibit ii – B&S
8	Building & Safety formerly EnvironmentLA	Macias	12)b) EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.	See Exhibit ii – B&S
9	Building & Safety formerly EnvironmentLA	Macias	12)c) EnvironmentLA should refer existing delinquent accounts to collections.	See Exhibit ii – B&S
10	Building & Safety formerly EnvironmentLA	Macias	12)d) EnvironmentLA review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S
11	CAO	CORE	14) L.A. COUNTY BUDGETING PARADIGM - CORE recommends that the CAO report to the Mayor and the Council on the feasibility of adopting aspects of the County of L.A.'s budgeting paradigm – wherein department budgets are based, in part, on collections targets. Departments that do well can benefit. Departments that fail to meet expectations are called to account by the County's CEO and by the Board of Supervisors.	Per the City Charter, the Budget is developed in coordination with the Mayor's Office. Revenue targets are developed in consultation with Departments and the City Administrative Officer and approved by the Mayor and Council. Any deviations from revenue targets are addressed through the Financial Status Reports to the Mayor and Council.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
12	CAO	CORE	16) REVENUE TARGETS AND FSRs - CORE recommends that the Mayor, CAO and Council make department-by-department revenue targets (and performance) a fixed part the budget process, of the regular Financial Status Reports (FSRs) by the CAO, and that these targets be included in all quarterly reports by departments.	The Adopted Budget sets revenue targets for all City Departments. The CAO Financial Status Reports to the Mayor and Council will track the revenue progress of City Departments. The FSR will highlight performance on meeting targets.
13	CAO / CLA	CORE	10) QUARTERLY IG REPORTS RE DEPARTMENTS' COMPLIANCE WITH COLLECTION GUIDELINES AND DIRECTIVES - CORE recommends that the Inspector general (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports of departments' compliance and performance to submit to the Mayor, Controller, City Attorney and the Council: i. Compliance of departments with each of the criteria in Directive No. 5. ii. Compliance of departments with all applicable Collection Guidelines. iii. Performance of departments with capturing all billable services and fees – including full cost recovery. iv. Progress of departments in cultivating new revenue sources. v. Reports to include both details and a simple chart/checklist with summary scores or grades for each department.	Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description for this position. It is anticipated that these duties will be included as part of the responsibilities of this position.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
14	CAO / CLA	CORE	15) PILOT PROGRAM - CORE recommends that Council create a pilot program with several departments (or a cluster of departments) that would dedicate or earmark a portion of collections to fund the costs of collections and to benefit said departments' operations. The paradigm might be that a portion of certain revenues be apportioned or directed to help fund and support: i. Collection positions at Finance. ii. The post of Inspector General for Revenue & Collections. iii. Revenue-generating positions in the specific department. iv. Staffing needs and programs of the specific department.	<p>Revenues from collection items are considered one time receipts. The City's Financial Policies preclude the use of one-time revenues for ongoing expenses. The CAO will be reviewing this proposal for compliance with the City's current financial policies.</p> <p>It should also be noted that restricting the use of General Fund revenue reduces the revenue available for other priorities.</p>
15	CAO / CLA	CORE	18) INSPECTOR GENERAL - CORE recommends the establishment and appointment of an Inspector General for Revenue and Collections to independently report on, and aid in the implementation of, the City's Collection Guidelines, the Controller's recommendations, the recommendations of this Blueprint and other collection reforms.	<p>Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description. The hiring and selection of this position is underway and the anticipated duties will include those recommended.</p>

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
16	City Attorney	CORE	35) RECORDED PARKING LOT LIENS / ENCUMBRANCES - CORE recommends that the City Attorney, in consultation with the CLA, prepare a memorandum regarding the feasibility of requiring parking lot/facility/structure tax agreements to be recorded upon the title to the real properties whereupon such operations currently exist. Such agreements could serve as an encumbrance upon the real properties to essentially guaranty payment of the parking tax and as a lien that could be foreclosed upon in the event of non-payment (similar to property taxes).	Pending report back to Council
17	City Attorney	CORE	38) CONTINGENCY CASES – CORE recommends that the City Attorney outline a proposed framework for contingency cases.	Pending report back to Council
18	City Attorney	Macias	9)a) City Attorney's Office should document litigation cost recovery billing processes within the department.	Pending report back to Council
19	City Attorney	Macias	9)b) City Attorney's Office should provide quarterly litigation cost recovery receivables report to Finance.	Pending report back to Council
20	City Clerk	Macias	10)a) City Clerk's Office should, in providing billing and collection related services for Business Improvement Districts (BIDs), discuss with the respective BIDs strategies for increasing the collection rate from merchant based BIDs, after the initial invoice and after subsequent notices.	See Exhibit ii – CLERK

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
21	City Clerk	Macias	10)b) City Clerk's Office should improve efficiencies in the generation and review of the approximately 2,000 manual based invoices to merchants should also be investigated.	See Exhibit ii –CLERK
22	Controller	Macias	11) City Controller's Office should: due to their low volume, transfer fee-for-services billings (i.e. copying and heir finder services) to Finance or the General Services Department.	Finance will discuss further with the Controller to determine whether there is any efficiency to be gained.
23	Fire	Controller	9)a) LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.	See Exhibit ii – LAFD
24	Fire	Controller	9)b) LAFD should consider incorporating the identified controls to achieve this objective into the final contract.	See Exhibit ii – LAFD
25	Fire	Controller	9)c) LAFD should, once the contracts are in place, perform a review to ensure that all emergency medical transportation services provided will result in the required billing information being captured and sent to the contractor to generate invoices in a timely manner.	See Exhibit ii – LAFD
26	Fire	Controller	10) Until the outsourcing of EMS billings has been completed, LAFD should, on a sample basis, ensure that all 902Ms that the billing unit receives are entered into the billing system.	See Exhibit ii – LAFD
27	Fire	Controller	18) Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner. LAFD should explore ways to expedite the billing process so that bills can be mailed as soon as practical.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
28	Fire	Controller	19) LAFD and LAPD should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.	See Exhibit ii – LAFD
29	Fire	Controller	31) The Fire Department should sequentially number certificates of fitness and ensure that each certificate is properly accounted for.	See Exhibit ii – LAFD
30	Fire	CORE	54) EMS DATA CAPTURE AND BILLING - CORE recommends LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection – pursuant to the two contracts for LAFD's outsourcing approved by the Council August 3, 2010. Finance and the Inspector General should monitor and report on the vendors' performance.	See Exhibit ii – LAFD
31	Fire	CORE	55) CAPITATED PAYMENT SYSTEM - CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payers -such as Medicare, Medi-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
32	Fire	CORE	56) LEVERAGE EXISTING RELATIONSHIPS - CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. L.A. has business relationships with some of the same insurers and providers that reject or slow-pay EMS bills from LAFD. L.A. should assess how to use the contracts it grants to these same companies to the City's advantage.	See Exhibit ii – LAFD Finance will request follow-up response from CAO and Personnel Department.
33	Fire	Macias	13)a) Fire Department – Emergency Medical Services should refer delinquent EMS accounts to collections. In June 2009, Fire received statutory authority from the City to start referring delinquent accounts to collections.	See Exhibit ii – LAFD
34	Fire	Macias	13)b) Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – LAFD
35	Fire	Macias	14)a) Fire Department – Other Billings should bill for brush clearance removal at time of occurrence, rather than annually.	See Exhibit ii – LAFD
36	Fire	Macias	14)b) Fire Department – Other Billings should review its substantial aging receivables to determine what amount should be written off until Finance assumes responsibility for accounts receivable management, the department should review current billing procedures to ensure that all non-EAS accounts receivable are referred to collections 45 days after delinquency as required by Finance.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
37	General Services	Macias	15)a) General Services Department should evaluate for their compatibility with other division responsibilities and activities the Accounting division's responsibilities for i) special events deposits, ii) laboratory testing billing for only three accounts, iii) film permit deposits for use of city buildings and iv) lease management of city owned buildings. Another location within the General Services Department or in another City department may yield improved efficiencies and effectiveness.	See Exhibit ii – GSD
38	General Services	Macias	15)b) General Services Department should review the controls over the Peachtree accounting system that is used for Accounting Division billing activities to ensure that they are effective and adequate.	See Exhibit ii – GSD
39	General Services	Macias	15)c) General Services Department should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.	See Exhibit ii – GSD
40	General Service	Macias	15)d) General Services Department should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.	See Exhibit ii – GSD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
41	Housing	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.	See Exhibit ii – LAHD
42	Housing	CORE	64) HOUSING DEPARTMENT REPORT TO AGE COMMITTEE - CORE recommends that the Council's Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.	See Exhibit ii – LAHD
43	Housing	CORE	65) REDUCE TIMELINE FOR PAYMENT OF LAHD BILLS - CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.	See Exhibit ii – LAHD
44	Housing	Macias	16)a) Housing Department – Fee Billings should conduct an independent post implementation review of the Departments new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.	See Exhibit ii – LAHD
45	Housing	Macias	16)b) Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and re engineer processes to reduce the time necessary to complete and issue bills.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
46	Housing	Macias	16)c) Housing Department – Fee Billings should develop a web-based portal so that property owners can update contact and parcel description information to reduce the time required by staff to update property ownership information.	See Exhibit ii – LAHD
47	Housing	Macias	16)d) Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.	See Exhibit ii – LAHD
48	Housing	Macias	16)e) Housing Department – Fee Billings should conduct a feasibility study of streamlining the city codes and statutes on code and housing fee exemptions that could be applied to property owners.	See Exhibit ii – LAHD
49	Housing	Macias	16)f) Housing Department – Fee Billings should increase fee billing A/R reporting frequency from quarterly to monthly and continue to distribute the reports to all applicable parties. These reports should include data on total billings and revenue receipts to date.	See Exhibit ii – LAHD
50	Housing	Macias	16)g) Housing Department – Fee Billings should dedicate two of its existing staff to monitor and follow up on aging receivables, and thus improve the timeliness of referring delinquent billings to collections.	See Exhibit ii – LAHD
51	Housing	Macias	16)h) Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.	See Exhibit ii – LAHD
52	Housing	Macias	16)i) Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
53	Housing	Macias	16)) Housing Department – Fee Billings should develop reporting interfaces for the Housing’s Housing Information Management System (HIMS).	See Exhibit ii – LAHD
54	Housing	Macias	17)a) Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.	See Exhibit ii – LAHD
55	Housing	Macias	17)b) Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.	See Exhibit ii – LAHD
56	Housing	Macias	17)c) Housing Department - Real Estate Billings should develop a manual that describes and maps the billing processes throughout the Department. The loan generation procedures currently available should be formalized in this central document.	See Exhibit ii – LAHD
57	Inspector General	CORE	11. QUARTERLY IG REPORTS RE COLLECTION RECOMMENDATIONS OF CORE AND CONTROLLER - CORE recommends that the Inspector General (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports to submit to the Mayor, Controller, City Attorney and the Council: i. Status of implementation of each of the currently not-implemented and/or partially implemented recommendations in the Controller’s 2007 and 2010 Audits. ii. Status of implementation of each of CORE’s recommendations that are ultimately adopted by the City.	The establishment of this position is underway.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
58	Mayor	CORE	5) TREAT FINANCE INSTRUCTIONS AS MAYORAL DIRECTIVES - CORE recommends that the Mayor clarify for the benefit of all department General Managers that instructions by Finance to departments regarding revenue, billing and collections shall be treated as Mayoral directives. Finance instructions could also be incorporated into future Mayoral directives regarding collections, or used as the basis therefore.	The Mayor's Office re-released recently updated Citywide Guidelines under Executive Directive No. 5, stipulating that Finance instructions regarding billing and collection be treated as Mayoral Directives.
59	Mayor	CORE	12) DEPARTMENT MANAGERS ATTESTATION TO COMPLIANCE - CORE recommends that the Mayor, CAO and Council's Budget & Finance Committee require department General Managers, as part of annual budget requests, to submit a letter attesting their department's compliance with Directive No. 5 and with all provisions of the Collection Guidelines. Any and all provisions wherein a department is not in compliance shall be detailed by the General Manager and reviewed as part of the budget process.	Finance is following up with the Mayor's Office.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
60	Mayor	CORE	13) PERFORMANCE GUIDELINES FOR GENERAL MANAGERS - CORE recommends that, in order to implement a clear management evaluation policy which includes revenue and collection performance criteria, the Mayor, as Chief Executive should consider development of specific individual performance guidelines with each General Manager. These guidelines should include goals and expectations set respectively by the General Manager and the Mayor and should be evaluated annually by the Mayor and his executive team with advisory input from the City Council as appropriate to consider the General Manager's capability and performance in meeting the overall responsibilities of running the individual department.	Finance is following up with the Mayor's Office.
61	Mayor / Council	CORE	42) WRITE-OFFS - CORE recommends that the Mayor and Council direct City departments and Finance to present accounts for timely write-off in accord with the timelines set forth in Collection Guidelines. It is further recommended in the event that departments fail to timely submit qualifying receivables, certain sums shall be withheld from their budget allocations until such time as there is compliance. This recommendation will only need to be implemented so long as the current system of referrals exists.	This instruction has come from each of these bodies and departments are initiating write-offs in response.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
62	Personnel	Macias	18)a) Personnel Department should establish internal controls in the following areas: provide supervisory review of bills prepared by staff and check to verify that the universe of bills were prepared and issued.	Internal reports are produced to show that bills are prepared correctly and to verify that the universe of bills were prepared and issued.
63	Personnel	Macias	18)b) Personnel Department should prepare monthly memos to the Unit Director on the total revenue billed so that month-to-month comparisons could be made to help ensure billing accuracy.	Memos showing total billed will be prepared for review by the Unit Director. However, benefits billings vary from month-to-month based on the number of individuals who fall off Payroll. Accuracy cannot be determined based on monthly comparisons.
64	Personnel	Macias	18)c) The Unit Director should conduct spot checks to validate that all van pool participants are appropriately charged.	Upon van pool enrollment deductions are created in PaySR. When an individual changes van pools, employees review deductions for correctness and make changes as necessary. The Unit Director will begin checking to ensure participants are appropriately charged.
65	Planning	Macias	19)a) Planning should document cost recovery and expedited cost recovery billing processes within the department.	See Exhibit ii – PLA
66	Planning	Macias	19)b) Planning should document cost recovery exceptions, such as new project manager training, and provide non-chargeable time codes for these exceptions. This will reduce supervisors' manual adjustments to cost recovery bills.	See Exhibit ii – PLA

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
67	Planning	Macias	19)c) Planning should review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – PLA
68	Police	Controller	19) LAFD and LAPD Commission should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.	See Exhibit ii – LAPD
69	Police	Macias	20)a) Police Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process false alarm bills within the CryWolf system. Likewise, the procedures for the other types of bills, DUI and Board Ups, should also be developed.	See Exhibit ii – LAPD
70	Police	Macias	20)b) Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – LAPD
71	Police	Macias	20)c) Police Department should develop a set of metrics to measure billing and collection performance. This should include: cycle time to complete a bill (primarily false alarm), average labor hours and cost to produce a bill, and initial payment collection rate by bill type.	See Exhibit ii – LAPD
72	Police	Macias	20)d) Police Department should investigate the feasibility of implementing an on-line payment system for false alarm bills that would allow property owners to view the details of false alarm bills, make on-line payments, and file protests.	See Exhibit ii – LAPD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
73	PW – Bureau of Engineering	Macias	6)a) Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.	See Exhibit ii – PW
74	PW – Bureau of Engineering	Macias	6)b) Bureau of Engineering should examine the feasibility of automating B permit bill data generation.	See Exhibit ii – PW
75	PW – Bureau of Engineering	Macias	6)c) Bureau of Engineering should configure the Merlin system to allow for electronic data extraction into Excel which would help reduce errors that occur now because of manual data entry.	See Exhibit ii – PW
76	PW – Bureau of Engineering	Macias	6)d) Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.	See Exhibit ii – PW
77	PW – Bureau of Sanitation	Macias	7)a) Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings	See Exhibit ii – PW
78	PW – Bureau of Sanitation	Macias	7)b) Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance	See Exhibit ii – PW
79	PW – Bureau of Street Lighting	Macias	8) Bureau of Street Lighting (BSL) should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.	See Exhibit ii – PW

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
80	PW – Office of Accounting	Macias	21)a) Public Works Department – General Accounting Office; centralized billing procedures should be fully developed by the Office that address all the bill types generated by its various bureaus and agencies.	See Exhibit ii – PW
81	PW – Office of Accounting	Macias	21)b)Public Works Department – General Accounting Office should establish interfaces so that Bureaus submit billing data electronically rather than manual drop off of information.	See Exhibit ii – PW
82	PW – Office of Accounting	Macias	21)c) Public Works Department – General Accounting Office should, until Finance centralizes more billing and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.	See Exhibit ii – PW
83	PW – Office of Accounting	Macias	21)d) Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.	See Exhibit ii – PW
84	Transportation	CORE	57) RECALL SEVERELY AGED DELINQUENT ACCOUNTS FROM ACS - CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
85	Transportation	CORE	59) NEW DOT BILLING AND COLLECTION CONTRACT(S) - CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) – and ways to improve.	See Exhibit ii – DOT
86	Transportation	CORE	60) RENTAL CAR PROGRAM - CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of "rentals and miscellaneous" constituted 11.65%, or \$22.96 million, of DOT's Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company. The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
87	Transportation	CORE	61) PRIORITIZE REPAIR OF BROKEN PARKING METERS - CORE recommends DOT's swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City's parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.	See Exhibit ii – DOT
88	Transportation	CORE	62) REVISE DOT REPORTING OF RECEIVABLES - CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT's receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
89	Transportation	CORE	63)a) TRAFFIC OFFICERS - CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority.	See Exhibit ii – DOT
90	Transportation	CORE	63)b) COLLECTION OVERHEAD AND EXPENSES - CORE recommends that DOT present to the Council's Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT's current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.	See Exhibit ii – DOT
91	Transportation	CORE	63)c) SCOFFLAW ENFORCEMENT - CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
92	Transportation	CORE	63)d) VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lienholders of impoundments or impending impoundments. A lienholder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest – and the right to repossess the vehicle in the event that a borrower or lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee – and the costs for lienholders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how notices to lienholders might be used to put extra pressure on repeat parking violators to pay.	See Exhibit ii – DOT
93	Transportation	CORE	63)e) REDUCE MARGINS OF ERROR - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.	See Exhibit ii – DOT
94	Transportation	CORE	63)f) POLICY RE UNLIKELY TO COLLECT CITATIONS - CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
95	Transportation	CORE	63)g) TECHNOLOGY - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.	See Exhibit ii – DOT
96	Transportation	Macias	22)a) Transportation Department – Parking Citations should expand focus from vendor contract management to include vendor collection performance management. This includes working with the collections vendor to set performance goals, identifying barriers to achieving these goals (e.g., using Pareto analysis tools to track and address key receivables causes), and assisting in removing these barriers. The collection vendor currently provides some collection performance information to the DOT to initiate this added focus.	See Exhibit ii – DOT
97	Transportation	Macias	22)b) Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
98	Treasurer	CORE	51) CREDIT / DEBIT CARD FEES - CORE recommends that the Treasurer prepare and submit a report on the fees currently being paid by the City for various types of credit card and debit card transactions – and whether there may be ways to reduce costs to the City. Payments for which payers must pay additional fees to use a credit card or to pay online should generally be discouraged.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
99	Treasurer	CORE	52) RETURNED CHECKS – CORE recommends that the Treasurer prepare and submit a report on rejected and returned checks and the disposition thereof. A uniform and full-cost recovery bad check charge should be applied.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
100	Citywide	CORE	17) ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.	This question was recently posed in a CORE survey of departments.

FORM GEN. 160 (REV. 6-80)

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 29, 2011

TO: Antoinette D. Christovale, CPA
Director of Finance

FROM: Robert R. "Bud" R. Ovrom
General Manager
Department of Building and Safety



Ray Chen
For

SUBJECT: LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY'S
(LADBS') RESPONSE TO RECOMMENDATIONS IN THE
ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES
DEPARTMENTAL RESPONSE TRACKER (C.F. NO. 10-0225)

Attached is LADBS' response to your letter dated May 5, 2011. Please contact Lina Bustamante, Departmental Chief Accountant at (213) 482-6816 or Karen Penea, Acting Chief of Resource Management Bureau at (213) 482-6749 if additional information is needed.

**LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)**

Page 2 of 5

Tracker No. 1

CROSS REFERENCE LISTS OF DELINQUENTS – CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.

Joint LAHD and LADBS Response

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD Specifics

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the cores services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS Specifics

LAMC Section 98.0411 gives the Department of Building and Safety (LADBS) authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

The Department has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc.) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or Housing Department's (LAHD) list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's lists of delinquent accounts.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 3 of 5

Tracker No. 2

Building and Safety Department should increase the timeliness in referring delinquent billings to collections.

LADBS Response

All billings that are 45 days delinquent are electronically sent to collections. The Department's Accounts Receivable System as mandated by LAAC 5.181 automatically flags accounts that are 45 days delinquent and sends the files to the different collection agencies (NCO, Office of Finance, and MSB).

Tracker No. 3

Building and Safety Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process the different types of bills produced within the Department. Similarly, procedure manuals should be developed for the collections process.

LADBS Response

An accounts receivable manual had been developed that defines the steps that staff must take to process the different types of bills produced within the Department. This manual also includes the Department's instructions regarding processing collections. A copy of the manual was sent to Office of Finance for their perusal on June 6, 2011. The Department periodically reviews the manual to identify the changes that are needed.

Tracker No. 4

Building and Safety Department should develop a set of metrics to measure billing and collection process performance. This should include: Cycle time to complete various types of billings, average labor hours and cost to produce a bill, and initial payment collection rate by invoice type.

LADBS Response

The Department has more than 20 types of invoices, including invoices billed for the Local Enforcement Agency and other City Departments. The City's year-end schedules, the conversion of the citywide accounting system from FMIS to FMS and staff shortages, the Department requests more time to develop a set of metrics to measure billing and collection process performance. Due to the complexity and variety of the Department's billing, we estimate that the draft of this set of metrics will be available 90 days after the end of this fiscal year.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 4 of 5

Tracker No. 5

Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.

LADBS Response

The Department is in the process of reviewing the substantial aging receivables to determine the amount that should be written off. We had submitted and received approval from the Board of Review on April 27, 2011 to write off 2,031 uncollectible accounts amounting to \$291,395.18 and on May 25, 2011, another 1,331 accounts amounting to \$315,015.42. The Department will submit another request for write off at the next scheduled Board of Review meeting.

Tracker No. 6 Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.

LADBS Response

The Department's website (ladbs.org) provides customers many on-line services. The following on-line services are specifically responsive to instruction outlined in Departmental Response Tracker No. 6:

1. Request for an inspections as long as customer has permit number. This Internet request for inspection service has been available since 2002.
2. Request and pay for off hour inspections. This started in May 2009.
3. Pay invoices. Customers can view their accounts and pay for invoices on-line. This service started in 2006.

Tracker No. 7

EnvironmentLA should document solid waste permit billing processes within the department.

LADBS Response

Ordinance 181198 approved on June 11, 2010 gave authority to LADBS to carry out the Local Enforcement provisions of subsections B, C, D and E of Section 190.01 of LAMC. All waste permit billings for FY 2010-11 were entered in LADBS' accounts receivable system. Therefore, all billings and collection transactions are now monitored and documented.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Tracker No. 8

EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.

LADBS Response

Since LADBS took over the billing process that pertains to the Local Enforcement provisions of the code, all delinquent accounts that are 45 days past due have been automatically referred to collections electronically.

Tracker No. 9

EnvironmentLA should refer existing delinquent accounts to collections.

LADBS Response

Please see LADBS' response to Tracker No. 8.

Tracker No. 10

EnvironmentLA review substantial aging receivable to determine what amount should be written off.


LADBS Response

We have recently completed entering the delinquent receivables amounting to \$25,509 in our accounts receivable system. These receivables can not be referred to collections and can be tracked by the Department. It is too early to write off these accounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: July 1, 2011

TO: Antoinette D. Christovale, Director of Finance
Office of Finance

FROM: June Lagmay, City Clerk
Office of the City Clerk 

SUBJECT: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

The Special Assessment Section of the Administrative Services Division of the Office of the City Clerk is the coordinating agency for 40 established Business Improvement Districts (BIDs) in the City. The section works to promote efficiency in facilitating the establishment of proposed BIDs according to State and/or City law and BID policy through the cooperative work process with the Council members, City Attorney, County Assessor, the Community Redevelopment Agency and Consultants working with BID proponent groups as necessary. The section also provides billing and collection related services to five (5) Merchant-based BIDs and have developed strategies for increasing the collection rate from these BIDs.

In an effort to increase the collection rate of assessments from Merchant-based BIDs this Office generates a list of delinquent businesses that have not paid their assessments and communicates this information to the respective BID administrators. The timeliness of this information allows the administrators to pursue additional strategies to recover the assessments owed. Another effort that would soon be implemented is the use of color coded envelopes for final notices to businesses within the BID. These final notices as identified on the envelopes, should be an effective reminder. An additional strategy for increasing the collection rate would be to secure from the Office of Finance, frequent or regularly updated accurate lists of current businesses operating within the boundaries of the BID. Such lists would provide the maximum assessments to which collections efforts may be targeted, and on which budgeted BID programs may be developed.

With the implementation of the new Financial Management System (FMS) the Office of the City Clerk should improve efficiencies in the generation of invoices for Merchant-based BIDs. FMS would allow for the elimination of paper-based, manual internal billing and provide the capability to automatically apply business owners' payments to receivables through a lockbox system. Systematic functions provided by FMS to support collections and write-offs will add to the improvements and efficiencies in the management of accounts receivables.

The proposed changes to improve the efficiency in the management of accounts receivables may realize an increase in the assessments collected for BIDs. However,

any increase in assessments collected will not realize increased revenues for the City. Such assessments collected through the BID program are revenues which allow the individual BIDs to implement their Council approved programs and activities.

If you have any questions or need additional information on this matter, please contact Miranda Paster, Acting Chief, Administrative Services Division at (213) 978-1111.

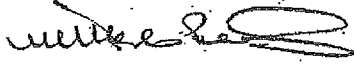
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CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 30, 2011

TO: Antoinette Christovale, Director
Office of Finance

ATTN: Jeffery Whitmore, Revenue Manager

FROM: Millage Peaks, Fire Chief 
Fire Department

SUBJECT: ACCOUNTS RECEIVABLE DEPARTMENT RESPONSE
TRACKER, CF 10-0225

The Fire Department (LAFD) is in receipt of the Department Response Tracker which contains the list of recommendations from Council, CORE, and Macias Study. Per your request, below is the Department's response to the recommendations applicable to LAFD.

23. Controller (9a) - LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.

LAFD Comment:

The City Council approved the new EMS Data Capture and Billing System on August 3, 2010. The Data Capture System was implemented on September 23, 2011. The New Billing System was implemented November 1, 2010 on the paper-based system. The two systems are expected to be fully functional by June 30, 2011.

The new system will reconcile every incident record with the CAD Dispatch information to ensure each call is recorded and an electronic patient care record generated for each patient. This will ensure that each billable patient care record is transferred into the Billing System to maximize revenue.

24. Controller (9b) - LAFD should consider incorporating the identified controls to achieve this objective into the final contract.

LAFD Comment:

The identified controls and procedures are being incorporated in the final contract.

25. Controller (9c) - LAFD should, once the contracts are in place, perform a review to ensure that all emergency medical transportation services provided will result in the required billing information being captured and sent to the contractor to generate invoices in a timely manner.

LAFD Comment:

Effective November 1, 2010, the LAFD began to scan and send all billing documentation electronically to ADPI (Intermedix) for entry into the Contractor's billing system. Effective June 28, 2011, the LAFD will be completely automated and all billing records will be in electronic format at the point of service.

26. Controller (10) - Until the outsourcing of EMS billings has been completed, LAFD should, on a sample basis, ensure that all 902Ms that the billing unit receives are entered into the billing system.

LAFD Comment:

100% of the paper based documents collected beginning November 1, 2010, are batched and scanned daily and sent to ADPI for processing. The LAFD obtains a weekly posting report that reflects the number of records received and the number of records billed.

27. Controller (18) - Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner.

LAFD Comment:

Due to the significant State and County submission schedule changes in the administration of CUPA, the billing procedure and timing was changed. Effective July 1, 2010, invoices will be sent to vendors by September 30 of each year. The change was necessary to effectively manage CUPA accounts which have increased from 5,000 accounts in 1998 to more than 11,000 accounts in 2010. The invoices for the fiscal year 2011 were mailed timely on September 21, 2010.

28. Controller (19) - LAFD and the LAPD management should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.

LAFD Comment:

The Fire Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60

days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

29. Controller (31) Pre-number the certificates of fitness and assign someone independent of the Fire Inspector and cashier to control the inventory of certificates.

LAFD Comment:

The Department has developed an application to track the issuance, associated fees, and payments of Certification of Fitness. The implementation of the application has been delayed to September 1, 2011 due to staff focus on the new LAFD Deployment Plan.

The system-generated number will be used to control the inventory of certificates instead of the "pre-number" technique.

30. CORE (54) - EMS DATA CAPTURE AND BILLING - CORE recommends that LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection - pursuant to the two contracts for LAFD's outsourcing approved by the Council August 3, 2010. Finance and the Inspector General should monitor and report on the vendors' performance.

LAFD Comment:

Both contracts were approved by Council August 3, 2010, and fully executed prior to September 30, 2010, following City Attorney review and approval. The ordering of the FDACS tablets, configuration of EMS resources, building of data structure and assessments of training began in October 2010. The training of all 16 LAFD battalions will be completed on June 28, 2011. The LAFD has worked with the Office of Finance to integrate the Contractor's information into the City's Centralized Accounts Receivable Reporting (CARR) system. The LAFD will continue to work with Office of Finance and the Inspector General to provide any information required.

31. CORE (55) - CAPITATED PAYMENT SYSTEM - CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payers - such as Medicare, Med-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.

LAFD Comment:

Capitation is a fixed payment for services negotiated among insurance providers. Based on preliminary research, the LAFD has determined that there are no such capitated arrangements in the country for municipal emergency ambulance services. Capitated arrangements are common for non-emergency private ambulance.

providers as they attempt to increase revenue by lowering fees and increase volume. LAFD has an obligation to provide emergency services for the City of Los Angeles so there is no need to lower our fees in order to achieve increased volume.

32. CORE (56) - LEVERAGING EXISTING RELATIONSHIPS – CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. LA has business relationships with some of the same insurers and providers that reject or slow pay EMS bills from LAFD. LA should assess how to use the contracts it grants to these same companies to the City's advantage.

LAFD Comment:

Often there is no direct correlation between the 85 hospitals the LAFD delivers patients to and the City's health insurers. To date, the LAFD and ADPI have not encountered slow pays or rejections to claims filed with Kaiser Permanente or Blue Cross of California. Although the LAFD is not involved with the negotiations between the City and its health insurers, the LAFD is glad to assist the CAO and City Personnel Department wherever it might be able to.

33. Macias (13a) – Fire Department – Emergency Medical Services should refer delinquent EMS accounts to collections. In June 2009, Fire received statutory authority from the City to start referring delinquent accounts to collections.

LAFD Comment:

Pursuant to LAAC Section 5.181 the Fire Department should refer Delinquent EMS accounts to Collection Agency for additional collection efforts. It sets referral at the time reasonable collection efforts have failed but not later than nine months from the date of initial billing. LAAC 22.210.2 deems EMS accounts not paid within 90 days of billing delinquent.

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

34. Macias (13b) – Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.

*** LAFD Comment:**

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

Pursuant to contract, NCO has one year to collect on the referrals after which they would be returned to LAFD for write off. As of June 7, 13,646 accounts totaling \$5,798,840 have been returned. Further returns were delayed due to the City's amnesty plan which gave discounts to those who paid their delinquent non-tax accounts during the amnesty program.

35. Macias (14a) – Fire Department – Other Billings should bill for Brush clearance removal at time of occurrence, rather than annually.

LAFD Comment:

The length of the appeals process, the number of appeals received and the re-inspections necessary to ensure that hired contractors actually cleared the brush make it difficult to bill for brush clearance removal at the time of occurrence.

In addition, the Fire Code requires the Non Compliance and Brush Clearance charges to be appealed by the property owners to the Board of Fire Commissioners. Appointed hearing officers conduct the appeal hearings. Therefore the Fire Department would have to hire a hearing officer on a full time basis. Hiring hearing officers once a year for a one-month period results in significant cost savings.

36. Macias (14b) – Fire Department – Other Billings should review its substantial aging receivables to determine what amount should be written off until Finance assumes responsibility for accounts receivable management. The department should review current billing procedures to ensure that all non-EAS accounts receivable are referred to collections 45 days after delinquency as required by Finance.

LAFD Comment:

The Fire Department reviews the status of uncollectible non-EMS accounts twice a year and refers them to the Board of Review for approval write-off. The last referral was in August 2010.

The Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60 days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

If you require any additional information, please contact Mariana Rivera at (213) 978-3479 or Ngozi (Zim) Mbamalu at (213) 978-3402.

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

DATE: June 29, 2011
TO: Antoinette Christovale, Director of Finance
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager
FROM: Tony M. Royster, General Manager
Department of General Services

**SUBJECT: ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)**

This is in reply to your letter dated May 5, 2011. The following are General Services Department's (GSD) responses to the instructions included in the Tracker:

Item number 37, instruction 15a):

GSD should evaluate for their compatibility with other division responsibilities and activities the Accounting division's responsibilities for i) special events deposits, ii) laboratory testing billing for only three accounts, iii) film permit deposits for use of city buildings and iv) lease management of city owned buildings. Another location within the General Services Department or in another City department may yield improved efficiencies and effectiveness.

Response:

GSD has evaluated and determined that centralized accounting is more effective and efficient than diversifying the duties in different divisions.

Item number 38, instruction 15b):

GSD should review the controls over the Peachtree accounting system that is used for Accounting Division billing activities to ensure that they are effective and adequate.

Response:

GSD has reviewed and determined that Peachtree accounting system in itself has effective and adequate controls.

Item number 39, instruction 15c):

GSD should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.

Response:

This instruction is not applicable as GSD will not be transferring data from the Peachtree system to the City's financial system.



Antoinette Christovale, Director of Finance

-2-

June 29, 2011

Item number 40, instruction 15d):

GSD should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.

Response:

Existing leases do contain security deposit requirements and GSD does receive security deposits.

If you require additional information or have any questions, please contact Len Applebaum at (213) 928-9596 or email Len.Applebaum@lacity.org.

c: Samantha Hanzy, Management Assistant
Office of Finance



1200 West 7th Street, 9th Floor, Los Angeles, CA 90017
tel 213.808.8808 | fax 213.808.8616
lahd@city.org



Antonio R. Villaraigosa, Mayor
Douglas Guthrie, General Manager

June 30, 2011

Antoinette D. Christovale, CPA
Director of Finance
Office of Finance
Los Angeles City Hall
200 N. Spring St, Room 220
Los Angeles, CA 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

Dear Ms. Christovale:

Please see the attached report from the Los Angeles Housing Department (LAHD) in response to the memorandum titled Office of Finance Accounts Receivable Improvements Initiatives Citywide Departmental Response Tracker (C.F. No. 10-0225) dated May 5, 2011.

LAHD has carefully reviewed the recommendations related to our Department. I am pleased to report that most of the recommendations have already been completed or are in progress. Maximizing revenue collections is a high priority in LAHD. In recent years, through automation, and policy and procedure improvements, the Department has achieved increased revenue collections and improved customer service. LAHD looks forward to working with your Office to continue these efforts.

If you have any questions, please feel free to contact me at (213) 808-8808. Questions related to the details of the responses may also be directed to Greg Kung, Acting Assistant General Manager, at (213) 808-8899.

Sincerely,

A handwritten signature in cursive script that reads "Doug Guthrie".

DOUGLAS GUTHRIE
General Manager

Attachment

cc: Rushmore Cervantes, Executive Officer, LAHD
Greg Kung, Acting Assistant General Manager, LAHD
Helmi Hissrich, Assistant General Manager, LAHD
Roberto Aldape, Assistant General Manager, LAHD

LAHD's Responses To The Accounts Receivable Improvements Initiatives Departmental Response Tracker Memo

Below are the items LAHD is responsible for responding to based on the memo.

41 - CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety (LADBS) to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.

Joint LAHD and LADBS Response:

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD:

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the core services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS:

LAMC Section 98.0411 gives LADBS the authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

LADBS has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or LAHD's list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's list of delinquent accounts.

42 - HOUSING DEPARTMENT REPORT TO AGE COMMITTEE – CORE recommends that the Council's Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.

LAHD Response:

The Los Angeles Housing Department is preparing a report on its billing and collections practices to be submitted to the Audits and Government Efficiency Committee by June 30, 2011. Please see Attachment A for a draft copy of the report.

43 – REDUCE TIMELINE FOR PAYMENT OF LAHD BILLS - CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.

LAHD Response:

In August 2009, LAHD transmitted proposed amendments to the Rent Stabilization Ordinance (RSO) Ordinance to compress the tiers and timelines of the Department's invoice aging and collection process. The City Council adopted the amendments on May 31, 2011; the Mayor concurred on June 7, 2011 and the amendments become effective July 15, 2011. The amendments streamline the billing and collection process and reduce the time for delinquent accounts to be referred to collection agencies. The amendment changes will be incorporated into the Department's next annual billing cycle and collection policy for the 2012 Annual Bill in December 2011. For details of the RSO amendments, see Council File 09-2033.

44 – Housing Department – Fee Billings should conduct an independent post implementation review of the Department's new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.

LAHD Response:

LAHD is planning to have an IT Audit consultant conduct a review or system audit of the Billing Information Management System (BIMS). The scope of review will cover the accuracy and integrity of financial data, and ensure that systems and internal controls are in place. This review will provide assurance for LAHD accounting that data reported from the system are reliable for GAAP reporting as well.

LAHD will request the City Controller for LAHD to use her master agreement with audit consultants. A request for qualification will be distributed to consultants on the list, and the selection process will take place based on standard procedures for selection. After the selection, an MOU with the consultant will be executed.

Review objectives:

The audit objectives were to assess whether:

- IT controls in place were adequate and effective thereby ensuring data completeness, accuracy and reliability;
- Business rules, as stipulated by the Ordinances, Code and Rent program guidelines are factored into the system design and implementation.
- Objectives of computerization were achieved (reporting, accurate billing, promote efficiency and maximization of revenue collection) and
- Collections and accounts receivable in BIMS are reconciled against the amounts in FMS

The following are examples of tasks to be done:

1. Review of business rules
2. Review of systems and objectives
3. System design that ensure business rules are in compliance
4. Systems security review
5. Adequacy of input controls
6. Validation checks in software
7. Reporting-accuracy of data in the quarterly accounts receivable aging report
8. Accuracy of data used in reporting for year-end GAAP accruals of accounts receivable.
9. Reports that assist in estimating allowance for doubtful accounts.

45 – Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and reengineer processes to reduce the time necessary to complete and issue bills.

LAHD Response:

In 2008, LAHD assessed the billing and collection process. As a result of the analysis, LAHD proposed changes in the Ordinances. Until July 2011, the RSO and SCEP Annual Bill required four invoice aging stages prior to delinquent accounts being forwarded to collections. The amended Ordinances, effective July 15, 2011, shorten the invoice aging time line and expedite delinquent bills to collections. The changes are in conformance with the Executive Directive No. 5 and the Office of Finance's Citywide Guidelines to Maximize Revenue Collection (Guidelines). However, the Guidelines recommend a 30 day delinquent stage and a 45 day collection stage. LAHD is required by the prevailing Ordinances to adhere to a 60 day delinquent stage and 45 day collection stage.

46 – Housing Department – Fee Billings should develop a web-based portal so that property owners can update contact and parcel description information to reduce the time required by staff to update property ownership information.

LAHD Response:

The Department's Web Portal was developed in 2008 and became accessible to property owners in 2009. The Portal allows property owners to review their Annual Bills, emergency contact information, request and process exemptions online, access and print forms, print Rent Registration Certificates, print payment receipts and provides numerous payment options. Additional enhancements are being incorporated this year, including the addition of American Express and Discovery credit cards; and electronic check (ACH) as payment options. The portal will continue to evolve as LAHD develops more ease of use features. However, ownership change requests require certified legal documents that cannot be submitted online. Billing staff still needs to verify property ownership data via the County Assessor's data and certified documents from the owners.

47 – Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.

LAHD Response:

Property owners have had the ability to pay fees online since 2009. Each year, the Department continues to enhance the Web Portal for ease of use, adding features and providing the property owners with greater access to information. In 2011, LAHD added American Express and Discovery credit cards to our site as payment options. In May 2011, LAHD submitted a request to the City Treasurer to add electronic check (ACH) payment option. When approved, ACH will be made available on the portal. Additionally, Spanish-language forms and interface are being developed to enhance property owner access on the portal. In 2009, the Department installed computers in each of the six public counter offices, geographically located throughout the City, for property owners without access to a home computer or to expedite their time at the locates rather than wait in line.

48 – Housing Department – Fee Billings should conduct a feasibility study of streamlining the city codes and statutes on code and housing fee exemptions that could be applied to property owners.

LAHD Response:

LAHD initiated an assessment of the Rent Stabilization Ordinance in 2008. In 2009, LAHD drafted a transmittal of proposed amendments to the. Part of the amendments addressed property owner guidelines for requesting an exemption and provides the Department with greater oversight in the approval and monitoring of the exemptions. The City Council adopted the amendments on May 31, 2011, which were concurred by the Mayor on June 7, 2011. The amended Ordinance will be effective July 15, 2011. In addition, to better manage the exemption records, the Department has implemented a Document Management System which provides optical images of property owner exemption requests online. LAHD monitors and reviews exemption requests to ensure compliance with the Ordinances.

49 – Housing Department – Fee Billings should increase fee billing A/R reporting frequency from quarterly to monthly and continue to distribute the reports to all applicable parties. These reports should include data on total billings and revenue receipts to date.

LAHD Response:

LAHD has an automated A/R report which is generated monthly. The current reporting frequency required by the Office of Finance (OOF) is quarterly. If monthly reports are needed, LAHD can send them monthly.

50 – Housing Department – Fee Billings should dedicate two of its existing staff to monitor and follow up on aging receivables, and thus improve the timeliness of referring delinquent billings to collections.

LAHD Response:

The Billing Information Management System (BIMS) automatically ages invoices through each billing stage. Reports on the various bill types, invoice stages and aging can be generated by BIMS with

minimal effort. These features decrease the time required to ensure the timeliness of referring delinquent accounts to collections. Additionally, with access to real-time data, both billing and collection; and BIMS System staff liaise and schedule billing jobs a month in advance to ensure workload continuity and appropriate billing timeliness. One senior staff is assigned to monitor and charged with the oversight for this responsibility.

51 – Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.

LAHD Response:

The Billing Information Management System (BIMS) provides real-time access to the aging account receivables. The senior staff responsible for this assignment ensures aging invoices are referred to collections in a timely manner, as prescribed by the 'Citywide Guidelines to Maximize Revenue Collection.' Additionally, the individual monitors the collection rate of each account and determines when to recall and refer the account to the secondary collection agency, and again when to refer potential accounts to LAHD's Accounting Division for inclusion in the write-off program.

52 – Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.

LAHD Response:

The Billing and Collection Policy and Procedures Manual (Manual) was first created several years ago. The Manual is provided to staff and segments reviewed periodically during staff meetings. The Manual is updated regularly to ensure staff is kept current with procedural changes. In May 2011, the City Council adopted Rent Stabilization Ordinance and Housing Code amendments. The changes to the current Ordinances will impact staff in several Divisions. LAHD is currently designing a training program that will address the changes, clarify processes and educate the staff prior to the 2012 Annual billing cycle. Updates to the Manual, will incorporate computer screen images to reflect steps requires completing each function. Please see a copy of the Collections Policy and Procedures Manual in Attachment B

53 – Housing Department – Fee Billings should develop reporting interfaces for the Housing's Housing Information Management System (HIMS).

LAHD Response:

LAHD is currently working with the Office of Finance and FMS ITA to set up an outbound/interface file from LAHD Billing System (BIMS) to FMS - Centralized Account Receivable Reporting (CARR) data warehouse. Testing of the interface is scheduled to happen in August, 2011. Full implementation is expected to be in December 2011.

54 – Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.

LAHD Response:

Since the operation of Real Estate Loans Receivable is more like bank loans receivable, and is vastly different from fee-based accounts receivable, Office of Finance does not recommend including LAHD loans receivable data in quarterly accounts receivable and collections report.

55 – Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.

LAHD Response:

Loan Receivable section within accounting division is continually assessing the accuracy and reliability of real estate loan revenue billing and enhancement of current HIMS system. Before and during the first implementation of HIMS a couple of years ago, Accounting staff worked with Systems group in formulating the algorithm for the system to automatically calculating interest revenue. There were tests to ensure our interest calculation and loan balances were accurate. Each year, there is an external audit for the Comprehensive Annual Financial Report (CAFR), where tests are performed to verify that there is no material misstatement of the loans receivable and revenue data in the financial city's financial statements.

56 – Housing Department - Real Estate Billings should develop a manual that describes and maps the billing processes throughout the Department. The loan generation procedures currently available should be formalized in this central document.

LAHD Response:

LAHD has existing written policies and procedures for the billing of real estate loans. The loan generation procedures are enforced via the use of the Housing Information Management Systems (HIMS) and written procedures. Attachment C contains a copy of the Loans Receivable Billing Process for your reference.

100 – ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.

LAHD Response:

LAHD employees are recognized at regular Section meetings and during Bureau quarterly meetings. The quarterly meetings provide special recognition for the professionalism and daily efforts of our employees, while selecting specific individuals whose work ethic and integrity exemplifies the Department. The Program brings staff together from all Bureaus and Divisions and is supported by the General Manager and the Executive team.

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

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MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

June 6, 2011

Antoinette Christovale, Director
Office of Finance
Room 220, City Hall
Mail Stop 766

Attention: Jeffery Whitmore, Revenue Manager

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker

In response to your request dated May 5, 2011, here are our responses to each of the three items pertaining to the Department of City Planning:

#65 Instruction 19a) Planning should document cost recovery and expedited cost recovery billing processes within the department.

Department Response: The department has detailed procedures documents for cost recovery and billing for expedited services. For non-expedited cost-recovery, documented procedures are not available in one centralized format, but are available for some specific areas. Sufficient staff time is not available to commit significant resources to developing comprehensive procedures manuals at this time.

#66 Instruction 19b) Planning should document cost recovery exceptions, such as new project manager training, and provide non-chargeable time codes for these exceptions. This will reduce supervisors' manual adjustments to cost recovery bills.

Department Response: The department's current work order structure provides work orders for specific cost-recovery activities and projects, as well as work orders for specific and general non-chargeable activities.


Accounts Receivable Improvements
June 6, 2011
Page 2 of 2

#67 Instruction 19c) Planning should review substantial aging receivables to determine what amount should be written off.

Department Response: The department reviews aging receivables as staff time permits, and submits requests for write-off when appropriate. The last write-off request was submitted on March 31, 2011 and approved by the Board of Review on April 27, 2011 (C.F. 11-0826).

If you have further questions, please contact Matthew Crawford of my staff at (213) 978-1288.

Michael J. LoGrande
Director of Planning



Eva Yuan-McDaniel
Deputy Director of Planning

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INSPECTOR GENERAL

EXECUTIVE OFFICE
POLICE ADMINISTRATION BUILDING
100 WEST FIRST STREET, SUITE 134
LOS ANGELES, CA 90012-4112

(213) 236-1400 PHONE
(213) 236-1410 FAX
(213) 236-1440 TDD

June 21, 2011

Ms. Antoinette D. Christovale, Director
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager
200 North Spring Street, Room 220 - City Hall
Los Angeles, California 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. 10-0225)

Dear Ms. Christovale,

We are in receipt of your correspondence dated May 5, 2011 requesting a formal response to the subject matter noted above by June 30, 2011. The following provides the Police Commission response to the items (Tracker Numbers) identified in the Departmental Response Tracker, Exhibit ii:

Tracker #68 - LAFD and LAPD Commission should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.

Response

The new false alarm management system (CryWolf) was designed to comply with the Mayor's Directive No. 5 by moving unpaid accounts receivables through the billing cycle and eventual referral for collections and write-off, if necessary. Since December 2009, all delinquent invoices that met the criteria for referral were identified and referred to a City approved collection agency. Subsequent monthly referrals were made to the collection agency through June 2010. Since July 1, 2010, the Commission refers delinquent accounts for collection on a weekly basis. An account may not be referred within the 45 days of delinquency period if the alarm user has been offered an installment payment agreement; is contesting the bill through a waiver request; and/or, is scheduled for alarm school. CryWolf is programmed to allow for tracking of accounts that are under an installment agreement for non-compliance with the payment agreement. If the account is not paid as agreed, the invoice(s) is automatically sent to the collections folder for referral.

The Police Commission requests that you separate the LAFD from the LAPD Commission with regards to this Tracker.

Ms. Antoinette Christovale, Director
Page 2

Tracker #69 – *Police Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process false alarm bills within the CryWolf System. Likewise, the procedures for the other types of bills, DUI and Board-Ups should also be developed.*

Response – CryWolf System

A comprehensive desktop *Alarm Section Manual* was completed in July 2009 and was last revised in January 2011. The Manual incorporates the policy and procedure for processing billing in CryWolf as well as all of its other functions. The Manual delineates the billing cycle (e.g. original bill, delinquent bill, final notification) and includes copies of CryWolf screen shots with detailed instructions to follow when processing billing; returned checks; payments; waiver requests; etc. In addition to the desktop Manual, an electronic CryWolf Administrative and Operations manual is available in CryWolf under the “Help” icon, which includes detailed instructions on a variety of areas, including how to process billing for false alarm activations, payments, adjudicating fees, etc.

The Alarm Section also maintains the following desktop manuals:

Wachovia Lockbox Excessive Alarms Download/CryWolf Instructions – This Manual provides the steps for viewing individual invoice payments made through the Wachovia Lockbox for false alarms, including the checks and bill stubs for each individual invoice.

CryWolf Systems Manual – The Manual provides details about the applications, hardware and interfaces. It also provides who to contact for technical support related to servers, application software, files, databases and interfaces.

AllianceOne Client Access User Guide – This guide explains the seven collection agency access features to use when following up on the status of a referral.

Response - Board-ups

Desktop procedures delineating each step required when processing board-up billings have been developed and are maintained by the Board-Up Coordinator assigned to the Police Commission.

Response – DUI

The Police Commission is not responsible for processing DUI billings. Your request has been forwarded to the Fiscal Operations Division of the Police Department, with specific emphasis to Tracker No. 69 related to DUI billings.

Tracker #70 – *Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.*

Response

As noted under Tracker #68, the Police Commission has an established policy and procedure for referring delinquent accounts to collections. This policy and procedure has been in place since the implementation of CryWolf, which was programmed to produce a table/queue of outstanding

Ms. Antoinette Christovale, Director
Page 3

invoices that are 45 days delinquent to alert the Alarm Section of invoices that need to be referred to a collection agency. After the initial invoice and two delinquent notices (Delinquent Notice and City Attorney Final Notification) have been sent, outstanding invoices are electronically referred out for collection on a weekly basis. Within one day of referral, an acknowledgement is received from the collection agency providing the account name, invoice number, principal collection fee, and total amount. Through the collection agency's Client Access User Guide, the Alarm Section is able to view the status of a particular account using various search methods. After 365 days from the date of referral, outstanding invoices are retrieved from the collection agency. A report detailing the uncollected invoices is then prepared and submitted through the Board of Police Commissioners for approval by the Board of Review to write-off.

Tracker #71 – *Police Department should develop a set of metrics to measure billing and collection performance. This should include: cycle time to complete a bill (primarily false alarm), average labor hours and cost to produce a bill, and initial payment collection rate by bill type.*

Response

As mandated by the Mayor's Executive Directive No. FM-3, the Police Commission reviews on an annual basis the cost to respond to alarm activations. The fee to recover the cost is determined by calculating the amount of time (expressed in the percentage of one hour) spent by sworn and civilian personnel multiplied by the position's average hourly salary rate (established by the City Administrative Officer). The salary rates for the Office of Finance, who processes the payments, is also factored in, as well as indirect costs such as fringe benefits, department administration and support, central services and compensatory time off. Direct salary costs are then multiplied by the rates established in the current Cost Allocation Plan prepared by the Controller's Office. The CryWolf system has the capability of generating a number of reports that provide alarm statistics, including billing and collection rates. On at least a quarterly basis, reports are generated and provided to the Office of Finance for the Mayor's review that include the total outstanding, collected and referred to collections by age.

Tracker #72 - *The Police Department should investigate the feasibility of implementing an on-line payment system for false alarm bills that would allow property owners to view the details of false alarm bills, make on-line payments, and file protests.*

Response

To address this recommendation, the Police Commission contacted the designers of CryWolf, Public Safety Corporation (PSC) and the Office of Finance. The Office of Finance is responsible for accepting payments on behalf of the City. The Systems Director from the Office of Finance indicated that Finance currently provides the functionality for taxpayers to pay their bill on-line and that they can adapt the same system to process payments for false alarm bills in CryWolf. The Systems Director will work with PSC to get a process in CryWolf that would provide Finance with a nightly extract of balances owed which they could use for this process.

The feasibility to accept protests (waivers) on-line was discussed with PSC. They offer a 'citizen facing' web site that allows people to: (a) add new (and renew existing) accounts online; (b) update their account information online; (c) make online payments; and, (d) view their history (an actual CryWolf short history) online. The alarm subscriber would also be able to file a protest/waiver request by using a 'contact us' section that allows them to enter their account number and type in

Ms. Antoinette Christovale, Director
Page 4

their protest/waiver request – and then press a button which emails it to the Alarm Section. A more complete option can be designed at the request of the City and/or Police Commission. All of these functions are available; however, a contract amendment would have to be executed for the system enhancements. The cost to accomplish this is unknown since no formal cost proposal was solicited at this time.

Tracker #100 – ENCOURAGE AND THANK CITY WORKERS – CORE recommends that each department implement a recognition program for employees.

Response

The Police Commission has an Employee of the Month program to recognize employees for their outstanding work. The employee(s) are nominated by their peers and selected by the Commission supervisors. In addition, during the Police Commission's quarterly office meetings, employees are recognized and are provided with positive comments for their hard work, dedication and efforts to ensure compliance with the Mayor's directive.

If you require additional information, please contact Senior Management Analyst II Eva Vega of my staff at (213) 2376-1422.

Very truly yours,


RICHARD M. TEFANK, Executive Director
Board of Police Commissioners

CITY OF LOS ANGELES

CALIFORNIA



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Exhibit ii – PW

OFFICE OF THE BOARD OF PUBLIC WORKS

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012
(213) 978-0261
(213) 978-0278 Fax

WILLIAM P. WEEKS
EXECUTIVE OFFICER

<http://www.bpw.lacity.org>

June 27, 2011

Antoinette D. Christovale, CPA
Director, Office of Finance

RE: Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F. No. 10-0225)

Dear Ms. Christovale,

In response to your letter dated May 5, 2011 regarding the above subject, attached please find the formal report back of the Department of Public Works, particularly, responses to Departmental Tracker Nos. 73 to 83. Our response is the result of coordinating and working with all the Bureaus mentioned in the Tracker.

If you have any questions, please contact Victoria A. Santiago, Director, Office of Accounting, at (213) 978-0900.

Sincerely,

Andrea A. Alarcon
Acting President, Board of Public Works

Attachment

C: Honorable Antonio Villaraigosa, Mayor
Honorable Bernard Parks, Chair, Budget and Finance Committee
Honorable Dennis Zine, Chair, Audits and Governmental Efficiency Committee
Honorable Carmen Trutanich, City Attorney
Honorable Wendy Gruel, City Controller
Rev. Jeff Carr, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattered, Deputy Mayor of Budget and Financial Policy
Gary Lee Moore, Director, Bureau of Engineering
Enrique Zaldivar, City Engineer, Bureau of Sanitation
Ed Ebrahimian, Director, Bureau of Street Lighting
Nazario Saucedo, Director, Bureau of Street Services
John Reamer, Director, Bureau of Contract Administration



DEPARTMENT OF PUBLIC WORKS

**DEPARTMENTAL RESPONSE
TO THE**

**ACCOUNTS RECEIVABLE
IMPROVEMENT INITIATIVES
DEPARTMENTAL RESPONSE
TRACKER (C.F. NO. 10-0225)**

**Particularly Tracker Item Nos. 73 to 83
for the Department of Public Works**

**ANDREA A. ALARCON
ACTING PRESIDENT
BOARD OF PUBLIC WORKS**

JUNE 30, 2011

EXECUTIVE SUMMARY

On May 5, 2011, General Managers of all City Departments (except Airports, Harbor, Water and Power, City Employees' Retirement System and Fire and Police Pensions), were requested to prepare a formal report back to the Office of Finance, in response to the Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F. No. 10-0225). The initiative was a result of an effort to improve citywide accounts receivable management. Per the Office of Finance, its report was an amalgamation of numerous recommendations, reports, and audits issued by the City Council, City Controller, Macias Consulting Group, and the Council created Commission on Revenue Efficiency (CORE). The initiative is in line with the Mayor and City Council efforts to improve Citywide Accounts Receivable management.

DISCUSSION

The Accounts Receivable Improvement Initiatives Departmental Response Tracker included item nos. 73 to 83, as recommended by the Macias Consulting Group, for the Department of Public Works. This formal report and the discussions below provide responses to each tracker item as requested by the Office of Finance.

Item # 73: Bureau of Engineering

Instruction: Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.

Response: The City's new FMS will be implemented on July 5, 2011. The new FMS has an Accounts Receivable (AR) module that will include the Accounts Receivable currently residing in the City's stand alone Accounts Receivable System (ARS). Office of Accounting worked closely with the FMS Team during the development stage to make sure that generation of billing reports will be provided. Bureau of Engineering will be able to generate billing reports provided by FMS. Should the reports not meet the purpose of monitoring billing performance, Bureau of Engineering will work with Office of Accounting on generating automated billing reports to satisfy this purpose.

Item # 74: Bureau of Engineering

Instruction: Bureau of Engineering should examine the feasibility of automating B permit bill data generation.

Response: Bureau of Engineering's B-permit billings are done through the City's ARS and is part of the AR module of the new FMS. Office of Accounting uses its internal ad hoc reporting system, MERLIN, for generating cost reports for B-permit billings. Bureau of Engineering and Office of Accounting will work with Office of Finance if there is still a need to automate B permit bill data generation given the City's new FMS.

Item # 75: Bureau of Engineering

Instruction: Bureau of Engineering should configure the MERLIN system to allow for electronic data extraction into Excel which would help reduce errors that occur now because of manual data entry.

Response: The Board of Public Works supported by the Information Technology Agency (ITA) is responsible for the maintenance and technical upgrades to MERLIN. Electronic data extraction to Excel has always been available in MERLIN since its inception. Bureau of Engineering and Office of Accounting will work with the Office of Finance for clarification of electronic data extraction it wants that is not being met by MERLIN.

Item # 76: Bureau of Engineering

Instruction: Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.

Response: Bureau of Engineering will do exactly as instructed for all grants received by the Bureau. Going forward with FMS, the Bureau of Engineering and Office of Accounting will include grant billings in the Accounts Receivable module of FMS.

Item # 77: Bureau of Sanitation

Instruction: Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings.

Response: Bureau of Sanitation has existing written policies and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings. Currently, refuse and recyclables collection and groundwater fee billings are included in the City's ARS or the AR module in the new FMS. Going forward, the Septage Waste Hauling and Groundwater Fee billings will be included in the Industrial Waste Billings (IWB) system. The Private Waste Hauler revenues are generated as permit compliance payments and are tracked by the Recycling Data Management System (RDMS). The Sewer Service Charge, Multi Family Bulky Item Fee and Solid Resources Fee (trash fee) are billed through the Department of Water and Power. The IWB and the AB939 waste hauler fee written policies and procedures are available at the Bureau of Sanitation or Office of Accounting upon request.

Item # 78 Bureau of Sanitation

Instruction: Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance.

Response: Office of Accounting is already reporting quarterly the refuse and recycling collection and groundwater fee receivables to Office of Finance. Septage waste hauling and groundwater fees will be captured and reported through the new IWB, which should be fully implemented by December 2011. The quarterly reporting to Office of Finance for groundwater fees will switch from the Office of Accounting to Bureau of Sanitation when the new IWB system is implemented.

Bureau of Sanitation does not anticipate changes in reporting for the AB939 Compliance Fee-Private Waste Hauler Fee, nor changes to the Sewer Service Charge, Multi Family Bulky Item Fee or Solid Resources Fee (trash fee) which will continue to be billed through the Department of Water and Power.

Item # 79: Bureau of Street Lighting

Instruction: Bureau of Street Lighting should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.

Response: Currently, Bureau of Street Lighting billings for damage claims are being sent out by the Office of Finance. This is not included in the quarterly reporting. The Office of Finance, Bureau of Street Lighting and Office of Accounting will re-evaluate inclusion of the Bureau of Street Lighting Damage Claims Receivable in the AR Quarterly Report post FMS GoLive.

Item # 80: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office; centralized billing procedures should be fully developed by the Office that address all the bill types generated by its various bureaus and agencies.

Response: Office of Accounting worked closely with the FMS Team to ensure that billing requirements of the Department of Public Works are met by the new system. For department billings that will not be captured in FMS, Office of Accounting will work with the Bureaus to identify all types of these billings. Office of Accounting, in coordination with the Bureaus, will then develop centralized billings procedures for all the bill types generated by its various bureaus and agencies. As an initiative towards this goal:

a) For Billings with internal system within the Bureau (example: IWB billings), Office of Accounting will work with the respective Bureau, FMS Team and Office of Finance for an interface with FMS as required in Office of Finance' Centralized Accounts Receivable Reporting (CARR) project.

b) For billings that can not be interfaced with FMS (example: BSS Illegal Sign Billings), OOA will work with respective Bureau to ensure that the billings and collections are trucked, monitored and recorded in FMS through a journal voucher, for the general ledger, and with the Bureau's internal schedule as the subsidiary ledger.

Item # 81: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should establish interfaces so that the Bureaus submit billing data electronically rather than manual drop off of information.

Response: Office of Accounting will work with the FMS Team and the Office of Finance in developing interfaces to enable Bureaus to submit billing data electronically.

Item # 82: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should, until Finance centralizes more billings and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.

Response: Office of Accounting used to have a dedicated Senior Management Analyst I in charge of Revenue Collections. Because of position vacancy and later, deletion in the budget, the Senior Management Analyst I is concurrently the Manager for the Cost Accounting Division. In addition, due to budget cuts and managed hiring that result in staff shortage in the Office of Accounting, employee assigned to do billings are given additional tasks and are currently working on more than one desk. Moreover, position vacated by a staff assigned to update ARS was deleted in FY 2012 budget. Thus, pursuing more aggressive collections efforts and monitoring of and follow ups on aging receivables is sacrificed.

Office of Accounting will work with Bureaus in pursuing aggressive collection efforts for accounts that are delinquent before it is referred to a collection agency.

Item # 83: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.

Response: Aging of Accounts Receivable forms the bases for referring delinquent accounts to collection agencies and/or Office of Finance. Accounts returned by the collection agency and Office of Finance as uncollectible are presented to the City's Board of Review for write off recommendation. However, Office of Accounting is being very careful in determining any request for write off, making sure that all collection efforts were done and that the accounts are legitimately deemed uncollectible before proceeding with the write off request. The new FMS will allow departments to monitor accounts returned by Collection Agencies and Office of Finance as uncollectible. This will allow Office of Accounting in the preparation of write off requests more frequently.

CONCLUSION

The Department of Public Works has been and will always work closely with the Office of Finance in meeting its efforts to improve Citywide Accounts Receivable management. Already, Office of Accounting, in coordination with the Bureaus, is heavily involved in the CORE, CARR and recently, the Citywide Centralized Billings and Collections system project of the Office of Finance. The Department of Public Works is one with the Mayor, Council, City Controller, City Attorney and Office of Finance in ensuring the success of this goal.

CITY OF LOS ANGELES

CALIFORNIA



Jaime de la Vega
GENERAL MANAGER

**DEPARTMENT OF
TRANSPORTATION**
100 S. Main St., 10th Floor
LOS ANGELES, CA 90012

(213) 972-8480
FAX (866) 530-3154

ANTONIO R. VILLARAIGOSA
MAYOR

July 28, 2011

Ms. Antoinette Christovale, Director of Finance
Office of Finance
200 North Spring Street, Room 220
Los Angeles, CA 90012

**Subject: Accounts Receivable Improvement Initiatives Department
Response Tracker (CF. No. 10-0225)**

Attached are LADOT's responses for your letter dated May 5, 2011, regarding the above-entitled matter.

Please contact me at (213) 972-8480 or jaime.delavega@lacity.org any time if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to be "Jaime de la Vega", written over a horizontal line.

Jaime de la Vega
General Manager

Attachment

84 - RECALL SEVERELY AGED DELINQUENT ACCOUNTS FROM ACS - CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.

DOT contacted the City Attorney's Office regarding this recommendation. The City Attorney's Office informally opined that the California Vehicle Code (CVC) does not explicitly provide approval for external secondary collections. Further, the CVC does not explicitly provide approval for non-tax amnesty. DOT has requested ACS to accelerate the outbound calling to less than 24 months from issuance date.

#85 - NEW DOT BILLING AND COLLECTION CONTRACT(S) - CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) -- and ways to improve.

DOT has incorporated the CORE recommendations as approved by the City Attorney in the final draft RFP. Other improvements have been incorporated in the current system

#86 - RENTAL CAR PROGRAM - CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of "rentals and miscellaneous" constituted 11.65%, or \$22.96 million, of DOT's Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company. The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.

ACS implemented new programming to expedite notices to the correct owner since rental car ownership information is dynamic, in that, most rental car companies do not own their vehicles for more than two years. Further, ACS is confirming ownership with the DMV as soon as the citation is processed, and also is strictly enforcing the requirement for rental car agencies to provide the

driver's license information of the renter within the timeframe as required in the CVC. Finally, ACS is also working with the larger rental agencies on a master database repository of their entire nationwide inventory.

#87 - PRIORITIZE REPAIR OF BROKEN PARKING METERS - CORE recommends DOT's swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City's parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.

DOT has replaced old and malfunctioning meters with new technology including multi-space pay stations and single space meters. Seventy percent (70%) of metered spaces have been upgraded and now run at greater than 99% up-time. By the end of FY11-12, 93% of the metered spaces will be upgraded.

88 - REVISE DOT REPORTING OF RECEIVABLES - CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT's receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.

DOT provided the fine, penalty and City share distribution in December 2010 and revised the format for the quarter ending March 2011 to allow for discrete aging timeline. After meeting with the Office of Finance, DOT requested, and the Office of Finance approved, a different timeline consistent with the parking citation life cycle. Beginning with the June 2011 reporting timeframe, the fines and penalties will be separate; the aging component will be consistent with the ticket lifecycle and the City share will be clearly stated.

#89 - TRAFFIC OFFICERS - CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority.

The Mayor's 2011-12 budget authorized funding to hire an additional 100 part-time traffic officers. DOT enforcement is also being reorganized with the assistance of LAPD Commander Michael Williams (on loan from the LAPD) to implement a strategic plan that will improve accountability and streamline activities utilizing improved and/or enhanced enforcement technology.

#90 - COLLECTION OVERHEAD AND EXPENSES - CORE recommends that DOT present to the Council's Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT's current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.

The Department pays ACS on a per citation processing basis and there are reimbursable costs included into the contractor's overall pricing schedule. In the current contract, the Department reimburses ACS for postage, storage and printing costs. Of these three reimbursable items, printing does include a 10% overhead fee. The contract does specify the an overhead charge for additional specified services and equipment beyond those required in the RFP shall not exceed 10% above the actual cost of the time or service; and that the contract must provide the City with a minimum of three bids and prior written approval from the city prior to procurement.

#91 - SCOFFLAW ENFORCEMENT - CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues

The Department will query the California Public Parking Association members to inquire about their overall support and report back to CORE in the next report.

#92 - VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lien holders of impoundments or impending impoundments. A lien holder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest -- and the right to repossess the vehicle in the event that a borrower or lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee -- and the costs for lien holders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how

notices to lien holders might be used to put extra pressure on repeat parking violators to pay.

DOT will contact the City Attorney's Office to discuss the legalities of such a program under the Fair Debt Collections Act and will update CORE in the next report.

#93 - REDUCE MARGINS OF ERROR - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.

The Department is working with ACS to revise the current error report to count all missing or blank mandatory fields as errors and to use these error reports to identify opportunities for additional training. Upon completion of the revised report, LADOT will begin monthly reviews and counseling of officers who are identified as having an error rate of 5% or greater for missing mandatory fields.

#94 - POLICY RE UNLIKELY TO COLLECT CITATIONS - CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.

DOT and ACS will discuss this recommendation to reduce the receivable for the difficult to collect population. DOT will also survey other cities regarding their policies regarding parking citation issuance to and collections from the homeless.

#95 - TECHNOLOGY - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.

The Department currently has all 19 license plate (LPR) vehicles currently deployed as follows:

- 15 LPR vehicles are deployed citywide daily through the High Priority Scofflaw Team. This team is deployed in Southern, Central, Hollywood and Western parking enforcement areas, Monday through Friday from 7:00 a.m. to 6:30 p.m.
- 4 LPR vehicles are deployed daily in the Valley Parking Enforcement Area. These vehicles are deployed Monday thru Friday from 7:00 a.m. to 6:30 p.m.

The only time the LPRs are not deployed is due to vehicle maintenance and system malfunctions.

The Department will also secure new handheld ticket writers in the upcoming RFP with higher resolution cameras and bar code reading capability and some real-time data downloads. These features will improve the quality of parking citations and the potential collectability.

#96 - Transportation Department – Parking Citations should expand focus from vendor contract management to include vendor collection performance management. This includes working with the collections vendor to set performance goals, identifying barriers to achieving these goals (e.g., using Pareto analysis tools to track and address key receivables causes), and assisting in removing these barriers. The collection vendor currently provides some collection performance information to the DOT to initiate this added focus.

The Department surveyed all members of the California Public Parking Association and found that no City has collection performance goals written into their parking citation contracts. However, the Department currently uses an incentive collections program, called Special Collections, with a flat fee that is only paid when a delinquent citation is fully paid after 79 days. In July, the Department will review ACS' annual collection presentation and proposed enhancements for possible implementation shortly thereafter.

In regards to collection performance, the Department is preparing a new format based on ticket life-cycle milestones to begin this analysis based upon the following ticket life-cycle penalties:

Days from issued date	Penalty added
37	Penalty doubles
58	\$25 added
79	\$3 DMV hold fee and \$21 special collection fee

LADOT will analyze this schedule and the payment rates to determine if adjustments need to be made that would maximize revenue based on historical payment history.

#97 - Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.

The new RFP will align, as much as legally possible under the California Vehicle Code, with Executive Directive 5 as it related to the referral of delinquent accounts to the City's contracted collection agencies.



For all of the following fields, enter information associated with each Invoice Type.
For purposes of this survey accounts receivable types not to be included are as follows:

- 1) Tax
- 2) Governmental Sources
- 3) Inter-departmental Transfers
- 4) Grants
- 5) Point-of-Sale Receivables


Field	Instructions
1. Invoice Type (Name)	Enter the type of invoice based on the specific service rendered and accounts receivable.
2. Joint or Consolidated Billing?	Enter whether this is a joint or consolidated billing with multiple invoices and/or departments and identify these.
3. Dept Billing	Enter your Department.
4. Business Lead Contact	Enter the name of your Business Lead Contact.
5. AR System	Enter the name of your Accounts Receivable System.
6. AR System Support	AR system maintained in-house or by vendor? If vendor, please list name of vendor.
7. Transaction Type	Enter the type of transaction (e.g. fee for service, cost recovery, permit, renewal).
8. Service Provided	Enter the services provided; extended description of rendered services.
9. Applicable City Codes	Enter the applicable City Codes/Ordinances pertaining to the receivable.
10. Applicable State or Federal Regulation	Enter the applicable State or Federal regulation pertaining to the receivable.
11. Dept Code, Revenue Source Code, Fund	Enter the applicable Fund, Department Code, and Revenue Source Code, e.g. (Fund 100 / Dept. 38 / RSC 2080). List all associated.
12. Non-City Amounts?	Enter whether the invoice includes amounts that are not City receivables and identify the entity for which the City is billing.
13. Interdepartmental or Grant Funds	Enter whether the invoice includes amounts that are interdepartmental transfers or grants.
14. Other Governmental Agencies	Enter whether the invoice includes amounts that are due from other governmental agencies and identify the principal agency or type.
15. Fee Schedule	Enter or provide your Department's Fee Schedule (if applicable).
16. Last Fee Adjustment	Enter when your Department last adjusted the fee and by what approximate percentage.
17. Deposit or Pre-payment collected?	Identify if deposit or a pre-payment is collected. If no, is this a possible option?
18. Delinquent Debtor Cross-Reference?	Identify any tools or resources used for cross-referencing and identifying delinquent debtors.
19. Check Verification System	Enter whether your Department utilizes a check verification system and identify the tool used.
20. Non-Sufficient Funds (NSF) Checks Fee	Enter whether NSF fee is applied and amount.
21. Invoice Term	Enter the term of the invoice (e.g. at 30 days past due or delinquent).
22. First Delinquency Notice	Enter number of days past due (counting from invoice due date) when Department sends out the 1st delinquency notice.
23. Final Notice	Enter number of days past due (counting from invoice due date) when Department sends out the final delinquency notice and whether City Attorney letterhead is used. Provide a sample copy of the final notice letterhead to Finance.
24. Interest	Enter the terms of interest charged (if applicable) on a monthly basis.
25. Penalty	Enter the terms of penalty charged (if applicable) on a monthly basis.
26. Liens	Enter if liens may be applied to this receivable type and identify the terms. If not currently applied, is there a prospective opportunity to apply liens?
27. Payment Plan	Is a payment plan option offered? If so, enter the terms of your Department's payment plan.
28. Payment Acceptance Options	List payment acceptance options (e.g. check, credit card, online payment, etc.)
29. Reimburse / Refund Threshold	Is there a minimum threshold for application of refund or reimbursement? What is the amount?
30. Appeal/Hearing Process	Identify whether an appeals or hearing process is available and the basic parameters.
31. Collection Referral	Enter whether your Department's delinquent Accounts Receivable are eligible for referral and number of days past due (counting from invoice due date).
32. Primary Collection Agency	Enter the name of your Department's Primary Collection Agency.
33. Secondary Collection Agency	Enter the name of your Department's Secondary Collection Agency.
34. Statute of Limitation/Write-Off	Enter whether your Department's delinquent Accounts Receivable are allowable for write-off (e.g. write-off [not] eligible) and identify the statute of limitation on collection (e.g. 5 years from invoice generation). Separately identify if penalty and interest is subject to write-off or adjustment/waiver by department where uncollected.
35. Documented AR Procedures	Enter whether your Department has written Accounts Receivable procedures, the date of the latest version, and please provide a copy to Finance.
36. Approximate Annual Billing (FY10)	Enter your Department's approximate annual \$ billing amount for FY 2010.
37. Approximate Annual Receipts [Cash Basis (FY10)]	Enter your Department's approximate annual \$ receipts amount for FY 2010 on a cash basis.
38. Annual Invoice Volume (FY10)	Enter your Department's annual invoice generation volume for FY 2010.
39. Billing Cycle	Identify your Department's Billing Cycle (Annual, Quarterly, within # days of service, etc).
40. Calculation of Uncollectible Amount	Enter your Department's calculation for determining uncollectible amounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 110

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on progress made with collections over the past year and how Finance has implemented recommendations from the Controller and the Commission on Revenue Efficiency (CORE).

Subject: **OFFICE OF FINANCE – COLLECTION EFFORTS AND IMPLEMENTATION OF CONTROLLER AND CORE RECOMMENDATIONS**

The Office of Finance (Finance) has submitted the attached report back regarding the progress Finance has made with collections over the past year and how the Department has implemented Controller and CORE recommendations. Finance reports that at the end of 2010-11 it presented a comprehensive report on the status of implementing recommendations from the CORE *Blueprint Reform of City Collections*, the Macias Study, Controller audit reports, and Council directives (See C.F. 10-0225). The progress is detailed in this report and is attached. An update to this report is expected to be released in late May/early June 2012.

This memorandum is informational only. There is no fiscal impact.

Attachments

MAS:RPC:BC:MDG:01120064d


Question No. 20

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 3, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Officer

Attention: Maria Gutierrez, Finance Specialist III

FROM: 
Antoinette Christovale, CPA
Director of Finance
Office of Finance

**SUBJECT: RESPONSE TO BUDGET & FINANCE COMMITTEE QUESTION NO. 20
– OFFICE OF FINANCE COLLECTION EFFORTS AND
IMPLEMENTATION OF CORE AND CONTROLLER REPORT
RECOMMENDATIONS**

In response to Question No. 20 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the progress Finance has made with collections over the past year and if Finance has implemented the recommendations from the Commission on Revenue Efficiency (CORE) and Office of the Controller audit reports.

Finance presented a comprehensive report at year-end of FY 2010-11 on the status of implementing recommendations from the CORE Blueprint for Reform of City Collections, the Macias Study, Office of the Controller Audit reports, and the Council. The report included progress made by Finance and other City Departments. It further provided a matrix of the recommendations noting that several had been completed, initiated or assigned as a next step. Finance is in the process of updating this report with an anticipated release date to the Mayor and City Council in late May/early June 2012.

If you have any questions or would like to discuss this matter, please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.

cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

ANTOINETTE CHRISTOVALE
DIRECTOR OF FINANCE

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 220 - CITY HALL
LOS ANGELES, CA 90012

(213) 978-1774



ANTONIO R. VILLARAIGOSA
MAYOR

August 8, 2011

The Honorable Budget and Finance Committee
The Honorable Audits and Governmental Efficiency Committee
200 N. Spring Street, Room 303
Los Angeles, California 90012

Attn: Erika Pulst, Legislative Assistant/Richard Williams, Legislative Assistant

RE: Accounts Receivable Citywide Improvement Initiatives Report 4th Quarter FY11 (C.F. Nos. 10-0225)

Dear Honorable Committee Members:

As requested by the Joint Budget and Finance and Audits and Governmental Efficiency Committees, I am releasing the Accounts Receivable Citywide Improvement Initiatives Report for the 4th Quarter Fiscal Year 2010-2011. This report is a follow-up to our transmittal dated April 8, 2011 and furthers ongoing quarterly reporting on citywide accounts receivable management efforts. It also includes responses from City departments on various directives.

If you have any questions, please contact Jeffery Whitmore, Revenue Manager, Office of Finance at (213) 978-1781 and City Departments directly on their report backs.

Sincerely,

Antoinette Christovale, CPA
Director of Finance

Attachments

cc: Honorable Wendy Greuel, City Controller
Honorable Carmen Trutanich, City Attorney
Gaye Williams, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattera, Deputy Mayor of Budget and Finance Policy
Gerry Miller, Chief Legislative Analyst
Miguel Santana, Chief Administrative Officer
Bud Ovrom, General Manager, Department of Building & Safety
June Lagmay, City Clerk, Office of the City Clerk
Brian Cummings, Interim Fire Chief, Fire Department
Tony Royster, General Manager, Department of General Services
Douglas Guthrie, General Manager, Housing Department
Randi Levin, General Manager, Information Technology Agency
Maggie Whelan, General Manager, Personnel Department
Michael LoGrande, Director of Planning, Planning Department
Andrea Alarcon, President, Board of Public Works
Jaime de la Vega, General Manager, Transportation Department
Richard Tefank, Executive Director, Police Commission
Commission on Revenue Efficiency (CORE)

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

Accounts Receivable Citywide Improvement Initiatives

Fiscal Year 2010-11
4th Quarter Report



OFFICE OF FINANCE

Antoinette Christovale, CPA
Director of Finance

June 30, 2011



Office of Finance

Accounts Receivable Citywide Improvement Initiatives

SUMMARY

On April 8, 2011, Office of Finance (Finance) transmitted the first of ongoing quarterly reporting in response to the Macias Consulting Group Study (Macias Study), *Feasibility and Implementation Study: Centralization of Billing and Collection Activities* (2009); 2010 City Controller's *Follow-Up Audit on Citywide Billing and Collection Practices*; Commission on Revenue Efficiency's (CORE) *Blueprint for Reform of City Collections* (October 2010); and City Council actions (C.F. 10-0225).

On May 3, 2011, the City Council instructed:

1. Finance to continue regular quarterly reporting on progress to the City Council of proposed and ongoing initiatives being undertaken by Finance as described in Exhibit i.
2. City departments to prepare and submit responses, as coordinated by Finance, on the directives contained in Exhibit ii within 60 days.
3. Finance, with the assistance of the City Attorney, to develop a Request For Proposals (RFP) for sale of uncollectible accounts receivable and submit to Council for authorization within 45 days.

Finance Initiatives (Exhibit i)

Finance is continuing to report quarterly on progress toward implementing the various recommendations and ultimately improving collection of monies due the City. This is the second Accounts Receivable Citywide Improvement Initiative (ARCI) update for the 4th Quarter of Fiscal Year (FY) 2010-11. The accounts receivable related directives of the City Controller, Macias Study, CORE and City Council are each represented herein via initiatives Finance is proposing and undertaking. (Exhibit i)

Finance is pursuing the many initiatives for citywide accounts receivable improvements within existing resources. Finance has successfully implemented Council's revenue programs in FY 2010-11 and has made some progress in addressing the escalated initiatives, particularly in acquiring information needed to further efforts in improving upon and informing about citywide accounts receivable.

FY 2010-11 citywide collections totaled \$27.3 million, slightly below prior year's \$28.3 million. This was despite several new initiatives:

- Secondary collections (\$.05 million) contracts executed December 2010
- Non-Tax Amnesty program (\$2.9 million) from February through April 2011
- Administrative Tax Liens (\$1.1 million) initiated December 2010

Accounts Receivable Citywide Improvement Initiatives

While both the Non-Tax Amnesty Program and Administrative Tax Liens were successful exceeding the budgeted revenues by \$1 million, the secondary collections program was low performing, in part due to a mid-year start, but also due to a slow adoption and implementation rate as collections among various departments is decentralized and dependent on modifications and interface development with their systems, in addition to the business process changes. Finance continues to work with departments to facilitate implementation of secondary collections processes where appropriate and will continue to evaluate the program's effectiveness along with ways to improve it, such as through enhanced centralized collections management tools.

Currently underway FMS Phase 2 centralized accounts receivable billing data and enhanced reporting is the implementation of Macias Phase I. This project is currently on track for a December 2011 implementation with analysis and reporting to subsequently follow, although some departments may not meet this timeline for their own interface development. The primary known exception to the project's Concept Design is the non-involvement of the Los Angeles Convention Center (LACC), which was in-scope of Council's original project approval. LACC expressed confidentiality issues with the project scope and as of present, is not participating and will not be part of the initial system implementation. More recently, a preliminary assessment from the City Attorney indicates it may also be problematic to include ambulance billings as part of the reporting system due to Health Insurance Portability and Accountability Act (HIPAA) constraints on information. This is under further review and consideration.

Looking forward, this system development begets a need for ongoing resource requirements in supporting, maintaining, and using the system. Without continuing appropriate staffing the system's functionality and accuracy would be at-risk. Additionally, the baseline deliverable will need to continue to evolve to address the many nuances and variations of citywide accounts receivable types and reporting requirements. Permanent resources will be required in the FY 2012-13 Budget. In the meantime, Finance is making progress in current reporting of the citywide Accounts Receivable Quarterly (ARQ), and is further expanding and honing reporting in the upcoming 4th Quarter ARQ report.

In improving and compiling information on citywide receivables, Finance also engaged the Revenue Management Committee (RMC) to obtain information for response to many of the initiatives that Finance is addressing in Exhibit i.

Departments' Report Back (Exhibit ii)

Finance has compiled departments' report-backs on department specific directives identified by the City Controller, CORE, and Macias Study listed in Exhibit ii. All departments' responses have been received with City Attorney's response to Council to follow. It is important to note that since the Fire department started referring delinquent ambulance billings to the City contracted collection agencies administered by Finance, \$4.3 million in payments have been received. This is revenue that otherwise would not have been collected.

Accounts Receivable Citywide Improvement Initiatives

Leveraging this survey data and other information sources, detailed information spanning application of penalty and interest, applicable ordinances, and specific billing procedures for the universe of citywide billable receivables is being centrally compiled by Finance (See draft template - Exhibit iii). This data will be maintained with an annual validation and update by City departments. With this resource along with the aforementioned data capture underway by Finance, the Inspector General position will have an information repository as a starting point in working with departments to achieve citywide initiatives. Finance proposes to work with departments to centrally compile this data in the next 90 days and request Council's support in this action.

Sale of Uncollectibles RFP

An RFP for expanded broker evaluation and sale of uncollectibles is pending final review in conjunction with the City Attorney. The RFP was being designed to secure a broker for evaluation and sale of debt; however, this proposed model requires further legal consideration and the RFP as drafted may need to be modified. In the event that broker services cannot be secured, City staff would be required to conduct the debt sale. This was the case in the City's prior debt sale and it proved to be a cumbersome process for City staff. Additionally it should be noted that ambulance billings and parking citations are likely outside the scope of any debt sale by Finance due to legal constraints. Upon completion of review, the RFP will be transmitted to Council for further consideration.

Next Steps in Centralization

While the Macias Study identifies that citywide billing may be feasible, little tangible financial benefit is traceable to this effort in the figures provided in the study. Finance believes that centralized billing is not the next most logical and productive step in improving citywide accounts receivable management. Enhanced centralized management of citywide collection activities is likely to be the most significant improvement that can be made by Finance in terms of efficiency and potential revenue. While billing relies on specific departmental knowledge in generation and handling, collection activity is a more opportune task for Finance to successfully and more quickly overtake. Collections management is a core competency of Finance.

Finance is presently working to determine possible costs and benefits of enhanced centralized collections management. Some of the potential benefits of a robust centralized modern collections management system include:

- Performance-based monitoring and assignment of debt to external collection agencies
- Centralized collections data and reporting
- Standardized, automated processes for both primary and secondary collections
- Centralized case management for the entire collections lifecycle
- Centralization of collections business functions and tools (e.g. skip tracing, lien tracking, etc.)
- Increased opportunities to pool accounts by debtor across all departments

Accounts Receivable Citywide Improvement Initiatives

- Reduced departmental interface management and technical support requirements
- Reduced dependency on departmental collections management processing and manual processes
- Increased control and accountability for collections management under Finance

Finance is prioritizing centralized collections management for consideration as the “next step” in the centralization of accounts receivable. This will require continuing collaboration and cooperation of citywide departments in facilitating the review process, legal support on issues related to types of debt eligible to be centralized under Finance, change management, determination of appropriate resource levels, procurement, and implementation. Finance is working toward presenting options for centralized collections management in the FY 2012-13 budget development process.

Closing

Resource enhancements will be required to fully implement many of the directives identified in this report, particularly those with a reliance on technological enhancement. Finance’s current capacity to pursue significant additional new technologies is limited. In the meantime, Finance will continue to pursue data, policy, and procedure improvements while managing ongoing activities and programs; however, the pace of execution of citywide improvements is unlikely to increase significantly as many of the directives are an escalation of Finance’s existing programs without additional resources.

Finance will continue to take input, refine, and evolve from this point. Finance looks forward to continuing engagement with the Mayor, City Council, City Controller, City Attorney, City Departments and CORE in furthering and improving on the City’s initiatives.

RECOMMENDATIONS

That the City Council, subject to approval of the Mayor:

1. Request the City Attorney to report back to the Council with responses to items designated to the City Attorney in Exhibit ii as well as to identify a liaison to assist the Office of Finance in addressing legal issues pertinent to the initiatives listed in Exhibit i.
2. Request Citywide departments to work with the Office of Finance in compiling extensive citywide accounts receivable data in a form similar to Exhibit iii over the next 90 days as coordinated by Finance.

Attachments

- Exhibit i – Finance Directives Checklist
- Exhibit ii – Departmental Report-Back Tracker
- Exhibit iii – Draft Invoice-Type Workbook Template

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
1	Citywide Reporting	City Controller	<p>1)a) In implementing centralized billing and collections, Finance should:</p> <p>Explore the cost effectiveness of having the Information Technology Agency (ITA) build any interfaces and system modifications as part of the Financial Management System (FMS) implementation, as opposed to Macias' proposal to hire a contractor to develop a portal.</p>	ITA	Council has approved FMS Phase 2 project to build a citywide accounts receivable billing data warehouse and reporting tool as recommended.	03/31/2011	Implemented
2	Citywide Reporting	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-A comprehensive summary of all outstanding receivables due the City, broken down by principal, interest, fines, and fees.</p> <p>-What portion of the amount is realistically collectible, and what portion should be considered for write off due to legal or practical constraints.</p>	City Attorney; CAO; CLA	<p>On 6/30/2011, Finance released the FY11 3rd Quarter Accounts Receivable Quarterly Report, which provides a breakdown of outstanding receivables by principal, interest and penalties.</p> <p>Uncollectibles trending data will accrue over time in the FMS Phase 2: accounts receivable data warehouse. But initial evaluation will likely require at least a year of data.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
3	Citywide Reporting	CORE	2) FMS ROLL OUT AND FUTURE FUNDING - CORE recommends that ITA and Finance take all actions necessary for full and smooth launch of the new FMS by July 1, 2011, coupled with implementation of the accounts receivable module / component by September 30, 2011. Additionally, it will be vital for the City to fund the future phases of greater accounts receivable centralization.	ITA	FMS Phase 1, including Accounts Receivable module, went live <u>July 2011</u> . FMS Phase 2 accounts receivable billing data warehouse is currently scheduled for <u>December 2011</u> delivery.	06/30/2011	Initiated
4	Citywide Reporting	CORE	41) REVISE ACCOUNTS RECEIVABLE REPORTING TEMPLATE - CORE recommends that Finance revise the accounts receivable template used by departments and Finance for reports of quarterly receivables. i. Include columns delineating breakdowns of any applied interest, penalties and late fees. ii. Include columns delineating the age of receivables with greater specificity, and in time frames that will (a) correspond to the process flow and timetable(s) outlined in the (revised) Collection Guidelines, and (b) more clearly delineate accounts approaching statute(s) of limitations for collections.	Citywide	Revised Accounts Receivable Quarterly reporting was produced for the 3rd Quarter, FY 11. Refinements (including multiple aging report variations) will continue to occur with the launch of FMS Phase 2.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
5	Citywide Reporting	Macias Study	1) a) As part of centralization of report development, Finance should develop query access for each existing receivable system: - Envision -eTims (outsourced) -HIMS -FSS -CryWolf -PIMS	ITA; Citywide	These systems are all in-scope of the FMS Phase 2 accounts receivable billing data warehouse.	03/31/2011	Initiated
6	Citywide Reporting	Macias Study	3) The City Should Increase Accounts Receivable Reporting Frequency and Content for the Fire, Housing, Police and Transportation Departments from quarterly to monthly for four departments with high billing rates and receivables.	DOT; LAFD; LAHD; LAPD	FMS Phase 2 accounts receivable billing data warehouse project automated reporting will readily allow for monthly AR report generation.	03/31/2011	Next Step
7	Citywide Reporting	Macias Study	3)a) The content of the account receivable reporting should report the historic amount billed and amount collected-to-date, per month, from those billings.	Citywide	The FY11 4th Quarter Accounts Receivable report will include quarterly and annual billing data. Billing data will accumulate on a go-forward basis from FMS Phase 2 accounts receivable billing data warehouse project go-live. Reporting is anticipated to be generated once sufficient data has accumulated for trending analysis.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
8	Citywide Reporting	Macias Study	3)b) These departments should determine the causes for late (over 90 days), and report a breakdown of receivable dollars by categorized cause, and Finance should graphically report these metrics to the Mayor's office and to Department management. This information will help both Finance and the Mayor's office oversee the effectiveness of these four departments in maximizing revenue.	DOT; LAFD; LAHD; LAPD	Causality reporting is envisioned for FMS Phase 2 accounts receivable billing data reporting and in the data mapping process Finance is working with departments on identifying causal data.	03/31/2011	Next Step
9	Citywide Reporting	Macias Study	4)a) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: -the Police Department should add DUI billings to their accounts receivable reporting.	LAPD	Inclusion of this receivable type is not presently feasible as it is not system maintained. Further analysis is necessary.	06/30/2011	Next Step
10	Citywide Reporting	Macias Study	4)b) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: - the Public Works Bureau of Sanitation should add billings for industrial waste, septage waste hauling, groundwater, and refuse and recycling services in the quarterly accounts receivable and collections report provided to Finance.	PW San	Sanitation IWMD billings are currently reported.	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
11	Citywide Reporting	Macias Study	<p>4)c) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance:</p> <p>- the Bureau of Street Lighting should include billings for street light repairs.</p>	PW BSL	Inclusion of this receivable type is being re-evaluated post-FMS GoLive.	06/30/2011	Next Step
12	Centralized Collections	City Controller	<p>27) Finance should provide departments with reports or electronic files that would allow the departments to reconcile their inventory of accounts to Finance's records.</p>		<p>Finance implemented this recommendation with the 2008 web-based portal and provided subsequent training to departments on using the tool to reconcile their inventory to Finance's records. In addition, CUBS (CCU system) reports are available to departments.</p> <p>Finance is enhancing this web tool based on user feedback to facilitate ease and usability for departments including:</p> <ul style="list-style-type: none"> -Excel export and improved printing -User defined query parameters <p>The contractor is working on these enhancements with an anticipated implementation of October 2012.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
13	Centralized Collections	City Controller	28) Finance should determine the feasibility of enhancing the website to meet the information needs of user departments.	Citywide	Enhancement is feasible and underway. See response to Document Line No. 12.	06/30/2011	Implemented
14	Centralized Collections	City Council	AUTHORIZE the Office of Finance to negotiate and execute a two-year contract with four firms to provide secondary collection services on a contingency fee basis with the Office of Finance to be responsible for the contracts, though other City departments will also have the opportunity to refer delinquent accounts. (CF#10-0396 August 11, 2010)		This recommendation has been implemented with four secondary collection agency contracts effective <u>December 31, 2010</u> .	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
15	Centralized Collections	City Council	INSTRUCT the Los Angeles Police and Fire Departments to report back on the current process of referring delinquent accounts to the Office of Finance with recommendations to expedite the process. (CF#s 10-0225 and 10-1155 October 13, 2010)	LAFD; LAPD	<p>According to the Police Commission's response (Council File No. 10-0225), all eligible accounts have been referred to collection agencies on a weekly basis, except for accounts that have been contested, have entered into installment agreements for payment, or are scheduled to be satisfied through alarm school. Further information is listed in their memo.</p> <p>Fire has indicated in its responses that delinquent accounts are referred to collections within 45 days except as otherwise required by Ordinance. For example CUPA invoices are deemed delinquent at 60 days from the invoice date. Fire Department began referring Ambulance billings over 270 days to City collection agencies in February 2010 generating \$4.3 million.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
16	Centralized Collections	CORE	19) COMPULSORY / AUTOMATIC ACCOUNT TRANSFERS - CORE recommends replacing the current system of department "referrals" of accounts from one stage of collections to another with a de facto system of compulsory account transfers, under the supervision of Finance. Rather than make referrals a discretionary or recommended act by a department, the transfer should be compulsory (and, preferably, automatic) – unless there is a specific reason or circumstance to not do so.	ITA; Citywide	In FMS, automated account transfers to primary collections are being conducted for departments using the Accounts Receivable module, as do various other citywide receivable systems. Citywide departments are in the process of establishing referrals to secondary agencies. Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
17	Centralized Collections	CORE	<p>21) PRIMARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines setting forth the process flow for primary collections of accounts of less than \$5,000 – as follows: i. Delinquent accounts, shall henceforth be de facto transferred to a primary collection agency (unless a department provides a satisfactory specific reason or circumstance not to).ii. If no payment is received within a 9 month period from transfer of an account to the primary collection agency, the account shall, in consultation with Finance, be automatically transferred to secondary collections.iii. If partial payment is received within the 9 month period, the period for the primary agency to hold the account may be extended up to another three months. iv. Finance shall have discretion to “pull” any account or pool of accounts at will.</p>	ITA; Citywide	<p>i. See Document Line No. 16 for information on automated transfers. ii. & iii. Under existing contracts, primary collection agencies have up to a year to collect once delinquent accounts are referred to the agency; however, these contracts are set to expire <u>September 2012</u>. New primary collection contracts may reflect the recommendation that agencies will have up to 9 months to collect once accounts are referred, instead of 12 months. i.v. Finance has the contractual right to pull or pool accounts, but generally the determination to do so is with the referring department in practice.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
18	Centralized Collections	CORE	22) SECONDARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines to provide for an automatic or compulsory transfer of unpaid accounts from primary to secondary collection vendors as soon as time allotted to primary collection has expired. Such transfer should be automatic and, at the same time, in consultation with Finance. Such transfer, we generally believe, should be for a six (6) month period -- except where Finance determines otherwise.	ITA; Citywide	Current secondary collections contracts stipulate a six month collection period. See also Document Line No. 16 for more information on automated transfers.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
19	Centralized Collections	CORE	23) MULTIPLE VENDORS AND COMPETITION - CORE recommends that Finance have contracts with at least two private collection agencies with respect to each major type of receivable. Each vendor would initially receive equal referrals and Finance would evaluate and publish each vendor's performance quarterly. Under a rewards-based system for distributing accounts, the evaluations would be determinative of the volume of accounts assigned in subsequent quarters. Competition is good, and Finance should reward superior performance with additional referrals.		Council has approved contracts with 4 secondary collection agencies, effective <u>December 2010</u> . Expansion of vendor competition may be reviewed in context of the next contract cycle in <u>2012</u> . Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
20	Citywide Customer ID	City Controller	34) Finance should develop a comprehensive database of delinquent debtors, which departments could refer to before accepting payments by check.	Citywide	<p>In accordance with LAMC 21.15, Finance since 2009 has been posting a list of delinquent tax debts due the City in excess of \$100,000 on a regular basis. In addition, a list of delinquent accounts that are in litigation are also posted.</p> <p>In <u>May 2010</u>, Finance began posting a non-tax debtor list on the City intranet. The purpose of the list is for departments to cross reference when servicing customers and request payment before extending additional services, permits, or fees to a debtor. Finance will begin providing the list in a more searchable and sortable Excel format.</p> <p>Finance is developing a LATAX look up file that will provide departments access to BTRC and other status for tax accounts. See Doc Line No. 21.</p>	06/30/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
21	Citywide Customer ID	CORE	4) CITYWIDE CUSTOMER ID SYSTEM - CORE recommends implement-action of a consistent Citywide ID system for all accounts to be used by individuals and companies for their dealings with any and every City department. Finance, ITA and the Treasurer should prepare and submit a report on needed funding and a projected timeline for such implementation, along with projected cost savings from such a consistent system.	City Controller; GSD; ITA; Treasurer; Citywide	An LATAX/FMS service vendor intercept of payments for vendors not current with their tax payments was developed and implemented in conjunction with FMS on July 5th. A commodity vendor intercept with SMS is also planned but presently the SMS system resources are largely devoted to FMS GoLive. In the meantime, Finance has implemented a tax intercept process based on SMS vendors via a manual process with GSD to intercept any monies related to SMS vendors.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
22	Citywide Customer ID	CORE	44) INVENTORY OF CITY DATABASES - CORE recommends that ITA develop and submit an inventory to Council of currently existing and available department and Citywide data pools / databases that could assist in identifying parties who may owe the City money. Specifically: Instruct ITA and Finance to prepare an inventory of known databases, with brief descriptions of the data fields in each database, the format / software of each of the databases and the accessibility of the database to other departments.	ITA; Citywide	A citywide review of accounts receivable systems and data types has been conducted jointly by FMS Phase 1 and the FMS Phase 2 Project Team. Relevant information is being captured in the accounts receivable billing data warehouse scheduled for <u>December 2011</u> . The data warehouse; however, does not constitute a customer identification system.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
23	Citywide Customer ID	CORE	45) INVENTORY OF NON-CITY DATABASES - CORE recommends that Finance submit to Council a memorandum identifying non-City databases which might be beneficial for the City to have access to for the purposes of revenue enhancement.		<p>On <u>October 7, 2010</u>, Finance submitted recommendations for the City's 2011-12 Legislative Proposals request in which the IRS, State Board of Equalization (SBOE), and the LA County Assessor's Office are identified as desired data sources that are not currently accessible without legislative action.</p> <p>Finance's proposal for information sharing between the SBOE and LA County has been advanced in the form of AB 563. This bill is working its way through the California legislature. The Senate Governance and Finance Committee voted 6 - 3 in favor of the bill.</p> <p>Finance is inquiring on the status of legislation for IRS data sharing and will update once available.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
24	Citywide Customer ID	CORE	<p>46) DATA BASE OF DELINQUENTS - CORE recommends that Finance, in consultation with the City Attorney, develop a process for departments to access a master list / database of both business tax and non-business tax-related receivables - to verify that a party does not have delinquent accounts with any City department prior to the City extending or granting to such party:</p> <ul style="list-style-type: none"> -Certain services, -Permits, -Approvals, -Contracts, -Employment, or -Commission/Board appointment or renewal 	City Attorney	<p>See Document Line Nos. 21 and 25.</p> <p>Finance is developing online view capability to LATAX for City departments to cross-reference vendors for tax registration and debts prior to entering into an agreement.</p> <p>Finance also interfaces with Building and Safety to identify permit applicants without business tax registration or who owe taxes prior to receipt of permit.</p> <p>Finance is consulting with the City Attorney's office.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
25	Citywide Customer ID	CORE	48) POST LIST OF TOP NON-TAX DEBTORS ON THE INTERNET - CORE recommends that Finance post the names of top non-tax-delinquent debtors on the City's website – subject to City attorney approval.	City Attorney	The internet posting of tax debtors is modeled after the State of CA top debtors list to motivate debtors to pay amounts due the City. The intranet posting of non-tax debtors is only to be used by City departments to cross reference and request payment before extending additional services, permits, or fees to a debtor. Finance is not recommending internet posting of non-tax debtors at this time. Finance is awaiting City Attorney's advice.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
26	Central Payment Portal	CORE	3) CENTRAL PAYMENT PORTAL - CORE recommends that Finance, ITA and the Treasurer prepare and submit a report on the needed funding and projected timeline for implementing a Citywide on-line payments portal – with multiple ways to pay for accounts and receivables.	ITA; Treasurer; Citywide	A number of departments have online payment portals as discussed in Document Line No. 27. However, this item speaks to centralizing and merits a citywide perspective and discussion. Finance has suggested that next steps in citywide core financial systems be discussed in FMS POC. With addition of Treasurer function to Finance, this will be further explored internally as well.	06/30/2011	Next Step
27	Central Payment Portal	CORE	49) ON-LINE AND AUTO-PAY OPTIONS - CORE recommends that Finance, in consultation with the Treasurer and ITA, prepare and submit a report on the extent and availability of on-line and auto-pay payment options (credit card, e-check, etc.) for various types of collections by departments and Finance and collection agencies.	ITA; Treasurer	Finance accepts multiple online payment forms including Automated Clearing House, credit and debit cards, and eCheck for tax and permit holders. All City outside collection agencies maintain online payment options. Additional departmental online payment options are identified in Exhibit i-a.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
28	Citywide Billing	City Controller	<p>1)b) In implementing centralized billing and collections, Finance should:</p> <p>-Work with the CAO, LAFD, and other stakeholders to determine responsibilities related to EMS billing and collection functions.</p>	CAO; LAFD	<p>The direction for EMS billings and collections is presently being undertaken by the Fire Department as authorized by Council. Fire is the new contract holder for services supporting Fire's system and processes from the field through collections.</p> <p>Finance will work with Fire collaboratively in support of their accounts receivable management efforts. Fire should report back with the results of their system enhancements once sufficient data is available. The City may re-evaluate the current arrangement once sufficient time has lapsed to evaluate successes and future steps in EMS billing and collections process improvements.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
29	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer and the Chief Legislative Analyst to review Phase I and Phase II recommendations of the Macias report, reconcile Council actions to-date with those recommendations and submit revised recommendations within 45 days to the Budget and Finance Committee. (CF# 10-0225 October 13, 2010)	CAO; CLA	The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
30	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer, the Chief Legislative Analyst, the City Attorney, the Los Angeles Police and Fire Departments, and any other affected department, to report in 45 days with recommendations to structure a centralized billing and collections process and bring forth any ordinances needed for implementation. (CF#s 10-0225 and 10-1155-S1 October 13, 2010)	City Attorney; CAO; CLA; LAFD; LAPD	Finance is pursuing enhanced centralized collections management and will develop a proposal through the FY 2012-13 budget process.	06/30/2011	Next Step
31	Citywide Billing	City Council	INSTRUCT the Office of Finance to report on the status of the creation of a centralized City billing process; including the anticipated increase in collections from utilization; the amount of time before a debt is referred to a collection agency; the authority which would be needed by the Revenue Manager to act as "Collections Sheriff." (CF#s 10-0225 and 10-1155 October 13, 2010)		The accompanying report is the latest status in citywide billing and collection improvement. While the Macias Study provides some estimates of financial benefits, it is premature from Finance's perspective to speculate on financial benefits. Citywide Guidelines specify referral to collections by 45 days past due. In the manner of a "Collections Sheriff", Finance is supportive of the Inspector General concept.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
32	Citywide Billing	CORE	1) MACIAS STUDY FOLLOW-THROUGH - CORE recommends that Finance prepare a memorandum for Council re: the next steps it recommends to follow-up and follow-through on the "Feasibility Study: Centralization of Billing and Collection Activities", dated Dec. 21, 2009, by Macias Gini & O'Connell.		The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted
33	Citywide Billing	CORE	53) CONSOLIDATED BILLINGS - CORE recommends that Finance report to Council about possible MOUs and other arrangements to consolidate billings or assign billing responsibility to another department or agency, in or out of the City – DWP, County, BOE, etc.	Citywide	Finance requested feedback from RMC members on potential consolidation opportunities for further exploration; however, no responding departments identified any among existing receivables.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
34	Citywide Billing	Macias Study	<p>1) The City should centralize report development and develop enhanced revenue metrics, as described in Phase 1, and centralize billing and collections for the following invoices, as described in Phase 2:</p> <ul style="list-style-type: none"> -Ambulance (EMS) billing -Ambulance (contract) -Inspection Restitution (Fire) -Fire safety watch -Film safety (Fire) -Brush clearance/ non-compliance (Fire) -Other Fire Department fees -DUI charges (Police) -Annual permits (e.g., CUPA)(Fire) -False alarm billings (Police) -Parking citations (delinquent collections only) 	ITA; Citywide	<p>Phase 1 of Macias: Centralization of report development and enhanced metrics is currently underway as FMS Phase 2 citywide accounts receivable billing data warehouse. The project system delivery date target is <u>December 2011</u>. Data and reporting will be leveraged in determining ongoing AR centralization efforts.</p> <p>The most significant revenue pieces of Macias Phase 2 are underway as Fire EMS billings are contracted and updated DOT parking citation billing processes is pending release of an RFP.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
35	Admin Authority	CORE	6) STRENGTHEN AUTHORITIES OF THE OFFICE OF FINANCE - CORE recommends that Finance submit proposed ordinance changes to Council that would clarify and strengthen the authorities needed by Finance to ensure compliance of departments with its instructions – and to provide Finance greater latitude in developing instructions and guidelines it deems efficacious.	City Attorney	Mayor's Executive Directive No. 5, re-released on May 18, 2011 along with accompanying updated Citywide Guidelines, additionally extends Mayoral directive to Finance instructions regarding billing and collections. Finance is initiating review of City Ordinances pertaining to the Board of Review and to be followed by review of other ordinances governing receivables management. See Also Document Line Nos. 67 and 69.	06/30/2011	Initiated
36	Admin Authority	CORE	20) PROCESS FLOW AND TIMETABLE - CORE recommends that the Current Non-Tax Accounts Receivable Process Flow and Timetable of the Collection Guidelines be replaced with CORE's updated Recommended Non-Tax Flowchart.	Citywide	Updated Citywide Guidelines were released in <u>May 2011</u> by the Mayor's Office. Process flow and timetable reflect current business processes and will continue to evolve as changes in processes occur.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
37	Departments' Practices	City Council	Direct Finance, with the assistance of the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), City Attorney and operating departments establish a Revenue Collection Review Task Force to identify all of the methods that individually and collectively are available to the City, including outside resources, in order to secure the revenue due to the City. The Task Force should identify systems that are working and those that must be reevaluated and reinstated. After conducting its review, the Task Force recommend to Council new processes and procedures to capture outstanding revenue due to the City and institutionalize systems that will minimize and mitigate the delay in receipt of accounts payable and the potential of revenue in the future. (CF# 09-2560-S1 February 10, 2010)	City Attorney; CAO; CLA; Citywide	A report back to Council is being drafted.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
38	Departments' Practices	CORE	8) REVENUE COLLECTION REVIEW TASK FORCE - CORE recommends that Finance immediately report to the Council's Budget & Finance Committee regarding the status of creation of this Task Force. CORE further recommends that the Committee request each of the members of the Task Force to appear before the Committee.	City Attorney; CAO; CLA;	See response to Document Line No. 37.	03/31/2011	Initiated
39	Departments' Practices	CORE	9) REVENUE MANAGEMENT COMMITTEE - CORE recommends that Finance take all necessary steps to reconstitute and invigorate its current Revenue Management Committee (the "RMC").	Citywide	Finance recently required all City departments with accounts receivable to participate in the RMC. Finance has received and is reviewing feedback from RMC members to help determine ways to improve the value of meetings and maximize revenue collection.	06/30/2011	Initiated
40	Departments' Practices	Neighborhood Council Budget Advocates	4) Create a Board of Permits and Licenses with representatives from CAO, Office of Finance, LAPD, Public Works, City Attorney's Office, DOT, and LAFD Emergency Ambulance Services.	City Attorney; CAO; DOT; LAFD; LAPD; PW Board	Finance is in contact with the CAO on the establishment of such a body.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
41	Departments' Practices	City Controller	33) Finance should require departments that receive a high volume of checks to work with the City Treasurer to explore the feasibility of installing a check verification system.	Treasurer; Citywide	Most departments, in prior consultation with the Treasurer's Office, do not use check verification services as it was deemed not cost effective for their particular situations; however, a couple of departments have expressed interest in evaluating the use of such a service. After consolidation of Treasurer's Office, Finance will follow up with these departments in the 1st Quarter of FY 12.	06/30/2011	Initiated
42	Departments' Practices	CORE	39) USE OF CITY ATTORNEY LETTERHEAD - CORE recommends that Finance report to the Council and the City Attorney regarding departmental compliance with Sec. 4.4 of the Collection Guidelines.	City Attorney; Citywide	While one department has not yet responded, Finance has reviewed the submissions and has deemed that they are generally compliant with requirements though there are a few minor adjustments in a couple of samples that Finance is providing feedback on.	06/30/2011	Initiated
43	Departments' Practices	CORE	50) ADVANCE PAYMENTS - CORE recommends that Finance identify services and billing types for which City departments should, or could, demand advance payment(s) and/or deposits.	Citywide	Finance addresses this directive in its review of departments' billing and collections practices. Survey responses on this topic did not identify additional pre-payment opportunities.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
44	Departments' Practices	Macias Study	2) The Office of Finance should ensure that 14 Departments Establish Uniform Billing Procedures: Fourteen of the 17 City departments included in our review rely on informal, locally-developed processes and institutional knowledge, rather than consistent, documented processes for billing. The remaining departments, such as the Police, Fire and Transportation departments have more detailed guidance governing billing and collection processes.	Citywide	Finance is pending receipt of two departments' updated billing processes and procedures.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
45	Revenue Programs	City Council	INSTRUCT the City Administrative Officer, with the assistance of the Office of Finance and in consultation with the Chief Legislative Analyst to report on potential parameters and probable success of a billing amnesty program, including better ways to utilize the City Intranet for publication of delinquent non-tax debtors. (CF#s 10-0225 and 10-1155 October 13, 2010)	CAO; CLA	The Non-Tax Amnesty Program ran from <u>February 1, 2011 through April 30, 2011</u> and \$2.9 million was received, exceeding the \$1 million revenue goal. A list of non-tax debtors' accounts is posted on the intranet so that City departments can cross reference this list and can request payment due the City when a listed debtor applies for additional City services. Finance is modifying this list in a more searchable and sortable Excel format. See also Document Line No. 20.	06/30/2011	Implemented
46	Revenue Programs	CORE	24) SELECTION CRITERIA AND COMPENSATION - CORE recommends that the City's future collection agency-related Requests for Proposals (RFPs) and agreements refocus from low-fee, low-bid contracts to performance-based selection and compensation. For aged accounts, vendors should be provided with significantly enhanced commission(s) in relation to the difficulty and likelihood of collection.	City Attorney	Implemented in Secondary Collection Contracts. Current contracts will expire in <u>September 2012</u> . Finance will work with City Attorney to implement in the next collections contract cycle as well.	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
47	Revenue Programs	CORE	25) COLLECTION AGENCY CONTRACT PROVISIONS - CORE recommends specific provisions for collection agency contracts be considered, as follows: i. Competition clauses (See CORE Nos. 23 and 58). ii. Performance guarantees. iii. Performance bonds. iv. Annual financial statements to monitor vendor's strength and resources. v. Quarterly meetings between the vendor, Finance and department personnel to review and discuss how to improve everyone's performance. vi. Options for debtors to pay online. vii. Benchmarks. viii. Preferences for local employment. ix. Incentives to aggressively work the "back end" of account pools. x. Incentives to collect sooner rather than later. xi. Sophisticated and effective skip tracing. xii. Pairing of pools of receivables.		Finance will review with the City Attorney in conjunction with the next contract cycle. Existing contracts are scheduled to expire <u>September 2012</u> .	03/31/2011	Next Step
48	Revenue Programs	CORE	29) FINANCE'S EXERCISE OF SETTLEMENT AUTHORITY - CORE recommends that Finance report on its claims settlement statistics and policies to the Council's Budget & Finance Committee.		Finance's settlement authority under Los Angeles Administrative Code Section 5.177.1 accounted for \$3.9 million of collections generated revenue, representing 592 claims in FY11.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
49	Revenue Programs	CORE	30) IMPLEMENT OFFER IN COMPROMISE PROGRAM - CORE recommends that Finance report to the Mayor, Council, CAO and CORE on the details and timetable of the forthcoming Offer in Compromise Program.	Citywide	The Offer in Compromise Program was implemented in <u>December 2010</u> and is an ongoing program.	03/31/2011	Implemented
50	Revenue Programs	CORE	31) EXPEDITE NON-TAX AMNESTY PROGRAM - CORE recommends that the Council expedite and fund the implementation of a comprehensive non-tax amnesty program proposed by Finance in its FY 10-11 budget.	Citywide	The Non-Tax Amnesty Program was implemented <u>February 1, 2011 through April 30, 2011</u> . The successful Non-Tax Amnesty Program resulted in \$2.9 million collected, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
51	Revenue Programs	CORE	37) REFERRALS TO CITY ATTORNEY - CORE recommends that Finance and the City Attorney clearly memorialize the parameters, dollar thresholds and timing of cases transferred to the City Attorney from Finance or from departments.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
52	Revenue Programs	CORE	40) COLLECTION REPORTS - CORE recommends that Finance and the City Attorney copy the other on monthly collection reports. Finance should copy the City Attorney on any reports related to departmental compliance with the Collection Guidelines and with reports on the status of collections by each department. Similarly, CORE recommends that the City Attorney furnish updates regarding all collections and account delinquency cases being handled by the City Attorney.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
53	Revenue Programs	CORE	58) AMEND COLLECTIONS CONTRACTS - CORE recommends amendment of Finance's private collection contracts to make additional/secondary collection attractive to collection vendors. Because collecting aged accounts is considerably more difficult than primary collection, Finance should amend its existing contracts with private collections vendors to provide that an enhanced commission (of up to 40%) be paid with respect to collecting aged and difficult accounts. Working very aged accounts is not attractive to City vendors under the current compensation agreements. (See also CORE No. 24).		Secondary collection agencies' contracts have been established as of <u>December 2010</u> . In general, commission rates are substantially higher for secondary collection.	03/31/2011	Implemented
54	Revenue Programs	Neighborhood Council Budget Advocates	7) Aggressively reduce primary and secondary collection periods for all licenses, permits, fees, and fines. Period not to exceed 120 days.		Collection periods are anticipated to be reduced in the next contract cycle with existing collection agency contracts due to expire <u>September 2012</u> . See Document Line No. 17.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
55	Delinquency Penalties	City Controller	21) The Mayor's Office should form a work group, which includes Finance and the City Administrative Officer (CAO), to review interest and penalties charged on various departmental billings.	CAO; Citywide	Finance proposes to coordinate a citywide review of interest and penalties and will report back on a process pending advice from City Attorney. See Document Line Nos. 56 and 59. Also pending resource referenced in Document Line No. 71.	06/30/2011	Next Step
56	Delinquency Penalties	City Controller	22) Finance should determine when interest should begin accruing and when the interest rate should be changed.	Citywide	Finance has a standard for determining when interest should begin accruing and when the interest rate should be changed. Departments have been provided this information for consideration in the application of their billing and collection practices. Finance updates the interest rate annually and notifies departments. Finance is awaiting City Attorney's advice on application to other receivable types. See Document Line Nos. 55 and 59.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
57	Delinquency Penalties	City Council	REQUEST the City Attorney and INSTRUCT the Office of Finance to report back to the Council on the feasibility of granting the Office of Finance the ability to administer liens on unpaid business tax assessments without having to refer the matter to the City Attorney's Office. (CF# 09-1476 July 10, 2009)	City Attorney	Effective <u>September 12, 2010</u> , Los Angeles Municipal Code (L.A.M.C.) Sec. 21.15 was amended authorizing Finance to record liens against real and personal property used in connection with activities that generated unpaid taxes, interest, and penalty liabilities due the City. (See L.A.M.C. Sec. 21.15 (o)).	03/31/2011	Implemented
58	Delinquency Penalties	City Council	REQUEST the City Attorney to report on all legal options to pursue delinquent payments; other related penalties or asset acquisition; parameters under which legal action should be considered; and the amount of time appropriate to allow a collection agency to resolve payment before it is referred to the City Attorney. (CF#s 10-0225 and 10-1155 October 13, 2010)	City Attorney	Finance has expedited certain audit cases to the City Attorney's Office for litigation. Additionally, Finance has implemented a lien program as described in Document Line No. 57. With implementation of secondary collections the City collection process is now 18 months. These programs are in part designed to help reduce the referral of delinquent accounts to the City Attorney's office for litigation.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
59	Delinquency Penalties	CORE	32) STANDARDIZE INTEREST AND PENALTIES - CORE recommends that the Council instruct the City Attorney to prepare draft ordinance(s) necessary to apply consistent fees, penalties, and interest charges for all City receivables - except as may be noted as being impermissible. Said draft should then be sent to each department General Manager, who would have no more than 30 days to object. Revised draft ordinance(s) would be submitted to the AGE Committee and to Council for review and approval.	City Attorney; Citywide	Finance has requested City Attorney's response on item.	06/30/2011	Next Step
60	Delinquency Penalties	CORE	33) INCREASE INTEREST AND PENALTIES - CORE recommends that Finance prepare a report on the feasibility of increasing the interest rate and penalties currently applied to delinquent receivables to no less than the average being charged by other municipalities.	City Attorney; Citywide	See response to Document Line Nos. 55, 56 and 59.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
61	Delinquency Penalties	CORE	34) ADMINISTRATIVE LIENS - CORE recommends that Finance move to aggressively implement the City's newly adopted administrative lien Ordinance for delinquent taxes. Finance should also report on its implementation and the results thereof to the Council's Budget & Finance Committee six (6) months after the effective date of the Ordinance.		LAMC 21.15 (o) regarding liens is effective and Finance implemented the Lien Program in <u>December 2010</u> . While the implementation was delayed, Finance collected \$1.1 million in FY11, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
62	Delinquency Penalties	CORE	36) LIEN RECOMMENDATIONS - CORE recommends that Finance and the City Attorney collaborate to draft a framework for a Citywide policy dictating the greater use of liens and other encumbrances with recommendations for applications.	City Attorney	Presently, the lien program referenced in Document Line No. 59 is the only such program under Finance. Finance will draft an general policy for inclusion in a future update to the Citywide Guidelines on the use of liens.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
63	Delinquency Penalties	Neighborhood Council Budget Advocates	2) Mandate that businesses must maintain valid business permits and must pay for such permits in a timely manner or be subject to suspension or revocation.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types, although it is currently the case for a number of permits that they are not renewed without payment except where legal requirements dictate otherwise. City Attorney input will also be required. Finance will initiate coordination of this review after fulfillment of resource requirements as identified in Document Line No. 71.	06/30/2011	Next Step
64	Delinquency Penalties	Neighborhood Council Budget Advocates	3) Amend City ordinance so that permits may be suspended or revoked by the City after 30 to 45 days of non-payment and hearings.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types. See also Document Line No. 63.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
65	Delinquency Penalties	Neighborhood Council Budget Advocates	5) Combine hearing efforts of Office of Finance, City Attorney, and CID (LAPD).	City Attorney; LAPD	The feasibility and legal practicality of this proposal is uncertain. Each of these entities' administrative hearing processes addresses unique issues in an attempt to finalize assessment determinations, litigation decisions, and permit actions. Due process concerns are of issue in the analysis of this proposal as these entities each have differing roles and authority. City Attorney review has been requested.	06/30/2011	Next Step
66	Delinquency Penalties	Neighborhood Council Budget Advocates	6) Make revoked permits subject to ACE citation.	City Attorney; Citywide	The Administrative Citation Enforcement program is still under review and development at this time. This proposal is being shared with the City Attorney's Office.	06/30/2011	Next Step
67	Uncollectible	City Controller	7) For accounts returned as uncollectible by Allied, Finance should refer the accounts directly to the Board of Review (BOR) for write-off approval unless a specific department requests to make the referrals itself.	City Attorney; City Controller; Treasurer; Citywide	In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated. Finance is following up with the principal parties to begin discussion.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
68	Uncollectible	CORE	26) RFP / RFQ FOR EVALUATION OF SALEABLE RECEIVABLES - CORE recommends that Finance issue a Request for Proposals (RFP) / Request for Qualifications (RFQ) for evaluation of receivables for sale and for brokers specializing in such sales. Council should be presented with the scope of work for the RFP / RFQ prior to its release.	City Attorney; City Controller; Treasurer; Citywide	An RFP for a broker is pending final review in conjunction with City Attorney.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
69	Uncollectible	CORE	<p>27) REDEFINE THE BOARD OF REVIEW - CORE recommends amending the City Administrative Code to make the primary charge of the Board of Review (BOR) the evaluation of (pools of) accounts receivable for sale or auction. Currently, the BOR is charged with evaluating improbable receivables for write-off. While there are some receivables of clearly no value that need to be evaluated for write-off approval by the BOR, nearly all the rest of the City's improbable receivables should, more appropriately, be evaluated by the BOR, in consultation with debt sale brokers, for approval for sale or auction. For the bulk of aged receivables, the City would then automatically write-off the difference between the amount of the debt and the amount realized in a final sale or auction.</p>	<p>City Attorney; City Controller; Treasurer; Citywide</p>	<p>In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated as discussed in Document Line No. 35.</p> <p>See also response to Document Line No. 68 regarding debt sale.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
70	Uncollectible	CORE	28) REVIEW OF ACCOUNTS RECEIVABLES FOR SALE - CORE recommends that the Mayor and Council direct that accounts uncollected after secondary collections should be automatically forwarded to the Board of Review for evaluation and recommendation for auction or sale.	City Attorney; City Controller; Treasurer; Citywide	See response to Document Line No. 68.	03/31/2011	Next Step
71	Resource Requirement	City Controller	24) Finance should consider reducing the scope of its departmental reviews so that it can increase the number of departments reviewed.		Finance has updated and narrowed the scope of its departmental reviews. Given competing directives and lack of staffing, departmental reviews are currently on hold. Finance received a hiring freeze exemption on May 27, 2011 for staff to renew this function once the hiring process and training are completed. The review process will initially incorporate follow-up on a number of inter-departmental coordinating initiatives identified in this checklist.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit I

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
72	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>- A proposed incentive mechanism to share a portion of the amounts collected with City departments, including Finance and the City Attorney, to enhance staffing to seek additional debt collection.</p>	City Attorney; CAO; CLA	<p>Finance's FY 2011-12 Budget Package outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities.</p> <p>The proposal was not adopted.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
73	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-Detailed recommendations on supplemental resources - both in-house and contract - that should be authorized to expedite collection of the City's receivables.</p>	City Attorney; CAO; CLA	<p>In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities. As evaluation of further receivables centralization initiatives continues, additional resources requirements will be identified. See Document Line No. 71.</p> <p>Finance's proposals were not adopted; however, certain bargaining units have bargained furlough reductions. Finance resources responsible for much of collections are still subject to furlough.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
74	Resource Requirement	CORE	7) ADEQUATE STAFFING AND FUNDING FOR FINANCE - CORE recommends that the Council prioritize staffing and funding for Finance's revenue-generating positions and work.i. Exempt Finance's revenue-generating positions from employee furloughs and hiring freezes.ii. Allocate funding needed to fully staff Finance's Revenue Management Division.iii. Allocate funding needed to fund analysts and clerical staff for the FMS project.iv. Consider a stable and certain funding source for Finance's collection work – perhaps, in part, from Finance's collections.	CAO; CLA	In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain Finance's revenue collection activities. Finance's proposals were not adopted.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
75	Resource Requirement	CORE	43) AUDIT OF DEPARTMENTAL AR REPORTS - CORE recommends that Finance present to Council and the CAO a Memorandum regarding the resources needed by Finance to adequately audit the accounts receivable being reported by departments.		Finance's FMS Phase 2 team will be responsible for delivery of a centralized reporting system, along with post-implementation departmental accounts receivable activity monitoring, tracking, analysis, reconciliation and reporting. Finance's FMS Phase 2 team resources continuation requested in the department's <u>FY 2011-12 Budget request</u> . Requested resources are continued in the FY 11-12 Budget.	06/30/2011	Submitted

ONLINE PAYMENT OPTIONS BY DEPARTMENT

Department	Payment Types	Website
Animal Services	Over-the-Counter (OTC) and Online-Credit Card	www.laanimalservices.com/
Building & Safety	Over-the-Counter (OTC) and Online-Credit Card	www.ladbs.org/
Office of Finance	OTC and Online-Credit Card, ACH debit, e-check	www.ci.la.ca.us/finance/
Library	OTC and Online-Credit Card	www.lapl.org
Convention Center	OTC – Credit Card	www.lacclink.com/
Ethics Commission	Online – Credit Card	http://ethics.lacity.org/
Fire	OTC – Credit Card, in process of setting up on-line credit card acceptance	http://lafd.org/
Housing	OTC and Online – Credit Card, in process of setting up e-check	http://lahd.lacity.org/
LAWA	OTC – Credit Card	www.lawa.org
PW – Engineering	OTC and Online – Credit Card	http://eng.lacity.org/
Rec & Parks	OTC and Online – Credit Card, E-check	www.ci.la.ca.us/rap/
Transportation	OTC and Online – Credit Card	http://ladot.lacity.org/
DWP	OTC, IVR, and Online – Credit Card, e-check, Kiosk in Van Nuys	www.ladwp.com/
Zoo	OTC and Online – Credit Card	www.lazoo.org/

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
1	Building & Safety	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.	See Exhibit ii – B&S
2	Building & Safety	Macias	5)a) Building and Safety Department should increase the timeliness in referring delinquent billings to collections.	See Exhibit ii – B&S
3	Building & Safety	Macias	5)b) Building and Safety Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process the different types of bills produced within the Department. Similarly, procedure manuals should be developed for the collections process.	See Exhibit ii – B&S
4	Building & Safety	Macias	5)c) Building and Safety Department should develop a set of metrics to measure billing and collection process performance. This should include: cycle time to complete various types of billings, average labor hours and cost to produce a bill, and initial payment collection rate by bill type.	See Exhibit ii – B&S
5	Building & Safety	Macias	5)d) Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
6	Building & Safety	Macias	5)e) Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.	See Exhibit ii – B&S
7	Building & Safety formerly EnvironmentLA	Macias	12)a) EnvironmentLA should document solid waste permit billing processes within the department.	See Exhibit ii – B&S
8	Building & Safety formerly EnvironmentLA	Macias	12)b) EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.	See Exhibit ii – B&S
9	Building & Safety formerly EnvironmentLA	Macias	12)c) EnvironmentLA should refer existing delinquent accounts to collections.	See Exhibit ii – B&S
10	Building & Safety formerly EnvironmentLA	Macias	12)d) EnvironmentLA review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S
11	CAO	CORE	14) L.A. COUNTY BUDGETING PARADIGM - CORE recommends that the CAO report to the Mayor and the Council on the feasibility of adopting aspects of the County of L.A.'s budgeting paradigm – wherein department budgets are based, in part, on collections targets. Departments that do well can benefit. Departments that fail to meet expectations are called to account by the County's CEO and by the Board of Supervisors.	Per the City Charter, the Budget is developed in coordination with the Mayor's Office. Revenue targets are developed in consultation with Departments and the City Administrative Officer and approved by the Mayor and Council. Any deviations from revenue targets are addressed through the Financial Status Reports to the Mayor and Council.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
12	CAO	CORE	16) REVENUE TARGETS AND FSRs - CORE recommends that the Mayor, CAO and Council make department-by-department revenue targets (and performance) a fixed part the budget process, of the regular Financial Status Reports (FSRs) by the CAO, and that these targets be included in all quarterly reports by departments.	The Adopted Budget sets revenue targets for all City Departments. The CAO Financial Status Reports to the Mayor and Council will track the revenue progress of City Departments. The FSR will highlight performance on meeting targets.
13	CAO / CLA	CORE	10) QUARTERLY IG REPORTS RE DEPARTMENTS' COMPLIANCE WITH COLLECTION GUIDELINES AND DIRECTIVES - CORE recommends that the Inspector general (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports of departments' compliance and performance to submit to the Mayor, Controller, City Attorney and the Council: i. Compliance of departments with each of the criteria in Directive No. 5. ii. Compliance of departments with all applicable Collection Guidelines. iii. Performance of departments with capturing all billable services and fees – including full cost recovery. iv. Progress of departments in cultivating new revenue sources. v. Reports to include both details and a simple chart/checklist with summary scores or grades for each department.	Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description for this position. It is anticipated that these duties will be included as part of the responsibilities of this position.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
14	CAO / CLA	CORE	15) PILOT PROGRAM - CORE recommends that Council create a pilot program with several departments (or a cluster of departments) that would dedicate or earmark a portion of collections to fund the costs of collections and to benefit said departments' operations. The paradigm might be that a portion of certain revenues be apportioned or directed to help fund and support: i. Collection positions at Finance. ii. The post of Inspector General for Revenue & Collections. iii. Revenue-generating positions in the specific department. iv. Staffing needs and programs of the specific department.	Revenues from collection items are considered one time receipts. The City's Financial Policies preclude the use of one-time revenues for ongoing expenses. The CAO will be reviewing this proposal for compliance with the City's current financial policies. It should also be noted that restricting the use of General Fund revenue reduces the revenue available for other priorities.
15	CAO / CLA	CORE	18) INSPECTOR GENERAL - CORE recommends the establishment and appointment of an Inspector General for Revenue and Collections to independently report on, and aid in the implementation of, the City's Collection Guidelines, the Controller's recommendations, the recommendations of this Blueprint and other collection reforms.	Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description. The hiring and selection of this position is underway and the anticipated duties will include those recommended.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
16	City Attorney	CORE	35) RECORDED PARKING LOT LIENS / ENCUMBRANCES - CORE recommends that the City Attorney, in consultation with the CLA, prepare a memorandum regarding the feasibility of requiring parking lot/facility/structure tax agreements to be recorded upon the title to the real properties whereupon such operations currently exist. Such agreements could serve as an encumbrance upon the real properties to essentially guaranty payment of the parking tax and as a lien that could be foreclosed upon in the event of non-payment (similar to property taxes).	Pending report back to Council
17	City Attorney	CORE	38) CONTINGENCY CASES – CORE recommends that the City Attorney outline a proposed framework for contingency cases.	Pending report back to Council
18	City Attorney	Macias	9)a) City Attorney's Office should document litigation cost recovery billing processes within the department.	Pending report back to Council
19	City Attorney	Macias	9)b) City Attorney's Office should provide quarterly litigation cost recovery receivables report to Finance.	Pending report back to Council
20	City Clerk	Macias	10)a) City Clerk's Office should, in providing billing and collection related services for Business Improvement Districts (BIDs), discuss with the respective BIDs strategies for increasing the collection rate from merchant based BIDs, after the initial invoice and after subsequent notices.	See Exhibit ii – CLERK

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
21	City Clerk	Macias	10)b) City Clerk's Office should improve efficiencies in the generation and review of the approximately 2,000 manual based invoices to merchants should also be investigated.	See Exhibit ii –CLERK
22	Controller	Macias	11) City Controller's Office should: due to their low volume, transfer fee-for-services billings (i.e. copying and heir finder services) to Finance or the General Services Department.	Finance will discuss further with the Controller to determine whether there is any efficiency to be gained.
23	Fire	Controller	9)a) LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.	See Exhibit ii – LAFD
24	Fire	Controller	9)b) LAFD should consider incorporating the identified controls to achieve this objective into the final contract.	See Exhibit ii – LAFD
25	Fire	Controller	9)c) LAFD should, once the contracts are in place, perform a review to ensure that all emergency medical transportation services provided will result in the required billing information being captured and sent to the contractor to generate invoices in a timely manner.	See Exhibit ii – LAFD
26	Fire	Controller	10) Until the outsourcing of EMS billings has been completed, LAFD should, on a sample basis, ensure that all 902Ms that the billing unit receives are entered into the billing system.	See Exhibit ii – LAFD
27	Fire	Controller	18) Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner. LAFD should explore ways to expedite the billing process so that bills can be mailed as soon as practical.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
28	Fire	Controller	19) LAFD and LAPD should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.	See Exhibit ii – LAFD
29	Fire	Controller	31) The Fire Department should sequentially number certificates of fitness and ensure that each certificate is properly accounted for.	See Exhibit ii – LAFD
30	Fire	CORE	54) EMS DATA CAPTURE AND BILLING - CORE recommends LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection – pursuant to the two contracts for LAFD's outsourcing approved by the Council August 3, 2010. Finance and the Inspector General should monitor and report on the vendors' performance.	See Exhibit ii – LAFD
31	Fire	CORE	55) CAPITATED PAYMENT SYSTEM - CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payers -such as Medicare, Medi-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
32	Fire	CORE	56) LEVERAGE EXISTING RELATIONSHIPS - CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. L.A. has business relationships with some of the same insurers and providers that reject or slow-pay EMS bills from LAFD. L.A. should assess how to use the contracts it grants to these same companies to the City's advantage.	See Exhibit ii – LAFD Finance will request follow-up response from CAO and Personnel Department.
33	Fire	Macias	13)a) Fire Department – Emergency Medical Services should refer delinquent EMS accounts to collections. In June 2009, Fire received statutory authority from the City to start referring delinquent accounts to collections.	See Exhibit ii – LAFD
34	Fire	Macias	13)b) Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – LAFD
35	Fire	Macias	14)a) Fire Department – Other Billings should bill for brush clearance removal at time of occurrence, rather than annually.	See Exhibit ii – LAFD
36	Fire	Macias	14)b) Fire Department – Other Billings should review its substantial aging receivables to determine what amount should be written off until Finance assumes responsibility for accounts receivable management, the department should review current billing procedures to ensure that all non-EAS accounts receivable are referred to collections 45 days after delinquency as required by Finance.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
37	General Services	Macias	15)a) General Services Department should evaluate for their compatibility with other division responsibilities and activities the Accounting division's responsibilities for i) special events deposits, ii) laboratory testing billing for only three accounts, iii) film permit deposits for use of city buildings and iv) lease management of city owned buildings. Another location within the General Services Department or in another City department may yield improved efficiencies and effectiveness.	See Exhibit ii – GSD
38	General Services	Macias	15)b) General Services Department should review the controls over the Peachtree accounting system that is used for Accounting Division billing activities to ensure that they are effective and adequate.	See Exhibit ii – GSD
39	General Services	Macias	15)c) General Services Department should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.	See Exhibit ii – GSD
40	General Service	Macias	15)d) General Services Department should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.	See Exhibit ii – GSD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
41	Housing	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.	See Exhibit ii – LAHD
42	Housing	CORE	64) HOUSING DEPARTMENT REPORT TO AGE COMMITTEE - CORE recommends that the Council's Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.	See Exhibit ii – LAHD
43	Housing	CORE	65) REDUCE TIMELINE FOR PAYMENT OF LAHD BILLS - CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.	See Exhibit ii – LAHD
44	Housing	Macias	16)a) Housing Department – Fee Billings should conduct an independent post implementation review of the Departments new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.	See Exhibit ii – LAHD
45	Housing	Macias	16)b) Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and re engineer processes to reduce the time necessary to complete and issue bills.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
46	Housing	Macias	16)c) Housing Department – Fee Billings should develop a web-based portal so that property owners can update contact and parcel description information to reduce the time required by staff to update property ownership information.	See Exhibit ii – LAHD
47	Housing	Macias	16)d) Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.	See Exhibit ii – LAHD
48	Housing	Macias	16)e) Housing Department – Fee Billings should conduct a feasibility study of streamlining the city codes and statutes on code and housing fee exemptions that could be applied to property owners.	See Exhibit ii – LAHD
49	Housing	Macias	16)f) Housing Department – Fee Billings should increase fee billing A/R reporting frequency from quarterly to monthly and continue to distribute the reports to all applicable parties. These reports should include data on total billings and revenue receipts to date.	See Exhibit ii – LAHD
50	Housing	Macias	16)g) Housing Department – Fee Billings should dedicate two of its existing staff to monitor and follow up on aging receivables, and thus improve the timeliness of referring delinquent billings to collections.	See Exhibit ii – LAHD
51	Housing	Macias	16)h) Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.	See Exhibit ii – LAHD
52	Housing	Macias	16)i) Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
53	Housing	Macias	16)) Housing Department – Fee Billings should develop reporting interfaces for the Housing’s Housing Information Management System (HIMS).	See Exhibit ii – LAHD
54	Housing	Macias	17)a) Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.	See Exhibit ii – LAHD
55	Housing	Macias	17)b) Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.	See Exhibit ii – LAHD
56	Housing	Macias	17)c) Housing Department - Real Estate Billings should develop a manual that describes and maps the billing processes throughout the Department. The loan generation procedures currently available should be formalized in this central document.	See Exhibit ii – LAHD
57	Inspector General	CORE	11. QUARTERLY IG REPORTS RE COLLECTION RECOMMENDATIONS OF CORE AND CONTROLLER - CORE recommends that the Inspector General (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports to submit to the Mayor, Controller, City Attorney and the Council: i. Status of implementation of each of the currently not-implemented and/or partially implemented recommendations in the Controller’s 2007 and 2010 Audits. ii. Status of implementation of each of CORE’s recommendations that are ultimately adopted by the City.	The establishment of this position is underway.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
58	Mayor	CORE	5) TREAT FINANCE INSTRUCTIONS AS MAYORAL DIRECTIVES - CORE recommends that the Mayor clarify for the benefit of all department General Managers that instructions by Finance to departments regarding revenue, billing and collections shall be treated as Mayoral directives. Finance instructions could also be incorporated into future Mayoral directives regarding collections, or used as the basis therefore.	The Mayor's Office re-released recently updated Citywide Guidelines under Executive Directive No. 5, stipulating that Finance instructions regarding billing and collection be treated as Mayoral Directives.
59	Mayor	CORE	12) DEPARTMENT MANAGERS ATTESTATION TO COMPLIANCE - CORE recommends that the Mayor, CAO and Council's Budget & Finance Committee require department General Managers, as part of annual budget requests, to submit a letter attesting their department's compliance with Directive No. 5 and with all provisions of the Collection Guidelines. Any and all provisions wherein a department is not in compliance shall be detailed by the General Manager and reviewed as part of the budget process.	Finance is following up with the Mayor's Office.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
60	Mayor	CORE	13) PERFORMANCE GUIDELINES FOR GENERAL MANAGERS - CORE recommends that, in order to implement a clear management evaluation policy which includes revenue and collection performance criteria, the Mayor, as Chief Executive should consider development of specific individual performance guidelines with each General Manager. These guidelines should include goals and expectations set respectively by the General Manager and the Mayor and should be evaluated annually by the Mayor and his executive team with advisory input from the City Council as appropriate to consider the General Manager's capability and performance in meeting the overall responsibilities of running the individual department.	Finance is following up with the Mayor's Office.
61	Mayor / Council	CORE	42) WRITE-OFFS - CORE recommends that the Mayor and Council direct City departments and Finance to present accounts for timely write-off in accord with the timelines set forth in Collection Guidelines. It is further recommended in the event that departments fail to timely submit qualifying receivables, certain sums shall be withheld from their budget allocations until such time as there is compliance. This recommendation will only need to be implemented so long as the current system of referrals exists.	This instruction has come from each of these bodies and departments are initiating write-offs in response.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
62	Personnel	Macias	18)a) Personnel Department should establish internal controls in the following areas: provide supervisory review of bills prepared by staff and check to verify that the universe of bills were prepared and issued.	Internal reports are produced to show that bills are prepared correctly and to verify that the universe of bills were prepared and issued.
63	Personnel	Macias	18)b) Personnel Department should prepare monthly memos to the Unit Director on the total revenue billed so that month-to-month comparisons could be made to help ensure billing accuracy.	Memos showing total billed will be prepared for review by the Unit Director. However, benefits billings vary from month-to-month based on the number of individuals who fall off Payroll. Accuracy cannot be determined based on monthly comparisons.
64	Personnel	Macias	18)c) The Unit Director should conduct spot checks to validate that all van pool participants are appropriately charged.	Upon van pool enrollment deductions are created in PaySR. When an individual changes van pools, employees review deductions for correctness and make changes as necessary. The Unit Director will begin checking to ensure participants are appropriately charged.
65	Planning	Macias	19)a) Planning should document cost recovery and expedited cost recovery billing processes within the department.	See Exhibit ii – PLA
66	Planning	Macias	19)b) Planning should document cost recovery exceptions, such as new project manager training, and provide non-chargeable time codes for these exceptions. This will reduce supervisors' manual adjustments to cost recovery bills.	See Exhibit ii – PLA

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
67	Planning	Macias	19)c) Planning should review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – PLA
68	Police	Controller	19) LAFD and LAPD Commission should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.	See Exhibit ii – LAPD
69	Police	Macias	20)a) Police Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process false alarm bills within the CryWolf system. Likewise, the procedures for the other types of bills, DUI and Board Ups, should also be developed.	See Exhibit ii – LAPD
70	Police	Macias	20)b) Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – LAPD
71	Police	Macias	20)c) Police Department should develop a set of metrics to measure billing and collection performance. This should include: cycle time to complete a bill (primarily false alarm), average labor hours and cost to produce a bill, and initial payment collection rate by bill type.	See Exhibit ii – LAPD
72	Police	Macias	20)d) Police Department should investigate the feasibility of implementing an on-line payment system for false alarm bills that would allow property owners to view the details of false alarm bills, make on-line payments, and file protests.	See Exhibit ii – LAPD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
73	PW – Bureau of Engineering	Macias	6)a) Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.	See Exhibit ii – PW
74	PW – Bureau of Engineering	Macias	6)b) Bureau of Engineering should examine the feasibility of automating B permit bill data generation.	See Exhibit ii – PW
75	PW – Bureau of Engineering	Macias	6)c) Bureau of Engineering should configure the Merlin system to allow for electronic data extraction into Excel which would help reduce errors that occur now because of manual data entry.	See Exhibit ii – PW
76	PW – Bureau of Engineering	Macias	6)d) Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.	See Exhibit ii – PW
77	PW – Bureau of Sanitation	Macias	7)a) Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings	See Exhibit ii – PW
78	PW – Bureau of Sanitation	Macias	7)b) Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance	See Exhibit ii – PW
79	PW – Bureau of Street Lighting	Macias	8) Bureau of Street Lighting (BSL) should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.	See Exhibit ii – PW

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
80	PW – Office of Accounting	Macias	21)a) Public Works Department – General Accounting Office; centralized billing procedures should be fully developed by the Office that address all the bill types generated by its various bureaus and agencies.	See Exhibit ii – PW
81	PW – Office of Accounting	Macias	21)b)Public Works Department – General Accounting Office should establish interfaces so that Bureaus submit billing data electronically rather than manual drop off of information.	See Exhibit ii – PW
82	PW – Office of Accounting	Macias	21)c) Public Works Department – General Accounting Office should, until Finance centralizes more billing and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.	See Exhibit ii – PW
83	PW – Office of Accounting	Macias	21)d) Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.	See Exhibit ii – PW
84	Transportation	CORE	57) RECALL SEVERELY AGED DELINQUENT ACCOUNTS FROM ACS - CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
85	Transportation	CORE	59) NEW DOT BILLING AND COLLECTION CONTRACT(S) - CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) – and ways to improve.	See Exhibit ii – DOT
86	Transportation	CORE	60) RENTAL CAR PROGRAM - CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of "rentals and miscellaneous" constituted 11.65%, or \$22.96 million, of DOT's Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company. The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
87	Transportation	CORE	61) PRIORITIZE REPAIR OF BROKEN PARKING METERS - CORE recommends DOT's swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City's parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.	See Exhibit ii – DOT
88	Transportation	CORE	62) REVISE DOT REPORTING OF RECEIVABLES - CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT's receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
89	Transportation	CORE	63)a) TRAFFIC OFFICERS - CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority.	See Exhibit ii – DOT
90	Transportation	CORE	63)b) COLLECTION OVERHEAD AND EXPENSES - CORE recommends that DOT present to the Council's Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT's current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.	See Exhibit ii – DOT
91	Transportation	CORE	63)c) SCOFFLAW ENFORCEMENT - CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
92	Transportation	CORE	63)d) VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lienholders of impoundments or impending impoundments. A lienholder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest – and the right to repossess the vehicle in the event that a borrower or lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee – and the costs for lienholders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how notices to lienholders might be used to put extra pressure on repeat parking violators to pay.	See Exhibit ii – DOT
93	Transportation	CORE	63)e) REDUCE MARGINS OF ERROR - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.	See Exhibit ii – DOT
94	Transportation	CORE	63)f) POLICY RE UNLIKELY TO COLLECT CITATIONS - CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
95	Transportation	CORE	63)g) TECHNOLOGY - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.	See Exhibit ii – DOT
96	Transportation	Macias	22)a) Transportation Department – Parking Citations should expand focus from vendor contract management to include vendor collection performance management. This includes working with the collections vendor to set performance goals, identifying barriers to achieving these goals (e.g., using Pareto analysis tools to track and address key receivables causes), and assisting in removing these barriers. The collection vendor currently provides some collection performance information to the DOT to initiate this added focus.	See Exhibit ii – DOT
97	Transportation	Macias	22)b) Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
98	Treasurer	CORE	51) CREDIT / DEBIT CARD FEES - CORE recommends that the Treasurer prepare and submit a report on the fees currently being paid by the City for various types of credit card and debit card transactions – and whether there may be ways to reduce costs to the City. Payments for which payers must pay additional fees to use a credit card or to pay online should generally be discouraged.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
99	Treasurer	CORE	52) RETURNED CHECKS – CORE recommends that the Treasurer prepare and submit a report on rejected and returned checks and the disposition thereof. A uniform and full-cost recovery bad check charge should be applied.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
100	Citywide	CORE	17) ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.	This question was recently posed in a CORE survey of departments.

FORM GEN. 160 (REV. 6-80)

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 29, 2011

TO: Antoinette D. Christovale, CPA
Director of Finance

FROM: Robert R. "Bud" R. Ovrom
General Manager
Department of Building and Safety



Ray Chen
For

SUBJECT: LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY'S
(LADBS') RESPONSE TO RECOMMENDATIONS IN THE
ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES
DEPARTMENTAL RESPONSE TRACKER (C.F. NO. 10-0225)

Attached is LADBS' response to your letter dated May 5, 2011. Please contact Lina Bustamante, Departmental Chief Accountant at (213) 482-6816 or Karen Penea, Acting Chief of Resource Management Bureau at (213) 482-6749 if additional information is needed.

**LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)**

Page 2 of 5

Tracker No. 1

CROSS REFERENCE LISTS OF DELINQUENTS – CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.

Joint LAHD and LADBS Response

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD Specifics

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the cores services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS Specifics

LAMC Section 98.0411 gives the Department of Building and Safety (LADBS) authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

The Department has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc.) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or Housing Department's (LAHD) list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's lists of delinquent accounts.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 3 of 5

Tracker No. 2

Building and Safety Department should increase the timeliness in referring delinquent billings to collections.

LADBS Response

All billings that are 45 days delinquent are electronically sent to collections. The Department's Accounts Receivable System as mandated by LAAC 5.181 automatically flags accounts that are 45 days delinquent and sends the files to the different collection agencies (NCO, Office of Finance, and MSB).

Tracker No. 3

Building and Safety Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process the different types of bills produced within the Department. Similarly, procedure manuals should be developed for the collections process.

LADBS Response

An accounts receivable manual had been developed that defines the steps that staff must take to process the different types of bills produced within the Department. This manual also includes the Department's instructions regarding processing collections. A copy of the manual was sent to Office of Finance for their perusal on June 6, 2011. The Department periodically reviews the manual to identify the changes that are needed.

Tracker No. 4

Building and Safety Department should develop a set of metrics to measure billing and collection process performance. This should include: Cycle time to complete various types of billings, average labor hours and cost to produce a bill, and initial payment collection rate by invoice type.

LADBS Response

The Department has more than 20 types of invoices, including invoices billed for the Local Enforcement Agency and other City Departments. The City's year-end schedules, the conversion of the citywide accounting system from FMIS to FMS and staff shortages, the Department requests more time to develop a set of metrics to measure billing and collection process performance. Due to the complexity and variety of the Department's billing, we estimate that the draft of this set of metrics will be available 90 days after the end of this fiscal year.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 4 of 5

Tracker No. 5

Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.

LADBS Response

The Department is in the process of reviewing the substantial aging receivables to determine the amount that should be written off. We had submitted and received approval from the Board of Review on April 27, 2011 to write off 2,031 uncollectible accounts amounting to \$291,395.18 and on May 25, 2011, another 1,331 accounts amounting to \$315,015.42. The Department will submit another request for write off at the next scheduled Board of Review meeting.

Tracker No. 6 Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.

LADBS Response

The Department's website (ladbs.org) provides customers many on-line services. The following on-line services are specifically responsive to instruction outlined in Departmental Response Tracker No. 6:

1. Request for an inspections as long as customer has permit number. This Internet request for inspection service has been available since 2002.
2. Request and pay for off hour inspections. This started in May 2009.
3. Pay invoices. Customers can view their accounts and pay for invoices on-line. This service started in 2006.

Tracker No. 7

EnvironmentLA should document solid waste permit billing processes within the department.

LADBS Response

Ordinance 181198 approved on June 11, 2010 gave authority to LADBS to carry out the Local Enforcement provisions of subsections B, C, D and E of Section 190.01 of LAMC. All waste permit billings for FY 2010-11 were entered in LADBS' accounts receivable system. Therefore, all billings and collection transactions are now monitored and documented.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Tracker No. 8

EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.

LADBS Response

Since LADBS took over the billing process that pertains to the Local Enforcement provisions of the code, all delinquent accounts that are 45 days past due have been automatically referred to collections electronically.

Tracker No. 9

EnvironmentLA should refer existing delinquent accounts to collections.

LADBS Response

Please see LADBS' response to Tracker No. 8.

Tracker No. 10

EnvironmentLA review substantial aging receivable to determine what amount should be written off.


LADBS Response

We have recently completed entering the delinquent receivables amounting to \$25,509 in our accounts receivable system. These receivables can not be referred to collections and can be tracked by the Department. It is too early to write off these accounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: July 1, 2011

TO: Antoinette D. Christovale, Director of Finance
Office of Finance

FROM: June Lagmay, City Clerk
Office of the City Clerk 

SUBJECT: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

The Special Assessment Section of the Administrative Services Division of the Office of the City Clerk is the coordinating agency for 40 established Business Improvement Districts (BIDs) in the City. The section works to promote efficiency in facilitating the establishment of proposed BIDs according to State and/or City law and BID policy through the cooperative work process with the Council members, City Attorney, County Assessor, the Community Redevelopment Agency and Consultants working with BID proponent groups as necessary. The section also provides billing and collection related services to five (5) Merchant-based BIDs and have developed strategies for increasing the collection rate from these BIDs.

In an effort to increase the collection rate of assessments from Merchant-based BIDs this Office generates a list of delinquent businesses that have not paid their assessments and communicates this information to the respective BID administrators. The timeliness of this information allows the administrators to pursue additional strategies to recover the assessments owed. Another effort that would soon be implemented is the use of color coded envelopes for final notices to businesses within the BID. These final notices as identified on the envelopes, should be an effective reminder. An additional strategy for increasing the collection rate would be to secure from the Office of Finance, frequent or regularly updated accurate lists of current businesses operating within the boundaries of the BID. Such lists would provide the maximum assessments to which collections efforts may be targeted, and on which budgeted BID programs may be developed.

With the implementation of the new Financial Management System (FMS) the Office of the City Clerk should improve efficiencies in the generation of invoices for Merchant-based BIDs. FMS would allow for the elimination of paper-based, manual internal billing and provide the capability to automatically apply business owners' payments to receivables through a lockbox system. Systematic functions provided by FMS to support collections and write-offs will add to the improvements and efficiencies in the management of accounts receivables.

The proposed changes to improve the efficiency in the management of accounts receivables may realize an increase in the assessments collected for BIDs. However,

any increase in assessments collected will not realize increased revenues for the City. Such assessments collected through the BID program are revenues which allow the individual BIDs to implement their Council approved programs and activities.

If you have any questions or need additional information on this matter, please contact Miranda Paster, Acting Chief, Administrative Services Division at (213) 978-1111.

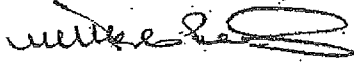
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CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 30, 2011

TO: Antoinette Christovale, Director
Office of Finance

ATTN: Jeffery Whitmore, Revenue Manager

FROM: Millage Peaks, Fire Chief 
Fire Department

SUBJECT: ACCOUNTS RECEIVABLE DEPARTMENT RESPONSE
TRACKER, CF 10-0225

The Fire Department (LAFD) is in receipt of the Department Response Tracker which contains the list of recommendations from Council, CORE, and Macias Study. Per your request, below is the Department's response to the recommendations applicable to LAFD.

23. Controller (9a) - LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.

LAFD Comment:

The City Council approved the new EMS Data Capture and Billing System on August 3, 2010. The Data Capture System was implemented on September 23, 2011. The New Billing System was implemented November 1, 2010 on the paper-based system. The two systems are expected to be fully functional by June 30, 2011.

The new system will reconcile every incident record with the CAD Dispatch information to ensure each call is recorded and an electronic patient care record generated for each patient. This will ensure that each billable patient care record is transferred into the Billing System to maximize revenue.

24. Controller (9b) - LAFD should consider incorporating the identified controls to achieve this objective into the final contract.

LAFD Comment:

The identified controls and procedures are being incorporated in the final contract.

25. Controller (9c) - LAFD should, once the contracts are in place, perform a review to ensure that all emergency medical transportation services provided will result in the required billing information being captured and sent to the contractor to generate invoices in a timely manner.

LAFD Comment:

Effective November 1, 2010, the LAFD began to scan and send all billing documentation electronically to ADPI (Intermedix) for entry into the Contractor's billing system. Effective June 28, 2011, the LAFD will be completely automated and all billing records will be in electronic format at the point of service.

26. Controller (10) - Until the outsourcing of EMS billings has been completed, LAFD should, on a sample basis, ensure that all 902Ms that the billing unit receives are entered into the billing system.

LAFD Comment:

100% of the paper based documents collected beginning November 1, 2010, are batched and scanned daily and sent to ADPI for processing. The LAFD obtains a weekly posting report that reflects the number of records received and the number of records billed.

27. Controller (18) - Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner.

LAFD Comment:

Due to the significant State and County submission schedule changes in the administration of CUPA, the billing procedure and timing was changed. Effective July 1, 2010, invoices will be sent to vendors by September 30 of each year. The change was necessary to effectively manage CUPA accounts which have increased from 5,000 accounts in 1998 to more than 11,000 accounts in 2010. The invoices for the fiscal year 2011 were mailed timely on September 21, 2010.

28. Controller (19) - LAFD and the LAPD management should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.

LAFD Comment:

The Fire Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60

days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

29. Controller (31) Pre-number the certificates of fitness and assign someone independent of the Fire Inspector and cashier to control the inventory of certificates.

LAFD Comment:

The Department has developed an application to track the issuance, associated fees, and payments of Certification of Fitness. The implementation of the application has been delayed to September 1, 2011 due to staff focus on the new LAFD Deployment Plan.

The system-generated number will be used to control the inventory of certificates instead of the "pre-number" technique.

30. CORE (54) - EMS DATA CAPTURE AND BILLING - CORE recommends that LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection - pursuant to the two contracts for LAFD's outsourcing approved by the Council August 3, 2010. Finance and the Inspector General should monitor and report on the vendors' performance.

LAFD Comment:

Both contracts were approved by Council August 3, 2010, and fully executed prior to September 30, 2010, following City Attorney review and approval. The ordering of the FDACS tablets, configuration of EMS resources, building of data structure and assessments of training began in October 2010. The training of all 16 LAFD battalions will be completed on June 28, 2011. The LAFD has worked with the Office of Finance to integrate the Contractor's information into the City's Centralized Accounts Receivable Reporting (CARR) system. The LAFD will continue to work with Office of Finance and the Inspector General to provide any information required.

31. CORE (55) - CAPITATED PAYMENT SYSTEM - CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payers - such as Medicare, Med-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.

LAFD Comment:

Capitation is a fixed payment for services negotiated among insurance providers. Based on preliminary research, the LAFD has determined that there are no such capitated arrangements in the country for municipal emergency ambulance services. Capitated arrangements are common for non-emergency private ambulance.

providers as they attempt to increase revenue by lowering fees and increase volume. LAFD has an obligation to provide emergency services for the City of Los Angeles so there is no need to lower our fees in order to achieve increased volume.

32. CORE (56) - LEVERAGING EXISTING RELATIONSHIPS – CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. LA has business relationships with some of the same insurers and providers that reject or slow pay EMS bills from LAFD. LA should assess how to use the contracts it grants to these same companies to the City's advantage.

LAFD Comment:

Often there is no direct correlation between the 85 hospitals the LAFD delivers patients to and the City's health insurers. To date, the LAFD and ADPI have not encountered slow pays or rejections to claims filed with Kaiser Permanente or Blue Cross of California. Although the LAFD is not involved with the negotiations between the City and its health insurers, the LAFD is glad to assist the CAO and City Personnel Department wherever it might be able to.

33. Macias (13a) – Fire Department – Emergency Medical Services should refer delinquent EMS accounts to collections. In June 2009, Fire received statutory authority from the City to start referring delinquent accounts to collections.

LAFD Comment:

Pursuant to LAAC Section 5.181 the Fire Department should refer Delinquent EMS accounts to Collection Agency for additional collection efforts. It sets referral at the time reasonable collection efforts have failed but not later than nine months from the date of initial billing. LAAC 22.210.2 deems EMS accounts not paid within 90 days of billing delinquent.

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

34. Macias (13b) – Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.

*** LAFD Comment:**

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

Pursuant to contract, NCO has one year to collect on the referrals after which they would be returned to LAFD for write off. As of June 7, 13,646 accounts totaling \$5,798,840 have been returned. Further returns were delayed due to the City's amnesty plan which gave discounts to those who paid their delinquent non-tax accounts during the amnesty program.

35. Macias (14a) – Fire Department – Other Billings should bill for Brush clearance removal at time of occurrence, rather than annually.

LAFD Comment:

The length of the appeals process, the number of appeals received and the re-inspections necessary to ensure that hired contractors actually cleared the brush make it difficult to bill for brush clearance removal at the time of occurrence.

In addition, the Fire Code requires the Non Compliance and Brush Clearance charges to be appealed by the property owners to the Board of Fire Commissioners. Appointed hearing officers conduct the appeal hearings. Therefore the Fire Department would have to hire a hearing officer on a full time basis. Hiring hearing officers once a year for a one-month period results in significant cost savings.

36. Macias (14b) – Fire Department – Other Billings should review its substantial aging receivables to determine what amount should be written off until Finance assumes responsibility for accounts receivable management. The department should review current billing procedures to ensure that all non-EAS accounts receivable are referred to collections 45 days after delinquency as required by Finance.

LAFD Comment:

The Fire Department reviews the status of uncollectible non-EMS accounts twice a year and refers them to the Board of Review for approval write-off. The last referral was in August 2010.

The Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60 days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

If you require any additional information, please contact Mariana Rivera at (213) 978-3479 or Ngozi (Zim) Mbamalu at (213) 978-3402.

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

ANTONIO R. VILLARAIGOSA
MAYOR

DATE: June 29, 2011
TO: Antoinette Christovale, Director of Finance
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager
FROM: Tony M. Royster, General Manager
Department of General Services

**SUBJECT: ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)**

This is in reply to your letter dated May 5, 2011. The following are General Services Department's (GSD) responses to the instructions included in the Tracker:

Item number 37, instruction 15a):

GSD should evaluate for their compatibility with other division responsibilities and activities the Accounting division's responsibilities for i) special events deposits, ii) laboratory testing billing for only three accounts, iii) film permit deposits for use of city buildings and iv) lease management of city owned buildings. Another location within the General Services Department or in another City department may yield improved efficiencies and effectiveness.

Response:

GSD has evaluated and determined that centralized accounting is more effective and efficient than diversifying the duties in different divisions.

Item number 38, instruction 15b):

GSD should review the controls over the Peachtree accounting system that is used for Accounting Division billing activities to ensure that they are effective and adequate.

Response:

GSD has reviewed and determined that Peachtree accounting system in itself has effective and adequate controls.

Item number 39, instruction 15c):

GSD should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.

Response:

This instruction is not applicable as GSD will not be transferring data from the Peachtree system to the City's financial system.



Antoinette Christovale, Director of Finance

-2-

June 29, 2011

Item number 40, instruction 15d):

GSD should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.

Response:

Existing leases do contain security deposit requirements and GSD does receive security deposits.

If you require additional information or have any questions, please contact Len Applebaum at (213) 928-9596 or email Len.Applebaum@lacity.org.

c: Samantha Hanzy, Management Assistant
Office of Finance



1200 West 7th Street, 9th Floor, Los Angeles, CA 90017
tel 213.808.8808 | fax 213.808.8616
lahd.lacity.org



Antonio R. Villaraigosa, Mayor
Douglas Guthrie, General Manager

June 30, 2011

Antoinette D. Christovale, CPA
Director of Finance
Office of Finance
Los Angeles City Hall
200 N. Spring St, Room 220
Los Angeles, CA 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

Dear Ms. Christovale:

Please see the attached report from the Los Angeles Housing Department (LAHD) in response to the memorandum titled Office of Finance Accounts Receivable Improvements Initiatives Citywide Departmental Response Tracker (C.F. No. 10-0225) dated May 5, 2011.

LAHD has carefully reviewed the recommendations related to our Department. I am pleased to report that most of the recommendations have already been completed or are in progress. Maximizing revenue collections is a high priority in LAHD. In recent years, through automation, and policy and procedure improvements, the Department has achieved increased revenue collections and improved customer service. LAHD looks forward to working with your Office to continue these efforts.

If you have any questions, please feel free to contact me at (213) 808-8808. Questions related to the details of the responses may also be directed to Greg Kung, Acting Assistant General Manager, at (213) 808-8899.

Sincerely,

A handwritten signature in cursive script that reads "Doug Guthrie".

DOUGLAS GUTHRIE
General Manager

Attachment

cc: Rushmore Cervantes, Executive Officer, LAHD
Greg Kung, Acting Assistant General Manager, LAHD
Helmi Hissrich, Assistant General Manager, LAHD
Roberto Aldape, Assistant General Manager, LAHD

LAHD's Responses To The Accounts Receivable Improvements Initiatives Departmental Response Tracker Memo

Below are the items LAHD is responsible for responding to based on the memo.

41 - CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety (LADBS) to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.

Joint LAHD and LADBS Response:

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD:

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the core services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS:

LAMC Section 98.0411 gives LADBS the authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

LADBS has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or LAHD's list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's list of delinquent accounts.

42 - HOUSING DEPARTMENT REPORT TO AGE COMMITTEE – CORE recommends that the Council's Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.

LAHD Response:

The Los Angeles Housing Department is preparing a report on its billing and collections practices to be submitted to the Audits and Government Efficiency Committee by June 30, 2011. Please see Attachment A for a draft copy of the report.

43 – REDUCE TIMELINE FOR PAYMENT OF LAHD BILLS - CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.

LAHD Response:

In August 2009, LAHD transmitted proposed amendments to the Rent Stabilization Ordinance (RSO) Ordinance to compress the tiers and timelines of the Department's invoice aging and collection process. The City Council adopted the amendments on May 31, 2011; the Mayor concurred on June 7, 2011 and the amendments become effective July 15, 2011. The amendments streamline the billing and collection process and reduce the time for delinquent accounts to be referred to collection agencies. The amendment changes will be incorporated into the Department's next annual billing cycle and collection policy for the 2012 Annual Bill in December 2011. For details of the RSO amendments, see Council File 09-2033.

44 – Housing Department – Fee Billings should conduct an independent post implementation review of the Department's new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.

LAHD Response:

LAHD is planning to have an IT Audit consultant conduct a review or system audit of the Billing Information Management System (BIMS). The scope of review will cover the accuracy and integrity of financial data, and ensure that systems and internal controls are in place. This review will provide assurance for LAHD accounting that data reported from the system are reliable for GAAP reporting as well.

LAHD will request the City Controller for LAHD to use her master agreement with audit consultants. A request for qualification will be distributed to consultants on the list, and the selection process will take place based on standard procedures for selection. After the selection, an MOU with the consultant will be executed.

Review objectives:

The audit objectives were to assess whether:

- IT controls in place were adequate and effective thereby ensuring data completeness, accuracy and reliability;
- Business rules, as stipulated by the Ordinances, Code and Rent program guidelines are factored into the system design and implementation.
- Objectives of computerization were achieved (reporting, accurate billing, promote efficiency and maximization of revenue collection) and
- Collections and accounts receivable in BIMS are reconciled against the amounts in FMS

The following are examples of tasks to be done:

1. Review of business rules
2. Review of systems and objectives
3. System design that ensure business rules are in compliance
4. Systems security review
5. Adequacy of input controls
6. Validation checks in software
7. Reporting-accuracy of data in the quarterly accounts receivable aging report
8. Accuracy of data used in reporting for year-end GAAP accruals of accounts receivable.
9. Reports that assist in estimating allowance for doubtful accounts.

45 – Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and reengineer processes to reduce the time necessary to complete and issue bills.

LAHD Response:

In 2008, LAHD assessed the billing and collection process. As a result of the analysis, LAHD proposed changes in the Ordinances. Until July 2011, the RSO and SCEP Annual Bill required four invoice aging stages prior to delinquent accounts being forwarded to collections. The amended Ordinances, effective July 15, 2011, shorten the invoice aging time line and expedite delinquent bills to collections. The changes are in conformance with the Executive Directive No. 5 and the Office of Finance's Citywide Guidelines to Maximize Revenue Collection (Guidelines). However, the Guidelines recommend a 30 day delinquent stage and a 45 day collection stage. LAHD is required by the prevailing Ordinances to adhere to a 60 day delinquent stage and 45 day collection stage.

46 – Housing Department – Fee Billings should develop a web-based portal so that property owners can update contact and parcel description information to reduce the time required by staff to update property ownership information.

LAHD Response:

The Department's Web Portal was developed in 2008 and became accessible to property owners in 2009. The Portal allows property owners to review their Annual Bills, emergency contact information, request and process exemptions online, access and print forms, print Rent Registration Certificates, print payment receipts and provides numerous payment options. Additional enhancements are being incorporated this year, including the addition of American Express and Discovery credit cards; and electronic check (ACH) as payment options. The portal will continue to evolve as LAHD develops more ease of use features. However, ownership change requests require certified legal documents that cannot be submitted online. Billing staff still needs to verify property ownership data via the County Assessor's data and certified documents from the owners.

47 – Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.

LAHD Response:

Property owners have had the ability to pay fees online since 2009. Each year, the Department continues to enhance the Web Portal for ease of use, adding features and providing the property owners with greater access to information. In 2011, LAHD added American Express and Discovery credit cards to our site as payment options. In May 2011, LAHD submitted a request to the City Treasurer to add electronic check (ACH) payment option. When approved, ACH will be made available on the portal. Additionally, Spanish-language forms and interface are being developed to enhance property owner access on the portal. In 2009, the Department installed computers in each of the six public counter offices, geographically located throughout the City, for property owners without access to a home computer or to expedite their time at the locates rather than wait in line.

48 – Housing Department – Fee Billings should conduct a feasibility study of streamlining the city codes and statutes on code and housing fee exemptions that could be applied to property owners.

LAHD Response:

LAHD initiated an assessment of the Rent Stabilization Ordinance in 2008. In 2009, LAHD drafted a transmittal of proposed amendments to the. Part of the amendments addressed property owner guidelines for requesting an exemption and provides the Department with greater oversight in the approval and monitoring of the exemptions. The City Council adopted the amendments on May 31, 2011, which were concurred by the Mayor on June 7, 2011. The amended Ordinance will be effective July 15, 2011. In addition, to better manage the exemption records, the Department has implemented a Document Management System which provides optical images of property owner exemption requests online. LAHD monitors and reviews exemption requests to ensure compliance with the Ordinances.

49 – Housing Department – Fee Billings should increase fee billing A/R reporting frequency from quarterly to monthly and continue to distribute the reports to all applicable parties. These reports should include data on total billings and revenue receipts to date.

LAHD Response:

LAHD has an automated A/R report which is generated monthly. The current reporting frequency required by the Office of Finance (OOF) is quarterly. If monthly reports are needed, LAHD can send them monthly.

50 – Housing Department – Fee Billings should dedicate two of its existing staff to monitor and follow up on aging receivables, and thus improve the timeliness of referring delinquent billings to collections.

LAHD Response:

The Billing Information Management System (BIMS) automatically ages invoices through each billing stage. Reports on the various bill types, invoice stages and aging can be generated by BIMS with

minimal effort. These features decrease the time required to ensure the timeliness of referring delinquent accounts to collections. Additionally, with access to real-time data, both billing and collection; and BIMS System staff liaise and schedule billing jobs a month in advance to ensure workload continuity and appropriate billing timeliness. One senior staff is assigned to monitor and charged with the oversight for this responsibility.

51 – Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.

LAHD Response:

The Billing Information Management System (BIMS) provides real-time access to the aging account receivables. The senior staff responsible for this assignment ensures aging invoices are referred to collections in a timely manner, as prescribed by the 'Citywide Guidelines to Maximize Revenue Collection.' Additionally, the individual monitors the collection rate of each account and determines when to recall and refer the account to the secondary collection agency, and again when to refer potential accounts to LAHD's Accounting Division for inclusion in the write-off program.

52 – Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.

LAHD Response:

The Billing and Collection Policy and Procedures Manual (Manual) was first created several years ago. The Manual is provided to staff and segments reviewed periodically during staff meetings. The Manual is updated regularly to ensure staff is kept current with procedural changes. In May 2011, the City Council adopted Rent Stabilization Ordinance and Housing Code amendments. The changes to the current Ordinances will impact staff in several Divisions. LAHD is currently designing a training program that will address the changes, clarify processes and educate the staff prior to the 2012 Annual billing cycle. Updates to the Manual, will incorporate computer screen images to reflect steps requires completing each function. Please see a copy of the Collections Policy and Procedures Manual in Attachment B

53 – Housing Department – Fee Billings should develop reporting interfaces for the Housing's Housing Information Management System (HIMS).

LAHD Response:

LAHD is currently working with the Office of Finance and FMS ITA to set up an outbound/interface file from LAHD Billing System (BIMS) to FMS - Centralized Account Receivable Reporting (CARR) data warehouse. Testing of the interface is scheduled to happen in August, 2011. Full implementation is expected to be in December 2011.

54 – Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.

LAHD Response:

Since the operation of Real Estate Loans Receivable is more like bank loans receivable, and is vastly different from fee-based accounts receivable, Office of Finance does not recommend including LAHD loans receivable data in quarterly accounts receivable and collections report.

55 – Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.

LAHD Response:

Loan Receivable section within accounting division is continually assessing the accuracy and reliability of real estate loan revenue billing and enhancement of current HIMS system. Before and during the first implementation of HIMS a couple of years ago, Accounting staff worked with Systems group in formulating the algorithm for the system to automatically calculating interest revenue. There were tests to ensure our interest calculation and loan balances were accurate. Each year, there is an external audit for the Comprehensive Annual Financial Report (CAFR), where tests are performed to verify that there is no material misstatement of the loans receivable and revenue data in the financial city's financial statements.

56 – Housing Department - Real Estate Billings should develop a manual that describes and maps the billing processes throughout the Department. The loan generation procedures currently available should be formalized in this central document.

LAHD Response:

LAHD has existing written policies and procedures for the billing of real estate loans. The loan generation procedures are enforced via the use of the Housing Information Management Systems (HIMS) and written procedures. Attachment C contains a copy of the Loans Receivable Billing Process for your reference.

100 – ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.

LAHD Response:

LAHD employees are recognized at regular Section meetings and during Bureau quarterly meetings. The quarterly meetings provide special recognition for the professionalism and daily efforts of our employees, while selecting specific individuals whose work ethic and integrity exemplifies the Department. The Program brings staff together from all Bureaus and Divisions and is supported by the General Manager and the Executive team.

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAGUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

June 6, 2011

Antoinette Christovale, Director
Office of Finance
Room 220, City Hall
Mail Stop 766

Attention: Jeffery Whitmore, Revenue Manager

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker

In response to your request dated May 5, 2011, here are our responses to each of the three items pertaining to the Department of City Planning:

#65 Instruction 19a) Planning should document cost recovery and expedited cost recovery billing processes within the department.

Department Response: The department has detailed procedures documents for cost recovery and billing for expedited services. For non-expedited cost-recovery, documented procedures are not available in one centralized format, but are available for some specific areas. Sufficient staff time is not available to commit significant resources to developing comprehensive procedures manuals at this time.

#66 Instruction 19b) Planning should document cost recovery exceptions, such as new project manager training, and provide non-chargeable time codes for these exceptions. This will reduce supervisors' manual adjustments to cost recovery bills.

Department Response: The department's current work order structure provides work orders for specific cost-recovery activities and projects, as well as work orders for specific and general non-chargeable activities.


Accounts Receivable Improvements
June 6, 2011
Page 2 of 2

#67 Instruction 19c) Planning should review substantial aging receivables to determine what amount should be written off.

Department Response: The department reviews aging receivables as staff time permits, and submits requests for write-off when appropriate. The last write-off request was submitted on March 31, 2011 and approved by the Board of Review on April 27, 2011 (C.F. 11-0826).

If you have further questions, please contact Matthew Crawford of my staff at (213) 978-1288.

Michael J. LoGrande
Director of Planning



Eva Yuan-McDanie
Deputy Director of Planning

LOS ANGELES POLICE COMMISSION

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EXECUTIVE OFFICE
POLICE ADMINISTRATION BUILDING
100 WEST FIRST STREET, SUITE 134
LOS ANGELES, CA 90012-4112

(213) 236-1400 PHONE
(213) 236-1410 FAX
(213) 236-1440 TDD

June 21, 2011

Ms. Antoinette D. Christovale, Director
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager
200 North Spring Street, Room 220 - City Hall
Los Angeles, California 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. 10-0225)

Dear Ms. Christovale,

We are in receipt of your correspondence dated May 5, 2011 requesting a formal response to the subject matter noted above by June 30, 2011. The following provides the Police Commission response to the items (Tracker Numbers) identified in the Departmental Response Tracker, Exhibit ii:

Tracker #68 - LAFD and LAPD Commission should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.

Response

The new false alarm management system (CryWolf) was designed to comply with the Mayor's Directive No. 5 by moving unpaid accounts receivables through the billing cycle and eventual referral for collections and write-off, if necessary. Since December 2009, all delinquent invoices that met the criteria for referral were identified and referred to a City approved collection agency. Subsequent monthly referrals were made to the collection agency through June 2010. Since July 1, 2010, the Commission refers delinquent accounts for collection on a weekly basis. An account may not be referred within the 45 days of delinquency period if the alarm user has been offered an installment payment agreement; is contesting the bill through a waiver request; and/or, is scheduled for alarm school. CryWolf is programmed to allow for tracking of accounts that are under an installment agreement for non-compliance with the payment agreement. If the account is not paid as agreed, the invoice(s) is automatically sent to the collections folder for referral.

The Police Commission requests that you separate the LAFD from the LAPD Commission with regards to this Tracker.

Ms. Antoinette Christovale, Director
Page 2

Tracker #69 – *Police Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process false alarm bills within the CryWolf System. Likewise, the procedures for the other types of bills, DUI and Board-Ups should also be developed.*

Response – CryWolf System

A comprehensive desktop *Alarm Section Manual* was completed in July 2009 and was last revised in January 2011. The Manual incorporates the policy and procedure for processing billing in CryWolf as well as all of its other functions. The Manual delineates the billing cycle (e.g. original bill, delinquent bill, final notification) and includes copies of CryWolf screen shots with detailed instructions to follow when processing billing; returned checks; payments; waiver requests; etc. In addition to the desktop Manual, an electronic CryWolf Administrative and Operations manual is available in CryWolf under the “Help” icon, which includes detailed instructions on a variety of areas, including how to process billing for false alarm activations, payments, adjudicating fees, etc.

The Alarm Section also maintains the following desktop manuals:

Wachovia Lockbox Excessive Alarms Download/CryWolf Instructions – This Manual provides the steps for viewing individual invoice payments made through the Wachovia Lockbox for false alarms, including the checks and bill stubs for each individual invoice.

CryWolf Systems Manual – The Manual provides details about the applications, hardware and interfaces. It also provides who to contact for technical support related to servers, application software, files, databases and interfaces.

AllianceOne Client Access User Guide – This guide explains the seven collection agency access features to use when following up on the status of a referral.

Response - Board-ups

Desktop procedures delineating each step required when processing board-up billings have been developed and are maintained by the Board-Up Coordinator assigned to the Police Commission.

Response – DUI

The Police Commission is not responsible for processing DUI billings. Your request has been forwarded to the Fiscal Operations Division of the Police Department, with specific emphasis to Tracker No. 69 related to DUI billings.

Tracker #70 – *Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.*

Response

As noted under Tracker #68, the Police Commission has an established policy and procedure for referring delinquent accounts to collections. This policy and procedure has been in place since the implementation of CryWolf, which was programmed to produce a table/queue of outstanding

Ms. Antoinette Christovale, Director
Page 3

invoices that are 45 days delinquent to alert the Alarm Section of invoices that need to be referred to a collection agency. After the initial invoice and two delinquent notices (Delinquent Notice and City Attorney Final Notification) have been sent, outstanding invoices are electronically referred out for collection on a weekly basis. Within one day of referral, an acknowledgement is received from the collection agency providing the account name, invoice number, principal collection fee, and total amount. Through the collection agency's Client Access User Guide, the Alarm Section is able to view the status of a particular account using various search methods. After 365 days from the date of referral, outstanding invoices are retrieved from the collection agency. A report detailing the uncollected invoices is then prepared and submitted through the Board of Police Commissioners for approval by the Board of Review to write-off.

Tracker #71 – *Police Department should develop a set of metrics to measure billing and collection performance. This should include: cycle time to complete a bill (primarily false alarm), average labor hours and cost to produce a bill, and initial payment collection rate by bill type.*

Response

As mandated by the Mayor's Executive Directive No. FM-3, the Police Commission reviews on an annual basis the cost to respond to alarm activations. The fee to recover the cost is determined by calculating the amount of time (expressed in the percentage of one hour) spent by sworn and civilian personnel multiplied by the position's average hourly salary rate (established by the City Administrative Officer). The salary rates for the Office of Finance, who processes the payments, is also factored in, as well as indirect costs such as fringe benefits, department administration and support, central services and compensatory time off. Direct salary costs are then multiplied by the rates established in the current Cost Allocation Plan prepared by the Controller's Office. The CryWolf system has the capability of generating a number of reports that provide alarm statistics, including billing and collection rates. On at least a quarterly basis, reports are generated and provided to the Office of Finance for the Mayor's review that include the total outstanding, collected and referred to collections by age.

Tracker #72 - *The Police Department should investigate the feasibility of implementing an on-line payment system for false alarm bills that would allow property owners to view the details of false alarm bills, make on-line payments, and file protests.*

Response

To address this recommendation, the Police Commission contacted the designers of CryWolf, Public Safety Corporation (PSC) and the Office of Finance. The Office of Finance is responsible for accepting payments on behalf of the City. The Systems Director from the Office of Finance indicated that Finance currently provides the functionality for taxpayers to pay their bill on-line and that they can adapt the same system to process payments for false alarm bills in CryWolf. The Systems Director will work with PSC to get a process in CryWolf that would provide Finance with a nightly extract of balances owed which they could use for this process.

The feasibility to accept protests (waivers) on-line was discussed with PSC. They offer a 'citizen facing' web site that allows people to: (a) add new (and renew existing) accounts online; (b) update their account information online; (c) make online payments; and, (d) view their history (an actual CryWolf short history) online. The alarm subscriber would also be able to file a protest/waiver request by using a 'contact us' section that allows them to enter their account number and type in

Ms. Antoinette Christovale, Director
Page 4

their protest/waiver request – and then press a button which emails it to the Alarm Section. A more complete option can be designed at the request of the City and/or Police Commission. All of these functions are available; however, a contract amendment would have to be executed for the system enhancements. The cost to accomplish this is unknown since no formal cost proposal was solicited at this time.

Tracker #100 – ENCOURAGE AND THANK CITY WORKERS – CORE recommends that each department implement a recognition program for employees.

Response

The Police Commission has an Employee of the Month program to recognize employees for their outstanding work. The employee(s) are nominated by their peers and selected by the Commission supervisors. In addition, during the Police Commission's quarterly office meetings, employees are recognized and are provided with positive comments for their hard work, dedication and efforts to ensure compliance with the Mayor's directive.

If you require additional information, please contact Senior Management Analyst II Eva Vega of my staff at (213) 2376-1422.

Very truly yours,


RICHARD M. TEFANK, Executive Director
Board of Police Commissioners

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

BOARD OF PUBLIC WORKS MEMBERS

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COMMISSIONER

VALERIE LYNNE SHAW
COMMISSIONER

Exhibit ii – PW

OFFICE OF THE BOARD OF PUBLIC WORKS

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012
(213) 978-0261
(213) 978-0278 Fax

WILLIAM P. WEEKS
EXECUTIVE OFFICER

<http://www.bpw.lacity.org>

June 27, 2011

Antoinette D. Christovale, CPA
Director, Office of Finance

**RE: Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F.
No. 10-0225)**

Dear Ms. Christovale,

In response to your letter dated May 5, 2011 regarding the above subject, attached please find the formal report back of the Department of Public Works, particularly, responses to Departmental Tracker Nos. 73 to 83. Our response is the result of coordinating and working with all the Bureaus mentioned in the Tracker.

If you have any questions, please contact Victoria A. Santiago, Director, Office of Accounting, at (213) 978-0900.

Sincerely,

Andrea A. Alarcon
Acting President, Board of Public Works

Attachment

C: Honorable Antonio Villaraigosa, Mayor
Honorable Bernard Parks, Chair, Budget and Finance Committee
Honorable Dennis Zine, Chair, Audits and Governmental Efficiency Committee
Honorable Carmen Trutanich, City Attorney
Honorable Wendy Gruel, City Controller
Rev. Jeff Carr, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattered, Deputy Mayor of Budget and Financial Policy
Gary Lee Moore, Director, Bureau of Engineering
Enrique Zaldivar, City Engineer, Bureau of Sanitation
Ed Ebrahimian, Director, Bureau of Street Lighting
Nazario Saucedo, Director, Bureau of Street Services
John Reamer, Director, Bureau of Contract Administration



DEPARTMENT OF PUBLIC WORKS

**DEPARTMENTAL RESPONSE
TO THE**

**ACCOUNTS RECEIVABLE
IMPROVEMENT INITIATIVES
DEPARTMENTAL RESPONSE
TRACKER (C.F. NO. 10-0225)**

**Particularly Tracker Item Nos. 73 to 83
for the Department of Public Works**

**ANDREA A. ALARCON
ACTING PRESIDENT
BOARD OF PUBLIC WORKS**

JUNE 30, 2011

EXECUTIVE SUMMARY

On May 5, 2011, General Managers of all City Departments (except Airports, Harbor, Water and Power, City Employees' Retirement System and Fire and Police Pensions), were requested to prepare a formal report back to the Office of Finance, in response to the Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F. No. 10-0225). The initiative was a result of an effort to improve citywide accounts receivable management. Per the Office of Finance, its report was an amalgamation of numerous recommendations, reports, and audits issued by the City Council, City Controller, Macias Consulting Group, and the Council created Commission on Revenue Efficiency (CORE). The initiative is in line with the Mayor and City Council efforts to improve Citywide Accounts Receivable management.

DISCUSSION

The Accounts Receivable Improvement Initiatives Departmental Response Tracker included item nos. 73 to 83, as recommended by the Macias Consulting Group, for the Department of Public Works. This formal report and the discussions below provide responses to each tracker item as requested by the Office of Finance.

Item # 73: Bureau of Engineering

Instruction: Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.

Response: The City's new FMS will be implemented on July 5, 2011. The new FMS has an Accounts Receivable (AR) module that will include the Accounts Receivable currently residing in the City's stand alone Accounts Receivable System (ARS). Office of Accounting worked closely with the FMS Team during the development stage to make sure that generation of billing reports will be provided. Bureau of Engineering will be able to generate billing reports provided by FMS. Should the reports not meet the purpose of monitoring billing performance, Bureau of Engineering will work with Office of Accounting on generating automated billing reports to satisfy this purpose.

Item # 74: Bureau of Engineering

Instruction: Bureau of Engineering should examine the feasibility of automating B permit bill data generation.

Response: Bureau of Engineering's B-permit billings are done through the City's ARS and is part of the AR module of the new FMS. Office of Accounting uses its internal ad hoc reporting system, MERLIN, for generating cost reports for B-permit billings. Bureau of Engineering and Office of Accounting will work with Office of Finance if there is still a need to automate B permit bill data generation given the City's new FMS.

Item # 75: Bureau of Engineering

Instruction: Bureau of Engineering should configure the MERLIN system to allow for electronic data extraction into Excel which would help reduce errors that occur now because of manual data entry.

Response: The Board of Public Works supported by the Information Technology Agency (ITA) is responsible for the maintenance and technical upgrades to MERLIN. Electronic data extraction to Excel has always been available in MERLIN since its inception. Bureau of Engineering and Office of Accounting will work with the Office of Finance for clarification of electronic data extraction it wants that is not being met by MERLIN.

Item # 76: Bureau of Engineering

Instruction: Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.

Response: Bureau of Engineering will do exactly as instructed for all grants received by the Bureau. Going forward with FMS, the Bureau of Engineering and Office of Accounting will include grant billings in the Accounts Receivable module of FMS.

Item # 77: Bureau of Sanitation

Instruction: Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings.

Response: Bureau of Sanitation has existing written policies and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings. Currently, refuse and recyclables collection and groundwater fee billings are included in the City's ARS or the AR module in the new FMS. Going forward, the Septage Waste Hauling and Groundwater Fee billings will be included in the Industrial Waste Billings (IWB) system. The Private Waste Hauler revenues are generated as permit compliance payments and are tracked by the Recycling Data Management System (RDMS). The Sewer Service Charge, Multi Family Bulky Item Fee and Solid Resources Fee (trash fee) are billed through the Department of Water and Power. The IWB and the AB939 waste hauler fee written policies and procedures are available at the Bureau of Sanitation or Office of Accounting upon request.

Item # 78 Bureau of Sanitation

Instruction: Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance.

Response: Office of Accounting is already reporting quarterly the refuse and recycling collection and groundwater fee receivables to Office of Finance. Septage waste hauling and groundwater fees will be captured and reported through the new IWB, which should be fully implemented by December 2011. The quarterly reporting to Office of Finance for groundwater fees will switch from the Office of Accounting to Bureau of Sanitation when the new IWB system is implemented.

Bureau of Sanitation does not anticipate changes in reporting for the AB939 Compliance Fee-Private Waste Hauler Fee, nor changes to the Sewer Service Charge, Multi Family Bulky Item Fee or Solid Resources Fee (trash fee) which will continue to be billed through the Department of Water and Power.

Item # 79: Bureau of Street Lighting

Instruction: Bureau of Street Lighting should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.

Response: Currently, Bureau of Street Lighting billings for damage claims are being sent out by the Office of Finance. This is not included in the quarterly reporting. The Office of Finance, Bureau of Street Lighting and Office of Accounting will re-evaluate inclusion of the Bureau of Street Lighting Damage Claims Receivable in the AR Quarterly Report post FMS GoLive.

Item # 80: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office; centralized billing procedures should be fully developed by the Office that address all the bill types generated by its various bureaus and agencies.

Response: Office of Accounting worked closely with the FMS Team to ensure that billing requirements of the Department of Public Works are met by the new system. For department billings that will not be captured in FMS, Office of Accounting will work with the Bureaus to identify all types of these billings. Office of Accounting, in coordination with the Bureaus, will then develop centralized billings procedures for all the bill types generated by its various bureaus and agencies. As an initiative towards this goal:

a) For Billings with internal system within the Bureau (example: IWB billings), Office of Accounting will work with the respective Bureau, FMS Team and Office of Finance for an interface with FMS as required in Office of Finance' Centralized Accounts Receivable Reporting (CARR) project.

b) For billings that can not be interfaced with FMS (example: BSS Illegal Sign Billings), OOA will work with respective Bureau to ensure that the billings and collections are trucked, monitored and recorded in FMS through a journal voucher, for the general ledger, and with the Bureau's internal schedule as the subsidiary ledger.

Item # 81: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should establish interfaces so that the Bureaus submit billing data electronically rather than manual drop off of information.

Response: Office of Accounting will work with the FMS Team and the Office of Finance in developing interfaces to enable Bureaus to submit billing data electronically.

Item # 82: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should, until Finance centralizes more billings and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.

Response: Office of Accounting used to have a dedicated Senior Management Analyst I in charge of Revenue Collections. Because of position vacancy and later, deletion in the budget, the Senior Management Analyst I is concurrently the Manager for the Cost Accounting Division. In addition, due to budget cuts and managed hiring that result in staff shortage in the Office of Accounting, employee assigned to do billings are given additional tasks and are currently working on more than one desk. Moreover, position vacated by a staff assigned to update ARS was deleted in FY 2012 budget. Thus, pursuing more aggressive collections efforts and monitoring of and follow ups on aging receivables is sacrificed.

Office of Accounting will work with Bureaus in pursuing aggressive collection efforts for accounts that are delinquent before it is referred to a collection agency.

Item # 83: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.

Response: Aging of Accounts Receivable forms the bases for referring delinquent accounts to collection agencies and/or Office of Finance. Accounts returned by the collection agency and Office of Finance as uncollectible are presented to the City's Board of Review for write off recommendation. However, Office of Accounting is being very careful in determining any request for write off, making sure that all collection efforts were done and that the accounts are legitimately deemed uncollectible before proceeding with the write off request. The new FMS will allow departments to monitor accounts returned by Collection Agencies and Office of Finance as uncollectible. This will allow Office of Accounting in the preparation of write off requests more frequently.

CONCLUSION

The Department of Public Works has been and will always work closely with the Office of Finance in meeting its efforts to improve Citywide Accounts Receivable management. Already, Office of Accounting, in coordination with the Bureaus, is heavily involved in the CORE, CARR and recently, the Citywide Centralized Billings and Collections system project of the Office of Finance. The Department of Public Works is one with the Mayor, Council, City Controller, City Attorney and Office of Finance in ensuring the success of this goal.

CITY OF LOS ANGELES

CALIFORNIA



Jaime de la Vega
GENERAL MANAGER

**DEPARTMENT OF
TRANSPORTATION**
100 S. Main St., 10th Floor
LOS ANGELES, CA 90012

(213) 972-8480
FAX (866) 530-3154

ANTONIO R. VILLARAIGOSA
MAYOR

July 28, 2011

Ms. Antoinette Christovale, Director of Finance
Office of Finance
200 North Spring Street, Room 220
Los Angeles, CA 90012

**Subject: Accounts Receivable Improvement Initiatives Department
Response Tracker (CF. No. 10-0225)**

Attached are LADOT's responses for your letter dated May 5, 2011, regarding the above-entitled matter.

Please contact me at (213) 972-8480 or jaime.delavega@lacity.org any time if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime de la Vega".

Jaime de la Vega
General Manager

Attachment

84 - RECALL SEVERELY AGED DELINQUENT ACCOUNTS FROM ACS - CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.

DOT contacted the City Attorney's Office regarding this recommendation. The City Attorney's Office informally opined that the California Vehicle Code (CVC) does not explicitly provide approval for external secondary collections. Further, the CVC does not explicitly provide approval for non-tax amnesty. DOT has requested ACS to accelerate the outbound calling to less than 24 months from issuance date.

#85 - NEW DOT BILLING AND COLLECTION CONTRACT(S) - CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) -- and ways to improve.

DOT has incorporated the CORE recommendations as approved by the City Attorney in the final draft RFP. Other improvements have been incorporated in the current system

#86 - RENTAL CAR PROGRAM - CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of "rentals and miscellaneous" constituted 11.65%, or \$22.96 million, of DOT's Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company. The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.

ACS implemented new programming to expedite notices to the correct owner since rental car ownership information is dynamic, in that, most rental car companies do not own their vehicles for more than two years. Further, ACS is confirming ownership with the DMV as soon as the citation is processed, and also is strictly enforcing the requirement for rental car agencies to provide the

driver's license information of the renter within the timeframe as required in the CVC. Finally, ACS is also working with the larger rental agencies on a master database repository of their entire nationwide inventory.

#87 - PRIORITIZE REPAIR OF BROKEN PARKING METERS - CORE recommends DOT's swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City's parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.

DOT has replaced old and malfunctioning meters with new technology including multi-space pay stations and single space meters. Seventy percent (70%) of metered spaces have been upgraded and now run at greater than 99% up-time. By the end of FY11-12, 93% of the metered spaces will be upgraded.

88 - REVISE DOT REPORTING OF RECEIVABLES - CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT's receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.

DOT provided the fine, penalty and City share distribution in December 2010 and revised the format for the quarter ending March 2011 to allow for discrete aging timeline. After meeting with the Office of Finance, DOT requested, and the Office of Finance approved, a different timeline consistent with the parking citation life cycle. Beginning with the June 2011 reporting timeframe, the fines and penalties will be separate; the aging component will be consistent with the ticket lifecycle and the City share will be clearly stated.

#89 - TRAFFIC OFFICERS - CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority.

The Mayor's 2011-12 budget authorized funding to hire an additional 100 part-time traffic officers. DOT enforcement is also being reorganized with the assistance of LAPD Commander Michael Williams (on loan from the LAPD) to implement a strategic plan that will improve accountability and streamline activities utilizing improved and/or enhanced enforcement technology.

#90 - COLLECTION OVERHEAD AND EXPENSES - CORE recommends that DOT present to the Council's Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT's current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.

The Department pays ACS on a per citation processing basis and there are reimbursable costs included into the contractor's overall pricing schedule. In the current contract, the Department reimburses ACS for postage, storage and printing costs. Of these three reimbursable items, printing does include a 10% overhead fee. The contract does specify the an overhead charge for additional specified services and equipment beyond those required in the RFP shall not exceed 10% above the actual cost of the time or service; and that the contract must provide the City with a minimum of three bids and prior written approval from the city prior to procurement.

#91 - SCOFFLAW ENFORCEMENT - CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues

The Department will query the California Public Parking Association members to inquire about their overall support and report back to CORE in the next report.

#92 - VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lien holders of impoundments or impending impoundments. A lien holder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest -- and the right to repossess the vehicle in the event that a borrower or lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee -- and the costs for lien holders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how

notices to lien holders might be used to put extra pressure on repeat parking violators to pay.

DOT will contact the City Attorney's Office to discuss the legalities of such a program under the Fair Debt Collections Act and will update CORE in the next report.

#93 - REDUCE MARGINS OF ERROR - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.

The Department is working with ACS to revise the current error report to count all missing or blank mandatory fields as errors and to use these error reports to identify opportunities for additional training. Upon completion of the revised report, LADOT will begin monthly reviews and counseling of officers who are identified as having an error rate of 5% or greater for missing mandatory fields.

#94 - POLICY RE UNLIKELY TO COLLECT CITATIONS - CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.

DOT and ACS will discuss this recommendation to reduce the receivable for the difficult to collect population. DOT will also survey other cities regarding their policies regarding parking citation issuance to and collections from the homeless.

#95 - TECHNOLOGY - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.

The Department currently has all 19 license plate (LPR) vehicles currently deployed as follows:

- 15 LPR vehicles are deployed citywide daily through the High Priority Scofflaw Team. This team is deployed in Southern, Central, Hollywood and Western parking enforcement areas, Monday through Friday from 7:00 a.m. to 6:30 p.m.
- 4 LPR vehicles are deployed daily in the Valley Parking Enforcement Area. These vehicles are deployed Monday thru Friday from 7:00 a.m. to 6:30 p.m.

The only time the LPRs are not deployed is due to vehicle maintenance and system malfunctions.

The Department will also secure new handheld ticket writers in the upcoming RFP with higher resolution cameras and bar code reading capability and some real-time data downloads. These features will improve the quality of parking citations and the potential collectability.

#96 - Transportation Department – Parking Citations should expand focus from vendor contract management to include vendor collection performance management. This includes working with the collections vendor to set performance goals, identifying barriers to achieving these goals (e.g., using Pareto analysis tools to track and address key receivables causes), and assisting in removing these barriers. The collection vendor currently provides some collection performance information to the DOT to initiate this added focus.

The Department surveyed all members of the California Public Parking Association and found that no City has collection performance goals written into their parking citation contracts. However, the Department currently uses an incentive collections program, called Special Collections, with a flat fee that is only paid when a delinquent citation is fully paid after 79 days. In July, the Department will review ACS' annual collection presentation and proposed enhancements for possible implementation shortly thereafter.

In regards to collection performance, the Department is preparing a new format based on ticket life-cycle milestones to begin this analysis based upon the following ticket life-cycle penalties:

Days from issued date	Penalty added
37	Penalty doubles
58	\$25 added
79	\$3 DMV hold fee and \$21 special collection fee

LADOT will analyze this schedule and the payment rates to determine if adjustments need to be made that would maximize revenue based on historical payment history.

#97 - Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.

The new RFP will align, as much as legally possible under the California Vehicle Code, with Executive Directive 5 as it related to the referral of delinquent accounts to the City's contracted collection agencies.



For all of the following fields, enter information associated with each Invoice Type.
For purposes of this survey accounts receivable types not to be included are as follows:

- 1) Tax
- 2) Governmental Sources
- 3) Inter-departmental Transfers
- 4) Grants
- 5) Point-of-Sale Receivables

Field	Instructions
1. Invoice Type (Name)	Enter the type of invoice based on the specific service rendered and accounts receivable.
2. Joint or Consolidated Billing?	Enter whether this is a joint or consolidated billing with multiple invoices and/or departments and identify these.
3. Dept Billing	Enter your Department.
4. Business Lead Contact	Enter the name of your Business Lead Contact.
5. AR System	Enter the name of your Accounts Receivable System.
6. AR System Support	AR system maintained in-house or by vendor? If vendor, please list name of vendor.
7. Transaction Type	Enter the type of transaction (e.g. fee for service, cost recovery, permit, renewal).
8. Service Provided	Enter the services provided; extended description of rendered services.
9. Applicable City Codes	Enter the applicable City Codes/Ordinances pertaining to the receivable.
10. Applicable State or Federal Regulation	Enter the applicable State or Federal regulation pertaining to the receivable.
11. Dept Code, Revenue Source Code, Fund	Enter the applicable Fund, Department Code, and Revenue Source Code, e.g. (Fund 100 / Dept. 38 / RSC 2080). List all associated.
12. Non-City Amounts?	Enter whether the invoice includes amounts that are not City receivables and identify the entity for which the City is billing.
13. Interdepartmental or Grant Funds	Enter whether the invoice includes amounts that are interdepartmental transfers or grants.
14. Other Governmental Agencies	Enter whether the invoice includes amounts that are due from other governmental agencies and identify the principal agency or type.
15. Fee Schedule	Enter or provide your Department's Fee Schedule (if applicable).
16. Last Fee Adjustment	Enter when your Department last adjusted the fee and by what approximate percentage.
17. Deposit or Pre-payment collected?	Identify if deposit or a pre-payment is collected. If no, is this a possible option?
18. Delinquent Debtor Cross-Reference?	Identify any tools or resources used for cross-referencing and identifying delinquent debtors.
19. Check Verification System	Enter whether your Department utilizes a check verification system and identify the tool used.
20. Non-Sufficient Funds (NSF) Checks Fee	Enter whether NSF fee is applied and amount.
21. Invoice Term	Enter the term of the invoice (e.g. at 30 days past due or delinquent).
22. First Delinquency Notice	Enter number of days past due (counting from invoice due date) when Department sends out the 1st delinquency notice.
23. Final Notice	Enter number of days past due (counting from invoice due date) when Department sends out the final delinquency notice and whether City Attorney letterhead is used. Provide a sample copy of the final notice letterhead to Finance.
24. Interest	Enter the terms of interest charged (if applicable) on a monthly basis.
25. Penalty	Enter the terms of penalty charged (if applicable) on a monthly basis.
26. Liens	Enter if liens may be applied to this receivable type and identify the terms. If not currently applied, is there a prospective opportunity to apply liens?
27. Payment Plan	Is a payment plan option offered? If so, enter the terms of your Department's payment plan.
28. Payment Acceptance Options	List payment acceptance options (e.g. check, credit card, online payment, etc.)
29. Reimburse / Refund Threshold	Is there a minimum threshold for application of refund or reimbursement? What is the amount?
30. Appeal/Hearing Process	Identify whether an appeals or hearing process is available and the basic parameters.
31. Collection Referral	Enter whether your Department's delinquent Accounts Receivable are eligible for referral and number of days past due (counting from invoice due date).
32. Primary Collection Agency	Enter the name of your Department's Primary Collection Agency.
33. Secondary Collection Agency	Enter the name of your Department's Secondary Collection Agency.
34. Statute of Limitation/Write-Off	Enter whether your Department's delinquent Accounts Receivable are allowable for write-off (e.g. write-off [not] eligible) and identify the statute of limitation on collection (e.g. 5 years from invoice generation). Separately identify if penalty and interest is subject to write-off or adjustment/waiver by department where uncollected.
35. Documented AR Procedures	Enter whether your Department has written Accounts Receivable procedures, the date of the latest version, and please provide a copy to Finance.
36. Approximate Annual Billing (FY10)	Enter your Department's approximate annual \$ billing amount for FY 2010.
37. Approximate Annual Receipts [Cash Basis (FY10)]	Enter your Department's approximate annual \$ receipts amount for FY 2010 on a cash basis.
38. Annual Invoice Volume (FY10)	Enter your Department's annual invoice generation volume for FY 2010.
39. Billing Cycle	Identify your Department's Billing Cycle (Annual, Quarterly, within # days of service, etc).
40. Calculation of Uncollectible Amount	Enter your Department's calculation for determining uncollectible amounts.


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 111

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on whether Police plans to partner with any organizations or providers to replace the services provided by the Nutritionist position proposed for deletion

Subject: **LOS ANGELES POLICE DEPARTMENT NUTRITIONIST POSITION**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) whether the Department plans to partner with any organizations or providers to replace the services of the Nutritionist position proposed for deletion. Below is the Department's response:

The Department has no plans at this time to partner with any outside organizations or providers to replace the duties of the Nutritionist position proposed for deletion.

The position provides clinical nutritional (dietetic) services to LAPD employees. While the majority (71 percent) of the Nutritionist's duties focuses on weight management, 15-20 percent of the work is directed at those employees with medical conditions who have specific dietary needs. The position also provides dozens of classes each year on a wide range of health/dietary topics, presented at roll calls, supervisory and division meetings and develops unique and effective intervention programs.

This memorandum is informational only. There is no fiscal impact.

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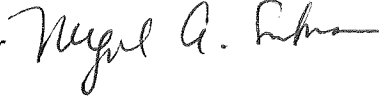
Question No. 51

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 112

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on workers' comp reform and associated costs.

Subject: **PERSONNEL DEPARTMENT – WORKERS' COMPENSATION COSTS**

Workers' Compensation reforms are absolutely necessary to insure that the Workers' Compensation program in the City of Los Angeles is sustainable in future years.

Based on a report from the Workers' Compensation Insurance Rating Bureau (WCIRB) and the California Workers' Compensation Institute (Industry Think Tank) dated March 14, 2012, claim costs throughout California have increased 40% from 2005 to 2011. Recent experience indicates that savings from statewide reforms undertaken in 2004 have evaporated, and expenditure levels are at pre-reform levels.

The increasing costs in Workers' Compensation are being driven by the following:

- Medical and pharmaceutical costs.
- Increases in permanent disability based on court decisions.
- New State legislation that enhances benefits for sworn employees.
- Cost containment strategies and costs.

The Personnel Department monitors pending State legislation that impacts Workers' Compensation and provides the Mayor's Office and the Office of the Chief Legislative Analyst with proposed positions on the legislation. These monitoring efforts currently involve 17 separate Assembly and Senate bills. These bills contain numerous reforms which could result in cost savings, but reform of the Workers' Compensation system is incredibly complicated due to the special interests of stakeholders including employers, employees, labor unions, chambers of commerce, business associations, physicians, pharmaceutical companies, medical services providers, the courts, and attorneys. However, the Personnel Department will continue to monitor proposed legislation and work to implement reforms to decrease expenditures.

MAS:MHA:pg

Question No.101

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 113

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the following: What happens to the City's healthcare costs if an alternative plan is offered alongside the Kaiser and Anthem plans; how can City continue to provide current plans through Anthem when costs have been increasing significantly each year; are any of the healthcare providers working with the City to develop plans that will provide savings over the next 2-3 years; are there ways the City can offer variations to existing healthcare plans to minimize the risk or any major disruptions in healthcare providers; are there any healthcare companies that are willing to provide implementation services at no cost to the City if we agreed to switch to a more cost effective plan.

Subject: **PERSONNEL DEPARTMENT – HEALTHCARE PLANS**

Healthcare plans for the City's civilian employees are administered by the Personnel Department with direction from the Joint-Labor Management Benefits Committee (JLMBC) which consists of representatives of both management and labor. The Personnel Department is currently reviewing responses to a Request for Proposal (RFP) for medical and dental carriers for the 2013 Calendar Year.

Through the RFP process, the Personnel Department requested various plan design options and alternatives to mitigate benefit plan increases. These cost savings options include:

- Higher co-pays
- "Narrow" or "Tiered" Networks
- Replacement of existing benefits providers
- Reduction of benefits (e.g., vision or dental benefits)

In June 2012, the Personnel Department will provide the JLMBC with a report on the results of the RFP review, and recommendations for options available to reduce Plan Year 2013 premium costs. While it is anticipated that health premium rates will increase between 8% and 13% depending on the plan type, every effort will be made to design an overall healthcare plan that maximizes employee benefits while minimizes costs to both the City and individual employees.

MAS:MHA:pg

Question No.98

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 114

Date: May 5, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: In the summary of general fund enhancements and reductions, the Personnel Department is receiving an additional \$390,000 unrelated to Fire Department support. It was anticipated that the HR Consolidation would result in savings, not new resources for Personnel. What is the reason for this transfer?

Subject: **PERSONNEL DEPARMENT**

The line item for \$390,000 in the Personnel Department's budget is related to a funding source adjustment from the Rideshare Trust Fund to the General Fund. The 2012-13 beginning cash balance for the Ride Share Trust Fund is estimated to be zero due to actual receipts being lower than budget in the current year. This Fund receives revenues from parking fees and vanpool fares with outlays for employee transit subsidies.

This source of funding adjustment is unrelated to the HR Consolidation.

MAS:MHA:pg

Question No.268

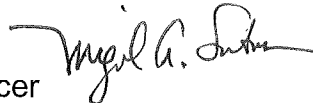
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 115

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the impact of proposed unemployment costs from the layoffs and to what degree will it offset savings.

Subject: **PERSONNEL DEPARTMENT – REPORT BACK ON IMPACT OF UNEMPLOYMENT COSTS**

The projected unemployment benefit expenditures for FY 2012-13 are budgeted at \$10.325 million. This figure includes a base unemployment estimate of \$7.4 million for claims filed by part-time employees who experience a reduction in working hours or who leave City service. An additional amount of \$2.925 million was added to this base figure for up to 250 civilian employee layoffs which would occur in July, August, and September.

With respect to layoffs, the City's maximum one-time liability per unemployment claim is \$11,700 (\$450 weekly benefit for 26 weeks). While this cost offsets a portion of the savings realized from position eliminations, it is outweighed by the ongoing savings realized for salary, healthcare benefits, and retirement costs by the elimination of a position. This savings grows in 2013-14 as a result of not paying the unemployment insurance.

MAS:MHA:pg


Question No.97

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 116

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: What is the cost and impact of a potential downgrade in the City's credit rating and an estimate of the additional cost to the City due to a downgrade if we reduce the Reserve Fund Balance?

Subject: **CITY ADMINISTRATIVE OFFICER – RESERVE FUND & CREDIT RATINGS**

Your Committee requested this Office to report back on the cost and impact of a potential downgrade in the City's credit rating and an estimate of the additional cost to the City due to a downgrade if the Reserve Fund balance is reduced.

We asked our two general Financial Advisors for their analysis. Attached is their memo, describing the importance of maintaining a larger Reserve Fund not only to the City's bond rating but more importantly to the City's financial management for unforeseen issues. Their recommendation is to continue building the Reserve Fund (see Attachment 1).

The City's commitment to build its Reserve Fund over the last several years and forgo transfers out of the Reserve Fund to deal with the current year deficits has been a key factor in stabilizing the City's bond ratings following downgrades experienced in 2010-11. Since the 2011-12 Adopted Budget, the City has increased the Reserve Fund by about \$20 million. More importantly, the City has maintained this higher than budgeted level within the Reserve Fund even as it addressed a projected current year deficit. As reported in the Mid-Year Financial Status Report adopted in February 2012, the City addressed this projected current year deficit mostly by departments implementing operational plans to absorb any anticipated deficits and without a transfer from the Reserve Fund.

Every year, the City begins its fiscal year with a balanced budget. As has been the case in the last several years, however, sizable deficits have been identified through the Financial Status Reports, requiring extraordinary budget balancing efforts. Since 2007-08, the City has faced substantial shortfalls during the fiscal year ranging from \$54 million to \$209 million that have been addressed through interim departmental budget actions, labor negotiations, expenditure deferrals, and revenue initiatives. The Reserve Fund balances have not always been sustained at levels to deal with deficits if no other options were available.

Citywide Mid-Year Deficits Addressed (millions)

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Projected Deficit at Mid-Year	\$155	\$110	\$209	\$54	\$72

Reaching the Reserve Fund goal of at least 5% of General Fund revenues is part of the City's Financial Policies. Not since July 1, 2001 has the City surpassed its policy threshold. To achieve this goal, the City will need to make a commitment, as it has done this year, to withhold from making transfers out of the Reserve Fund for service enhancements or other ongoing expenditures. Bond rating agencies do not accept the prolonged fiscal crisis as an excuse for failing to comply with the Reserve Fund Policy as other large California cities have met their reserve fund policies even during tough economic times and have the same restrictions on raising revenue. Below is a listing of the 10 largest cities, their bond rating and their Reserve Fund balances as a percentage of revenues.

Ratings of 10 Largest U.S. Cities (Updated May 1, 2012)

Rating Rank	City	Fitch	Moody's	S&P	Reserve Fund
1	San Antonio, TX	AAA	Aaa	AAA	9.0%
2	San Jose, CA	AA+	Aa1	AAA	10.0%
3	Phoenix, AZ ¹	n/a	Aa1	AAA	3.7%
4	Dallas, TX	n/a	Aa1	AA+	6.4%
5	New York, NY ²	AA	Aa2	AA	2.6%
5	Houston, TX	AA	Aa2	AA	6.4%
7	Los Angeles, CA	AA-	Aa3	AA-	4.6%
7	San Diego, CA	AA-	Aa3	AA-	10.5%
9	Chicago, IL	AA-	Aa3	A+	4.8%
10	Philadelphia, PA ³	A-	A2	BBB	0.0%

¹Recently adopted a policy to achieve a reserve fund of 5% of total expenditures over the next several years.

²Due to unique budgeting requirements, NYC does not carry surpluses forward or fund a reserve fund. Instead, surpluses at the end of each year are typically used to prepay debt service and similar fixed expenditures.

³Voters recently passed charter amendment that specifies if projected General Fund balances carrying to following fiscal year equal or exceed 3% of General Fund appropriations, then .75% of unrestricted General Fund revenue is deposited into a Budget Stabilization Reserve.

Maintaining a strong Reserve Fund is demonstrates good fiscal management. Reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. There are several large unresolved issues such as the legal cases on the horizon that require not only a larger Reserve Fund but also other saving funds. The Reserve Fund also provides sufficient cash flow in instances where revenue receipts are delayed, such as in the case of deferred transfers from the State. With a larger Reserve Fund, the Controller would be able to reduce the amount borrowed for cash flow purposes in the TRAN. Finally, sufficient reserves are necessary to maintain positive bond ratings, thereby securing favorable interest rates for the issuance of general obligation bonds and all of our other General Fund debt. Reliance on the Reserve Fund to avoid ongoing reductions signals to bond rating agencies and investors a dangerous pattern of fiscal management. This pattern is highlighted by the limited options to address the projected \$199 million deficit in 2013-14.

Attachment 1

Memo from KNN Public Finance
and
Public Resources Advisory Group
on
The Reserve Fund and the City's Credit

Date: May 3, 2012

To: Natalie Brill, Debt Manager
Office of the City Administrative Officer
City of Los Angeles

From: David Brodsky, Managing Director
KNN Public Finance

Michelle Issa, Senior Managing Director
Public Resources Advisory Group

Subject: The Reserve Fund and the City's Credit

You have asked KNN Public Finance and PRAG, as the City's general financial advisors, to comment on the relationship between the City's reserve fund and its credit ratings.

The City's Reserve Fund is the key budgetary tool by which the City creates its "fund balance," an accounting term that reports the difference between a government's assets and its liabilities. There is probably no single number in a local government's financial statements that attracts more attention and discussion—especially from rating agencies, investors and other outside observers—than fund balance. Fund balance serves as a key measure of an agency's financial strength. It reflects the resources an agency has to address the various contingencies that can challenge a local government including, for example, actual revenues coming in below budget and actual expenditures coming in above budget, particularly as a result of natural disasters and other emergencies. A growing fund balance means that a government is earning more than it spends, and is better preparing itself for a rainy day.

As the City's general financial advisors, we believe that reducing the City's Reserve Fund as a percent of General Fund revenues will be recognized by the rating agencies and other market participants as a significant credit weakness. As further discussed in this memo, the rating agencies call out the deterioration in the City's reserves and its relatively low level compared to medians for other comparably rated cities. Further, we note that over the course of this recession, the City's mid-year budget corrections have been larger than the City's Reserve Fund – an indication that the current size of the Reserve Fund is clearly not too large. Any action to further reduce the City's Reserve Fund will contribute to a credit analysis that may result in further downgrades to the City's ratings and significantly higher interest costs on the City's future bonds as well as on its outstanding variable rate bonds.

While no single factor will determine a bond rating, the level of a city's reserve correlates highly with rating level. Higher rated credits typically have a higher reserve level than lower rated credits. The table

below summarizes the City's fund balance as compared to the medians of California cities and other cities across the United States. The City's Reserve Fund represents a significant amount of the fund balance reported on your balance sheet.

Moody's Medians Fund Balance as a Percent of Revenues							
	All California Cities					All US Cities	
	Los Angeles	All	Aaa	Aa	A	All	Aa rated, population over 500,000
Total Fund Balance as % of Revenues	11.6	37.5	53.7	38.4	25.3	27.9	11.0
Unreserved Fund Balance as % of Revenues	7.5	23.6	41.6	23.8	10.1	17.6	4.7

Note that, generally, cities with a large population tend to have lower reserves relative to their revenues. Further note that fund balances tend to be higher in California than they are nationally, in part because of greater revenue flexibility in other states reduces the pressure on reserves.

A rating agency credit report will usually comment on the issuer's reserve as a key credit factor. The following are comments made by the agencies in connection with the City's most recent general obligation and MICLA lease revenue bond financings.

Moody's

- "Notwithstanding the positive development that in fiscal 2011 the city recorded its first general fund operating surplus in six years [i.e., did not draw on its reserves], the city's general fund remains structurally unbalanced."
- "Faced with... cost pressures, the likelihood that the city will improve its reserve position over the next few years is very limited, leaving it well below Moody's medians for comparably rated cities."
- "Such relatively low reserve levels ... leave the city with fairly limited fiscal flexibility and continued fairly acute near-term budget challenges."

Standard & Poor's

[A credit positive is the City's] "stabilization of general fund reserves through proactive measures to control spending."

-
- The stable outlook reflects our view of Los Angeles' recent ability and willingness to reduce spending sufficiently so that its cost structure is better aligned with revenues that have fallen in the recent economic downturn.... If it is unable to address future budget gaps with long-term solutions and use [of] reserves [so that they fall] below minimum targets, we could lower the ratings.”

Fitch

- “The City continues to build its low reserves which do not yet meet its own minimum policy goal, and liquidity remains tight.”
- “What could trigger a rating downgrade: worsening budget shortfalls; inability to control costs or over-reliance on reserve draw-downs to address out-year budget gaps.”

If the rating agencies were to lower the City’s rating, your cost of borrowing would increase. All three rating agencies currently rate your general obligation bonds in the low AA category (Aa3 Moody’s, AA-S&P and Fitch). Your General Fund lease and judgment obligation bond ratings are benchmarked to those ratings. The table below shows the additional estimated debt service costs associated with a one-notch downgrade on future City bonds. The analysis calculates the additional debt service on every \$100 million of bonds issued, including the City’s GO and lease revenue bonds for both real property and for equipment. Additionally, we have included the incremental credit support costs that would be incurred on the City’s MICLA commercial paper program. The letter of credit on the City’s CP program stipulates a 10 basis point penalty for the one-notch downgrade. We note that the biggest interest rate penalty would be borne by the MICLA equipment lease revenue bonds; a one-notch downgrade would result in those bonds being rated Baa1/A/A. The “Baa” category is Moody’s lowest investment grade rating category.

The rating agencies are not in the business of proscribing appropriate reserve levels; they merely express their judgments on an individual city’s credit quality. The Government Finance Officers Association has provided some general guidance. In its most recent Best Practices report on the subject, the GFOA suggested the following:

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government’s own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, which would be about 17%.

In conclusion, it is clear to us as finance professionals that maintaining, if not increasing, reserve levels is one of the most important actions that the City can take to maintain its ratings. While rating agencies are responsible to investors, and not to the residents of Los Angeles, they share a concern that an agency’s finances should be managed to ensure a measure of stability notwithstanding the recurring economic cycles and the risk of unplanned events.

MOODY'S

INVESTORS SERVICE

Rating Action: MOODY'S: CITY OF LOS ANGELES' 2012-A GO REFUNDING BONDS RATED Aa3

Global Credit Research - 26 Mar 2012

APPROXIMATELY \$277 MILLION OF DEBT AFFECTED

New York, March 26, 2012 – Moody's Rating

Issue: General Obligation Refunding Bonds Series 2012-A; Rating: Aa3; Sale Amount: \$340,340,000; Expected Sale Date: 04/02/2012; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned an Aa3 rating to the City of Los Angeles' 2012-A General Obligation Refunding Bonds. Our outlook on this and the city's other long-term ratings is stable.

RATING RATIONALE

The assigned rating primarily reflects the city's extremely large and relatively stable property tax base, which recorded an uptick in fiscal 2012 after two years of declines; the city's moderate direct debt burden composed mostly of fixed rate, rapidly retired debt; and a local economy that is now growing but will likely continue to lag the national economy in its sluggish recovery. The rating also reflects the city's continued cost pressures and very limited general fund financial flexibility. Notwithstanding the positive development that in fiscal 2011 the city recorded its first general fund operating surplus in six years, the city's general fund remains structurally unbalanced. With continued slow growth in the city's revenue base, further cost cutting will be required to close the projected gap. While the challenge is manageable (the projected fiscal 2013 gap is about 4.7% of expenditures), being in continuous budget cutting mode could in the long run erode the city's commitment to making the budgetary adjustments necessary to maintain its Aa3-level credit quality.

STRENGTHS

- Large, highly diverse economy, now slowly expanding
- Highly diverse revenue base, showing small signs of reviving after two years of moderate overall declines
- Relatively stable property tax base that most recently recorded an assessed valuation increase after two years of slight declines.
- Strong general fund budget oversight and willingness to make mid-year budget adjustments
- Well-structured, rapidly retired debt, and a modest direct debt burden

CHALLENGES:

- Modest reserves and continuing cost pressures, particularly for pension and health care benefits
- Very little revenue raising flexibility
- High overall debt burden on city residents
- Inherent complexity of managing a city of Los Angeles' size and diversity

What Could Change the Rating–Up

- The city establishes long-term structural, general fund balance.

- The city's general fund cash and fund balances materially improve from current levels.
- An unexpectedly robust economic recovery, relieving the city's near-term cost pressures.

What Could Change the Rating—Down

- The city's balance sheet materially weakens, particularly if liquidity is strained.
- A severe double dip real estate downturn, combined with significantly increased property tax delinquencies.
- The city's cost pressures materially worsen.

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

Although this credit rating has been issued in a non-EU country which has not been recognized as endorsable at this date, this credit rating is deemed "EU qualified by extension" and may still be used by financial institutions for regulatory purposes until 30 April 2012. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, confidential and proprietary Moody's Investors Service information, and confidential and proprietary Moody's Analytics information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized

and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Eric Hoffmann
Senior Vice President
Public Finance Group
Moody's FIS Domestic Sales Office - San Francisco CA
One Sansome St. Suite 3100
San Francisco, CA 94104
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Kevork Khrimian
Vice President - Senior Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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MOODY'S

INVESTORS SERVICE

Rating Action: MOODY'S: CITY OF LOS ANGELES' 2012 MICLA CAPITAL EQUIPMENT AND REAL PROPERTY LEASES RATED A3 AND A2 RESPECTIVELY

Global Credit Research - 27 Mar 2012

APPROXIMATELY \$241 MILLION OF DEBT AFFECTED

New York, March 27, 2012 --

Moody's Rating

Issue: Lease Revenue Bonds Series 2012-A (Capital Equipment); Rating: A3; Sale Amount: \$1,050,000; Expected Sale Date: 4/2/12; Rating Description: Lease Rental: Other

Issue: Lease Revenue Bonds Series 2012-B (Real Property); Rating: A2; Sale Amount: \$30,695,000; Expected Sale Date: 4/2/12; Rating Description: Lease Rental: Other

Issue: Lease Revenue Refunding Bonds Series 2012-C (Real Property); Rating: A2; Sale Amount: \$110,605,000; Expected Sale Date: 4/2/12; Rating Description: Lease Rental: Other

Opinion

Moody's Investors Service has assigned an A3 rating to the city's Lease Revenue Bonds, Series 2012-A (Capital Equipment) and A2 ratings to the city's Lease Revenue Bonds Series 2012-B (Real Property) and Lease Revenue Refunding Bonds, Series 2012-C (Real Property). Our outlook on these and the city's other long-term ratings is stable.

RATINGS RATIONALE

The assigned ratings reflect Moody's standard abatement lease notching off a California city's GO bond rating. Los Angeles' G.O. bonds are rated Aa3. One notch reflects the GO's dedicated, unlimited property tax pledge, which is stronger than the general revenue security for lease payments; and a second notch reflects the risk of abatement in the event of interruption of use or occupancy of the leased assets. The additional notch on the 2012-A equipment leases reflects the relatively higher probability of abatement for equipment leases compared to real property leases. The city's G.O. rating primarily reflects the city's extremely large and relatively stable property tax base, which recorded an uptick in fiscal 2012 after two years of declines; the city's moderate direct debt burden composed mostly of fixed rate, rapidly retired debt; and a local economy that is now growing but will likely continue to lag the national economy in its sluggish recovery. The rating also reflects the city's continued cost pressures and very limited general fund financial flexibility. Notwithstanding the positive development that in fiscal 2011 the city recorded its first general fund operating surplus in six years, the city's general fund remains structurally unbalanced. With continued slow growth in the city's revenue base, further cost cutting will be required to close the projected gap. While the challenge is manageable (the projected fiscal 2013 gap is about 4.7% of expenditures), being in continuous budget cutting mode could in the long run erode the city's commitment to making the budgetary adjustments necessary to maintain its Aa3-level credit quality.

STRENGTHS

- Large, highly diverse economy, now slowly expanding
- Highly diverse revenue base, showing small signs of reviving after two years of moderate overall declines
- Relatively stable property tax base that most recently recorded an assessed valuation increase after two years of slight declines
- Strong general fund budget oversight and willingness to make mid-year budget adjustments
- Well-structured, rapidly retired debt, and a modest direct debt burden

CHALLENGES:

- Modest reserves and continuing cost pressures, particularly for pension and health care benefits
- Very little revenue raising flexibility

--High overall debt burden on city residents

--Inherent complexity of managing a city of Los Angeles' size and diversity

What Could Change the Rating--Up

--The city establishes long-term structural, general fund balance.

--The city's general fund cash and fund balances materially improve from current levels.

--An unexpectedly robust economic recovery, relieving the city's near-term cost pressures.

What Could Change the Rating--Down

--The city's balance sheet materially weakens, particularly if liquidity is strained.

--A severe double dip real estate downturn, combined with significantly increased property tax delinquencies.

--The city's cost pressures materially worsen

The principal methodology used in this rating was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in October 2004. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Eric Hoffmann
Senior Vice President
Public Finance Group
Moody's FIS Domestic Sales Office - San Francisco CA
One Sansome St. Suite 3100
San Francisco, CA 94104
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Kevork Khrimian
Vice President - Senior Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Global Credit Portal[®]

RatingsDirect[®]

March 23, 2012

Summary:

Los Angeles, California; Appropriations; General Obligation

Primary Credit Analyst:

Sussan Corson, New York (1) 212-438-2014; sussan_corson@standardandpoors.com

Secondary Contact:

Misty Newland, San Francisco (1) 415-371-5073; misty_newland@standardandpoors.com

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Summary:

Los Angeles, California; Appropriations; General Obligation

Credit Profile		
US\$274.635 mil GO rfdg bnds ser 2012A due 09/01/2027		
<i>Long Term Rating</i>	AA-/Stable	New
US\$110.605 mil lse rev rfdg bnds (Los Angeles) ser 2012C due 03/01/2032		
<i>Long Term Rating</i>	A+/Stable	New
US\$100.05 mil lse rev bnds (Los Angeles) ser 2012A due 03/01/2022		
<i>Long Term Rating</i>	A+/Stable	New
US\$30.695 mil lse rev bnds (Los Angeles) ser 2012B due 03/01/2042		
<i>Long Term Rating</i>	A+/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' long-term rating, and stable outlook, to Los Angeles, Calif.'s series 2012A general obligation (GO) refunding bonds. Standard & Poor's also assigned its 'A+' long-term rating, and stable outlook, to Los Angeles Municipal Improvement Corp.'s series 2012A and 2012B lease revenue bonds, as well as the corporation's 2012C lease revenue refunding bonds.

At the same time, Standard & Poor's affirmed its 'AA-' rating on Los Angeles' GO bonds and 'A+' rating on the city's appropriations-backed bonds outstanding. The outlook on these bonds is stable.

The ratings reflect what we view as Los Angeles':

- Substantial and diverse economic base, despite weakened trends in the previous few years due to the recession;
- Stabilization of general fund reserves through proactive measures to control spending; and
- Long-term financial planning, including a multiyear budget outlook and a baseline spending plan that outlines a near-term structural balance between revenues and expenditures, which we expect the city will achieve primarily through planned workforce reductions.

Partially offsetting these strengths, in our opinion, are Los Angeles':

- Rising combined pension and other postemployment benefit contributions in the next five years for the Los Angeles City Employees' Retirement System and fire and police pension plan, although recent negotiated employee contributions to retiree health care benefits and revised actuarial assumptions with better market returns should help slow the rate of growth somewhat in the next few years; and
- Continuing need to reduce general fund spending or raise revenue, with city-forecast annual general fund budget deficits averaging \$341 million in the next four years, or about 7% of forecast general fund expenditures.

The city's GO bonds are secured by unlimited ad valorem taxes. An interest in lease payments and lease payments made by Los Angeles, as lessee, for the use of various leased assets secure the certificates of participation and lease

revenue bonds outstanding. The city covenants to budget and appropriate basic lease payments sufficient to cover the principal and interest on the bonds under the respective lease agreements. The trust indenture for the series 2012A, 2012B, and 2012C lease revenue bonds requires a reserve fund at the lesser of 10% of par, 1.25x average annual debt service, or maximum annual debt service. The series 2012A-C equipment and facility lease agreements also requires the city to maintain rental interruption insurance for a period of 24 months.

We understand that the city intends to use proceeds of the 2012A lease revenue bonds to retire commercial paper notes used to purchase capital equipment. It also plans to use the series 2012B bond proceeds to retire commercial paper notes outstanding which financed the construction and improvements of various real property including zoo exhibits and a new parking garage. The series 2012C bond proceeds will be used to refund a portion of Los Angeles' existing debt.

The city released its revised budget outlook, which reflects a projected \$220 million gap in fiscal 2013, compared with previous projections of \$196 million. In addition, the average projected budget gap over the revised March 2012 four-year budget outlook horizon increased to \$341 million from \$230 million. The higher forecast budgetary gaps primarily reflect current labor agreements, which deferred salary increases until fiscal years 2013 and 2014, as well as higher public safety pension contribution costs in fiscal years 2014 and 2015. Furthermore, Los Angeles projects slower general fund base revenue growth and about \$15 million less in annual vehicle license fee revenue due to recent changes in state legislation. The city estimates it saved \$71 million in fiscal 2012 by freezing retiree health care benefits for some employees while other employees increased their contributions toward retiree health care in recent labor agreements. Two lawsuits have been filed challenging Los Angeles' ability to freeze these benefits, which, if successful, could also increase annual costs for the city above the outlook projections.

(For further information on Los Angeles' general credit characteristics, please see the full analysis on the city published March 2, 2012, on RatingsDirect on the Global Credit Portal.)

Outlook

The stable outlook reflects our view of Los Angeles' recent ability and willingness to reduce spending sufficiently so that its cost structure is better aligned with revenues that have fallen in the recent economic downturn. The outlook also reflects our expectation that the city will continue to restructure its budget, as necessary, to restore structural balance. If it is unable to address future budget gaps with long-term solutions and use reserves below minimum targets, we could lower the ratings. Should the city restore long-term structural balance to the budget as pension and deferred salary costs stabilize and reserve levels improve, we could raise the ratings.

Related Criteria And Research

- USPF Criteria: Key General Obligation Ratio Credit Ranges – Analysis Vs. Reality, April 2, 2008
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: GO Debt, Oct. 12, 2006

Ratings Detail (As Of March 23, 2012)

Los Angeles GO

Long Term Rating

AA-/Stable

Affirmed

Ratings Detail (As Of March 23, 2012) (cont.)

Los Angeles judgment oblig bnds ser 2010A		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles GO bnds		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Los Angeles GO bnds ser 2008-A		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Los Angeles Judgment Oblig Bnds		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles GO		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Los Angeles Conv & Exhib Ctr Auth, California		
Los Angeles, California		
Los Angeles Conv & Exhib Ctr Auth lse rev rfdg bnds ser 2008A		
<i>Long Term Rating</i>	A+/Stable	Affirmed
LOS ANGELES CONV & EXHIB CTR AUTH CERT OF PART SER 93 A		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Conv & Exhib Ctr Auth (Los Angeles) lse rev rfdg bnds ser 2003A dtd 06/01/2003 due 08/15/2004-2015		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Conv & Exhib Ctr Auth (Los Angeles) taxable lse rev bnds ser 1998A dtd 04/01/1998 due 08/15/2000-2008 2013 2018 2024		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp, California		
Los Angeles, California		
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (Tax-Exempt) (Capital Equipment) ser 2009C due 06/30/2020		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (Capital Equipment) ser 2008-A		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (Los Angeles) (Capital Equipment) ser 2010-A due 11/01/2020		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (RZEDBs) (Los Angeles) (Capital Equipment) ser 2010-B due 11/01/2020		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (RZED bnds) Federally Taxable ser 2009D due 06/30/2040		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds (Tax Exempt) (Real Property) ser 2009E due 06/30/2040		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev bnds(RZEDBs) (Los Angeles) (Real Property) ser 2010-C due 11/01/2040		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev rfdg bnds (Los Angeles) ser 2010-D due 11/01/2015		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse rev (ASSURED GTY)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) lse (Figueroa Plaza) ser 2007-B1 (wrap of insured) (FGIC) (National) (AGM-SEC MKT)		

Summary: Los Angeles, California; Appropriations; General Obligation

Ratings Detail (As Of March 23, 2012) (cont.)

<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) Ise (Police Headquarters Fac And Pub Wks Bldg) 2006-A		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) Ise (Police Headquarters Fac And Pub Wks Bldg) (wrap of insured) (FGIC & BHAC) (SEC MKT)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) LRBs (wrap of insured) (FGIC) (MBIA/National - SEC MKT)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) LRBs (Real Property) ser 2008-B		
<i>Long Term Rating</i>	A+/Stable	Affirmed
<i>Preliminary Rating</i>	NR(prelim)	
Los Angeles Mun Imp Corp certs of part bnds (Los Angeles) (Marvin Braude San Fernando Vy Constituent Serv Ctr) ser 2003 dtd 06/17/2003 due 06/01/2033		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp certs of part (Pershing Square Prog AS) dtd 04/02/2002 due 10/01/2002-2022		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp certs of part (Real Property Prog AQ) dtd 04/02/2002 due 04/01/2005-2023 2027 2032		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp certs of part (Real Property Prog AR) dtd 04/02/2002 due 04/01/2003-2023 2027		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp Isehold rfdg rev bnds (Cent Lib Proj (MICLA Ser At)) ser 2002A dtd 04/01/2002 due 06/01/2004-2020		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) addl certs of part (Prog Ar Real Prop Improvements)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) addl certs of part (Real Prop Imp Prog T) ser 2002 dtd 10/31/2002 due 02/01/2004-2019 2027		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) certs of part bnds (Prog AX Equip Acquis)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) certs of part (Equip & Real Prop Acquis Prog Au) dtd 10/31/2002 due 10/01/2003-2017 2022 2027		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) cert of part (Equip & Real Prop Acquis Prog AC) dtd 10/01/1997 due 10/01/1998-2014		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) Ise (Police Headquarters Fac And Pub Wrks Bldg) ser 2006-A		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) Leasehold rfdg rev bnds (City of Los Angeles Cent Lib Proj) ser 2003A dtd 04/02/2003 due 06/01/2003-2015		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) (Cap Equip) Ise rev		

Summary: Los Angeles, California; Appropriations; General Obligation

Ratings Detail (As Of March 23, 2012) (cont.)

<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) (Figueroa Plaza) Ise rev ser 2007B1		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) (Figueroa Plaza) Ise rev ser 2007B2		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) (Police Headquarters Fac & Pub Wks Bldg)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Los Angeles Mun Imp Corp (Los Angeles) (Prog AY)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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FitchRatings

Fitch Rates Los Angeles, CA's GOs 'AA-' and Lease Revs 'A+'; Outlook Stable Ratings

Endorsement Policy
23 Mar 2012 4:13 PM (EDT)

Fitch Ratings-San Francisco-23 March 2012: Fitch Ratings has assigned the following ratings to Los Angeles, CA:

--\$274.6 million Los Angeles (the city), California general obligation (GO) refunding bonds, series 2012-A at 'AA-';
--\$241.4 million Municipal Improvement Corporation of Los Angeles (MICLA), California lease revenue bonds, series 2012-A and 2012-B, and lease revenue refunding bonds, series 2012-C at 'A+'.

The city's GO refunding bonds will be sold competitively on April 10. MICLA's lease revenue bonds will be sold via negotiation on April 18-19.

In addition, Fitch affirms the following ratings:

--\$1.3 billion in outstanding Los Angeles GO bonds at 'AA-';
--\$64 million in outstanding Los Angeles judgment obligation bonds, series 2009-A and 2010-A at 'A+';
--\$1.5 billion in MICLA refunding certificates of participation (COPs; refunding program AY), series 2005, and lease revenue bonds, series 2006-A, 2007-B1, 2007-B2, 2008-A, 2008-B, 2009-A, 2009-B, 2009-C, 2009-D, 2009-E, 2010-A, 2010-B, 2010-C, and 2010-D at 'A+';
--\$390.7 million in Los Angeles Convention and Exhibition Center Authority (convention center authority) lease revenue bonds, series 2003A and 2008A at 'A+';
--\$308.2 million Los Angeles sanitation equipment charge revenue bonds, series 2003-A, 2003-B, 2004-A, and 2005-A, and solid waste resources revenue bonds, series 2006-A, 2009-A, and 2009-B at 'AA-';
--\$24.1 million City of Los Angeles Landscaping and Lighting District 96-1 assessment bonds, series 2000, 2001, and 2002 at 'AA-'.

The Rating Outlook is Stable.

SECURITY

The GO bonds are secured by ad valorem property taxes levied without limitation on rate or amount upon taxable properties within the city. The MICLA COPs and lease revenue bonds, and convention center authority lease revenue bonds, are secured solely by the city's covenant to budget and appropriate lease rental payments for use and occupancy of various facilities and equipment.

The judgment obligation bonds are secured by the city's absolute and unconditional obligation to pay principal and interest to refund an obligation imposed by law.

The sanitation equipment charge revenue bonds and solid waste resources revenue bonds are secured by a first lien on pledged solid waste resources fee revenues, including penalties and interest, net of administrative costs. The City of Los Angeles Landscaping and Lighting District 96-1 assessment bonds are secured by a first lien on 82% of parcel tax assessment revenue and 100% of delinquent penalties and interest.

KEY RATING DRIVERS

CITY'S INHERENT ECONOMIC IMPORTANCE: The city is the commercial and cultural center of a very large, diverse economy that is starting to show slight revenue and property market improvements, despite an unemployment rate which remains very high.

ONGOING STRUCTURAL IMBALANCE: The city's four-year financial projections continue to indicate a significant structural imbalance despite cost control measures which have reduced, but not closed, the gap. Fitch believes the structural imbalance will be difficult to resolve without significant economic improvement, a stronger assessable tax base, and further personnel expenditure reductions.

NECESSITY OF ONGOING BENEFIT REFORM: Building on pension and benefit reforms already implemented, further pension and benefit reform remains necessary to achieve out-year budget balancing.

LOW RESERVES: The city continues to rebuild its low reserves which do not yet meet its own minimum policy goal, and liquidity remains tight.

CHALLENGING POLITICAL ENVIRONMENT: The city's budget process is prone to controversy, which hinders the ability to respond swiftly to budgetary pressures.

AFFORDABLE DEBT: Despite continued plans for increased leverage, Fitch expects that debt ratios will remain affordable.

SPECIAL REVENUE AND ASSESSMENT BONDS CONTINUE TO PERFORM WELL: The city's sanitation equipment charge revenue bonds and solid waste resources revenue bonds and the City of Los Angeles Landscaping and Lighting District 96-1 assessment bonds all continue to perform well, with strong debt service coverage even under severe Fitch stress tests.

WHAT COULD TRIGGER A RATING DOWNGRADE

WORSENING BUDGET SHORTFALLS: Inability to control costs or over-reliance on reserve drawdowns to address outyear budget gaps could result in rating pressure.

CREDIT PROFILE

Los Angeles is an important economy and by virtue of its size and diversity is well positioned to benefit from eventual national economic recovery. Substantial recessionary pressures caused sharp tax revenue declines, although based on recent revenue performance the city is experiencing revenue and property base stabilization in fiscal 2012. Fiscal 2012 sales tax revenues, which are highly sensitive to the state of the economy, are up 9.6% year-over-year, but remain \$31 million below pre-recession levels. Following two years of relatively slight declines, taxable assessed valuation (TAV) increased by 1% in fiscal 2012. While some employment sectors are experiencing slow growth, others continue to decline. The city is projecting only slow growth in the near term which will continue to weigh on its tax revenue growth.

While the city has taken significant budgetary actions in response to economic contraction and its personnel-related expenditure pressures, the time taken to achieve the necessary political consensus, as well as the longer-term budget initiatives still in development, indicates how politically difficult it is for the city to respond nimbly. Rebuilding the general fund reserves will need ongoing concerted action from all of the stakeholders.

FINANCIAL OPERATIONS STILL UNDER CONSIDERABLE PRESSURE

In fiscal 2011, the city was faced with an initial \$492 million budget gap on budgeted general fund revenues of \$4.4 billion and \$90 million in additional budget shortfalls during the year. The gap was closed with a combination of recurring and non-recurring measures. Consequently, fiscal 2011 ended with a strengthened total general fund balance of \$520.1 million (11.8% of spending), up 19% from the year prior. The \$493.8 million unrestricted general fund balance (the sum of committed, assigned, and unassigned fund balance under GASB 54) equaled 11.2% of spending. This was a noticeable improvement over the unrestricted general fund balance in fiscal years 2010 (\$407.4 million or 8.8% of spending) and 2009 (\$455.6 million or 9.6% of spending) but still well under results in fiscal years 2008 (\$567.6 million or 12.3% of spending) and 2007 (\$648.3 million or 14.5% of spending). Fiscal 2011's net general fund surplus of \$83.6 million was the first surplus in some years.

For fiscal 2012, after closing an initial \$336.3 million general fund gap, the city has successfully managed to close a further \$72 million budget gap again with a mixture of ongoing and one-time solutions. The city has noted, however, that the majority of its most recent budget gaps are ongoing in nature, particularly those related to fire department expenditures, petroleum cost increases, and bank fee increases, and will require ongoing budget solutions. The city is getting closer to meeting its combined emergency and contingency reserve goal of 5% of general fund revenues and believes it might achieve the goal after the fiscal 2012 year-end close-out. The combined reserve is a subset of the city's unrestricted general fund balance.

A significant portion of the city's budget balancing initiatives have related to labor costs, particularly in terms of reducing the city's overall employee headcount and starting to downsize the out-year impacts of rising pension and benefits costs. Nevertheless, the city's recently updated five-year projections show worsened budget deficits in fiscal years 2013-2017, with a peak budget shortfall of \$427.1 million in fiscal 2015 which is \$268.4 million or 59.1% worse than previously projected. While the city has demonstrated its ability to balance its budget annually, often by heavily relying on one-time solutions, its ability to solve budget deficits of this magnitude in the future will only grow more difficult.

The city retains a range of budget options to achieve structural balance in the medium to long term, but meaningful budget impacts will require tough political decisions and further labor concessions. Fitch is concerned about the city's growing bank for overtime accrued by police officers. Accrued overtime hours which are not used for time off would likely be paid out when individual police officers resign or retire. While the city intends to reduce this liability through managed leave, those hours which are not used as leave will become more expensive over time given future agreed wage increases. Such a liability could be problematic if the economy does not support sufficient revenue growth. The city also has large potential liabilities related to litigation which could materially affect the city's general fund position, in particular approximately \$953 million in claims connected to the city's former utility users' tax on telephone services. Any settlement of such magnitude would likely be funded through judgment bonds.

SOLID WASTE RESOURCES REVENUE BONDS PERFORMING WELL

The city's sanitation equipment charge revenue bonds and solid waste resources revenue bonds continue to perform well. Their 'AA-' rating reflects a strong and predictable revenue stream resulting from a flat fee structure charged to a huge customer base of approximately 745,000 households.

Strong debt service coverage levels reflect fee rates which are designed to recover costs fully. There is both historical and ongoing commitment from elected officials to implement rate increases to meet the program's operational costs. However, sizable system needs, frequently changing solid waste disposal technology, and environmental regulations mean the significant additional debt will

be required, starting with a possible \$100 million bond issuance in the fall of 2012. Debt service coverage would remain strong after such a new debt issuance.

LANDSCAPING AND LIGHTING DISTRICT BONDS PERFORMING WELL

The City of Los Angeles Landscaping and Lighting District 96-1 assessment bonds also continue to perform well. Their 'AA-' rating reflects very strong debt service coverage levels which remain strong even under harsh stress scenarios.

The assessment burden created by these bonds is very low for the large and diverse taxpayer base. Expenditures are monitored for their compliance with the highly prescribed use of assessment revenues. There is ongoing community involvement in both the individual projects and program oversight. While the initial slim voter approval margin, along with the assessments' limited purpose, could have resulted in appeals and higher delinquency rates, to date appeals have been minimal and collection of the assessment benefits from being part of the city's standard ad valorem property tax collections.

Fitch's special tax criteria cap most special tax revenue bonds' ratings at the issuing entity's unlimited tax general obligation rating. While the district is separately named from the city of Los Angeles, the two entities share governance and staffing. Therefore, the district's rating is capped at the city of Los Angeles' general obligation rating of 'AA-' with a Stable Rating Outlook.

AFFORDABLE DEBT BURDEN BUT SIGNIFICANT PENSION AND OPEB LIABILITIES

Net direct and overlapping debt is a moderately high \$4,657 per capita, or moderate at 4.2% of market valuation. Amortization of direct debt is above-average at approximately 70% in 10 years. While the city has further debt issuance plans, Fitch expects that the overall debt burden will remain affordable.

For fiscal 2011, the city reported that its pension systems, the Los Angeles City Employees Retirement System (LACERS) and the Fire and Police Pension Plan (FPPP), were relatively well funded at 72.4% and 86.3% respectively. However, using Fitch's more conservative 7% discount rate, funding levels drop to a weak 70.1% for LACERS and a still well funded 82.5% for FPPP. The city's \$577.4 million in fiscal 2011 LACERS and FPPP contributions represented 14.8% of spending. That percentage will continue to grow. Given recent higher investment returns, changed actuarial assumptions, and labor concessions, by fiscal 2013 the city expects to contribute to its pension systems \$858 million or 18.3% of that year's projected \$4.7 billion general fund spending.

The city's annual other post-employment benefit (OPEB) contributions (\$227.4 million or 5.8% of fiscal 2011 general fund spending) are projected to grow between \$46 million-\$80 million per year through fiscal 2016, less savings from the new pension tier for sworn recruits.

Contact:

Primary Analyst
Alan Gibson
Director
+1-415-732-7577
Fitch, Inc.
650 California Street, 4th Floor
San Francisco, CA 94108

Secondary Analyst
Amy Laskey
Managing Director
+1-212-908-0568

Committee Chairperson
Karen Ribble
Senior Director
+1-415-732-5611

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, Zillow.com, and National Association of Realtors.

Applicable Criteria and Related Research:

- 'Tax-Supported Rating Criteria' (Aug. 15, 2011);
- 'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 15, 2011).

Applicable Criteria and Related Research:

Tax-Supported Rating Criteria

U.S. Local Government Tax-Supported Rating Criteria

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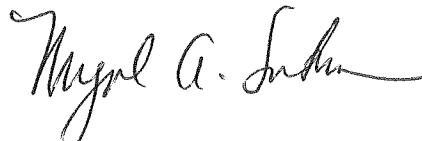
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Revised
Memo No. 116

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: What is the cost and impact of a potential downgrade in the City's credit rating and an estimate of the additional cost to the City due to a downgrade if we reduce the Reserve Fund Balance?

Subject: **CITY ADMINISTRATIVE OFFICER – RESERVE FUND & CREDIT RATINGS**

Your Committee requested this Office to report back on the cost and impact of a potential downgrade in the City's credit rating and an estimate of the additional cost to the City due to a downgrade if the Reserve Fund balance is reduced.

We asked our two general Financial Advisors for their analysis. Attached is their memo, describing the importance of maintaining a larger Reserve Fund not only to the City's bond rating but more importantly to the City's financial management for unforeseen issues. Their recommendation is to continue building the Reserve Fund (see Attachment 1).

The City's commitment to build its Reserve Fund over the last several years and forgo transfers out of the Reserve Fund to deal with the current year deficits has been a key factor in stabilizing the City's bond ratings following downgrades experienced in 2010-11. Since the 2011-12 Adopted Budget, the City has increased the Reserve Fund by about \$20 million. More importantly, the City has maintained this higher than budgeted level within the Reserve Fund even as it addressed a projected current year deficit. As reported in the Mid-Year Financial Status Report adopted in February 2012, the City addressed this projected current year deficit mostly by departments implementing operational plans to absorb any anticipated deficits and without a transfer from the Reserve Fund.

Every year, the City begins its fiscal year with a balanced budget. As has been the case in the last several years, however, sizable deficits have been identified through the Financial Status Reports, requiring extraordinary budget balancing efforts. Since 2007-08, the City has faced substantial shortfalls during the fiscal year ranging from \$54 million to \$209 million that have been addressed through interim departmental budget actions, labor negotiations, expenditure deferrals, and revenue initiatives. The Reserve Fund balances have not always been sustained at levels to deal with deficits if no other options were available.

Citywide Mid-Year Deficits Addressed (millions)

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Projected Deficit at Mid-Year	\$155	\$110	\$209	\$54	\$72

Reaching the Reserve Fund goal of at least 5% of General Fund revenues is part of the City's Financial Policies. Not since July 1, 2001 has the City surpassed its policy threshold. To achieve this goal, the City will need to make a commitment, as it has done this year, to withhold from making transfers out of the Reserve Fund for service enhancements or other ongoing expenditures. Bond rating agencies do not accept the prolonged fiscal crisis as an excuse for failing to comply with the Reserve Fund Policy as other large California cities have met their reserve fund policies even during tough economic times and have the same restrictions on raising revenue. Below is a listing of the 10 largest cities, their bond rating and their Reserve Fund balances as a percentage of revenues.

Ratings of 10 Largest U.S. Cities (Updated May 1, 2012)

Rating Rank	City	Fitch	Moody's	S&P	Reserve Fund
1	San Antonio, TX	AAA	Aaa	AAA	9.0%
2	San Jose, CA	AA+	Aa1	AAA	10.0%
3	Phoenix, AZ ¹	n/a	Aa1	AAA	3.7%
4	Dallas, TX	n/a	Aa1	AA+	6.4%
5	New York, NY ²	AA	Aa2	AA	2.6%
5	Houston, TX	AA	Aa2	AA	6.4%
7	Los Angeles, CA	AA-	Aa3	AA-	4.6%
7	San Diego, CA	AA-	Aa3	AA-	10.5%
9	Chicago, IL	AA-	Aa3	A+	4.8%
10	Philadelphia, PA ³	A-	A2	BBB	0.0%

¹Recently adopted a policy to achieve a reserve fund of 5% of total expenditures over the next several years.

²Due to unique budgeting requirements, NYC does not carry surpluses forward or fund a reserve fund. Instead, surpluses at the end of each year are typically used to prepay debt service and similar fixed expenditures.

³Voters recently passed charter amendment that specifies if projected General Fund balances carrying to following fiscal year equal or exceed 3% of General Fund appropriations, then .75% of unrestricted General Fund revenue is deposited into a Budget Stabilization Reserve.

Maintaining a strong Reserve Fund demonstrates good fiscal management. Reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. There are several large unresolved issues such as the legal cases on the horizon that require not only a larger Reserve Fund but also other saving funds. The Reserve Fund also provides sufficient cash flow in instances where revenue receipts are delayed, such as in the case of deferred transfers from the State. With a larger Reserve Fund, the Controller would be able to reduce the amount borrowed for cash flow purposes in the TRAN. Finally, sufficient reserves are necessary to maintain positive bond ratings, thereby securing favorable interest rates for the issuance of general obligation bonds and all of our other General Fund debt. Reliance on the Reserve Fund to avoid ongoing reductions signals to bond rating agencies and investors a dangerous pattern of fiscal management. This pattern is highlighted by the limited options to address the projected \$199 million deficit in 2013-14.

Attachment 1

Memo from KNN Public Finance
and
Public Resources Advisory Group
on
The Reserve Fund and the City's Credit

*Revised Memorandum*

Date: May 3, 2012

To: Natalie Brill, Debt Manager
Office of the City Administrative Officer
City of Los Angeles

From: David Brodsky, Managing Director
KNN Public Finance

Michelle Issa, Senior Managing Director
Public Resources Advisory Group

Subject: The Reserve Fund and the City's Credit

You have asked KNN Public Finance and PRAG, as the City's general financial advisors, to comment on the relationship between the City's Reserve Fund and its credit ratings.

The City's Reserve Fund is the key budgetary tool by which the City creates its "fund balance," an accounting term that reports the difference between a government's assets and its liabilities. There is probably no single number in a local government's financial statements that attracts more attention and discussion—especially from rating agencies, investors and other outside observers—than fund balance. Fund balance serves as a key measure of an agency's financial strength. It reflects the resources an agency has to address the various contingencies that can challenge a local government including, for example, actual revenues coming in below budget and actual expenditures coming in above budget, particularly as a result of natural disasters and other emergencies. A growing fund balance means that a government is earning more than it spends, and is better preparing itself for a rainy day.

As the City's general financial advisors, we believe that reducing the City's Reserve Fund as a percent of General Fund revenues will be recognized by the rating agencies and other market participants as a significant credit weakness. As further discussed in this memo, the rating agencies call out in their credit reports the deterioration in the City's reserves and its relatively low level compared to medians for other comparably rated cities. Further, we note that over the course of this recession, the City's mid-year budget corrections have been larger than the City's Reserve Fund--an indication that the current size of the Reserve Fund is clearly not too large. Any action to further reduce the City's Reserve Fund will contribute to a credit analysis that may result in further downgrades to the City's ratings and significantly higher interest costs on the City's future bonds as well as on its outstanding variable rate bonds.

While no single factor will determine a bond rating, the level of a city's reserve correlates highly with rating level. Higher rated credits typically have a higher reserve level than lower rated credits. The table below summarizes the City's fund balance as compared to the medians of California cities and other cities across the United States. The City's Reserve Fund represents a significant amount of the fund balance reported on your balance sheet.

Moody's Medians Fund Balance as a Percent of Revenues							
	All California Cities					All US Cities	
	Los Angeles	All	Aaa	Aa	A	All	Aa rated, population over 500,000
Total Fund Balance as % of Revenues	11.6	37.5	53.7	38.4	25.3	27.9	11.0
Unreserved Fund Balance as % of Revenues	7.5	23.6	41.6	23.8	10.1	17.6	4.7

Note that, generally, cities with a large population tend to have lower reserves relative to their revenues. Further note that fund balances tend to be higher in California than they are nationally, in part because of greater revenue flexibility in other states reduces the pressure on reserves.

A rating agency credit report will usually comment on the issuer's reserve as a key credit factor. The following are comments made by the agencies in connection with the City's most recent general obligation and MICLA lease revenue bond financings.

Moody's

- "Notwithstanding the positive development that in fiscal 2011 the city recorded its first general fund operating surplus in six years [i.e., did not draw on its reserves], the city's general fund remains structurally unbalanced."
- "Faced with... cost pressures, the likelihood that the city will improve its reserve position over the next few years is very limited, leaving it well below Moody's medians for comparably rated cities."
- "Such relatively low reserve levels ... leave the city with fairly limited fiscal flexibility and continued fairly acute near-term budget challenges."

Standard & Poor's

[A credit positive is the City's] "stabilization of general fund reserves through proactive measures to control spending."

- The stable outlook reflects our view of Los Angeles' recent ability and willingness to reduce spending sufficiently so that its cost structure is better aligned with revenues that have fallen in the recent economic downturn... If it is unable to address future budget gaps with long-term solutions and use [of] reserves [so that they fall] below minimum targets, we could lower the ratings."

Fitch

- "The City continues to build its low reserves which do not yet meet its own minimum policy goal, and liquidity remains tight."
- "What could trigger a rating downgrade: worsening budget shortfalls; inability to control costs or over-reliance on reserve draw-downs to address out-year budget gaps."

If the rating agencies were to lower the City's rating, your cost of borrowing would increase. All three rating agencies currently rate your general obligation bonds in the low AA category (Aa3 Moody's, AA-S&P and Fitch). Your General Fund lease and judgment obligation bond ratings are benchmarked to those ratings. The biggest interest rate penalty would be borne by the MICLA equipment lease revenue bonds; a one-notch downgrade would result in those bonds being rated Baa1/A/A. The "Baa" category is Moody's lowest investment grade rating category. A downgrade would also increase your letter of credit costs for your MICLA commercial paper program.

The rating agencies are not in the business of proscribing appropriate reserve levels; they merely express their judgments on an individual city's credit quality. The Government Finance Officers Association has provided some general guidance. In its most recent Best Practices report on the subject, the GFOA suggested the following:

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures, which would be about 17%.

In conclusion, it is clear to us as finance professionals that maintaining, if not increasing, reserve levels is one of the most important actions that the City can take to maintain its ratings. While rating agencies are responsible to investors, and not to the residents of Los Angeles, they share a concern that an agency's finances should be managed to ensure a measure of stability notwithstanding the recurring economic cycles and the risk of unplanned events.


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 117

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on current ambulance transport fees in comparison to those of neighboring jurisdictions and identify whether these jurisdictions have mandatory transport fees and to what extent policies differ

Subject: **FIRE DEPARTMENT - CURRENT AMBULANCE TRANSPORT FEES IN COMPARISON TO THOSE OF OTHER JURISDICTIONS AND WHETHER OTHER JURISDICTIONS HAVE MANDATORY TRANSPORT FEES**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the current ambulance transport fees in comparison to other jurisdictions and whether other jurisdictions have mandatory transport fees. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:MCD:04120142

Question No.63

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date May 4, 2012

TO: Miguel A. Santana, City Administrative Officer
 City Administrative Office

Attn: Mark Davis, Senior Administrative Analyst II



FROM: Brian L. Cummings, Fire Chief
 Fire Department

SUBJECT: FIRE DEPARTMENT – QUESTION 63 REPORT BACK ON CURRENT AMBULANCE TRANSPORT FEES IN COMPARISON TO THOSE OF NEIGHBORING JURISDICTIONS; KREKORIAN ADDED, IDENTIFY WHETHER THE JURISDICTIONS HAVE MANDATORY TRANSPORT FEES AND TO WHAT EXTENT POLICIES DIFFER

There are at least three different ways that a municipality can utilize to determine the fees within their jurisdiction for ambulance transport fees.

- I. Municipalities can elect to utilize the County of Los Angeles General Public Ambulance Rates. These rates are calculated by the County of Los Angeles and are the maximum allowable rates that a private ambulance service can charge within the County of Los Angeles. The municipalities that utilize the County rates include: Burbank, Glendale, Pasadena, South Pasadena, and Alhambra.
- II. Private Ambulance Companies can be utilized to provide ambulance transports. The agencies that utilize this process include: Montclair, Loma Linda, and the County of Los Angeles.
- III. An agency can elect to calculate fees for ambulance transport services. The City of Los Angeles calculates the ambulance transport fees based on full-cost recovery. Based on a limited search no other agency has been identified that calculates ambulance transport fees based on actual costs.

The current rates for the County of Los Angeles and the City of Los Angeles are included in Table 1. The County of Los Angeles also allows charges for special ancillary services.

Type of Service	County of Los Angeles Base Rates (Maximum for Private ambulance companies and municipalities electing to use County Rates)	City of Los Angeles Rates
Advanced Life Support (ALS)	\$1,287.50	\$1,373.00
Basic Life Support (BLS)	\$937.75	\$974.00
Mileage	\$17.75	\$15.75

Table 1

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 118

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Budget and Finance Committee Request: "Provide report back on trend line dealing with shortfall relative to five-year forecast for the Street Lighting Maintenance Assessment Fund. Explain discrepancies between CAO and the Bureau."

Subject: **PUBLIC WORKS, BUREAU OF STREET LIGHTING – STREET LIGHTING MAINTENANCE ASSESSMENT FUND FIVE-YEAR FORECAST**

The Budget and Finance Committee requested a report on the Street Lighting Maintenance Assessment Fund (SLMAF) Five-Year Forecast presented in the 2012-13 Budget and the assumptions and differences as compared to the Bureau of Street Lighting's forecast.

The SLMAF Five-Year Forecast presented in the Proposed Budget assumes the following will contribute to the shortfall in the Fund starting in 2013-14:

- Total revenue will experience very little increase due the Proposition 218 prohibition of raising assessment fees without majority ballot approval;
- Departmental funding will not decrease from 2012-13 proposed levels and salaries will grow at 1-3 percent per year thereafter;
- Energy costs will not be tempered enough by savings from LED conversions due to continuous rate increase approvals; and,
- Debt service on the LED conversion loan from DWP will be completed within seven years in accordance with the original schedule against which the program was approved.

The Bureau submitted its projection of the SLMAF Five-Year Forecast (attached), showing no shortfall in the Fund through 2015-16. This information was not shared with our Office during the development of the Proposed Budget. The significant differences between the two forecasts include expenditures in:

- Capital Improvement Expenditure Program (CIEP) – \$3.2 million reduction – The Bureau's Forecast shows no expenditures past 2012-13. With nearly \$200 million in high-voltage series-to-multiple circuit conversion projects remaining, eliminating funding for CIEP is neither practical nor recommended.
- CA State Energy Conservation Loan (CSECL) Projects and Energy Conservation Loan Repayment – \$3.9 million reduction – The Bureau's Forecast shows no expenditures for projects in 2012-13 and beyond and a 50 percent reduction in loan repayment costs starting in 2013-14. The CSECL is provided by the State and the Bureau believes

funding will no longer be available to help support its projects. Due to this development, we support the Bureau's claim that these expenditures will not be made.

- Energy – \$0.5 million reduction – The Bureau's Forecast shows energy costs lower than the Proposed Budget projection. Energy costs will be reduced with help from the LED conversion. However, the reduction in costs thus far has been much less dramatic than anticipated due to continuous rate increases. It is not recommended to depart from a conservative energy savings perspective. Additionally, while both forecasts account for some energy rate increases, these have not been aligned with the DWP rate increases that were recently forwarded to the Office of Public Accountability.
- LED DWP Loan Repayment – \$1.0 million reduction – The Bureau's Forecast departs from the original repayment schedule that was assumed with the approval of the LED Conversion program. With the approval of the accelerated Program, additional funds of \$7 million would have to be repaid on top of the existing debt. Based on the Bureau's Forecast, remaining debt after 2015-16, which would be between Year 6 and 7 of the schedule, would be \$26.3 million. The Bureau is working with DWP to revise the payment schedule, but at the current schedule, payment requirements would make the Fund unsustainable. To the extent that the Bureau successfully negotiates a revised payment schedule, revisions will be included in the next forecast.
- Tree Trimming and Graffiti Removal – \$2.1 million reduction – The Bureau's Forecast reduces funding for tree trimming and graffiti removal services in 2014-15 and completely eliminates funding in 2015-16, which would eliminate services or push the costs elsewhere, including on the General Fund. We do note that funding of these items is a policy decision by the Mayor and Council in the context of the annual budget. However, elimination of tree trimming is a safety issue, as overgrown trees impede lighting of the streets.

While certain adjustments can be made to cover a \$230,000 shortfall in SLMAF in 2012-13, it is still anticipated that the Fund will experience significant shortfalls starting in the next two years.

RECOMMENDATION

It is recommended that the Street Lighting Maintenance Assessment Fund (SLMAF) Five-Year Forecast be modified to reflect decreased expenditures of \$3.9 million for CA State Energy Conservation Loan Projects and Energy Conservation Loan Repayment as reflected in the Bureau of Street Lighting's SLMAF Five-Year Forecast.

CITY OF LOS ANGELES
CALIFORNIA

BOARD OF PUBLIC WORKS
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DEPARTMENT OF
PUBLIC WORKS

BUREAU OF
STREET LIGHTING
1149 S. BROADWAY, STE. 200
LOS ANGELES, CA 90015

ED EBRAHIMIAN
DIRECTOR

(213) 847-2020
FAX: (213) 847-1860

E-mail: streetlighting@lacity.org
World Wide Web (WWW): <http://bsl.lacity.org>

May 4, 2012

Honorable Paul Krekorian, Chairperson
Budget and Finance Committee
Room 395, City Hall

Dear Councilmember Krekorian:

This is in response to Question No. 133 of the Budget and Finance memo regarding the Proposed 2012-13 Budget.

"Provide report back on trend line dealing with shortfall relative to five-year forecast for the Street Lighting Maintenance Assessment Fund. Explain discrepancies between CAO and Bureau."

The Bureau of Street Lighting (BSL) is submitting its 5-Year Forecast for the Street Lighting Maintenance Assessment Fund.

If you have any questions, please contact me at (213) 847-2020.

Sincerely,

Ed Ebrahimian, Director
Bureau of Street Lighting

cc: Neil Guglielmo, Mayor's Office
Miguel A. Santana, CAO
Janice Chang, CAO

Attachment

STREET LIGHTING MAINTENANCE ASSESSMENT FUND
FIVE YEAR FORECAST
(AS OF MAY 4, 2012)

Budget Question No. 133

ESTIMATED REVENUE	2011-12	2012-13	2013-14	2014-15	2015-16
Cash Balance, July 1	23,001,810	16,103,810	8,182,864	5,535,868	4,187,549
Assessments	41,273,000	41,393,821	41,559,396	41,767,193	41,976,029
Special Assessment 1911 Act	50,000	20,000	50,000	50,000	100,000
Public Property Lighting Assessment	1,548,000	1,300,000	1,800,000	1,800,000	1,800,000
Reimb from Other Agencies/Funds	3,608,000	420,000	900,000	1,000,000	1,000,000
Damage Claims	300,000	235,000	250,000	250,000	250,000
Permits and Fees	328,000	930,000	1,094,508	1,094,508	1,094,508
Maintenance Agreements	160,000	179,400	179,400	179,400	179,400
Miscellaneous Receipts	347,000	200,000	140,000	140,000	140,000
Energy Rebate	3,201,000	3,511,834	3,822,668	3,511,834	-
LED DWP Loan	8,608,000	13,424,083	-	-	-
Total Revenue	82,424,810	77,717,948	57,978,836	55,328,803	50,727,486
ESTIMATED FUND EXPENDITURES					
City Clerk	9,000	-	-	-	-
General Services	651,000	838,392	863,544	880,815	898,431
Information Technology Agency	33,000	32,446	33,419	34,422	35,455
PW Board Office	549,000	187,443	172,866	168,152	163,297
PW Contract Administration	172,000	202,961	209,050	215,322	221,782
PW Engineering	83,000	83,568	86,075	88,657	91,317
PW Street Lighting	20,984,000	21,981,656	22,129,473	21,535,087	22,181,140
Capital Improvement Expenditure Program	2,449,000	3,177,641	-	1,000,000	-
Liability Claims	90,000	90,000	90,000	90,000	90,000
Special Purpose Fund Appropriations					
County Collection Charges	274,000	140,000	140,000	140,000	140,000
DWP Funded Projects	-	-	-	-	-
Energy	16,000,000	13,963,000	12,759,960	11,497,194	11,141,369
CA State Energy Conservation Loan Projects	3,000,000	-	-	-	-
Energy Conservation Loan Repayment	293,000	587,093	292,592	292,592	292,592
LED DWP Loan Repayment	3,696,000	4,896,397	7,313,144	7,688,730	7,688,730
LED Fixtures	12,120,000	15,195,000	-	-	-
Official Notices	45,000	45,000	45,000	45,000	45,000
Reimb of General Fund Costs	5,273,000	6,784,487	6,977,845	6,865,283	7,007,770
Tree Trimming	600,000	1,000,000	1,000,000	500,000	-
Graffiti Removal	-	330,000	330,000	100,000	-
Total Expenditures	66,321,000	69,535,084	52,442,968	51,141,254	49,996,883
CASH BALANCE	16,103,810	8,182,864	5,535,868	4,187,549	730,603

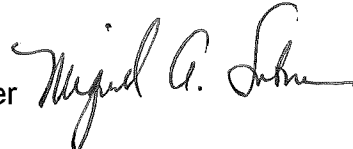
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 119

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report on the status of the Sign Ordinance and the possibility of separating out and prioritizing the completion of the donation language of the Ordinance

Subject: **PLANNING DEPARTMENT – STATUS OF THE SIGN ORDINANCE AND THE ABILITY TO SEPARATE OUT AND PRIORITIZE THE COMPLETION OF THE DONATION LANGUAGE OF THE ORDINANCE**

Your Committee requested the Planning Department to report back on the status of the Sign Ordinance and the ability to separate out and proceed with the completion of the donation language of the Ordinance.

The response from the Planning Department is attached.

MAS:MMR:02120127

Question No. 171

Attachment

DEPARTMENT OF
CITY PLANNING

200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

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ROBERT LESSIN

BARBARA ROMERO

MICHAEL K. WOO

JAMES WILLIAMS

COMMISSION EXECUTIVE ASSISTANT II

(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE

DIRECTOR

(213) 978-1271

ALAN BELL, AICP

DEPUTY DIRECTOR

(213) 978-1272

EVA YUAN-MCDANIEL

DEPUTY DIRECTOR

(213) 978-1273

VACANT

DEPUTY DIRECTOR

(213) 978-1274

FAX: (213) 978-1275

INFORMATION

www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING ESTABLISHMENT OF A SPECIAL FUND FOR SIGN
REGULATION STUDIES (QUESTION NO. 171)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on the possibility of separating the ordinance regarding creation of a Special Fund to fund the Sign Unit from consideration of the proposed citywide sign ordinance currently pending consideration by the Planning and Land Use Committee (PLUM).

The proposed citywide sign ordinance (C.F. 11-1705/08-2020) was most recently discussed in PLUM at the December 5, 2011 meeting. At that meeting a draft ordinance was considered, changes were recommended, and the City Attorney was requested to prepare the ordinance for final consideration by PLUM. Included in this conversation was the concept of creating a Trust Fund for the purpose of receiving private donations to support a new Sign Unit to conduct sign-related studies.

Inasmuch as the creation of a Special Fund for this purpose would have no impact on the policy decisions surrounding the citywide sign ordinance, it seems reasonable that an ordinance creating the new Fund would not need to wait for approval of the entire policy ordinance. If the Council chose to move this issue forward independently, they could request the City Attorney to prepare and present a draft ordinance for Council consideration based on the discussions which have occurred on this topic in PLUM.

I look forward to discussing this issue with your Committee in the near future. If you have any questions, please call me at 978-1271.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. LoGrande".

Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

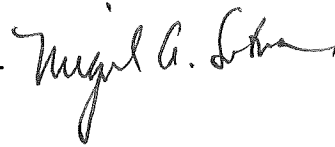
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 120

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on Department's preliminary plan reacting to the Proposed Budget reduction of filled civilian employees. Report back on detailed description of the services that will be reduced and the impact to the public. What are the projected savings by category

Subject: **LOS ANGELES POLICE DEPARTMENT POSITION DELETION**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) to report back on a preliminary plan to minimize the impact of the deletion of 159 filled civilian positions in the Department. In addition, the Committee requested LAPD to provide a detailed description of the services that will be reduced and the impact to the public. The projected savings by category is also requested. Below is the Department's response:

Attachment A provides the blueprint for the Department's restructuring of civilian authorities throughout the organization. LAPD cannot provide a detailed report on the services that will be reduced until the restructuring is implemented and each individual command is able to report back. However, the following changes will occur that will impact services if the proposed layoffs occur:

- Administrative Support Bureau will be eliminated;
- Communications Division will be moved under the command of Information Technology Bureau;
- Motor Transport Division will be moved under the Direct Command of Office of Administrative Services;
- Records & Identification Division will be moved under the command of Personnel Group, Personnel & Training Bureau;
- Two PM watch Records Units will be permanently closed in each of the four geographic bureaus;
- Two AM watch Records Units will be permanently closed in each of the four geographic bureaus;
- All 36 specialized divisions will lose all but one Senior Clerk Typist and one Clerk Typist;
- Police Commission, Professional Standards Bureau, Communications Division, Records and Identification Division, Training Division, Jail Division and a few others will be better staffed due to their critical functions and;
- All bureaus and offices will lose all but one Senior Clerk Typist and Clerk Typist

Additional duties and tasks that the LAPD will reduce or minimize:

- Requests for written projects from Council Committees and Police Commission will be provided as verbal reports whenever possible, with delayed responses when written reports are required;
- Minimize written department notices and special orders potentially impacting historical reference and documentation; and
- Minimize and/or delay the creation of new training lesson plans, and new standardized department e-learning training other than what is mandated by statute or law (or deemed necessary by the Chief of Police) which may potentially impact Risk Management.

The savings by category is as follows:

Category	No.	Direct	Indirect	Total
Clerical	157	\$ 9,069,246	\$ 3,989,176	\$ 13,058,422
Support Services	1	80,621	31,268	111,889
Administrative/Managerial	1	208,453	64,044	272,497
Total	159	\$ 9,358,320	\$ 4,084,488	\$ 13,442,808

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120124c

Question No.52

Attachment

<u>Operational Needs</u>	<u>Sr.CT</u>	<u>CT</u>
4 Traffic Divisions	4	4 (Ave. 1 Sr.CT and 1 CT per division)
21 Geographic Areas	84	105 (Ave. 4 Sr.CT and 5 CT per division, Bureaus decide how to distribute
Records & Identification Div	107	27 clerical within the commands)
Personnel Division	12	13
3 Training Division Sites	3	6
Fiscal Ops Division	4	6
Metropolitan Division	1	2
Jail Division	3	4
Force Investigation Division	5	1
Communication Division 2 sites	4	4
Scientific Investigation Div	4	9
operational needs sub total	231	181

Senior Clerk Typist & Clerk Typist Positions Proposed To Be Eliminated

<u>Budgeted Authorities</u>						
Classification	Sr.CT	CT	Secretary	PA III	Nutrition	Security
2011/2012	371	306	60	2	1	19
proposed deletions	80	66	10	1	1	1
2012/2013 proposed	291	240	50	1	0	18+OPS

<u>Bureau/Offices</u>		
OCB	2	0
OSB	1	3
OWB	1	2
OVB	2	1
OO	2	0
OSO	2	0
DB	0	2
CTSOB	1	0
OAS	1	1
COS	1	3
SACP	0	0
OCOP	0	0
PTB	0	0
PSB	3	4
ITB	1	0
ASB bureau eliminated	0	0
Police Commission		
Commission	2	1
CID	3	5
IG	3	0
sub total	256	203

Additional Positions Proposed To Be Eliminated

Behavioral Science Section	1 Nutritionist	Eliminate function
Administrative Support Bureau	1 PA III	Eliminate Bureau
		* Communication Div to ITB
		* Motor Transp Div to OAS
		* Records & Ident Div to PTB
Department -wide	10 Secretaries	
	1 eliminated ASB	C/O eliminated
	1 eliminated ITD	C/Os share
	2 eliminated COS	Share with OAS
	1 eliminated Media	Combine
	1 eliminated Det Bureau	Commanders share
	1 eliminated CTSOB	Commanders share
	1 eliminated OSB	Commander and OSB Chief share

Specialized Divisions

Behavioral Science Section	1	0	
Facilities Management Division	2	1	
Use of Force Division	1	1	
WELS/EAU/ORS	1	0	
Motor Transport Division	2	0	
ADSD	0	1	
Information Technology Division	2	0	
Personnel Group	1	1	
Recruitment E. Division	1	2	
Police Training & Education	1	1	
Employee Relations Group	1	0	
Media Relations & Community Gi	1	1	
RACR	2	0	
IAID	1	0	
Planning & Research Division	1	0	
Risk Management Division	3	4	
IAAID	2	0	
IACID	1	0	
Internal Affairs Group	3	2	
Special Operations Division IA	1	0	
Criminal Gang Homicide Division	0	2	
LAX	0	1	
Property Division	0	1	
CCD	1	3	
DSVD	1	1	
GND	1	4	
Juvenile Division	1	3	
RHD	1	1	
ASD	0	1	
EOD	1	2	
ESD	0	2	
MCD	1	2	
Department	Totals	291	240

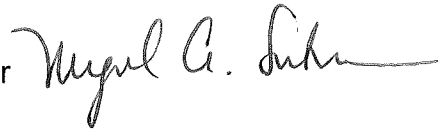
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 121

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on whether the funds budgeted for advertising for firefighter positions are necessary or whether the existing list of notification respondents are sufficient.

Subject: **PERSONNEL DEPARTMENT – ADVERTISING FOR FIREFIGHTERS**

Los Angeles is one of the most diverse cities in the United States, and one of our goals is to ensure that this diversity is represented in the pool of candidates for Firefighter. A concerted and strategic recruitment effort is needed to reach out to under-represented segments of the community's labor pool that may not have considered the job of Firefighter.

Recruitment efforts of this nature are even more critical due to the fact that the City has not hired Firefighters since 2009, and the filing period for applications will be short in anticipation of receiving a large number of applicants relatively quickly.

Strategic recruitment requires that as many potential candidates – especially those who would not ordinarily consider this career - aware of this desirable employment opportunity with the City. LAFD Recruiters will engage in outreach efforts in various communities, and will conduct regular recruitment events such as seminars and preparation programs. The requested funding will be used to support outreach, direct print and radio advertising, and distribute informational materials. And since successful marketing requires repetition, the ads must repeat a sufficient number of times to ensure that the message is delivered effectively. Such advertising is critical to attract candidates who represent the diversity of the City.

MAS:MHA:pg

Question No.100

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 122

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Watershed Protection Division – How are the operation and maintenance costs budgeted for the Proposition O projects that have been constructed?

Subject: **OPERATIONS AND MAINTENANCE FOR PROPOSITION O PROJECTS**

Attached is the Bureau of Sanitation's response on the Proposition O program. As stated in its letter to the Committee dated April 23, 2012, the Bureau is working with our Office, the Chief Legislative Analyst and the Mayor's Office on development of an optimization proposal for completed Proposition O projects to stabilize plant life and other organic components and maximize performance of water quality elements based on project site specifics. We expect to complete this process by the end of July 2012.

MAS:ER:06120121

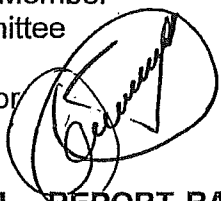
Question No. 137

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 137 – OPERATIONS AND MAINTENANCE COSTS FOR PROPOSITION O PROJECTS

During the Fiscal Year 2012-13 Proposed Budget Deliberations which were held on May 1, 2012, Sanitation was asked to report back on the operation and maintenance (O&M) of Proposition O projects.

Proposition O (Prop O), a \$500 million General Obligation Bond, has been funding a number of water quality improvement projects in the City of Los Angeles since 2004. The projects are part of a larger strategic planning framework, as described in the City's Water Quality Compliance Master Plan for Urban Runoff, prepared by Sanitation, with guidelines to satisfy Clean Water Act mandates. The projects are also identified in the Total Maximum Daily Loads (TMDLs) Implementation Plans required by the Los Angeles Regional Water Quality Control Board (LARWQCB) to meet water quality standards. These plans specifically recommend the implementation of green infrastructure multi-benefits projects to meet the TMDLs' water quality regulations.

The Prop O projects are new, unique, innovative, green and multi-purpose and are designed to improve water quality in the City. The projects include a balanced natural approach that includes storm water, plant life, and air to mitigate the pollutants that are found in stormwater runoff. These projects have enjoyed tremendous community support through stakeholder-driven processes. The community has also placed a high expectation on their investment for the projects to ensure the effectiveness of the constructed projects in meeting the Prop O objectives of improving water quality.

Currently, there are eleven (11) Prop O projects that have been constructed. The Bureaus of Sanitation and Engineering (Bureaus) have proposed a minimum 2-year "Optimization Period" for the projects (could be longer or shorter based on project site specifics) after the completion of project construction. The Optimization Period is to ensure that the project elements are in an optimal working condition to assist in meeting water quality requirements. The optimization phase is a routine protocol that the Bureaus use in other programs such as the Wastewater and Solid Resources Programs. Other agencies also



utilize the optimization process to better their project performances. The Prop O projects are the first of their kind in the City and the optimization period is an important phase for long-term project sustainability. It is during this phase that a balanced approach between water, air, and plants elements is established. For the projects that have been constructed, it is imperative to commence the optimization phase of these projects to ensure that these Prop O investments meet the expected outcome by the voters, which is improved water quality.

Accordingly, the Bureaus recommend starting up the optimization phase for the completed Prop O Projects immediately. Both Bureaus believe that the optimization phase is best achieved through City staff with some assistance from outside experts. Specialty services will augment the City staff on an as-needed basis for specialized work. It is through the optimization phase that the physical, chemical, and biological characteristics of green projects will be examined and proper protocols will be established for the Prop O project long-term sustainability.

The Bond Counsel confirmed that the optimization expenditures are a capitalizable cost that is payable by Prop O bond proceeds. The proposal has received support from the Proposition O Citizen Oversight Advisory Committee and will soon be considered by the Proposition O Administrative Oversight Committee.

Thank you for your continued support of the City's Stormwater Program. If you have any questions or would like to discuss this further, please contact myself at (213) 485-2210 or Shahram Kharaghani, City's Stormwater Manager, at (213) 485-0587.

ECZ/SK/AM:am

c: Members of the City Council
Gayle Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team
Shahram Kharaghani, BOS/WPD



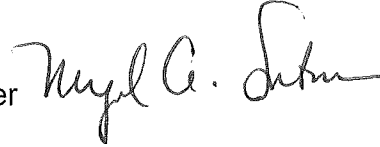
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 123

Date: May 6, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on 11 filled positions and 4 vacant positions that will be deleted; what are the impacts on services? And who assumes the work of the 11 filled deleted positions?

Subject: **PERSONNEL DEPARTMENT – IMPACT OF POSITION ELIMINATIONS**

The attached chart was prepared by the Personnel Department and indicates the impact of eliminating 11 filled positions in the Background Investigation Division, Candidate and Employee Records Section, Medical Services Division, and Workers' Compensation Division. All of the position eliminations will negatively impact the work performed in these areas as specified on the chart.

MAS:MHA:pg

Question No.99

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	DELETED COUNT	DESCRIPTION OF DUTIES	ARE SERVICES REDUCED (YES/NO)	IF SERVICES NOT REDUCED, HOW WILL WORK BE ABSORBED?
Personnel	1358	Clerk Typist	1	Clerk Typist: All staff in the Background Investigation Division (BID) support the Mayor's top priority of public safety hiring. BID has experienced a number of staff reductions in recent years due to significant changes and reductions in police officer and other public safety hiring. There has been an increase to "hiring to attrition" level, but staffing levels have remained the same or decreased further. Each clerical position that is lost negatively impacts the caseload of other staff and the overall productivity of the unit. Clerk Typists assist public safety candidates at the Division's front desk, process DOJ fingerprints, process background files and send mailers to candidate personal, residential and employment references, pull background packages and files as needed.	Yes	
Personnel	1358	Clerk Typist	2	The Clerk Typist positions targeted perform Employee Folder and Background Notification duties in our Candidate and Employee Records Section (CERS). Loss of the "Folder" position will result in limiting employee access to folders, backlogs in the filing and retrieval of employee records and delays in responding to subpoenas and processing of terminated employee folders. Loss of the "Background" position will result in delays in notifying operating departments of initial and subsequent employee fingerprint results received from the Department of Justice and limited available scheduling of initial employee fingerprinting. The failure to handle work in Backgrounds increases potential liability in that background issues must be handled expeditiously	Yes	

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	DELETED COUNT	DESCRIPTION OF DUTIES	ARE SERVICES REDUCED (YES/NO)	IF SERVICES NOT REDUCED, HOW WILL WORK BE ABSORBED?
Personnel	1368	Senior Clerk Typist	2	Senior Clerk Typist/Clerk Typist: All staff in the Background Investigation Division (BID) support the Mayor's top priority of public safety hiring. BID has experienced a number of staff reductions in recent years due to significant changes and reductions in police officer and other public safety hiring. There has been an increase to "hiring to attrition" level, but staffing levels have remained the same or decreased further. Each clerical position that is lost negatively impacts the caseload of other staff and the overall productivity of the unit. Senior Clerk Typists assist public safety candidates at the Division's front desk, processing candidates in the background investigation phase of the selection process, and assist Police Officer Recruits in their final preparation prior to entering the Police Academy. Clerk Typists assist public safety candidates at the Division's front desk, process DOJ fingerprints, process background files and send mailers to candidate personal, residential and employment references, pull background packages and files as	Yes	
Personnel	1368	Senior Clerk Typist	1	The Medical Services Division's proposed reduction of 3 staff will not compromise the existing services provided to City Departments. The Nurse Manager has oversight over the day-to-day operations of the clinic and the Medical Assistants regularly assigned to the front station (clerical duties) can be cross trained to cover both the clinic area and front office duties.	No	Although the Medical Services Division's Occupational Health clinic continues to be busy, we anticipate being able to absorb the duties of the three positions by the utilization of the Nurse Manager and the provision of cross training for the existing staff.
Personnel	1726-2	Safety Engineering Associate II	1	The loss of the Safety Engineer Associate would impact us in the following manner; We would not be able to address the request for service from City Departments for OSHA compliance, hazard assessments, safety training, safety inspections, accident investigations, safety committee meetings, ergonomic evaluations, safety hazard notifications, or for assistance with regulatory agency citation/violations in as timely a manner as we currently provide and all such work for the entire City would fall on the remaining Safety Engineer, Safety Administrator and Ergonomist to complete.	Yes	

2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM

DEPARTMENT	CLASS CODE	CLASS TITLE	DELETED COUNT	DESCRIPTION OF DUTIES	ARE SERVICES REDUCED (YES/NO)	IF SERVICES NOT REDUCED, HOW WILL WORK BE ABSORBED?
Personnel	1759	Background Investigation Manager	1	Background Investigations Manager: Public safety is the Mayor's top priority, and Background Investigations Managers make a significant contribution by directing staff involved in the confidential and comprehensive background investigations of public safety staff such as Police Officers, Firefighters, Arson Investigators, Security Officers, etc. These Managers organize the work of their staff and ensure that work is performed to the standard necessary to be hired in a public safety position in the City of Los Angeles. The loss of a Background Investigations Manager will negatively impact the caseload of the remaining Managers and the overall productivity of the unit.	Yes	
Personnel	1775	Workers' Compensation Claims Assistant	1	The deletion of one Workers' Compensation Claims Assistant will result in increased workload for the remaining staff in the area of benefits letters, processing of payments and various cost control measures. Increased costs in the area of benefit payments, interest and penalty for late payments, increased State audit findings and penalties for late benefit letters, and payments for inappropriate treatments may occur. A delay in the injured worker receiving timely medical treatment may also occur.	Yes	
Personnel	2310	Medical Assistant	1	The Medical Services Division's proposed reduction of 3 staff will not compromise the existing services provided to City Departments. The Nurse Manager has oversight over the day-to-day operations of the clinic and the Medical Assistants regularly assigned to the front station (clerical duties) can be cross trained to cover both the clinic area and front office duties.	No	Although the Medical Services Division's Occupational Health clinic continues to be busy, we anticipate being able to absorb the duties of the three positions by the utilization of the Nurse Manager and the provision of cross training for the existing staff.
Personnel	2315	Supervising Occupational Health Nurse	1	The Medical Services Division's proposed reduction of 3 staff will not compromise the existing services provided to City Departments. The Nurse Manager has oversight over the day-to-day operations of the clinic and the Medical Assistants regularly assigned to the front station (clerical duties) can be cross trained to cover both the clinic area and front office duties.	No	Although the Medical Services Division's Occupational Health clinic continues to be busy, we anticipate being able to absorb the duties of the three positions by the utilization of the Nurse Manager and the provision of cross training for the existing staff.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 124

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on OPS costs related to the transfer from GSD to Police; include such costs as hardware conversions, install costs, vehicle and radio conversions redesign, background checks, etc. Compare these anticipated savings to those listed in the proposed budget.

Subject: **POLICE DEPARTMENT – OFFICE OF PUBLIC SAFETY TRANSFER COSTS**

During its consideration of the Police Department's 2012-13 Proposed Budget, the Committee requested our Office report back on additional costs related to the functional transfer of OPS from GSD to the LAPD.

Our Office, the LAPD, and the General Services Department (GSD) have not identified any major unbudgeted costs associated with the proposed functional transfer in the 2012-13 Proposed Budget. The current transition plan assumes that existing OPS resources such as, vehicles, radios, and the dispatch center, will continue to be utilized to support the OPS function in 2012-13. The LAPD and the Personnel Department have funded positions in their base budgets which perform background checks on City employees; therefore, existing personnel will be tasked with updating the backgrounds of OPS employees. New position authorities will not be authorized. Minor costs such as, badges, patches, and updated uniforms will be absorbed within budgeted resources.

The Department's Information and Technology Bureau is performing an in-depth analysis of the OPS dispatch center and related OPS technologies. The merger of the OPS dispatch center with the Department's dispatch center will be addressed in a future Proposed Budget. The costs associated with hardware conversions, installation, and moving costs will be weighed against the operational benefits of merging the dispatch centers, the facility maintenance savings, and potential to utilize the existing space for alternative purposes.

The Department's Motor Transport Division is reviewing the useful life remaining on the existing OPS vehicles. Existing OPS vehicles will be replaced in accordance with the City's established vehicle life-cycle replacement programs. Any new vehicle requests will be considered as part of the City's formal budget process.

MAS:JLK:04120107

Question No.45

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 125

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from Budget and Finance Committee dated May 4, 2012 to report on full cost recovery for fees for appeals

Subject: **PLANNING – FULL COST RECOVERY FOR APPEALS**

Your Committee requested the Planning Department to report on the fees for appeals if they were adjusted for full cost recovery.

The Planning Department response is attached and includes the average cost for First-Level and Second-Level appeals. Since the number of applications for appeals varies from year to year, the amount in fees collected also varies annually.

MAS:MMR:02120147

Question No.296

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
VICE-PRESIDENT
SEAN O. BURTON
DIEGO CARDOSO
GEORGE HOVAGUIMIAN
JUSTIN KIM
ROBERT LESSIN
BARBARA ROMERO
MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING FULL COST RECOVERY APPEAL FEES
(QUESTION NO. 296)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on what the fees would be for the Planning Department appeals if they were full cost recovery.

The Department of City Planning processes two levels of appeals on entitlement decisions: First-Level appeals to the Commissions on decisions made by the Department including the Zoning Administrators, and Second-Level appeals to the City Council if an appellant is not satisfied with the First-Level appeal decision.

Based on the 2009 Comprehensive Planning Fee Study, the Department's cost in processing First-Level appeals in Fiscal Year 2008-09 was about \$3,850,000, and the Second-Level appeal processing cost was around \$104,000. Notwithstanding that some appeals are more controversial and cost more to process, the average cost per appeal was approximately \$20,000 for First-Level appeals and \$6,100 for Second-Level appeal. The costs would certainly be higher if adjusted according to today's cost of living.

Should you have any questions regarding this information, please contact me at 978-1271.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. LoGrande".

Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 126

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from Budget and Finance Committee dated May 4, 2012 to report on the time line to complete determination letters, the current backlog of cases, and ways to move projects more expeditiously through the process

Subject: **PLANNING – REPORT ON DETERMINATION LETTERS, CASE BACKLOGS AND PROCESS IMPROVEMENTS**

Your Committee requested the Planning Department to report on the time line to complete determination letters, the current backlog of cases, and ways to move projects more expeditiously through the review process.

The Planning Department response is attached and includes a discussion of the case backlog, the timeframe to complete cases, and process improvements.

MAS:MMR:02120146

Question No.276

Attachment

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

WILLIAM ROSCHEN
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CITY OF LOS ANGELES
CALIFORNIA



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VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING CASE PROCESSING TIMELINE AND
BACKLOG IN DIFFERENT CASE TYPES (QUESTION NO. 276)**

In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on the typical case processing timeline and the current backlog of applications in the different case types.

The Department of City Planning has recently implemented several measures to mitigate the impact of the Early Retirement Incentive Program (ERIP) and other staffing reduction policies. These measures are: (1) streamlining the case processing procedures, (2) simplifying the Zoning Code, (3) consolidating Use Permit processing requirements, and (4) increasing the case processing capacity using overtime.

These measures are effective, and the typical case processing timeframe in the different case types has improved. Currently, the less complicated Division of Land cases (Subdivision and Parcel Map) take approximately five months from the date it is deemed completed to the date of the Letter of Division (LOD); cases that require Area Planning Commission (APC) decisions take about four months; City Planning Commission (CPC) cases take about six months; Director of Planning (DIR) cases take about one month; and the Zoning Administrator (ZA) cases take approximately six months.

The case backlog situation has also improved similarly. However, the Department still carries about 550 backlog cases. Of the 550, about 47% are ZA cases; 24% are DIR cases; 18% are Division of Land cases; and the remaining 11% are Commission cases.

While the Department of City Planning continues to find ways to make its case processing operation more efficient and reduce the need for discretionary reviews by reforming the Zoning

Budget and Finance Committee

May 4, 2012

Page 2

Code and other land use regulations, it is also critical for the City to acknowledge the importance of adequate staffing, especially that the entitlement review applicants are paying fees that are based on a full cost recovery model.

The Department of City Planning has requested additional positions for the new fiscal year to bring the case processing capacity to a satisfactory level, and we will work closely with the Managed Hiring Committee (MHC) to fill our vacancies timely and responsibly. Furthermore, we will explore other means to increase our case processing capacity without raising the City's employment and pension liability. Wherever feasible, the Department will try to adopt a blended staffing model by hiring consultants, contracting with retired employees, and utilizing Student Professional Workers and volunteers. The Department will coordinate with the other City departments involved in the land development review to identify and eliminate redundant requirements and processes. By working with the other departments, City Planning will also use technology solutions to help improving the movement of projects both internally and inter-departmentally.

My staff and I deeply appreciate the support from the City Council. We look forward to working with you to make entitlement review in the City of Los Angeles efficient and effective.

Sincerely,

A handwritten signature in black ink, appearing to read "M. LoGrande". The signature is stylized and cursive, with a large initial "M" and "L".

Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 127

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on where funds have been spent from the \$29.76 million allocated for the Public Safety Systems Project and the timeline for the implementation for the Fire Station Alerting System

Subject: **FIRE DEPARTMENT - REPORT ON WHERE FUNDS HAVE BEEN SPENT FROM THE \$29.76 MILLION ALLOCATED FOR THE PUBLIC SAFETY SYSTEMS PROJECT AND THE TIMELINE FOR IMPLEMENTATION**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested this Office to report back on where the \$29.76 million allocated to the Information Technology Agency (ITA) for the Public Safety Systems Project (PSSP) has been spent and the timeline for the implementation of the Fire Station Alerting System. The breakdown is listed below:

- \$8.8 million - Shared systems components for Fire, Police and the Emergency Management Department (EMD) including City fiber and microwave network connections, Audio/Visual (AV) infrastructure backbone and layout for high definition signals, and modular and conference room furniture;
- \$3.6 million - Technology systems into the Emergency Operations Center, Main Coordination Room, Management Support Room, Training Room and Breakout Rooms integrated into the facility;
- \$2.9 million - Police Department's Real-Time Analysis and Critical Response (RACR) Division systems components including video wall, Internet Protocol (IP) radios, redesign with working group pods, modular furniture, computers, radio systems and AV components;
- \$9.5 million - Fire Department operational requirements for room layouts and integrated technologies, including the Department Operations Center, Training Room, Dispatch Floor, and the Public Information Officer Room, AV systems designed with large video wall and digital switching system, Voice Radio Switch, radio sub-systems, Logging Recorder and Network Computer Aided Dispatch (CAD) environment in anticipation of the replacement of the CAD system.

The balance of \$5 million will be allocated for the final remaining project, the Fire Station Alerting System. The anticipated timeline for completion of the Fire Station Alerting System Project is approximately 12-18 months.

MAS:MCD:04120120

Question No.57

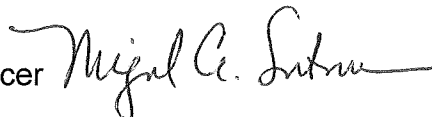
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 128

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back on various items.

Subject: **HOUSING – LONG TERM REPORT BACKS RELATIVE TO “GRANNY FLATS,” RECORDING LIENS ON DELINQUENT PROPERTIES, AND THE MELLO ACT**

During its consideration of the Los Angeles Housing Department (LAHD) 2012-13 Proposed Budget, the Committee asked LAHD to provide long-term reports regarding various issues. Attached are the Department's responses to the following long-term issues:

- 1) Policy for Granny Flats and grandfathering them in if brought up to code;
- 2) Pursuing liens against delinquent properties and the current efforts made by LAHD to collect fines and penalties; and,
- 3) The Mello Act and the steps necessary to finalize the Mello Act requirements.

This memorandum is for informational purposes only. There is no fiscal impact.

MAS:AS:02120148


Question Nos. 235, 237 and 246

Attachments



INTER-DEPARTMENTAL MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: GREG KUNG, ACTING ASSISTANT GENERAL MANAGER, HOUSING DEPARTMENT 

DATE: MAY 4, 2012

REGARDING: 2012-13 BUDGET MEMO - QUESTION NO. 235 (LONG TERM)
HOUSING, PLANNING, AND BUILDING AND SAFETY TO REPORT BACK ON A POLICY FOR GRANNY FLATS. CAN THEY BE GRANDFATHERED IN IF BROUGHT UP TO CODE?

LAHD response:


LAHD will continue to discuss with Planning and Building and Safety the issues on Granny Flats and provide a long term report back.

2012 MAY -7 AM 8:45
CITY ADMINISTRATIVE OFFICER



INTER-DEPARTMENTAL MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: GREG KUNG, ACTING ASSISTANT GENERAL MANAGER, HOUSING DEPARTMENT 

DATE: MAY 4, 2012

REGARDING: 2012-13 BUDGET MEMO - QUESTION NO. 237 (LONG TERM - 30 DAYS)
REPORT BACK IN 30 DAYS ON WHETHER IT MAKES ECONOMIC SENSE TO PURSUE LIENS AGAINST PROPERTIES AND THE CURRENT EFFORTS MADE BY LAHD TO COLLECT FINES/PENALTIES.

LAHD response:

LAHD has been working with the City Attorney and consulting other departments such as Office of Finance to determine the feasibility of recording liens on delinquent accounts. LAHD will prepare to report back in 30 days with details of our findings and recommendations.

2012 MAY 27 AM 8:45
CITY ADMINISTRATIVE OFFICER



Los Angeles Housing Department


LAHD



Antonio R. Villaraigosa, Mayor
Rushmore D. Cervantes, Interim General Manager

INTER-DEPARTMENTAL MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: GREG KUNG, ACTING ASSISTANT GENERAL MANAGER, HOUSING DEPARTMENT 

DATE: MAY 4, 2012

REGARDING: 2012-13 BUDGET MEMO - QUESTION NO. 246 (LONG TERM)
LAHD AND PLANNING TO REPORT BACK ON THE MELLO ACT. WHAT IS REQUIRED TO MOVE THIS FORWARD?

LAHD response:

In 1982 the State Legislature adopted the Mello Act (CA Gov Code §65590 - 65590.1) which requires new housing developments within the coastal zone of California to include housing for very low, low or Moderate income persons or families. In 2000 the City Council adopted interim guidelines for the city Mello ordinance which requires new developments to include affordable housing. To date, the City has not adopted a permanent Mello Ordinance and all new housing developments are required to provide affordable housing pursuant to the interim guidelines.

During the month of April, 2012, the Planning Department and Housing Department met with staff from Council Offices 1 and 11 to discuss the Interim Mello Ordinance and necessary steps to finalize the Mello Act requirements. Both Departments are currently updating and assessing internal procedural and implementation issues.

2012 MAY 17 AM 9:45
CITY ADMINISTRATIVE OFFICER

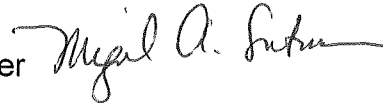
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 129

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Outline the number of staff for each Bureau as a whole (relative to consolidating Bureaus)

Subject: **STAFFING IN PUBLIC WORKS BUREAUS**

The following Table is a summary of staffing in each Bureau of the Department of Public Works. The total staffing for all Bureaus includes approximately 5,237 regular, resolution and off-budget position authorities (see attachment). Sanitation comprises over half of the staffing. The staffing for each major bureau function is also summed in the attachment.

Table - Public Works Staffing		
Board/Bureau	Positions	Percentage
Board of Public Works	86	1.6%
Bureau of Contract Administration	326	6.2%
Bureau of Engineering	684	13.1%
Bureau of Sanitation	2,784	53.2%
Bureau of Street Lighting	238	4.5%
Bureau of Street Services	1,119	21.4%
Total	5,237	100.0%

MAS:ER:06120083

Question No. 120

Department of Public Works
Summary of Staffing for Board and Bureaus

Board of Public Works										Total	Percentage	
	Community Beautification	Project Restore	Accounting	Board & Secretariat	Other							
Regular	8	1	54	16								
Reso												
Off-budget					7							
Total	8	1	54	16	7					86	1.6%	
Bureau of Contract Administration										Total	Percentage	
	Construction Inspection	Contract Compliance	GASP									
Regular	190	22	15									
Reso	77	20	0									
Off-budget	2	0	0									
Total	269	42	15							326	6.2%	
Bureau of Engineering										Total	Percentage	
	Stormwater Facilities Engineering	Wastewater Facilities Engineering	Development Services	Street Improvements Engineering	Municipal Facilities Engineering	Land Records	Mapping & Survey Support	GASP	Other			
Regular	26	305	72	49	105	9	39	79				
Reso												
Off-budget									76			
Total	26	305	72	49	105	9	39	79	76		684	13.1%
Bureau of Sanitation										Total	Percentage	
	Watershed Protection	Clean Water	Solid Resources	Technology Support	GASP							
Regular	130	1,249	1,226	68	53							
Reso	13		44		1							
Off-budget												
Total	143	1,249	1,270	68	54						2,784	53.2%
Bureau of Street Lighting										Total	Percentage	
	Design & Construction	System Operation, Maint & Repair	Assessment District Financial Operations	GASP								
Regular	83	91	11	24								
Reso	27	1										
Off-budget	1											
Total	111	92	11	24							238	4.5%
Bureau of Street Services										Total	Percentage	
	Weed Abatement, Brush & Debris Removal	Investigation & Enforcement	Street Cleaning	Street Tree & Parkway Maintenance	Maintaining Streets	Street Resurfacing & Reconstruction	Street Improvement	GASP				
Regular	24	55	136	91	145	122	112	52				
Reso	0	4	0	0	18	177	101	0				
Off-budget	0	0	0	0	0	0	82	0				
Total	24	59	136	91	163	299	295	52		0	1,119	21.4%
Grand Total											5,237	100.0%

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 130

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Has the implementation of Tier 6 had a negative impact on police recruitment?

Subject: **LOS ANGELES POLICE DEPARTMENT TIER 6 IMPACT**

During its consideration of the 2012-13 Proposed Budget, the Committee asked the Los Angeles Police Department (LAPD) whether the implementation of Tier 6 had a negative impact on police recruitment. Per LAPD, the implementation of Tier 6 has not impacted police recruitment.

This memorandum is informational only. There is no fiscal impact.

MAS:AMY:04120121c

Question No.31

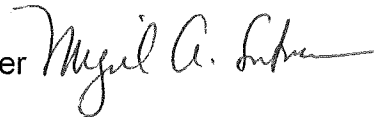
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 131

Date: May 7, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee for Recreation and Parks to report on the impacts of the cuts to the summer programs designed to keep kids off the street

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO THE IMPACTS OF CUTS TO SUMMER PROGRAMS**

The Department of Recreation and Parks has submitted the attached response relative to the impacts of the proposed cuts to summer programs for youths.

This memorandum is informational only. There is no fiscal impact.

MAS:WYL:08120164

Question Number 278

**BOARD OF RECREATION AND
PARK COMMISSIONERS**

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

**DEPARTMENT OF
RECREATION AND PARKS**

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

**FISCAL YEAR 2012-2013 QUESTION NO. 278 – IMPACT FROM MAYOR'S
PROPOSED 2012-13 RECREATION AND PARKS BUDGET ON SUMMER
PROGRAMS**

The Mayor's Proposed Fiscal Year 2012-13 Budget reduces the Clean And Safe Spaces (CLASS) Parks Program from 37 to 32 sites; and also reduces the Aquatic Services programs.

The CLASS Parks Program offers programming for youth ages 11-15, keeping them off the streets by engaging them with park activities through teen camp. This program is offered two to four days each week where youth are in a supervised environment and have access to activities that include games, crafts, and once a week field trips. The proposed budget would eliminate the CLASS Parks Program at the following five recreation centers: Central, Denker, Lincoln Heights, Oakwood, and Wabash. Therefore, during the summer months those centers will not offer teen camp while the youths are out of school. The remaining 32 CLASS Parks sites coincide with the Mayor's Summer Night Lights program.

The Aquatic Program reductions do not affect the summer programs for 2012. However, at the end of the summer swim season, the reductions will take effect with the conversion of three pools from year-round usage to seasonal usage. These pools are: Glassell, Hubert Humphrey, and Peck.



Honorable Paul Krekorian
May 4, 2012
Page 2

Should you have any questions, please contact Assistant General Manager Kevin Regan or Executive Officer Regina Adams, at (213) 202-2633.

Sincerely,



JON KIRI MUKRI
General Manager

JKM:RA:KR/sa

cc: Romel Pascual, Office of the Mayor
Jennie Carreon de Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 132

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on total costs (Citywide) associated with supporting video conferencing during Council meetings and if those costs could be shifted and used to fund the Communications Electrician positions which support Police and Fire.

Subject: **INFORMATION TECHNOLOGY AGENCY – COSTS OF REMOTE PUBLIC TESTIMONY**

Your Committee requested this Office to report back regarding the costs of the video conferencing service provided at the Van Nuys City Hall (Van Nuys) and the San Pedro Municipal Building (San Pedro) that allows for remote public testimony during City Council meetings. Three departments, the Information Technology Agency (ITA), the City Clerk, and the Department of General Services (GSD) support the video conferencing service and remote public testimony. The combined costs of providing conferencing are \$45,997. A portion of those costs, \$20,976, could be transferred to the General Fund and reprogrammed to mitigate service reductions or used to offset eligible ITA telecommunications costs, and existing staff who perform functions associated with public testimony could be reassigned or redeployed.

In the last year (May 1, 2011 through May 1, 2012), a total of 419 speakers utilized the Van Nuys location and 20 speakers utilized the San Pedro location to provide public testimony to the Council. The Information Technology Agency (ITA) indicates that the Department utilizes contractors at Van Nuys and San Pedro to operate the video conferencing equipment for the public testimony. ITA estimates that the annual cost for contract support at both locations is \$20,976. This cost is based on a contract rate of \$19 per hour for four hours each Council day at each location, and an average of 138 Council meetings annually. This contractual services expense is currently funded by the Telecommunications Development Account (TDA) five percent franchise fees. Minimal maintenance costs for the existing equipment are also funded by the TDA, and any equipment that would need to be replaced could be funded by the highly restricted one percent capital TDA franchise fees, which can only be used for public, educational, and government access capital costs.

The City Clerk indicates that the Department does not incur any additional costs associated with remote public testimony at either San Pedro or Van Nuys. These facilities are designed to be self service, as public speakers use a telephone located in each facility to contact the City Clerk at City Hall to let the City Clerk know they wish to speak. The City Clerk does not provide any additional staff or support for this public testimony.

The Department of General Services (GSD) reports that there are no additional costs to GSD for public testimony at Van Nuys, as GSD is able to utilize existing GSD Office of Public Safety (OPS) Police Officers posted at Van Nuys to support this service. However, OPS has insufficient staff posted at San Pedro to support this service, and therefore one additional OPS Police Officer is posted at San Pedro during Council meetings for remote testimony. Assuming four hours each Council day and an average of 138 Council meetings annually, this is approximately 0.26 of a full time equivalent, for an estimated cost of \$24,821 (\$19,756 direct and \$5,065 indirect). Should the video conferencing service at San Pedro be discontinued, this OPS Police Officer would likely be redeployed. Note that the 2012-13 Proposed Budget includes the functional transfer of OPS to the Los Angeles Police Department. GSD further indicates that there are no additional costs, such as custodial services or building maintenance, associated with maintaining the remote public testimony at San Pedro and Van Nuys.

As noted above, only ITA incurs costs associated with remote public testimony at Van Nuys and San Pedro for which savings would be realized if this service was discontinued. These cost savings are estimated at \$20,976 and would be achieved within the TDA. The cost of each Communication Electrician (CE) position is \$114,108 (\$82,399 direct and \$31,709 indirect), and the three CE positions total \$342,324 (\$247,197 direct and \$95,127 indirect). While these funds are insufficient to restore the three filled CE positions eliminated in the 2012-13 Proposed Budget, they could be used to offset other high priority needs in ITA. The 2012-13 Proposed Budget includes the deletion of three filled CEs and one vacant CE, for a total reduction of four CE positions. As the Department currently has 97 CE positions, the elimination of these four positions represents a four percent reduction in this classification.

MAS:MAF:11120023c

Question No. 90

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 133

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back with options to build more flexibility into the hiring process to avoid delays. Long-term hiring plan to be submitted to the Budget and Finance and Managed Hiring Committees.

Subject: **DEPARTMENT OF BUILDING AND SAFETY – FLEXIBILITY IN HIRING POSITIONS SUPPORTED BY SPECIAL FUNDS**

Your Committee requested this Office to report back with options for making the Managed Hiring process more flexible for positions at the Department of Building and Safety (LADSB) that are supported by Special Funds (729 positions total, including 45 new positions proposed for FY 2012-13). Exhibit H in the Proposed Budget includes the following action:

Direct the Managed Hiring Committee (MHC) to continue enforcement of a "Hard Hiring Freeze" consistent with current practices and procedures, with the additional direction that by July 1, 2012, the City Administrative Officer prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions. Direct the MHC to review the City Administrative Officer's proposal and adopt a final plan by July 31, 2012.

The MHC will be developing a plan to expedite approval of special funded or revenue producing positions in 2012-13. It is anticipated the MHC will request those departments that have positions falling under these two categories to present an annual hiring plan to be reviewed and approved in July. This plan will include current vacant positions and classifications where vacancies are anticipated. Building and Safety will be requested to provide this plan as their positions almost entirely fall under these two criteria. In general, given the positions and funding resources provided to Building and Safety, we anticipate the Department will receive their requested unfreezes expeditiously.

MAS:TMJ:02120131

Question No.206

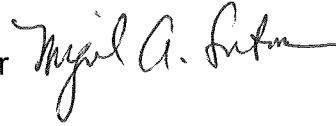
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 134

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back on the accessibility of Section 8 Housing.

Subject: **HOUSING – REPORT BACK ON THE ACCESSIBILITY OF SECTION 8 HOUSING**

During its consideration of the Los Angeles Housing Department (LAHD) 2012-13 Proposed Budget, the Committee asked LAHD to report regarding making Section 8 housing more accessible, and whether there are any education initiatives available. Attached is the Department's response. They have indicated that while the Section 8 Program is managed by the Housing Authority of the City of Los Angeles (HACLA), LAHD provides general information to the public.

This memorandum is for informational purposes only. There is no fiscal impact.

MAS:AS:02120142


Question No. 238

Attachment



INTER-DEPARTMENTAL MEMORANDUM

TO: BUDGET AND FINANCE COMMITTEE

FROM: GREG KUNG, ACTING ASSISTANT GENERAL MANAGER, HOUSING DEPARTMENT 

DATE: MAY 4, 2012

REGARDING: 2012-13 BUDGET MEMO - QUESTION NO. 238
HOW CAN THE CITY MAKE SECTION 8 HOUSING MORE ACCESSIBLE? ARE THERE ANY EDUCATION INITIATIVES THAT ARE AVAILABLE?

LAHD response:

The Section 8 program is managed by HACLA. They should be able to provide more information. However, the Housing Department does provide general information to the public and refer them to HACLA regarding Section 8.

2012 MAY 7 AM 8:15
CITY ADMINISTRATIVE OFFICER

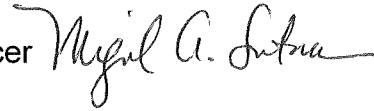
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 135

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back on the Veterans Affairs Supportive Housing program vouchers.

Subject: **HOUSING AUTHORITY OF THE CITY OF LOS ANGELES – REPORT BACK ON THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) VETERAN AFFAIRS SUPPORTIVE HOUSING (VASH) PROGRAM VOUCHERS**

During its consideration of the Mayor's 2012-13 Proposed Budget, the Committee asked the Housing Authority of the City of Los Angeles (HACLA) to report regarding the U.S. Department of Housing and Urban Development (HUD) Veteran Affairs Supportive Housing (VASH) program vouchers. Attached is the HACLA's response, which includes a discussion of the program and a voucher update for 2012.

This memorandum is for informational purposes only. There is no fiscal impact.

MAS:AS:02120143

Question No. 247

Attachment



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
MEMORANDUM

2012 MAY 07 AM 8:42

CITY ADMINISTRATIVE OFFICER

May 4, 2012

TO: Councilmember Paul Krekorian, Chair, Budget and Finance Committee,
Los Angeles City Council

FROM: Douglas Guthrie, President and CEO

CC: Councilmember Mitchell Englander, Vice Chair, Budget and Finance Committee
Councilmember Tony Cardenas, Council District 6
Councilmember Paul Koretz, Council District 5
Councilmember Bill Rosendahl, Council District 11

SUBJECT: HUD-VASH Program

Veterans Affairs Supportive Housing/HUD-VASH

The HUD-VASH Program is a national collaboration between the US Dept of Housing and Urban Development and the Veterans Affairs Department that provides permanent housing and supportive services to homeless veterans. In the City of Los Angeles, the program combines the Housing Authority of the City of Los Angeles (HACLA) and the Veterans Affairs Medical Center of Greater Los Angeles (VAMC GLA). HUD-VASH combines Section 8 rental assistance vouchers with case management and clinical services provided by the Veterans Affairs Department to enable homeless veterans to re-integrate in the community to lead healthy, productive lives. The VAMC GLA focuses outreach and case management on chronically homeless veterans.

The HACLA has earned a national reputation for leadership in HUD-VASH, and was included in a recent "Best Practices" paper released by HUD for the program. With 600 new vouchers awarded in 2012, HACLA now manages 1,995 HUD-VASH vouchers, one of the largest programs in the country.

Program Eligibility

The Los Angeles VAMC determines the eligibility of homeless veterans and families for the Program, and the HACLA determines eligibility for the rental subsidy in accordance with the Housing Choice Voucher Program guidelines.


For information regarding HUD-VASH intake and other VA programs or services, please contact the VA at (310) 268-3456.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 136

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Question 24 – Report back on options to increase furloughs to fund the restoration of Investigator positions.

Subject: **CITY ATTORNEY – RESTORATION OF INVESTIGATOR POSITIONS**

Attached is a memorandum from the Office of the City Attorney dated May 3, 2012, addressing the Committee's request for a report back on options to increase furloughs to fund the restoration of Investigator positions. The City Attorney objects to increasing furloughs beyond the 34 days included in the Mayor's Proposed Budget. As an alternative, the City Attorney proposes to transfer funds to the City Attorney's Salaries General account to fill Investigator positions if more municipal code fine, forfeiture, and penalty cases are settled during the year than projected in the revenue budget. Our Office will work with the City Attorney's Office to monitor the revenues and determine the feasibility of restoring the Investigator positions during the 2012-13 Fiscal Year.

MAS:MBC:04120133

Question No. 24

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 3, 2012

SUBJECT: Budget and Finance Committee Question No. 24 – City Attorney to report back on options to increase furloughs to fund the restoration of investigator positions.

This proposal apparently was in response to comments made by the City Attorney concerning the importance of investigations in successfully addressing Workers' Compensation caseloads, fraud and risk management issues.

The City Attorney, however, strongly objects to any proposal that would increase the number of furloughs imposed upon its employees, including those assigned to the Workers' Compensation Division.

As such, the City Attorney recommends against any increase of furlough days imposed upon its employees beyond the 34-day target that has already been contemplated in the Mayor's Proposed Budget.

An alternative proposal to fund Worker's Compensation investigators during FY 2012/13, would be as follows:

1. In the event that the City Attorney settles a sufficient number of municipal code fine, forfeiture, and penalty cases, the proceeds could be deposited into the City Attorney's General Fund, Forfeitures and Penalties Account No. 4381.
2. Upon the joint recommendation of the CAO and City Attorney, funds could be transferred in the FSR process, with City Council approval, to Salaries, General. These funds would then be used to fill one or more vacant investigator positions to be utilized as Workers' Compensation investigators.
3. These positions are unique to the City Attorney's Office. Due to the revenue generating, loss prevention, and critical mission aspects of such Workers' Compensation investigator positions, they could be exempted from the managed hiring process. The positions could be filled by City Attorney appointment from an open, competitive hiring process, or from a pool of existing City Attorney employees.

4. It is recommended that at least two such positions be filled in the Workers' Compensation Division in FY 2012/13; a Chief Investigator, and an Investigator II. The descriptions of the positions are the following:

- a). Chief Investigator (0548)
Salary \$87,529; related cost \$52,824
- b). Investigator II (0560),
Salary \$75,004; related cost \$45,265


Wm R. Mangano

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 137

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Budget and Finance Committee Request: "Report back on the status of the five-year parking plan. Please include information regarding the resources available, complete implementation plan, and any other issues discussed in the hearing."

Subject: **TRANSPORTATION – SPECIAL PARKING REVENUE FUND FIVE-YEAR OPERATIONS AND MAINTENANCE PLAN UPDATE**

The Budget and Finance Committee requested a report from the Department of Transportation on an updated five-year parking operations and maintenance plan for the Special Parking Revenue Fund, covering years 2012-13 through 2016-17. The Department's report is attached.

The 2012-13 Proposed Budget provides sufficient funding for parking operations, maintenance, and capital improvements as required in the Five-Year Plan. This Office will work with the Department during the fiscal year and through the budget process to support, update, and fund the Plan in future years.

In following the requirements of Los Angeles Administrative Code Section 5.117, the Council must adopt the 2012-13 Five-Year Parking Operations and Maintenance Plan prior to declaring a surplus for 2012-13.

RECOMMENDATION

It is recommended that the Council adopt the Department of Transportation's 2012-13 Five-Year Parking Operations and Maintenance Plan.

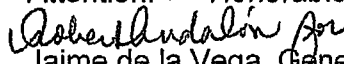
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Question No. 140

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: May 4, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall

Attention: Honorable Paul Krekorian, Chair
From: 
Jaime de la Vega, General Manager
Department of Transportation

Subject: **ANNUAL UPDATE OF SPECIAL PARKING REVENUE FUND (SPRF)
5-YEAR OPERATIONS AND MAINTENANCE PLAN (Question No. 140)**

SUMMARY

This report provides an annual update of the "5-Year Parking Operations and Maintenance Plan" ("5-Year Plan") for the Special Parking Revenue Fund (SPRF) per Subsection 7(b) of Section 5.117 of the Los Angeles Administrative Code and is being submitted as part of the proposed 2012-2013 budget hearings at the request of the Budget & Finance Committee.

INTRODUCTION

The proposed 5-Year Plan presented in this report and its appendices describes the recommended investment in the city's parking program necessary to fund capital improvement projects, planning, operations and maintenance, and debt service. The 5-Year Plan encompasses a rolling five year period and is updated annually. Year 1 in the proposed 5-Year Plan is fiscal year (FY) 2012-2013 and the funding levels are consistent with the Los Angeles Department of Transportation's (LADOT) budget in the proposed 2012-2013 budget.

DISCUSSION

Goals

The goals of the SPRF program remain the same: maintain parking infrastructure, increase customer service, improve data collection and analytics, increase the efficiency of parking utilization, and support revenue generation.

Period

The updated 5-Year Plan covers the period from FY 2013 to FY2017. FY 2012 was the first year of the City Council-adopted 5-Year Plan.

Revenue

Revenue is expected to grow \$8.8 Million in FY 2013, or 15.7%. See Attachment B for full revenue detail.

Table 1 - SPRF Revenue

	Fiscal Year							Total
	2011	2012	5-Year Plan					
\$ millions	Actual	Est.	2013	2014	2015	2016	2017	
Revenue	56.2	65.0	67.7	69.0	70.4	71.8	73.2	352.1
Change		8.8	8.8	2.7	1.4	1.4	1.4	
Change %		15.7%	15.7%	4.1%	2.0%	2.0%	2.0%	

Expenditures

The proposed 5-Year Plan includes \$275.1 million in investment between FY 13-17, with \$ 51.7 million in FY 2013. See Attachment B for full expenditure detail.

Table 2 – SPRF Expenditures

	Fiscal Year							Total
	2011	2012	5-Year Plan					
\$ millions	Actual	Est.	2013	2014	2015	2016	2017	
O&M	22.4	32.4	32.2	35.2	36.4	37.5	38.7	180.0
Debt Service	8.7	9.1	9.8	10.2	10.2	10.2	10.2	50.5
Capital	1.4	9.1	8.1	8.1	8.1	7.3	7.3	38.9
Contingency	-	-	-	1.8	1.8	1.9	1.9	7.4
Total	32.5	50.6	50.1	55.2	56.5	56.8	58.1	276.8
Change		18.1	(0.5)	5.1	1.2	0.3	1.3	
Change %		55.7%	-0.9%	10.2%	2.2%	0.6%	2.2%	

Financial Summary

Table summarizes the starting balance, revenue expenses, adjustments, and ending balance. See Attachment B for full details.

Table 3 - Financial Summary

	Fiscal Year							Total
	2011	2012	2013	2014	2015	2016	2017	
\$ millions	Actual	Est.						
Start Balance	34.1	28.2	26.0	11.0	24.7	38.7	53.6	
Revenue	48.6	56.2	65.0	67.7	69.0	70.4	71.8	343.8
Expenses	36.0	50.6	50.1	55.2	56.5	56.8	58.1	276.8
Adjustments	(26.1)	(16.5)	(32.6)	-	-	-	-	(32.6)
End Balance	28.2	26.0	11.0	24.7	38.7	53.6	68.8	196.8
Net Revenue*	12.6	5.6	14.8	12.4	12.5	13.6	13.7	67.1

* Revenue - Expenses (before adjustments)

The adjustments include:

- \$14.019 million transfer to the general fund in FY 2011
- \$16.509 million transfer to the general fund in FY 2012
- \$32.577 million transfer to the general fund in FY 2013 (proposed)
- The additional adjustment (\$12.063 million) in FY 2011 reflects FY 2011 appropriations expended in FY 2012

Changes to SPRF 5-Year Plan

This section summarizes the changes from the current 5-Year Plan adopted by the City Council.

FY 2012 Program Elements Now in FY 2013

The following items will not be completed in FY 2012 and are scheduled to begin in FY 2013:

- Parking Meter Technician vehicle upgrades and in-vehicle key programming (rescheduled to coincide with workforce management development in Express Park schedule)
- Parking facility technology and signage upgrades (rescheduled due to new parking facility management contract pending City Council approval)

Rescheduled Program Elements

The following items will begin one year later than originally scheduled:

- RFID car tracking system (technology being evaluated as part of Express Park)
- New Meter Technology RFP (technology being evaluated as part of Express Park).
- Central parking facility communication center (rescheduled due to new parking facility management contract pending City Council approval)
- Filtration system to mitigate water run-off (rescheduled due to new parking facility management contract pending City Council approval)

Updated/Revised FY 2013 Program Elements

The following program elements are updated consistent with the proposed 2012-2013 budget:

- Increased the number of electronic lock upgrades from 3,000 to 7,500 due to reduced funding for this purpose from the Express Park grant.
- Reduced the number of housing replacements from 5,000 per year for 2 years to 3,000 per year for 3 years for workload balancing.
- Reduced the number of meter upgrades from 4,000 to 2,500 based on actual progress.
- Eliminated new meter enforcement technology upgrades in FY 2013 as this technology is being evaluated in Express Park.
- Removed scenario for Parking Garage P3.
- Removed Parking Permits Division, since this division is now in a separate special fund instead of SPRF as was assumed.
- Combined plan elements from both remaining programs in Attachment A.
- Additional staff positions deferred to FY 2014.

New Program Elements

The following program elements are added consistent with the proposed 2012-2013 budget:

- 500 Commercial Loading Zone meters per year
- 300 new meters per year in existing zones to support new development/requests
- Conversion of up to 12 free lots to metered lots over 3 years
- Structural evaluation (seismic worthiness) of parking garages
- Energy-efficient lighting upgrades for parking garages
- Computer equipment upgrades on a 3-year cycle for staff
- Comprehensive RFP for coin collections, counting, and deposit

BACKGROUND

Special Parking Revenue Fund

The Special Parking Revenue Fund (SPRF) is the depository account of all revenue collected from parking meters and city-owned parking facilities that are administered by LADOT. In November 2010, Ordinance No. 181337 amended Subsection 7 of Section 5.117 of the Los Angeles Administrative Code to require the approval of a 5-Year Operations and Maintenance Plan ("5-Year Plan") to be proposed and updated at least annually by LADOT. The objective of the plan is to establish the requisite funding for "the necessary maintenance, upgrades, technology, and repairs of parking structures, meters, and related assets." The amended Subsection 7 requires that funding be provided for the 5-Year Plan and a new SPRF contingency account prior to the City Council determining that any residual money be declared surplus funds.

The 5-Year Plan, first approved by the City Council in April 2011 (Council File 10-0596), looks ahead to establish a responsible spending plan for the SPRF over the following five budget years. This plan is separate from LADOT's parking technology initiatives over the past five years to implement world-class parking technology throughout the city.

Revenue History

SPRF revenue has seen a dramatic increase over the last five fiscal years, primarily due to the implementation of operational and policy changes for metered parking. Since 2008, staff has updated parking rates and hours, overhauled lots and garages, and deployed state-of-the-art technology across the city, growing revenue from \$37 to \$64 million annually.

The table below summarizes all SPRF revenue from parking meters and facilities over the last five fiscal years, showing a total 75% growth over this period.

Table 3 – Historical SPRF Revenue

	Fiscal Year				
	2008	2009	2010	2011	2012
\$ Millions					Est.
Meters	21.2	29.4	33.6	40.8	47.0
Facilities	15.7	15.4	14.7	14.5	17.4
Total	36.9	44.8	48.3	55.3	64.4

Innovation & Technology Investment

Invoking innovation during difficult times, the department has utilized an award-winning public-private partnership to upgrade half of the old parking meters without any up-front cost to the city, using the incremental revenue increase to fund the new equipment. New wireless technology in the field and in the hands of city workers now allows technicians to respond to problems as they occur, resulting in reliable service with over 99% up-time.

Customers are increasingly choosing to pay for parking with credit card payments, which now account for over 40% of meter revenue, and the department's 40,000 parking meters are now processing over a million credit card transactions a month. In addition, the City of Los Angeles now boasts the most solar powered parking meters in the world, eliminating the disposal of thousands of batteries each year. In high-demand areas, wireless parking sensors in the street are now helping customers to find open spaces, enforcement officers to locate violations, and operations staff to understand parking demand patterns. Soon, this technology will be implemented throughout downtown Los Angeles to fight congestion and pollution through demand-based pricing in a federally-funded project called LA Express Park™.

In addition to improvements in metered parking, over the past year LADOT has made significant advances in off-street parking that have contributed to revenue enhancements. A state-of-the-art Parking Access and Revenue Control System (PARCS) was installed at the Hollywood & Highland Parking Garage and was operational in conjunction with the Cirque du Soleil, which officially opened in September 2011 at the Kodak Theater.

The department has also been managing the construction of two new parking structures – Aiso St. Parking Garage and the Vine St. Parking Garage. The Aiso St. Parking Garage in Little Tokyo was completed in November 2011 and opened to the public on December 12, 2012. Pay-on-foot equipment is slated to be operational by the spring of 2012. The Vine St. Garage in Hollywood is expected to be completed in the summer of 2012.

Overall Strategy

The 5-Year Plan covers two major parking programs: metered parking and parking facilities. To best manage these programs over the next five years, LADOT developed the plan incorporating guiding objectives and concepts detailed in the adopted plan report (C.F. 10-0596). The following highlight the major components contained in the 5-Year Plan for each parking program. A complete list of the updated program elements is presented in Attachment A.

Metered Parking

- Complete technology upgrades for all metered spaces
 - Upgrade remaining lots to Park & Pay Stations or Card & Coin meters.
 - Purchase new Card & Coin meters where lease model is not supported.
 - Remove meters where no longer needed due to changes in land use.
- Strengthen security and accountability through housing upgrades and electronic locks for all equipment.
- Conduct parking studies and expand metered parking to new areas.
- Implement “guided” enforcement technology to improve compliance and enforcement efficiency.
- Support and expand the LA Express Park Program to implement demand-based pricing and parking guidance in additional high-demand areas.
- Incorporate recent and upcoming experience into a new RFP and implement a 7-year rolling meter upgrade cycle.

Parking Facilities

- New automated technology to reduce operational costs at all operated facilities
 - Revenue control equipment with credit card payment option
 - Remote monitoring to improve accountability and efficiency
 - Real-time parking availability reporting and signage
- Develop and install standardized signage and wayfinding signs.
- Convert free parking spaces to paid metered parking where appropriate.
- Conduct market rate studies to ensure competitive and coordinated pricing.
- Comprehensive RFP for on-site parking facility management including capital equipment, operations, maintenance, landscaping, and advertising.
- Improved marketing strategies to increase utilization.

New Initiatives

Historically, SPRF was viewed as a revenue source to increase parking capacity in the city by building and operating new parking structures and lots. However, there may be different ways to support business districts and manage congestion. The adopted 5-Year Plan (C.F. 10-0596) described "smart funding alternatives" for SPRF falling into the following categories:

- Providing access to existing parking not currently available to the public
- Improving parking availability through demand-based pricing and parking guidance
- Reducing parking demand by supporting alternate travel modes
- Attracting customers and spurring economic development through business district and local transportation enhancements, in conjunction with the above strategies

As building or acquiring new off-street parking is expensive and requires increased city resources to manage and maintain, LADOT continues to recommend that "smart" alternatives should be explored.

Attachments

ATTACHMENT A – SPRF 5-Year Plan Program Details

• Technology

- Meter Operations
 - New Parking Meters
 - Complete upgrade of remaining 2,500 old coin-only meters (FY13)
 - Meter 500 new spaces per year in new areas
 - Meter 300 additional spaces per year in existing metered areas
 - Convert 500 Commercial Loading Zones (CLZs) per year to metered parking
 - Identify and convert up to 12 free lots to paid metered lots (FY13 to FY15)
 - Develop master plan for single- versus multi-space meter deployment strategy
 - Issue New Citywide Meter Technology RFP
 - Based on Express Park testing and experience, issue Citywide RFP (FY15)
 - Upgrade 6,000 metered spaces per year (7-year rolling schedule) (from FY16)
 - Meter Maintenance Work Flow Management
 - Equip all maintenance vehicles with in-vehicle computers and wireless communication (FY13)
 - Develop central geographic-based work-flow management system (FY13)
- Meter Security
 - Upgrade 3,000 meters to high-security housings per year (FY13 to FY15)
 - Complete conversion to electronic locks for remaining 7,500 meters (FY13)
 - Implement vehicle-based key programming with real-time authorization and monitoring system (FY13)
 - Implement RFID-based collection can & canister tracking system (FY14)
- LA Express Park Programs
 - Operate in Downtown with federal grant (FY13); on-going costs (from FY14)
 - Expand 1000 spaces per year in other areas (from FY14)
 - Project Components: sensors, dynamic message signs, pricing engine
 - Central Management System (developed for Downtown) (from FY13)
- Meter Enforcement Technology
 - In addition to Express Park expansion, install additional 1,000 sensors per year in high-demand enforcement areas (from FY14)
 - Provide "guided" mobile enforcement system to communicate potential violations and track enforcement actions in real-time
 - Equip 25 enforcement vehicles per year with in-vehicle computers and wireless communication (from FY14)
- Parking Facilities
 - Parking Access and Revenue Control System (PARCS)
 - Upgrade or install state-of-the-art PARCS in all structures (FY13 to FY14)
 - Upgrade or install Automated Pay-on-Foot system to replace Cashiered, Pay-at-Exit system in all parking structures (FY13 to FY14)
 - Implement electronic validation scanners in parking structure where there is a validation program (FY13 to FY14)
 - Implement a central a communication center to manage and oversee off-street parking facilities. (FY14, Upgrades FY15 to FY17)
- Upgrade staff computer equipment and printers on 3-year replacement cycle

ATTACHMENT A – SPRF 5-Year Plan Program Details

• Management, Operations and Maintenance

- Meter Operations
 - Conduct regular parking occupancy studies of existing Parking Meter Zones to ensure rates remain effective and to support implementing "peak period" rates where appropriate to encourage turnover and maintain access.
- Meter Security
 - Conduct RFP for comprehensive collection, counting, and deposit of all cash revenue from parking meters and pay stations (FY13)
 - Optimize collection scheduling and routes and develop high-demand "priority" areas within sub-zones (FY13 to FY14)
- Parking Facilities
 - Contract the management and operation of all "operated" parking facilities, including the repairs and maintenance of the parking facilities.
 - Execute contract with Mayor & City Council approval (FY13)
 - Contract the landscaping, cleaning, and upkeep of all metered and free lots.
 - Maintain and implement a "refurbishment" cyclical schedule.
 - Install filtration system to mitigate water run-off (FY13 to FY15)
 - Contract for structural evaluation of all parking garages (FY13)
 - Upgrade to more efficient lighting, reducing energy costs (FY13 to FY14)
 - Pay-on-Foot signage
 - Commission a graphics consultant to design a logo exclusively to be installed in parking structures with Automated Pay-on-Foot system (FY13)
 - Install or replace all Pay-on-Foot signage (FY13 to FY14)
 - Wayfinding signage
 - Commission a graphics consultant to design wayfinding signage for all off-street parking facilities (FY13)
 - Replace, upgrade, and install wayfinding signage (from FY13)

• Staffing

- Bureau of Parking Operations & Facilities
 - Fill and maintain all positions
 - Fill one Principal Transportation Engineer restored in FY12 budget (FY13)
- Meter Operations
 - Add one PMT position per year to gradually correct maintenance ratios and to account for expansion (from FY14)
 - Restore one Management Analyst position and one Clerk Typist position deleted in FY10 budget for contract and records management (FY14)
 - Add one TE Aide for Meter Planning (FY14)
 - Add one Systems Analyst to support central management systems (FY14)
- Meter Security
 - Add one Management Analyst II position for contract management to restore FY10 staffing levels prior to ERIP (FY14)
- Parking Facilities
 - Fill one Management Analyst II vacancy (FY13)
 - Add one Civil Engineering Drafting Tech (FY14)

ATTACHMENT B

SPECIAL PARKING REVENUE FUND
5-YEAR OPERATIONS & MAINTENANCE PLAN

Line	Figures in \$000	Fiscal Year							5-Yr. Total
		2011 Actual	2012 Projected	2013 Proposed	2014	2015	2016	2017	
1	BEGINNING FUND BALANCE	34,111	28,186	26,036	10,981	24,740	38,660	53,641	
2									
3	REVENUE								
4									
5	Operating Revenue								
6	Revenue Growth Rate				2.0%	2.0%	2.0%	2.0%	
7	Receipts - Parking Meters	40,799	47,020	48,666	49,639	50,632	51,645	52,678	253,260
8	Receipts - Parking Facilities	5,365	5,482	5,797	5,913	6,031	6,152	6,275	30,167
9	Receipts - Hollywood/Highland	8,450	11,346	12,254	12,499	12,749	13,004	13,264	63,769
10	Miscellaneous	38							-
11	Leasing & Rent - Off-Street	710	535	600	612	624	636	649	3,121
12	Subtotal Operating Revenue	55,362	64,383	67,317	68,663	70,036	71,436	72,865	350,317
13									
14	Non-Operating Revenue								
15	Interest	805	468	338	345	352	359	366	1,759
16	Transfer from Other Funds		120						-
17	Subtotal Non-Operating Revenue	805	588	338	345	352	359	366	1,759
18									
19	TOTAL REVENUE	56,167	64,971	67,655	69,008	70,388	71,795	73,231	352,076
20									
21	TOTAL FUNDS AVAILABLE	90,278	93,157	93,691	79,989	95,128	110,455	126,872	
22									

ATTACHMENT B

SPECIAL PARKING REVENUE FUND
5-YEAR OPERATIONS & MAINTENANCE PLAN

Line	Figures in \$000	Fiscal Year							5-Yr. Total
		2011 Actual	2012 Projected	2013 Proposed	2014	2015	2016	2017	
23	EXPENDITURES								
24									
25	Operating & Maintenance Expenses								
26	Expense Growth Rate				3.0%	3.0%	3.0%	3.0%	
27	Collection Services	1,471	1,837	1,900	1,957	2,016	2,076	2,138	10,087
28	Contractual Services	11,192	18,147	18,888	19,454	20,038	20,639	21,258	100,278
29	Replacement, Parts, Tools & Equipment	318	815	800	824	849	874	900	4,247
30	Parking Facilities Lease Payments	390	390	400	370	370	370	371	1,881
31	Maint, Repair & Utility Services - Off Street	969	1,366	1,830	1,873	1,917	1,962	2,009	9,592
32	Training/Travel	12	14	15	18	22	22	22	99
33	Miscellaneous Equipment & Office Supplies	9	13	95	64	99	64	64	386
34	Library Trust Fund	83	150		-	-	-	-	-
35	Parking Meter, Off-Street & Permit Admin Salaries	4,399	4,989	4,395	5,634	5,860	6,094	6,338	28,320
36	Transportation (Source of Funds)	4.0%		417	561	583	607	631	2,799
37	Pkg Mtr, Off-Street & Permit Admin Related Costs	3,595	4,636	3,429	4,436	4,614	4,798	4,990	22,268
38	Subtotal O&M Expenses	22,438	32,357	32,168	35,192	36,368	37,507	38,722	179,957
39									
40	Memo: Net Operating Revenue Before D/S	33,729	32,614	35,486	33,816	34,020	34,288	34,509	172,119
41									
42	Debt Service (D/S)								
43	Revenue Bonds (Series 1999-A)	5,125	5,395	5,397	5,400	5,390	5,390	5,390	26,967
44	Revenue Bonds (Series 2003-A)	3,210	3,208	3,208	3,210	3,210	3,210	3,210	16,048
45	Bond Administration	4	7	10	20	20	20	20	90
46	Capital Finance Administration Fund (MICLA)	339	536	1,201	1,556	1,556	1,556	1,556	7,425
47	Subtotal Debt Service	8,678	9,146	9,816	10,186	10,176	10,176	10,176	50,530
48									

ATTACHMENT B

SPECIAL PARKING REVENUE FUND
5-YEAR OPERATIONS & MAINTENANCE PLAN

Line	Figures in \$000	Fiscal Year							5-Yr. Total
		2011 Actual	2012 Projected	2013 Proposed	2014	2015	2016	2017	
49	Capital Expenditures								
50	CIEP (re-appropriated)			1,000	1,000	1,000			3,000
51	Capital Equipment Purchase	1,394	8,809	7,148	7,111	7,106	7,256	7,256	35,877
52	Projects to be Designated		300						-
53	Subtotal Capital Expenditures	1,394	9,109	8,148	8,111	8,106	7,256	7,256	38,877
54									
55	Contingency (Per Ordinance)	5.0%			1,760	1,818	1,875	1,936	7,389
56									
57	Other	3,500	-	-	-	-	-	-	-
58									
59	TOTAL EXPENDITURES	36,010	50,612	50,133	55,249	56,468	56,814	58,090	276,754
60									
61	MEMO: NET REVENUE	20,157	14,359	17,522	13,759	13,920	14,980	15,141	
62									
63	ADJUSTMENTS								
64									
65	Expenditure from Prior FY Appropriation	(12,063)							-
66	Funds Transferred to Reserve Fund	(14,019)	(16,509)	(32,577)					(32,577)
67	Subtotal Adjustments	(26,082)	(16,509)	(32,577)	0	0	0	0	(32,577)
68									
69	ENDING FUND BALANCE	28,186	26,036	10,981	24,740	38,660	53,641	68,781	
70									
71	Notes								
72	Figures may not total due to rounding								
73	FY 2013 Ending Fund Balance represents Prior Year's Unexpended Appropriations per Schedule 11								

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 138

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Lifeline Program – How many of our residents receive the low-income subsidy? And we are still not able to serve everyone eligible for the subsidy correct? How many are on the wait list? Is there an ordinance that requires our residents to subscribe to solid waste services? Can they share services with their neighbor?

Subject: **SOLID RESOURCES LIFELINE PROGRAM**

Attached is the Bureau of Sanitation's response on the Lifeline program. The cost of adding approximately 11,400 customers who are currently on a waiting list for the Lifeline program is \$1.4 million. A separate response is provided by our Office on opportunities to shift the General Fund burden from the program.

MAS:ER:0612120

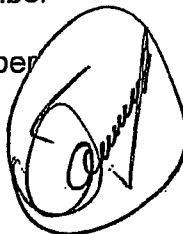
Question No. 136

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 136: SOLID RESOURCES LIFELINE PROGRAM

During the Fiscal Year 2012-13 Proposed Budget Deliberations held on May 1, 2012, Sanitation was asked to report back on the Solid Resources Lifeline Program.

The Lifeline Program provides a 30% discount to the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (SWRRF). Participants qualify for the program by having a household income less than \$34,200 and being either disabled or at least 62 years of age. The Los Angeles Municipal Code contains a cap on the program at a maximum of 58,910 participants. Due to the restrictions of Proposition 218, this subsidy cannot be borne by the other ratepayers, so funding is provided by the General Fund.

Currently there are 37,549 participants in the Solid Resources Lifeline Program. At this time, 89% of the participants are single family residential and 11% are multi-family residential. There are 11,400 eligible applicants on the waiting list who have not been added to the program because funding was reduced in the Fiscal Year 2011-12 Mid-year Report.

The 2012-13 Mayor's Proposed Budget contains a funding level of \$4.7 million, which would fund a range of 37,300-40,000 participants, depending on the single/multi-family split. Sanitation will be conducting its biannual recertification in 2013.

The only provision in the Los Angeles Municipal Code for a single family residential property to not receive service is if there are physical limitations restricting access by City collection vehicles. There are no provisions for multiple properties to share services.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485- 2374.

ECZ:LBM:es

Bureau of Sanitation
FY 2011-12 Proposed Budget
2 of 2

- c: Members of the City Council
 - Gaye Williams, Chief of Staff, Mayor's Office
 - Neil Guglielmo, Deputy Mayor, Mayor's Office
 - Romel L. Pascual, Deputy Mayor, Mayor's Office
 - Andrea Alarcon, President, BPW
 - Gerry F. Miller, CLA
 - Miguel A. Santana, CAO
 - Erika Pulst, Office of the City Clerk
 - BOS Executive Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 139

Date: May 7, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee for Recreation and Parks to report back on additional reduced services for FY 2012-13

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO ADDITIONAL REDUCED SERVICES FOR 2012-13**

The Department of Recreation and Parks has submitted the attached response relative to reduced services for 2012-13 if projected revenues fall short of estimates.

This memorandum is informational only. There is no fiscal impact.

MAS:WYL:08120165

Question Number 68

BOARD OF RECREATION AND
PARK COMMISSIONERS

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JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 4, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

FISCAL YEAR 2012-13 QUESTION NO. 68 – ADDITIONAL REDUCED SERVICES

As mentioned in the Department of Recreation and Parks (RAP) memo to the Budget and Finance Committee dated April 23, 2012 and at the April 30, 2012 meeting, RAP has concerns about our ability to provide programs and services. If projected revenues fall short, impacts such as in the following examples could be seen by the public:

Potential Maintenance Service Impacts

- **Restroom Maintenance:** Closure of field restrooms could be implemented
- **Litter pick up:** Litter will remain much longer on the grounds with trash cans overflowing. After long weekends, litter/debris pick up will not be completed until Wednesdays instead of Mondays.
- **Mowing and edging:** Frequency of grass mowing and edging will be reduced to less than weekly. This will affect recreational sports programs and will impact the efficiency of our irrigation systems resulting in dry and wet spots in turf areas.
- **Sports Courts:** Basketball, tennis, and handball court maintenance shall be performed on an as needed basis. Courts will be closed until repairs are completed.
- **Ball Diamonds:** Daily dragging, lining and home plate maintenance will be reduced to once a year possibly creating less than ideal playing conditions.
- **Sports Refurbishment:** Will be reduced by 50%. Patrons will experience field closures until repairs can be completed.



- **Picnic Areas:** Picnic area maintenance will be reduced from weekly to biweekly. Patrons may find picnic areas unsanitary.
- **Sidewalks and hardscapes:** Scheduled routine maintenance (pressure washing) will be eliminated unless a health or safety issue arises.
- **Irrigation:** Reduced ability to complete irrigation repairs in a timely manner resulting in turf and plant loss.
- **Tree related emergencies:** Response time will be further delayed exposing City to possible increased liability.
- **Water quality:** Water quality management for lakes and ponds will be impaired making the lakes less attractive and viable.
- **Pest emergencies:** The ability to handle pest emergencies will be reduced potentially exposing Dept. to citations from County Health.
- **Special Events:** Maintenance tasks can only be performed if funded and requested in a timely manner.

Potential Recreation Program Impacts

- **Close recreation centers, spread out among the various Council Districts:** The Department has identified some recreation center buildings for potential closure. Outdoor facilities would still be available for public use.
- **Create new "Recreation Center Clusters" consisting of 10 recreation centers, spread out among the various Council Districts:** This would result in elimination of full-time and part-time staff and expense funds at these centers. Thus, less direct programming and potentially less hours of operations.
- **Reduce the hours of operation at recreation facilities, including closure on Mondays and/or Friday evenings between 6pm – 9pm:** Recreation centers are already closed on Sundays. Closing one or two additional evenings per week will further reduce direct recreation programming and community interaction.
- **Eliminate the reduced rates and scholarships at Urban Impact Parks and charge all rental groups full rate:** RAP currently provides the opportunity for the public to utilize rental facilities at our Urban Impact Parks at a discount. This encourages additional recreational opportunities to low income locations.

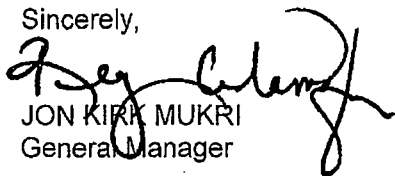
Honorable Paul Krekorian
May 4, 2012
Page 3

- **Reduce or eliminate services at some of the 32 Clean And Safe Spaces (CLASS) Park Sites.**
- **Eliminate or reduce funding for summer buses to the Urban Impact Centers:** In Fiscal Year 2009-10, Proposition A transportation funds were eliminated. This affected RAP's ability to provide rental buses for youth enrolled in summer day camp programs to attend field trips. Field trips could be altogether eliminated.

These various scenarios are not listed in priority order and would be more clearly defined as revenue reduction changes become more apparent and forthcoming. All efforts would be made to lessen impacts to the public as much as possible.

Should you have any questions concerning recreation, please contact Kevin Regan, Assistant General Manager at (213) 202-2633; questions concerning maintenance, contact Michael Shull, Superintendent, at (213) 202-2681; or Regina Adams, Executive Officer at (213) 202-2633.

Sincerely,



JON KIRK MUKRI
General Manager

JKM:RA/bc

cc: Romel Pascual, Office of the Mayor
Jennie Carreon De Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 140

Date: May 7, 2012

To: Budget and Finance Committee

*BA
TW*

From: Miguel A. Santana, City Administrative Officer

Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on grant funds and the number of seniors served.

Subject: **AGING – REPORT BACK ON GRANT FUNDS AND THE NUMBER OF SENIORS SERVED**

During consideration of the Department of Aging (Aging) 2012-13 Proposed Budget, the Committee asked Aging to report back on grant funds and the number of seniors served. Attached is the Department's response.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120155

Question No. 197

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Honorable Paul Krekorian, Chairperson
Budget & Finance Committee

From: Laura Trejo, General Manager
Department of Aging



Subject: **B&FC BUDGET HEARING REPORT BACK**

CAO Memo #193: What is the present status of the Senior Day Care Centers? Has the State stopped funding any of it?

The Adult Day Health Centers (ADHC) has been replaced with Community Based Adult Services (CBAS) as of April 1, 2012. The Court upheld the State's plan and no further stays have been issued. The California Department of Health Care Services has been certifying former ADHC clients for eligibility for the new CBAS program. They estimate that fifty percent of the former clients will be eligible for the new CBAS program. LADOA has coordinated with both CDD and its network of Family Source Centers to make cross referrals for resources for any former ADHC clients. CDD and its Family Source Centers will also assist by screening clients for eligibility for available benefits programs.

CAO Memo #194: Are there any State initiatives to transfer more responsibility for aging to the city?

The department is currently not aware of any such State initiatives.

CAO Memo #195: DOA/Jewish Family Services have taken over two locations from RAP in CD 11. How is this working out?

Jewish Family Services has been doing well as the service provider operating LADOA funded programs at the Felicia Mahood Senior Multipurpose Center and its satellite dining centers. The facility is still operated and managed by RAP. JFS shares the Felicia Mahood center with RAP programs so their access is somewhat limited and

requires coordination. Its senior congregate nutrition program is performing above contracted levels at 121% through the third quarter. They are making satisfactory progress in other contracted services. JFS is providing a much higher level of expertise to the social support programs. After consultation with the department, they have been re-evaluating all care management clients to ensure appropriate care plans. This extensive work is impacting some service levels, but is to be expected and will enable limited funding to be utilized for those most in need.

CAO Memo #197: Report back on grant funds and the number of seniors served.

The department anticipates serving 27,392 seniors in its nutrition programs this fiscal year based on third quarter year-to-date performance. Projections of the number of seniors and caregivers to be served in the other Older Americans Act programs such as Social Services, Health Promotion, Elder Abuse Prevention, Ombudsman, Family Caregiver Support at not yet available, but will be soon. Table 1 below provides the number of seniors and caregivers served for the past three fiscal years from FY2008-09 through FY 2010-11. The average amount of OAA grant and General City Purpose funds spent for those three years is \$75.47 per senior/caregiver for the above referenced services.

Table 1

	FY2008-09	FY2009-10	FY2010-11
Unduplicated seniors	182,105	183,137	255,656
Unduplicated caregivers	5,326	6,739	7,866
Total Number of clients served	187,431	189,876	263,522
Total OAA Grant funds expenditure	\$13,897,170	\$13,569,966	\$14,068,386
Total GCP funds expenditure	\$1,904,845	\$1,904,845	\$1,904,845
Total OAA & GCP expenditures	\$15,802,015	\$15,474,811	\$15,973,231
Average Grant & GCP amount spent per Senior/Caregiver	\$84.31	\$81.50	\$60.61

LT:JD;vz:m/BAFC reportback Nos 193-194-195-197

cc: Elaine Owens-Sanchez, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 141

Date: May 7, 2012

To: The Budget and Finance Committee

From: Miguel Santana, City Administrative Officer



Reference: Report back on who pays for costs incurred as a result of having LAPD Sworn provide services at LAX

Subject: **LOS ANGELES WORLD AIRPORTS (LAWA) SPECIAL CITY SERVICES PROVIDED**

The City provides various services to the three Proprietary Departments. The services are based on previously approved work plans and acknowledge that variations in the level of service can occur. Bills for these services are submitted to the Proprietary Departments six times a year. This Office prepares the bills that are based on data collected and maintained by the City Department that provided the service. The bills include the total cost to the City to provide the service, including appropriate overhead rates.

The services provided by the Police Department are billed in this manner. The bills are reviewed by LAWA staff and any disallowed costs are addressed. For example, recently the Police Department and LAWA came to an agreement regarding services rendered and payment terms for future reimbursements for the LAPD Bomb Squad and the LAPD K-9 Bomb Squad. The agreement also provided for the reimbursement of previously paid charges that did not meet the terms of the agreement and for standards of reporting and communication between the Police Department and LAWA. We are not aware of any other instance of LAWA not reimbursing the City for services provided by the Police Department.


This memorandum is informational only. There is no fiscal impact.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 142

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on whether the additional position provided to El Pueblo is vital for the operations of the Department.

Subject: **EL PUEBLO – REPORT BACK ON THE ADDITIONAL POSITION PROVIDED TO EL PUEBLO**

Your Committee requested a report back on the additional position provided to El Pueblo de Los Angeles (El Pueblo) and whether the position is vital for the operations of the Department. Attached is El Pueblo's response.

This memorandum is information only. There is no fiscal impact.

MAS:MGR:08120147

Question No. 263

Attachment

CITY OF LOS ANGELES
CALIFORNIA



BOARD OF
COMMISSIONERS

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PRESIDENT

VACANT
VICE PRESIDENT

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CAROL JACQUES
DAVID W. LOUIE
TAMMY MEMBREÑO
JUAN RAMOS
LISA SEE
LATONYA SLACK

ANTONIO R. VILLARAIGOSA
MAYOR

EL PUEBLO DE LOS ANGELES
HISTORICAL MONUMENT

ROBERT L. ANDRADE
GENERAL MANAGER

125 PASEO DE LA PLAZA, SUITE 400
LOS ANGELES, CA 90012

TEL: (213) 485-6855
TDD: (213) 473-5535
FAX: (213) 485-8238

DATE: May 7, 2012

TO: Honorable Members of the Budget and Finance Committee
c/o: Erika Pulst, Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

FROM: Robert L. Andrade, General Manager
El Pueblo de Los Angeles Historical Monument

**SUBJECT: REPORT BACK ON REAL ESTATE ASSOCIATE RESOLUTION
AUTHORITY**

On May 2, 2012, the Budget and Finance Committee (Committee) requested that El Pueblo de Los Angeles Historical Monument (El Pueblo) report to the Committee on the Real Estate Associate resolution authority.

BACKGROUND

The Real Estate Associate (REA) position has been filled since January 2009 in a substitute authority capacity. The action in the 2012-13 Proposed Budget does not add a position; the proposed action changes the type of employment authority behind the existing and filled REA position.

The REA position is vital to the operations at El Pueblo. The position assists in the management of properties located on the 15 acres at El Pueblo, including 27 historic buildings, a town plaza, two park areas, 252,020 gross square feet of buildings, 81 tenant agreements, and five parking lots.

The REA is the primary contact for all tenants, responsible for daily inspections, contract compliance, and resolving encroachment, code violations, and fire / life safety issues. The REA works with the Department of Water and Power, the Department of Recreation and Parks, and the Generals Services Department to ensure that all electrical, water, landscaping, and other maintenance needs are met. The REA assists in monitoring construction projects and directing on-site security and reviewing security incident reports. Additionally, the REA assists in planning and establishing the real property



Honorable Members of the Budget and Finance Committee
May 7, 2012
Page 2

programs, making recommendations on proposed leasehold improvements, and maintaining real estate and related assets inventory with current uses and tenant agreements.

As the REA position is currently filled, any reallocation or elimination of the position will result in a layoff.

RLA:qg

cc:

Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Jennie Carreon de Lacey, Office of the Mayor
El Pueblo de Los Angeles Historical Monument Authority Commission

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 143

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on duties of the nine Emergency Medical Services Captains, keeping them as resolution authorities and restoring them to regular positions at a later point in time

Subject: **FIRE DEPARTMENT - REPORT ON THE DUTIES OF THE NINE EMERGENCY MEDICAL SERVICES CAPTAINS, KEEPING THEM AS RESOLUTION AUTHORITIES AND RESTORING THEM TO REGULAR POSITIONS AT A LATER POINT IN TIME**

During its consideration of the Fire Department's 2012-13 Proposed Budget, the Committee requested this Office to report back on the duties of the nine Emergency Medical Services (EMS) Captains, keeping them as resolution authorities and restoring them to regular positions at a later point in time.

The Proposed Budget adds back regular authority for nine EMS Captains. These Captains respond to emergency incidents as supervisor to EMS activities, train and evaluate EMS personnel and serves as Safety Officer at medical emergencies.

The Department currently has 21 EMS Captains covering seven of the 14 Battalion Districts throughout the City. Seven of the nine additional EMS Captains will be stationed at the remaining seven Battalion Districts on administrative duty and the other two EMS Captains will oversee the EMS EPCR (Electronic Patient Care Reporting) Unit to ensure improved quality control of patient medical forms, including proper coding and more accurate ambulance transport billings.

The Fire Chief should present a three to five year plan detailing a priority list of critical resources to be added should revenues increase and report back to your Committee and the Public Safety Committee for further discussion.

MAS:MCD:04120118

Question No. 58

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 144

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

MAS
EN

Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the two Senior Day Care Centers that Jewish Family Services has taken over from Recreation and Parks in Council District 11.

Subject: **AGING – REPORT BACK ON THE STATUS OF THE SENIOR DAY CARE CENTERS MANAGED BY JEWISH FAMILY SERVICES IN COUNCIL DISTRICT 11**

During consideration of the Department of Aging (Aging) 2012-13 Proposed Budget, the Committee asked Aging to report back on the two Senior Day Care Centers that Jewish Family Services has taken over from the Department of Recreation and Parks in Council District 11. Attached is the Department's response.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120154

Question No. 195

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Honorable Paul Krekorian, Chairperson
Budget & Finance Committee

From: Laura Trejo, General Manager
Department of Aging



Subject: **B&FC BUDGET HEARING REPORT BACK**

CAO Memo #193: What is the present status of the Senior Day Care Centers? Has the State stopped funding any of it?

The Adult Day Health Centers (ADHC) has been replaced with Community Based Adult Services (CBAS) as of April 1, 2012. The Court upheld the State's plan and no further stays have been issued. The California Department of Health Care Services has been certifying former ADHC clients for eligibility for the new CBAS program. They estimate that fifty percent of the former clients will be eligible for the new CBAS program. LADOA has coordinated with both CDD and its network of Family Source Centers to make cross referrals for resources for any former ADHC clients. CDD and its Family Source Centers will also assist by screening clients for eligibility for available benefits programs.

CAO Memo #194: Are there any State initiatives to transfer more responsibility for aging to the city?

The department is currently not aware of any such State initiatives.

CAO Memo #195: DOA/Jewish Family Services have taken over two locations from RAP in CD 11. How is this working out?

Jewish Family Services has been doing well as the service provider operating LADOA funded programs at the Felicia Mahood Senior Multipurpose Center and its satellite dining centers. The facility is still operated and managed by RAP. JFS shares the Felicia Mahood center with RAP programs so their access is somewhat limited and

requires coordination. Its senior congregate nutrition program is performing above contracted levels at 121% through the third quarter. They are making satisfactory progress in other contracted services. JFS is providing a much higher level of expertise to the social support programs. After consultation with the department, they have been re-evaluating all care management clients to ensure appropriate care plans. This extensive work is impacting some service levels, but is to be expected and will enable limited funding to be utilized for those most in need.

CAO Memo #197: Report back on grant funds and the number of seniors served.

The department anticipates serving 27,392 seniors in its nutrition programs this fiscal year based on third quarter year-to-date performance. Projections of the number of seniors and caregivers to be served in the other Older Americans Act programs such as Social Services, Health Promotion, Elder Abuse Prevention, Ombudsman, Family Caregiver Support at not yet available, but will be soon. Table 1 below provides the number of seniors and caregivers served for the past three fiscal years from FY2008-09 through FY 2010-11. The average amount of OAA grant and General City Purpose funds spent for those three years is \$75.47 per senior/caregiver for the above referenced services.

Table 1

	FY2008-09	FY2009-10	FY2010-11
Unduplicated seniors	182,105	183,137	255,656
Unduplicated caregivers	5,326	6,739	7,866
Total Number of clients served	187,431	189,876	263,522
Total OAA Grant funds expenditure	\$13,897,170	\$13,569,966	\$14,068,386
Total GCP funds expenditure	\$1,904,845	\$1,904,845	\$1,904,845
Total OAA & GCP expenditures	\$15,802,015	\$15,474,811	\$15,973,231
Average Grant & GCP amount spent per Senior/Caregiver	\$84.31	\$81.50	\$60.61

LT:JD:vz:m/BAFC reportback Nos 193-194-195-197

cc: Elaine Owens-Sanchez, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 145

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

RH
RW

Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on whether there are any State initiatives to transfer more responsibility for Aging programs to the City.

Subject: **AGING - REPORT BACK ON STATE INITIATIVES TO TRANSFER RESPONSIBILITY FOR AGING PROGRAMS TO THE CITY**

During consideration of the Department of Aging (Aging) 2012-13 Proposed Budget, the Committee asked Aging to report back on whether there are any State initiatives to transfer more responsibility for Aging programs to the City. Attached is the Department's response.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120153

Question No. 194

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Honorable Paul Krekorian, Chairperson
Budget & Finance Committee

From: Laura Trejo, General Manager
Department of Aging



Subject: **B&FC BUDGET HEARING REPORT BACK**

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requires coordination. Its senior congregate nutrition program is performing above contracted levels at 121% through the third quarter. They are making satisfactory progress in other contracted services. JFS is providing a much higher level of expertise to the social support programs. After consultation with the department, they have been re-evaluating all care management clients to ensure appropriate care plans. This extensive work is impacting some service levels, but is to be expected and will enable limited funding to be utilized for those most in need.

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Average Grant & GCP amount spent per Senior/Caregiver	\$84.31	\$81.50	\$60.61

LT:JD:vz:m/BAFC reportback Nos 193-194-195-197

cc: Elaine Owens-Sanchez, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE Memo No. 146

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: What is the basis for the difference between the 2011-12 Adopted Budget Reserve Fund Balance and Actual Balance on July 1?

Subject: **RESERVE FUND**

The actual July 1, 2011, Reserve Fund cash balance was approximately \$217.7 million. After reappropriations, the return of short-term loans made by the Controller at year-end, and the proposed transfer to the 2011-12 Budget, the July 1, 2011, Available Balance was approximately \$197.7 million, nearly \$20.5 million greater than the adopted budget.

Table 1			
2011-12 Reserve Fund Available Balance			
(millions)			
	Budget	Actual	Difference
Cash Balance, June 30	\$201.8	\$217.7	\$15.9
Other Adjustments and Transfer to Budget	(24.6)	(20.0)	4.6
July 1, 2011 Available Balance	\$177.2	\$197.7	\$20.5
<i>Emergency Account</i>	\$120.6	\$120.6	-
<i>Contingency Account</i>	56.6	77.1	\$20.5
Reserve Fund as Percent of General Fund	4.04%	4.51%	0.47%

The \$20.5 million increase in the Available Balance from budget is due to a number of factors including one-time higher than projected reversions resulting from implementation of the Financial Management System (FMS), the reduced year-end transfer, and lower reappropriations at the beginning of the year. The increase in departmental reversions was made possible by various austerity measures taken by the Mayor and Council to ensure that the City remained on budget in 2010-11.

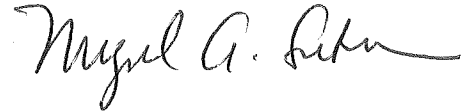
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No.147

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: What are your specific recommendations for how we can control compensatory time-off and banked overtime? Which departments have the biggest hurdles to overcome?

Subject: **CONTROLLER – COMPENSATED TIME OFF AND BANKED OVERTIME**

Your Committee requested the Office of the Controller to report back with recommendations on how to control compensated time-off (CTO) and banked overtime and identify which departments have the greatest challenges to overcome. The Controller submitted the attached response, which includes a chart of CTO banks and their value by department and identifies two potential solutions to decreasing CTO banks: 1) Decreasing worked overtime and 2) Identifying non-peak workload periods and direct employees to decrease CTO banks. While both of these strategies are viable for most departments, they present a real challenge for the Los Angeles Police Department (LAPD).

As indicated on the Controller's chart, banked overtime for LAPD officers represents nearly 85% of the total value of currently banked overtime. This is the result of a negotiated provision in the Memorandum of Understanding (MOU) between the City and the Los Angeles Police Protective League to compensate sworn LAPD officers in time rather than cash for overtime hours worked during the term of the current MOU. This provision represents an annual salary savings of approximately \$80 million. However, it has resulted in over two million hours being banked with a pay-out cost of \$92.6 million. While this may appear to be a huge liability, it is anticipated that the majority of these hours will either be used as time off in the future or cashed out for each individual officer upon their separation from City service; there will never be a situation where all of the hours will be cashed out in a single fiscal year.

Attachment

MAS:ECM:01120060d

Question No.12

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Budget and Finance Committee

FROM: Wendy Greuel, City Controller



SUBJECT: BUDGET AND FINANCE COMMITTEE QUESTION NO. 12

What are your specific recommendations for how we can control compensatory time-off and/or banked overtime? Which departments have the biggest hurdles to overcome?

As stated in my March 1 Report, over the last few years, the City has increased use of compensatory time-off (CTO) in-lieu of cash payouts. I have repeatedly stressed the need to manage CTO banks by recommending that departments periodically report to the Mayor and the City Council on their respective CTO banks with plans to manage them by means other than cash payouts.

Periodic reports on departments' CTO banks would bring to light any that are of concern. Plans to manage CTO banks by means other than cash payouts generally fall under two categories. They are as follows: 1) Decreased use of worked overtime with potential service impacts; and, 2) Identified non-peak work periods when employees will be directed to decrease CTO banks. For departments unable to manage their CTO banks through use of either of these plan categories, periodic cash payouts of CTO banks may need to be reinstated.

The attachment illustrates departments that have the biggest hurdles to overcome. It lists the CTO overtime banked hours for departments as of FY 2009-10 Pay Period 01 in comparison to FY 2011-12 Pay Period 22.

Attachment

**Compensated Time Off - Banked Overtime
Comparison Between
Fiscal Year 2009-10 Pay Period 01 and 2011-12 Pay Period 22**

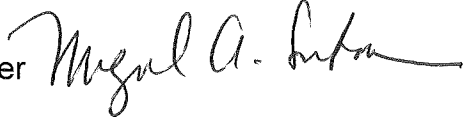
Department	2009-10 PP01		2011-12 PP22		Change and Percent of Total			
	Hours	Amount	Hours	Amount	Hours	Percent	Amount	Percent
Civilian								
Aging	559	\$ 22,352	326	\$ 12,774	(233)	-0.02%	\$ (9,578)	-0.02%
Animal Services	9,744	\$ 227,515	20,960	\$ 543,553	11,216	0.94%	\$ 316,038	0.58%
Building and Safety	110	\$ 4,569	210	\$ 9,524	100	0.01%	\$ 4,955	0.01%
City Administrative Officer	3,978	\$ 179,452	3,038	\$ 139,328	(940)	-0.08%	\$ (40,124)	-0.07%
City Attorney	6,777	\$ 213,315	5,463	\$ 180,963	(1,314)	-0.11%	\$ (32,353)	-0.06%
City Clerk	1,373	\$ 53,662	745	\$ 30,401	(629)	-0.05%	\$ (23,261)	-0.04%
Community Development	3,103	\$ 126,675	2,306	\$ 95,622	(797)	-0.07%	\$ (31,054)	-0.06%
Controller	75	\$ 2,431	673	\$ 25,411	598	0.05%	\$ 22,981	0.04%
Convention Center	4,248	\$ 140,373	3,976	\$ 148,430	(271)	-0.02%	\$ 8,057	0.01%
Council	942	\$ 41,876	701	\$ 36,105	(241)	-0.02%	\$ (5,771)	-0.01%
Cultural Affairs	1,979	\$ 71,964	2,387	\$ 88,056	408	0.03%	\$ 16,092	0.03%
Department on Disability	389	\$ 15,498	394	\$ 14,794	6	0.00%	\$ (704)	0.00%
El Pueblo de Los Angeles	35	\$ 1,081	611	\$ 22,832	576	0.05%	\$ 21,751	0.04%
Emergency Management	1,572	\$ 72,720	1,270	\$ 60,975	(302)	-0.03%	\$ (11,746)	-0.02%
Employee Relations Board	-	\$ -	-	\$ -	-	0.00%	\$ -	0.00%
Ethics Commission	484	\$ 23,855	544	\$ 25,751	59	0.00%	\$ 1,896	0.00%
Finance	1,119	\$ 31,820	302	\$ 10,686	(818)	-0.07%	\$ (21,133)	-0.04%
Fire	2,817	\$ 102,379	2,544	\$ 84,661	(273)	-0.02%	\$ (17,719)	-0.03%
General Services	8,685	\$ 283,395	42,224	\$ 1,291,420	33,539	2.81%	\$ 1,008,025	1.86%
Housing Department	2,512	\$ 110,195	2,586	\$ 108,925	74	0.01%	\$ (1,270)	0.00%
Information Technology Agency	3,038	\$ 110,453	13,728	\$ 542,970	10,691	0.90%	\$ 432,516	0.80%
Mayor	47	\$ 2,203	29	\$ 1,435	(18)	0.00%	\$ (768)	0.00%
Neighborhood Empowerment	372	\$ 14,429	9	\$ 348	(363)	-0.03%	\$ (14,081)	-0.03%
Personnel	151	\$ 5,046	3,172	\$ 135,436	3,021	0.25%	\$ 130,391	0.24%
Planning	1,422	\$ 65,564	814	\$ 36,472	(608)	-0.05%	\$ (29,092)	-0.05%
Police	66,975	\$ 2,233,554	95,150	\$ 3,277,188	28,176	2.36%	\$ 1,043,634	1.93%
Public Works								
Board of Public Works	583	\$ 21,385	1,584	\$ 57,141	1,001	0.08%	\$ 35,756	0.07%
Bureau of Contract Administration	3,174	\$ 127,483	11,845	\$ 516,073	8,671	0.73%	\$ 388,590	0.72%
Bureau of Engineering	861	\$ 39,580	267	\$ 11,511	(594)	-0.05%	\$ (28,069)	-0.05%
Bureau of Sanitation	25,619	\$ 917,899	22,383	\$ 872,538	(3,236)	-0.27%	\$ (45,361)	-0.08%
Bureau of Street Lighting	729	\$ 32,236	565	\$ 25,830	(164)	-0.01%	\$ (6,406)	-0.01%
Bureau of Street Services	12,614	\$ 387,523	27,583	\$ 909,280	14,969	1.25%	\$ 521,757	0.96%
Transportation	11,883	\$ 351,723	16,696	\$ 531,076	4,813	0.40%	\$ 179,353	0.33%
Zoo	7,146	\$ 193,956	10,705	\$ 283,118	3,560	0.30%	\$ 89,162	0.16%
Library	551	\$ 17,789	554	\$ 17,678	4	0.00%	\$ (111)	0.00%
Recreation and Parks	37,827	\$ 977,720	22,480	\$ 646,072	(15,346)	-1.29%	\$ (331,648)	-0.61%
Sworn								
Fire	138,816	\$ 4,650,544	165,622	\$ 5,931,620	26,806	2.25%	\$ 1,281,076	2.37%
Police	929,946	\$ 43,372,649	2,000,604	\$ 92,649,366	1,070,658	89.76%	\$ 49,276,717	91.04%
Totals	1,292,255	\$ 55,246,862	2,485,052	\$ 109,375,361	1,192,797	100.00%	\$ 54,128,499	100.00%

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 148

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on white papers prepared by Neighborhood Councils

Subject: **DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT – NEIGHBORHOOD COUNCILS BUDGET ADVOCATES' REPORT**

On March 27, 2012, the Neighborhood Council Budget Advocates issued a report entitled "A Culture of Excellence Recommendations for a Sustainable Future." This report contained several ideas and recommendations aimed at improving the financial health of the City of Los Angeles. As instructed by the Budget and Finance Committee, this Office has prepared the following review of the Neighborhood Council Budget Advocates' report with specific responses to the 21 primary recommendations contained within the report.

Overall, the Neighborhood Council Budget Advocates' report provides opportunities to maximize City resources. Moreover, it is evident that the Neighborhood Council Budget Advocates have a sound understanding of the key cost drivers impacting the City and the limitations on the City's ability to increase revenues as demonstrated by the reports' embodiment of the five guiding principles this Office has presented in the Three-Year Plan to Fiscal Sustainability:

- I. Adhere to responsible management and fiscal practices by maintaining a healthy Reserve Fund, pursuing ongoing solutions to our deficit instead of one-time fixes, and preparing for unpredictable liabilities.**
- II. Focus on core services by prioritizing, implementing efficiencies, and eliminating redundancies.**
- III. Pursue alternative service delivery models that reduce the costs of providing quality services while maintaining or even enhancing services.**
- IV. Maintain a sustainable workforce through a fair and equitable compensation system, managed healthcare costs, and controlled pension obligations.**
- V. Raise new revenues through the support of constituents and through efforts that grow the economy and stimulate job creation, while protecting and maximizing existing revenue sources through a responsive collection system and full-cost recovery of services rendered.**

Within the Neighborhood Council Budget Advocates' report there are 21 primary recommendations related to the numerous policy matters and in particular the City's budget and fiscal policies. Several of the recommendations presented are consistent with recommendations made by this Office as part of the Three-Year Plan to Fiscal Sustainability. The 21 primary recommendations and the responses by this Office on each of these recommendations are as follows.

1. Declare a Fiscal Emergency for the City of Los Angeles thereby allowing the Mayor to invoke a one-year salary reduction in order to close the deficit.

CAO Response: This recommendation is consistent with the Mayor's Proposed Budget for Fiscal Year 2012-13 which contains the following instruction within Exhibit H:

Request the City Attorney with the assistance from the Mayor and City Administrative Officer to prepare a resolution which declares that a fiscal emergency continues to exist and that authorizes working hour reductions, layoffs, and other staff reduction measures and methods of reducing payroll expenses including, but not limited to, furloughs, unpaid floating holidays for employees, City office closure days, abolishment of positions, etc. in sufficient number and at the levels necessary to ensure and improve the City's fiscal stability in Fiscal Year 2012-13. This resolution is also required prior to the City's final determination to not make the full matching funds appropriation for Fiscal Year 2012-13 as required by the recently approved Charter Amendment H relative to campaign contributions and fundraising restrictions.

2. Require the City to develop a Five-Year Strategic Operational and Financial Plan mandating multi-year Balanced Budgets based on Generally Accepted Accounting Principles that provides full funding for our infrastructure and pensions.

CAO Response: This Office agrees that the City must move away from its current crisis management form of budgeting and towards a multi-year strategic planning process that better integrates planning and budgeting. Contained within the Three-Year Plan was the following recommendation:

Direct all departments to develop a five year strategic plan that re-establishes the mission and vision of the department as well as goals and base level service targets for their department.

However, this Office disagrees with the recommendation to prepare the City's budgets based on Generally Accepted Accounting Principles (GAAP) rather than the current modified cash basis of accounting. Through the modified cash basis of accounting revenues are recognized when cash is received and appropriations include both cash payments and encumbrances for purchase orders and contractual services. This methodology is essential for ensuring the City's management of its cash flows throughout the fiscal year.

The Comprehensive Annual Financial Report for Los Angeles (CAFR) prepared by the Controller shows the status of the City's finances on the basis of the GAAP classifications. Moving the City's budget to a similar methodology would entail an enormous investment and time as well as system changes, process changes, ordinance changes, and re-training of the City's entire budget development personnel. Additionally, comparisons between fiscal year on the modified cash basis and those based on GAAP would no longer be possible.

3. The City's prime priority is to Control Employee Costs focusing on current and future employee compensation, benefits packages, pension contributions and Worker's Compensation.

CAO Response: This is not a recommendation but rather a policy statement that differs from the various policy statements made by the Mayor and City Council with regards to the City's priorities such as public safety. Nonetheless, components of this statement are consistent with the Three-Year Plan's fourth principle of workforce sustainability:

Maintain a sustainable workforce through a fair and equitable compensation system, managed healthcare costs, and controlled pension obligations.

4. Engage in real Pension Plan Reform starting with raising the retirement age from 55 to 65 or 67 years of age.

CAO Response: This recommendation is consistent with the Mayor's Proposed Budget for Fiscal Year 2012-13 which contains the following instruction within Exhibit H:

Instruct the City Administrative Officer to prepare a recommendation for Mayor and City Council approval by July 1, 2012, to create a sustainable pension tier for NEW civilian (non-sworn) City employees that shall include the following major components:

- 1) *Increase the Retirement Age to 67*
- 2) *Reduce the Retirement Factor*
- 3) *Cap the Maximum Retirement Allowance*
- 4) *Restructure how "Final Compensation" is Calculated to Prevent "Pension Spiking"*
- 5) *Reduce Pension Cost of Living Adjustments (COLAs)*
- 6) *Obtain Better Control of Retiree Health Costs*
- 7) *Ensure Cost Neutrality of the Government Service Buyback Program*
- 8) *Share the Risk of Future Retirement Cost Increases with Employees*

The Executive Employee Relations Committee has already given direction to this Office on this matter.

5. Investigate the replacement of the Gross Receipts Tax with well-defined offsetting income.

CAO Response: Several recommendations and proposals with regard to business tax reform have been reviewed or are currently being evaluated. However, a recent study released by the City's Office of Economic Analysis, prepared by the Blue Sky Consulting Group, concluded that while eliminating the business tax would result in an increase in other General Fund revenues of up to \$30 million, these increases in revenues would not be sufficient to offset the cost of eliminating the business tax. Rather, the net fiscal impact of eliminating the business tax would be an annual net revenue loss of nearly \$400 million.

If the City continues to pursue the elimination of the business tax, the fiscal impact of these actions will need to be addressed through the increase of other tax rates such as with the Documentary Transfer Tax, the Parking Occupancy Tax, or the Transient Occupancy Tax. However, these efforts would all require a majority vote of the people in accordance with

Proposition 218. Furthermore, these actions would transition more of the tax burden from businesses to residents.

6. Reach more specific definition of the City's "Core Services." Search for Cost-Effective Departmental Consolidations. Reduce all expenditures for all "non-Core Services."

CAO Response: This recommendation is consistent with the recommendations and statements made by this Office in the Three-Year Plan:

The City needs to closely evaluate the various activities and services in which it is engaged and begin to question which of those services it should continue providing. Additionally, even for those activities and services which are deemed important to continue, the City must examine whether different service delivery models or different service levels are needed. In short, given anticipated shortfalls and the slow economic recovery, the City of Los Angeles has no other choice than to move away from being a full-service City, and focus on the core services of municipal governments. The first challenge in this effort is determining which services are considered core.

The central questions that must be asked of all services to make this determination are:

- **Is the service core or discretionary?**
- **If discretionary, should the City be doing these activities in light of fiscal constraints?**
- **If yes, should the City provide these services at the current level? If not, what level is appropriate?**
- **Can the City provide a similar service but under a different model of service delivery? If so, what service delivery model makes the most sense and is the most cost effective?**
- **Are there opportunities to improve efficiencies or achieve cost savings by consolidating services/departments?**

Even when the determination is made that a service is core, the City's fiscal crisis provides an opportunity to evaluate and reprioritize core services. Services that were once deemed to be core and immune from reductions may no longer be as critical today. Failure to capitalize on this opportunity to re-prioritize activities and services, or re-affirm core services, will result in the continuation of across-the-board measures the City has had to rely on throughout the last several fiscal years to balance the budget. This Office recommends and urges the careful consideration of all services within this context.

7. Implement Performance-based Budgeting which will quantify the Workloads necessary for each Department to fulfill its mission ... with parameters which are compatible across all departments and, once subjected to Cost-Benefit Analysis, these data can be used to allocate the City's personnel, equipment, supplies and funds.

CAO Response: This Office agrees that budgets must reflect priorities and fund all aspects of the service delivery system in accordance with the outcomes being sought and available

funding. These are the principles of performance-based budgeting. As part of the Three-Year Plan, this office recommended the following:

Initiate the transition to a performance-based budgeting (PBB) process beginning with the development of departmental performance metrics to be integrated into the City's budget document, which will be organized to reflect an outcome-centered organizational approach.

In 2011-12, the Planning Department and Bureau of Street Lighting have been participating in a pilot program for a citywide strategic planning process that will be incorporated into the 2013-14 budget formulation process.

Additionally, Exhibit H of the Mayor's Proposed Budget contains the following instruction:

Instruct the City Administrative Officer to coordinate and update departmental performance metrics based on the FY 12-13 adopted budget and FY 11-12 actual results and to begin regular reporting to Mayor and Council on departments' progress in meeting budgeted goals and objectives. Further instruct the City Administrative Officer to continue the transition to a performance-based budgeting process.

8. Define, describe and fund a 21st Century, comprehensive Information Technology System (data collection, data storage & data processing) which will consistently document and improve the services of all City Departments and enhance City Government-Public interaction. All Systems Analyses must integrate the Programs involved with the expertise, staffing, hardware & software necessary to operate them.

CAO Response: This Office agrees that the City must make greater investment into its technology and various systems that support City operations. To this end, this Office is working with the Information Technology Agency and the Chief Legislative Analyst to assess the City's current technology system and identify improvements. This process will begin with a strategic plan, which will include an evaluation of the costs and benefits of the City's current information technology service provision model and identify alternative models for infrastructure, applications, and support services. This effort has begun and the Mayor's Proposed Budget for 2012-13 includes funding for it as well as for development of a Customer Relation Management System (CRM) intended to enhance City Government-Public interaction. The CRM will provide the public with one centralized point of entry for City service requests using multiple methods of communication. The system is expected to unify various city service request systems and make them centrally available to both city staff and the public in order to provide simplified resolution tracking for each request and unified reporting across all request types. This Office continues to work toward these goals and has made the following recommendations in the Three-Year Plan:

Fund and implement citywide system upgrades in the most-cost effective manner based on a strategic plan for Information Technology Infrastructure that prioritizes the needs of the City.

Following a review and assessment of the City's technology services by a Strategic Advisor, initiate a process to procure the most cost-effective technology services for

the City which will access current technological innovations and developments along with industry best practices, processes, and capabilities.

9. Implement a Public-Private-Partnership for the Zoo and negotiate either Public-Private Partnerships or more efficient Management Contracts for the Convention Center, the Parking Facilities, the Golf Courses, the Animal Shelters and other City facilities while expanding the definition of “partnerships” to include municipal sponsorships to bringing in corporate money and offering support to local non-profits working in the field on quality of life issues.

CAO Response: With the initial adoption of the Three-Year Plan to Fiscal Sustainability, the Mayor and City Council concurred with this Office’s recommendation to examine opportunities for Public-Private Partnerships for the following reasons:

- Cost containment
- Service efficiencies
- Market flexibility and innovation
- Transfer of risk
- Limit or reduce City financial leverage
- Improved service delivery

Our efforts in this regard initially focused on services where private firms had a strong presence in managing or providing parking structures. However, significant milestones with alternative service delivery models have been made in partnerships with non-profit organizations.

Specific recommendations contained in the updated Three-Year Plan are as follows:

Improve the long-term sustainability of the Los Angeles Zoo by partnering with a non-profit organization in the daily management and operation of the Zoo.

Expand the City’s capacity to provide services at its animal care centers and increase pet adoptions by collaborating with non-profit organizations in the management and operation of animal care centers.

Release a proposal to continue the City’s collaboration with non-profit organizations at several cultural facilities and explore the feasibility of transferring the management of cultural facilities to organizations focused on the arts.

Additionally, Exhibit H of the Mayor’s Proposed Budget contains the following instruction:

Instruct the City Administrative Officer, with the assistance of the Convention Center, Zoo, Animal Services, and Cultural Affairs to provide a report to Mayor and Council on the status of the efforts to engage in public private partnerships along with benefits obtained from existing partnerships. Instruct the City Administrative Officer, with the assistance of Recreation and Parks (RAP), to include in that report the areas in which public private partnerships could

provide value to the City's RAP programs such as golf course operation and management and other programming.

This Office will proceed as instructed by the Council and Mayor.

10. Recover the costs of Judgments, Settlements and Contingent Liabilities from the responsible department.

CAO Response: Consistent with this recommendation, in the Three-Year Plan to Fiscal Sustainability this Office recommended the following:

Enhance risk management accountability across all departments by requiring departments to absorb liabilities resulting from failed management decisions and repeated mistakes.

The Budget and Finance Committee amended this recommendation as follows:

HOLD General Managers across all departments accountable for risk management liabilities from failed management decisions and repeated mistakes

The City Council adopted this recommendation. Consistent with this action, the Mayor's Proposed Budget for FY 2012-13 includes the following instruction:

Instruct the City Administrative Officer, with the assistance of the City Attorney and Personnel, to report to Mayor and Council with a proposal to allocate liability costs to the responsible departments in order to increase accountability and reduce future liability claims.

This Office will proceed as instructed.

11. Promptly review and implement the unfulfilled recommendations in the Controller's Audits; including a Central Billing/Collections Program. (see item #13)

CAO Response: The City Controller conducts several audits every year, each with numerous recommendations. The Controller tracks the status that departments have made in implementing the recommendations. The Audits and Government Efficiency Committee also reviews the audits and the responses from the departments. Often many of the audit recommendations require additional resources for the department. Due to the City's fiscal constraints, providing departments with the resources to address the audit recommendations are not always available. Should the Mayor or Council want to financially support the implementation of audit recommendations, funds will have to be appropriated to departments through the budget process. These investments will need to be prioritized over other City needs.

12. Implement the Commission on Revenue Efficiency (CORE) recommendations including (but not limited to) the newly established office of Inspector General.

CAO Response: In the October 2010 *Blueprint*, CORE identified several recommendations and action items aimed at generating immediate revenues. Many of these items have already been implemented by the City and any potential revenue is already captured in the 2012-13

Budget. For example, secondary collections contracts were put into effect in December 2011 and the City has generated \$800,000 since inception. Also, Finance is working to finalize evaluation of conducting a debt sale in coordination with City Attorney and other principal departments including the potential cost-benefit of proceeding with a sale. Additionally, a Request for Proposals (RFP) for Parking Citations management was recently released by the Department of Transportation. Finally, this Office has filled the position of Inspector General of Citywide Collections with a start date of May 20, 2012.

13. Implement a comprehensive, efficient and effective Central Billing/Collections Program which serves all City Departments.

CAO Response: Collections referral and management in the City is decentralized. The system described and recommended by CORE would entail a citywide undertaking and associated costs. According to the Office of Finance, it cannot unilaterally implement this recommendation which has a citywide impact and involves numerous departments, processes, and systems. Finance identified citywide collections centralization for inclusion in the City's Financial Systems Project Roadmap. A working group was formed to help establish a financial systems roadmap to help prioritize development and implementation of citywide financial systems. This group provides updates to the Information Technology Oversight Committee. In the initial review of the Roadmap working group, collections centralization is not currently on the docket in the first phase as there are a number of other competing priorities. Inclusion in a future phase of review would be beneficial to more fully vetting the merits of implementing new citywide collections management technology and processes.

Nevertheless, recent efforts to improve the City's billing and collection operations have been made including the implementation of a field data capture system and a computerized emergency medical services billing and collection system to streamline the billing and accounts receivable process and provide for the tracking and reporting of each phase of the ambulance billing collection process for the Fire Department. Other efforts have focused on implementing a reporting system, allowing the Office of Finance to centrally track and analyze accounts receivable with an aim to increase the value of the City's collections. Combined with the recent hiring of an Inspector General of Citywide Collections, the City's billing and collections operations will continue to be enhanced.

14. Partner with International Government Non-profits as incubators of new small businesses.

CAO Response: As a result of the elimination of the former CRA, the City no longer has access to the economic development and financing tools that have traditionally been used by the CRA to revitalize communities and generate new revenue to the City. This presents a unique opportunity for the City to create a new economic development model that will help the City meet its larger economic goals of creating new jobs, attracting new business and industries, maximizing the City's assets, and increasing the General Fund revenue. This Office anticipates that this new model would provide greater flexibility and opportunities for revenue growth and allow for an enhancement of citywide economic benefits.

This Office has prepared a joint report with the Chief Legislative Analyst that reviews potential economic development models for Mayor and Council consideration including partnering with non-profits (CF 08-3050).

15. Revert all (100%) of currently "split" funds from the sale of City-owned property, the Oil Franchise income, the Street Furniture Funds, etc. to the General Fund.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. In various reports and most recently the Three-Year Plan, the CAO has recommended that all General Fund set-asides be examined and certain policies suspended that divert General Fund dollars away from general operating expenses to allow for greater flexibility.

16. Return DOT Parking Enforcement & Traffic Control activities to LAPD, if cost-effective.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. Additional review and research is required as well as legal issues to consider. Should the Council decide to further explore this recommendation, the impacted departments should be instructed to report back on this matter.

17. Review the City's hiring policies ... currently under a "Managed Hiring" plan ... to assure that the City secures qualified personnel in all positions.

CAO Response: The Mayor's Proposed Budget for FY 2012-13 contains the following instruction within Exhibit H:

Direct the Managed Hiring Committee (MHC) to continue enforcement of a "Hard Hiring Freeze" consistent with current practices and procedures, with the additional direction that by July 1, 2012 the City Administrative Officer prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions. Direct the MHC to review the City Administrative Officer's proposal and adopt a final plan by July 31, 2012.

This Office will proceed as instructed.

18. Fund new civilian hires with savings derived from a one-year (only) closure of the Police Training Academy in order to redeploy jailers and administrative staff LAPD officers.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. Nevertheless, the recommendation is inconsistent with the City's policy of funding ongoing programs with ongoing sources of funds as the savings from a one-year closure of the Police Training Academy would only be available for one-year. Upon the re-opening of the Police Training Academy, the City would have the additional cost of new police hires on top of the civilian hires funded from the one-year closure.

19. Authorize Private sector Veterinarians to issue and collect Dog License Fees.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. Additionally, there may be legal issues to consider. Should the Council decide to further explore this recommendation, the Animal Services Department should be instructed to report back on this matter.

20. Reestablish and fund the 50-50% Sidewalk Repair Program and consider funding similar programs for Tree Trimming, Pot Holes, etc.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. Additionally, there may be legal issues to consider in light of the various lawsuits that have been filed against the City relative to sidewalk repair. Should the Council decide to further explore this recommendation, the Bureau of Street Services should be instructed to report back on this matter.

21. Bolster the Neighborhood Council System by bringing in a foundation as a partner, providing additional financial and training support and Reinstate NCs to full \$50,000/year funding.

CAO Response: This recommendation requires various policy and budget decisions to be made by the Council and Mayor. Furthermore, these investments will need to be prioritized over other City needs. Should the Council decide to further explore this recommendation, the Department of Neighborhood Empowerment should be instructed to report back on the feasibility of partnering with foundations. Nevertheless, this Office welcomes outside financial assistance to support Neighborhood Councils.

MAS:BC:01120061d

Question No. 198

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 149

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: What is the status of the Pay-As-You-Throw program?

Subject: **PAY-AS-YOU-THROW REFUSE COLLECTION**

Attached is the Bureau of Sanitation's response on the Pay-As-You-Throw (PAYT) program. The Bureau's existing rate structure is partly modeled on a PAYT concept in that customers pay a fixed Solid Resources Fee for a standard allotment of refuse and recycling containers. Additional fees are charged to customers requiring extra capacity. These fees vary depending on the type and volume of the additional solid waste generated.

The Bureau has been researching weight and volume-based models for a comprehensive PAYT program but has determined that the benefits of such a program may not outweigh costs. The Bureau cites significant implementation and ongoing cost considerations for a change from the current model including development of a new billing system, monitoring and enforcement activities, and new hardware, which could ultimately have an impact on rates. A PAYT program could also provoke unwanted consumer behavior, such as disposing of trash in neighbors' bins. The Bureau does not recommend moving toward a full PAYT program at this time.

MAS:ER:06120126

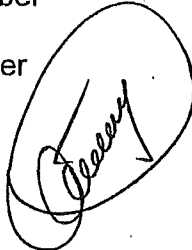
Question No. 135

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



**SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE
QUESTION NO. 135 – PAY-AS-YOU-THROW**

During the Fiscal Year 2012-13 Proposed Budget Deliberations held on May 1, 2012, Sanitation was asked to report back on the status of the Solid Resources Pay-As-You-Throw (PAYT) Program.

There are two major types of PAYT Programs, weight based and volume based.

Weight-based Systems: The weight-based system uses on-board truck scales to weigh the garbage containers and an on-board computer system records the weights of trash collected from the residents. Each customer is then billed with a fee corresponding to the actual pounds of garbage set out for disposal. The collection vehicles are also equipped with a scanner to identify the customers based on the radio frequency (RF) tags affixed to the containers. This information is recorded along with the total weight of disposed materials for billing.

In our study, the Bureau staff has found that weight-based pilot programs had been tested in several U.S. cities, including Seattle, WA, Hampton, VA, Durham, NC and Austin, TX. However, full-scale implementation did not proceed in any of the above cities mainly due to: 1) lack of accuracy and reliability of the scales 2) complicated billing systems, and 3) greater revenue uncertainty. Please note that over the last two years working with private entities, BOS evaluated weight scale systems; however, the scales failed to secure weight and measure certification.

Volume-based Systems: The volume-based system is very flexible and has been implemented in many forms, depending on local conditions. Larger or urban communities tend to use the can programs, while smaller or rural communities tend to use the bag, tag, or sticker programs. Other communities use hybrid programs, which are a combination between cans and tags.

The City is currently using a hybrid volume-based PAYT system with a two-tier rate structure, which is briefly summarized below:

- In the first tier, single-family residents pay a fixed SRF fee of \$36.32 per month for the standard allotment of one 60-gallon black container (refuse), one 90-gallon green container (yard trimmings), and one 90-gallon blue container (recycling). Customers residing in multi-family dwellings pay \$24.33 per month for one 60-gallon black container distributed to each dwelling unit on the premise, one 90-gallon green container for each premise, and one 90-gallon blue container for every four dwelling units. This approach encourages recycling by offering larger blue and green bins and smaller black bins.
- In the second tier, the City charges additional fees for extra capacity. Additional \$5 monthly fee is charged for every 30-gallon incremental capacity for black bins and \$2.50 monthly fee for every 30-gallon incremental capacity for green bins. Brown bins for horse manure collection are also available for an extra \$10 monthly fee for each 60-gallon container. Extra capacity tags are also available in multiples of five with a maximum of 25 tags per household per calendar year. Each tag is \$2.

To respond to prior City Council's direction, the BOS conducted preliminary studies including research on other cities and communities adopting PAYT programs and how these programs impact landfill diversion, recycling, and costs. The Bureau also developed a scope for a pilot PAYT program for approximately 2,000 residents, but the program was never implemented due to the high initial implementation cost and the annual maintenance, inspection and evaluation of the system.

While a PAYT program would result in fees that would be considered more equitable by customers who generate a small amount of solid resources, it would also require the development of a new billing system, monitoring and enforcement activities, and new hardware, all of which will increase the cost of the program. In addition, customers could choose to participate in a PAYT program knowing that they could dispose of extra black bin materials in a neighbor's bin. For these reasons, Sanitation does not recommend moving forward with this program at this time.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485- 2374.

ECZ:LBM

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

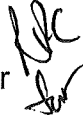
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 150

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on various questions regarding how assets of the Fire and Police Pension System are invested, rate of return over the past 20-25 years, and MBE/WBE managers.

Subject: **FIRE AND POLICE PENSION SYSTEM – VARIOUS**

The Fire and Police Pension System has submitted the attached report back regarding various questions raised by the Budget and Finance Committee.

This memorandum is provided for information only. There is no fiscal impact.

Attachment

MAS:RPC:BC:MDG:01120071d

Question Nos. 32, 38 through 43

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

MICHAEL A. PEREZ
GENERAL MANAGER

WILLIAM S. RAGGIO
JOSEPH SALAZAR
ASSISTANT GENERAL MANAGERS

TOM LOPEZ
CHIEF INVESTMENT OFFICER

2012 MAY 17 AM 8:49
CITY ADMINISTRATIVE OFFICER

DEPARTMENT OF FIRE AND POLICE PENSIONS

360 EAST SECOND STREET
SUITE 400
LOS ANGELES, CA 90012-4203

(213) 978-4545
(800) 787-CITY (2489)
FAX (213) 978-4450
TDD (213) 978-4455

EMAIL: PENSIONS@LAFPP.COM

May 4, 2012

Budget and Finance Committee
City Clerk, City Hall, Room 395
Los Angeles, CA 90012

ATTN: Maria Gutierrez, Finance Specialist III
Office of the City Administrative Officer

Re: Responses to Questions from Budget & Finance Committee Hearing of LAFPP FY 12-13 Budget

Please find below the Los Angeles Fire and Police Pensions' (LAFPP) responses to the inquiries made during the April 27, 2012 Budget Hearing. Inasmuch as many of the inquiries focused on how LAFPP invests its assets, it is important to highlight that the Board of Fire and Police Pensions (Board), having sole and exclusive fiduciary responsibility over the assets of the System, makes investment decisions for the purposes of 1) providing benefits to system participants and their beneficiaries; and 2) defraying the reasonable expenses of administering the system, pursuant to Article XVI, Section 17 of the California Constitution and City Charter Section 1106.

QUESTION No. 32: What is the actual rate of return over the past 20 – 25 years for Pensions and how does it compare to other funds like CALPERS and CalSTRS?

The annualized rates of return for Pensions over the last 20 and 25 years are 8.76% and 8.81%, respectively. The annualized rates of return for CalPERS over the same periods are 8.55% and 8.90%, respectively. We do not have the CalSTRS information readily available.

QUESTION No. 38: In which asset classes have you exceeded your benchmark index during the past 12 months? Which asset managers have exceeded the benchmark index during the same period?

The Fund has investments in the following major asset classes: stocks, bonds, real estate, private equity, hedge funds and commodities. Stocks, bonds and real estate are further broken up into smaller sub asset classes. Stocks are also divided between large cap domestic stocks and small cap domestic stocks, international developed markets, and international emerging markets. The bond allocation contains treasury inflation protected securities, domestic bonds and high yield bonds. Real estate includes our direct ownership of properties, commingled real estate funds and real estate securities.

The Board reviews performance of the Fund and its managers every quarter. Attached (Attachment I) is the Comparative Performance the Board reviews quarterly; which is the summary level of the report. The left side of the page reflects the performance at the total fund level, by asset class and by individual manager.



Further, as an institutional investor our investment horizon is long-term; 5 to 7 years for a business cycle and 10 to 20 years for the overall Fund. As such, although we track performance on a quarterly basis we do not engage in tactical investing.

QUESTION No. 39: Given the impact to the General Fund how do you expect to add value over the benchmark index next year?

Eighty percent of the Fund's investments are actively managed. The goal of this active management strategy is to exceed the assigned benchmarks. Further, the Fund has added a new asset class, commodities, with the expectation that it will provide additional return and diversification.

QUESTION No. 40: Which asset classes are you targeting and what factors went into your decision?

The current asset allocation plan was approved by the Board in December 2010 and included investments in stocks, bonds, real estate, private equity, hedge funds and a new asset class, commodities. The Board worked diligently with its general consultant (RV Kuhns) over several months to build the plan, balancing returns, risk and the correlations between asset classes to meet the actuarial assumed rate of return requirement (7.75%) for the Fund.

QUESTION No. 41: Are you going to continue to work with the successful managers who have exceeded the benchmark index? Please provide matrix listing manager benchmark and their performance?

Generally the Fund will work to retain its successful managers, although this is determined on a case-by-case basis. Occasionally, however, the Fund will part ways with a successful manager because that asset class is being reorganized or eliminated. Attachment I has information on our individual managers. Please note not all of the managers on this quarterly report are still with the Fund, since it measured performance through December 2011 and some managers have been terminated since then.

QUESTION No. 42: What percentage of your current fund allocations are with MBE/WBE Managers?


Approximately \$1.2 billion or 8.3% of the fund allocation is with MBE/WBE Managers. (See Attachment II)

QUESTION No. 43: What are the total fees you pay to your MBE/WBE managers and how do they compare to the total fees you pay? Please provide us with a comparison of your payments over the past 12 months.

Approximately \$8.1 million or 10.36% of annual investment fees are currently paid to MBE/WBE managers. (See Attachment II)

Please contact Bill Raggio at 213.978.4550, if you should have any questions. Thank You.

Very truly yours,


for MICHAEL A. PEREZ
General Manager

MAP:WSR

Attachments (2)

c: LAFPP Commissioners
Neil Guglielmo, Deputy Mayor

**Los Angeles Fire and Police Pension System
Comparative Performance
As of December 31, 2011**

Attachment I

	Quarter Ending Sep-2011	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	2010	Since Inception	Inception Date	Expense Ratio
Total Fund Composite	-9.30	5.60	-4.22	1.33	1.33	10.73	1.82	4.66	12.91	3.47	4/1/2000	N/A
Target Allocation Index	-10.18	6.74	-4.13	0.46	0.46	11.82	2.43	5.05	14.24	4.07		
Difference	0.88	-1.14	-0.09	0.87	0.87	-1.09	-0.61	-0.39	-1.33	-0.60		
All Public Plans-Total Fund	-10.07	6.10	-4.55	0.38	0.38	10.72	2.19	4.22	12.86	4.12		
Percentile Rank	37	68	41	30	30	50	66	30	49	76		
Domestic Equity Composite	-16.22	12.12	-6.06	0.20	0.20	15.51	1.15	3.52	18.03	2.55	1/1/2001	N/A
R 3000 Index	-15.28	12.12	-5.01	1.03	1.03	14.88	-0.01	2.97	16.93	2.05		
Difference	-0.94	0.00	-1.05	-0.83	-0.83	0.63	1.16	0.55	1.10	0.50		
IM U.S. Equity (SA+CF)	-17.42	12.30	-7.36	-0.54	-0.54	16.34	1.38	4.18	19.59	4.48		
Percentile Rank	41	54	38	45	45	58	54	63	56	72		
Domestic Large Cap Equity Composite	-14.38	12.04	-4.07	1.93	1.93	14.52	0.42	3.11	15.48	3.36	4/1/2001	N/A
S&P 500 Index (Cap Wtd)	-13.87	11.82	-3.69	2.11	2.11	14.11	-0.25	2.64	15.06	2.71		
Difference	-0.51	0.22	-0.38	-0.18	-0.18	0.41	0.67	0.47	0.42	0.65		
IM U.S. Large Cap Equity (SA+CF)	-15.05	11.60	-5.26	0.91	0.91	14.22	0.45	3.43	15.11	3.76		
Percentile Rank	39	40	32	39	39	46	51	59	45	62		
FIS Group Emerging Managers (SA)	-16.45	11.48	-6.86	-0.37	-0.37	14.17	0.73	N/A	17.03	4.01	2/1/2005	0.48%
R 3000 Index	-15.28	12.12	-5.01	1.03	1.03	14.88	-0.01	2.97	16.93	3.41		
Difference	-1.17	-0.64	-1.85	-1.40	-1.40	-0.71	0.74	N/A	0.10	0.60		
IM U.S. All Cap Equity (SA+CF)	-16.04	11.56	-6.81	-0.67	-0.67	15.10	1.19	4.13	17.56	4.39		
Percentile Rank	56	51	51	49	49	63	58	N/A	56	60		
AllianceBernstein R1000 Value (SA)	-16.09	13.02	-5.17	0.50	0.50	N/A	N/A	N/A	15.42	16.55	5/1/2009	0.02%
R 1000 Value Index	-16.20	13.11	-5.22	0.39	0.39	11.54	-2.64	1.95	15.51	16.60		
Difference	0.11	-0.09	0.05	0.11	0.11	N/A	N/A	N/A	-0.09	-0.05		
Robeco Large Cap Value Equity (SA)	-17.15	13.90	-5.64	1.20	1.20	13.45	0.53	4.72	13.80	8.83	11/1/1995	0.16%
R 1000 Value Index	-16.20	13.11	-5.22	0.39	0.39	11.54	-2.64	1.95	15.51	7.57		
Difference	-0.95	0.79	-0.42	0.81	0.81	1.91	3.17	2.77	-1.71	1.26		
IM U.S. Large Cap Value Equity (SA+CF)	-16.33	12.35	-5.92	-0.11	-0.11	13.13	-0.67	3.17	14.51	8.90		
Percentile Rank	64	15	47	38	38	46	32	24	61	53		

Performance shown is gross of fees except for the Absolute Return Composite and its underlying managers, which are shown net of fees. Fiscal Year ends June 30th.

**Los Angeles Fire and Police Pension System
Comparative Performance
As of December 31, 2011**

Attachment I

	Quarter Ending Sep-2011	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	2010	Since Inception	Inception Date	Expense Ratio
AllianceBernstein S&P 500 (SA)	-13.82	11.78	-3.67	2.12	2.12	14.07	-0.22	2.66	15.06	9.15	12/1/1986	0.01%
S&P 500 Index (Cap Wtd)	-13.87	11.82	-3.69	2.11	2.11	14.11	-0.25	2.64	15.06	9.14		
Difference	0.05	-0.04	0.02	0.01	0.01	-0.04	0.03	0.02	0.00	0.01		
Chicago Equity Partners Enhanced Core Index (SA)	-13.79	12.31	-3.18	6.12	6.12	14.83	N/A	N/A	14.53	3.23	8/1/2008	0.43%
S&P 500 Index (Cap Wtd)	-13.87	11.82	-3.69	2.11	2.11	14.11	-0.25	2.64	15.06	2.05		
Difference	0.08	0.49	0.51	4.01	4.01	0.72	N/A	N/A	-0.53	1.18		
IM U.S. Large Cap Core Equity (SA+CF)	-14.89	11.80	-4.88	1.78	1.78	14.02	0.51	3.62	14.88	2.05		
Percentile Rank	26	37	25	11	11	33	N/A	N/A	57	29		
Research Affiliates Enhanced Core Index (SA)	-14.84	12.48	-4.21	2.18	2.18	15.75	N/A	N/A	19.00	3.67	8/1/2008	0.19%
S&P 500 Index (Cap Wtd)	-13.87	11.82	-3.69	2.11	2.11	14.11	-0.25	2.64	15.06	2.05		
Difference	-0.97	0.66	-0.52	0.07	0.07	1.64	N/A	N/A	3.94	1.62		
IM U.S. Large Cap Core Equity (SA+CF)	-14.89	11.80	-4.88	1.78	1.78	14.02	0.51	3.62	14.88	2.05		
Percentile Rank	50	30	39	45	45	21	N/A	N/A	11	20		
AllianceBernstein R1000 Growth (SA)	-13.07	10.56	-3.89	2.66	2.66	N/A	N/A	N/A	N/A	18.86	7/1/2010	0.02%
R 1000 Growth Index	-13.14	10.61	-3.92	2.64	2.64	18.02	2.50	3.81	16.71	18.94		
Difference	0.07	-0.05	0.03	0.02	0.02	N/A	N/A	N/A	N/A	-0.08		
Delta Large Cap Growth (SA)	-13.85	10.85	-4.50	-1.14	-1.14	15.04	0.67	3.21	14.15	8.67	11/1/1991	0.16%
R 1000 Growth Index	-13.14	10.61	-3.92	2.64	2.64	18.02	2.50	3.81	16.71	7.12		
Difference	-0.71	0.24	-0.58	-3.78	-3.78	-2.98	-1.83	-0.60	-2.56	1.55		
IM U.S. Large Cap Growth Equity (SA+CF)	-14.62	10.06	-6.38	-0.24	-0.24	16.00	1.91	3.77	16.06	9.16		
Percentile Rank	38	31	29	58	58	65	76	64	68	70		
S&P 500 Index (Cap Wtd)	-13.87	11.82	-3.69	2.11	2.11	14.11	-0.25	2.64	15.06	8.10	11/1/1991	
LA Capital Enhanced Growth Index (SA)	-12.65	11.69	-2.44	1.98	1.98	17.29	N/A	N/A	18.51	4.11	8/1/2008	0.30%
R 1000 Growth Index	-13.14	10.61	-3.92	2.64	2.64	18.02	2.50	3.81	16.71	3.76		
Difference	0.49	1.08	1.48	-0.66	-0.66	-0.73	N/A	N/A	1.80	0.35		
IM U.S. Large Cap Growth Equity (SA+CF)	-14.62	10.06	-6.38	-0.24	-0.24	16.00	1.91	3.77	16.06	2.45		
Percentile Rank	21	16	13	28	28	35	N/A	N/A	32	27		

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Domestic Small Cap Equity Composite	-24.71	12.54	-15.27	-7.98	-7.98	20.30	4.36	5.54	31.22	7.57	4/1/2001	N/A
R 2000 Index	-21.87	15.47	-9.77	-4.18	-4.18	15.63	0.15	3.20	26.86	6.12		
Difference	-2.84	-2.93	-5.50	-3.80	-3.80	4.67	4.21	2.34	4.36	1.45		
IM U.S. Small Cap Equity (SA+CF)	-21.56	15.11	-9.71	-2.55	-2.55	19.37	2.11	5.04	28.26	8.52		
Percentile Rank	85	79	90	84	84	40	21	41	28	64		
Daruma Small Cap Equity (SA)	-26.78	10.92	-18.78	-9.90	-9.90	19.47	4.16	6.36	32.01	9.59	8/1/1998	0.48%
R 2000 Index	-21.87	15.47	-9.77	-4.18	-4.18	15.63	0.15	3.20	26.86	5.70		
Difference	-4.91	-4.55	-9.01	-5.72	-5.72	3.84	4.01	3.16	5.15	3.89		
IM U.S. Small Cap Equity (SA+CF)	-21.56	15.11	-9.71	-2.55	-2.55	19.37	2.11	5.04	28.26	9.02		
Percentile Rank	94	89	98	89	89	49	23	26	24	40		
Attucks Group Emerging Managers (SA)	-23.16	17.79	-9.50	-1.17	-1.17	17.93	1.02	3.87	25.26	3.87	1/1/2005	0.80%
R 2000 Index	-21.87	15.47	-9.77	-4.18	-4.18	15.63	0.15	3.20	26.86	3.20		
Difference	-1.29	2.32	0.27	3.01	3.01	2.30	0.87	0.67	-1.60	0.67		
IM U.S. Small Cap Equity (SA+CF)	-21.56	15.11	-9.71	-2.55	-2.55	19.37	2.11	5.04	28.26	5.04		
Percentile Rank	70	17	48	40	40	62	66	68	74	68		
Frontier Capital Small Cap Growth (SA)	-22.75	13.33	-12.45	-7.08	-7.08	21.07	4.71	6.54	31.23	12.69	8/1/1988	0.57%
R 2000 Growth Index	-22.25	14.99	-10.59	-2.91	-2.91	19.00	2.09	3.92	29.09	6.71		
Difference	-0.50	-1.66	-1.86	-4.17	-4.17	2.07	2.62	2.62	2.14	5.98		
IM U.S. Small Cap Growth Equity (SA+CF)	-22.44	13.89	-11.18	-2.11	-2.11	20.38	2.82	5.24	28.95	11.65		
Percentile Rank	55	57	65	78	78	44	28	30	37	28		
Int'l Equity Composite	-20.78	4.29	-17.38	-14.11	-14.11	8.23	-3.90	2.88	11.58	2.61	4/1/2000	N/A
MSCI ACW Ex US Index (Gross)	-19.78	3.77	-16.75	-13.33	-13.33	11.20	-2.48	3.97	11.60	2.29		
Difference	-1.00	0.52	-0.63	-0.78	-0.78	-2.97	-1.42	-1.09	-0.02	0.32		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	4.97		
Percentile Rank	60	40	57	57	57	72	73	72	66	70		
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	0.95	4/1/2000	
International Tax Reclaims (SA)	-7.19	-2.92	-9.90	-2.06	-2.06	10.39	8.04	6.60	34.29	7.12	10/1/2004	N/A

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Int'l Developed Equity Composite	-20.35	4.25	-16.96	-13.18	-13.18	6.78	-4.52	1.95	10.24	1.83	4/1/2000	N/A
MSCI ACW Ex US Index (Gross)	-19.78	3.77	-16.75	-13.33	-13.33	11.20	-2.48	3.97	11.60	2.29		
Difference	-0.57	0.48	-0.21	0.15	0.15	-4.42	-2.04	-2.02	-1.36	-0.46		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	4.97		
Percentile Rank	55	41	51	50	50	83	80	83	72	78		
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	0.95	4/1/2000	
Brandes Int'l Large Cap Equity (SA)	-16.19	2.67	-13.95	-10.02	-10.02	5.45	-4.35	2.08	6.57	8.50	9/1/1998	0.38%
MSCI ACW Ex US Index (Gross)	-19.78	3.77	-16.75	-13.33	-13.33	11.20	-2.48	3.97	11.60	5.45		
Difference	3.59	-1.10	2.80	3.31	3.31	-5.75	-1.87	-1.89	-5.03	3.05		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	8.22		
Percentile Rank	20	69	24	24	24	90	78	81	87	48		
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	3.90	9/1/1998	
Artio Institutional Int'l Equity (SA)	-22.92	2.38	-21.09	-19.34	-19.34	2.74	-6.47	1.35	7.44	4.16	9/1/2004	0.41%
MSCI ACW Ex US Index (Gross)	-19.78	3.77	-16.75	-13.33	-13.33	11.20	-2.48	3.97	11.60	6.29		
Difference	-3.14	-1.39	-4.34	-6.01	-6.01	-8.46	-3.99	-2.62	-4.16	-2.13		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	6.81		
Percentile Rank	80	73	87	85	85	97	93	89	84	85		
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	4.46	9/1/2004	
Fisher International Equity (SA)	-23.80	7.94	-17.74	-12.26	-12.26	14.51	-0.99	4.18	17.80	6.41	9/1/2004	0.42%
MSCI ACW Ex US Index (Gross)	-19.78	3.77	-16.75	-13.33	-13.33	11.20	-2.48	3.97	11.60	6.29		
Difference	-4.02	4.17	-0.99	1.07	1.07	3.31	1.49	0.21	6.20	0.12		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	6.81		
Percentile Rank	86	4	60	44	44	39	42	53	38	55		
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	4.46	9/1/2004	

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McKinley Capital Int'l Equity (SA)	-21.53	5.19	-17.45	-13.67	-13.67	6.21	-5.70	1.05	12.57	3.74	9/1/2004	0.43%
MSCI EAFE Index (Gross)	-18.95	3.38	-16.21	-11.73	-11.73	8.16	-4.26	2.18	8.21	4.46		
Difference	-2.58	1.81	-1.24	-1.94	-1.94	-1.95	-1.44	-1.13	4.36	-0.72		
IM International Equity (SA+CF)	-20.00	3.77	-16.94	-13.25	-13.25	11.79	-1.93	4.50	15.02	6.81		
Percentile Rank	67	25	57	54	54	86	89	91	61	89		
Int'l Emerging Equity Composite	-23.04	4.50	-19.58	-18.80	-18.80	18.61	0.46	8.90	18.87	7.15	4/1/2000	N/A
MSCI Emg Mkts Index (Gross)	-22.46	4.45	-19.01	-18.17	-18.17	20.42	2.70	10.71	19.20	8.09		
Difference	-0.58	0.05	-0.57	-0.63	-0.63	-1.81	-2.24	-1.81	-0.33	-0.94		
IM Emerging Markets Equity (SA+CF)	-22.60	4.20	-19.39	-18.96	-18.96	20.73	2.56	10.88	20.45	9.14		
Percentile Rank	57	41	54	49	49	75	78	80	64	81		
Principal Emerging Equity (SA)	-21.11	4.33	-17.69	-16.94	-16.94	20.56	2.88	11.93	20.35	11.58	7/1/1999	0.51%
MSCI Emg Mkts Index (Gross)	-22.46	4.45	-19.01	-18.17	-18.17	20.42	2.70	10.71	19.20	9.30		
Difference	1.35	-0.12	1.32	1.23	1.23	0.14	0.18	1.22	1.15	2.28		
IM Emerging Markets Equity (SA+CF)	-22.60	4.20	-19.39	-18.96	-18.96	20.73	2.56	10.88	20.45	10.72		
Percentile Rank	35	48	32	33	33	51	46	33	51	39		
Marvin & Palmer Emerging Equity (SA)	-25.19	4.70	-21.67	-20.87	-20.87	16.48	-2.05	8.88	17.26	9.19	7/1/1999	0.62%
MSCI Emg Mkts Index (Gross)	-22.46	4.45	-19.01	-18.17	-18.17	20.42	2.70	10.71	19.20	9.30		
Difference	-2.73	0.25	-2.66	-2.70	-2.70	-3.94	-4.75	-1.83	-1.94	-0.11		
IM Emerging Markets Equity (SA+CF)	-22.60	4.20	-19.39	-18.96	-18.96	20.73	2.56	10.88	20.45	10.72		
Percentile Rank	86	38	73	63	63	88	94	80	78	81		
Fixed Income Composite	4.63	2.82	7.58	11.84	11.84	13.06	8.19	6.94	9.58	6.37	4/1/2000	N/A
BC US Unv Bond Index	2.88	1.45	4.36	7.40	7.40	7.72	6.39	5.66	7.16	6.54		
Difference	1.75	1.37	3.22	4.44	4.44	5.34	1.80	1.28	2.42	-0.17		
IM U.S. Broad Market (SA+CF)	3.00	1.38	4.37	7.71	7.71	8.90	6.90	5.96	7.76	6.78		
Percentile Rank	9	2	1	1	1	9	7	8	18	88		
Domestic Core Fixed Income Composite	5.82	2.39	8.35	11.72	11.72	11.85	8.32	6.90	9.23	7.02	4/1/2001	N/A
BC US Agg Bond Index	3.82	1.12	4.98	7.84	7.84	6.77	6.50	5.60	6.54	5.87		
Difference	2.00	1.27	3.37	3.88	3.88	5.08	1.82	1.30	2.69	1.15		
IM U.S. Broad Market Core Fixed Income (SA+CF)	3.34	1.27	4.66	7.85	7.85	8.39	6.87	5.91	7.25	6.14		
Percentile Rank	2	1	1	1	1	7	1	2	10	2		

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Northern Trust Core Fixed Income (SA)	3.92	1.14	5.10	7.95	7.95	7.08	6.44	5.57	6.59	5.42	1/1/2004	0.02%
BC US Agg Bond Index	3.82	1.12	4.98	7.84	7.84	6.77	6.50	5.60	6.54	5.44		
Difference	0.10	0.02	0.12	0.11	0.11	0.31	-0.06	-0.03	0.05	-0.02		
Reams Asset Fixed Income (SA)	2.24	2.38	4.67	8.16	8.16	16.63	8.83	7.48	10.05	7.30	12/1/1997	0.10%
BC US Agg Bond Index + 0.75%	4.01	1.31	5.38	8.65	8.65	7.57	7.30	6.39	7.34	6.93		
Difference	-1.77	1.07	-0.71	-0.49	-0.49	9.06	1.53	1.09	2.71	0.37		
IM U.S. Broad Market Core Fixed Income (SA+CF)	3.34	1.27	4.66	7.85	7.85	8.39	6.87	5.91	7.25	6.38		
Percentile Rank	86	1	50	26	26	1	1	1	8	1		
LM Capital Fixed Income (SA)	1.78	2.19	4.01	7.57	7.57	9.16	7.00	6.17	8.19	6.91	10/1/1997	0.11%
BC US Agg Bond Index + 0.75%	4.01	1.31	5.38	8.65	8.65	7.57	7.30	6.39	7.34	6.99		
Difference	-2.23	0.88	-1.37	-1.08	-1.08	1.59	-0.30	-0.22	0.85	-0.08		
IM U.S. Broad Market Core Fixed Income (SA+CF)	3.34	1.27	4.66	7.85	7.85	8.39	6.87	5.91	7.25	6.44		
Percentile Rank	94	1	76	63	63	31	40	29	27	9		
Loomis Sayles Long Duration (SA)	14.76	3.64	18.93	22.55	22.55	15.41	11.52	9.27	12.77	9.47	12/1/1991	0.09%
BC US Gov't/Credit: Lng Trm Bond Index	15.63	2.57	18.60	22.49	22.49	11.20	9.71	8.05	10.16	8.73		
Difference	-0.87	1.07	0.33	0.06	0.06	4.21	1.81	1.22	2.61	0.74		
IM U.S. Long Duration (SA+CF)	13.20	2.76	16.38	20.51	20.51	13.70	10.00	8.46	11.97	N/A		
Percentile Rank	34	15	14	18	18	22	25	32	30	N/A		
CA Community Pooled Mortgages (SA)	1.97	1.88	3.89	7.78	7.78	8.00	8.06	8.64	7.52	7.74	10/1/2004	1.72%
IM U.S. Mortgage Backed Bonds (SA+CF)	2.12	0.90	3.02	6.18	6.18	7.25	6.67	5.89	6.77	5.85		
Percentile Rank	59	1	10	20	20	46	17	7	45	10		
High Yield Fixed Income Composite	-3.38	5.74	2.17	6.91	6.91	21.58	6.72	6.47	13.06	6.16	4/1/2001	N/A
CS High Yield Index	-5.12	6.02	0.60	5.47	5.47	23.00	7.12	7.08	14.42	8.50		
Difference	1.74	-0.28	1.57	1.44	1.44	-1.42	-0.40	-0.61	-1.36	-2.34		
IM U.S. High Yield Bonds (SA+CF)	-5.22	5.96	0.32	5.19	5.19	20.33	7.27	7.27	14.94	8.37		
Percentile Rank	11	67	15	12	12	35	67	77	84	100		

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MacKay Shields High Yield (SA)	-3.38	5.73	2.16	6.91	6.91	21.54	7.08	7.16	13.05	10.50	7/1/2002	0.45%
CS High Yield Index	-5.12	6.02	0.60	5.47	5.47	23.00	7.12	7.08	14.42	9.56		
Difference	1.74	-0.29	1.56	1.44	1.44	-1.46	-0.04	0.08	-1.37	0.94		
IM U.S. High Yield Bonds (SA+CF)	-5.22	5.96	0.32	5.19	5.19	20.33	7.27	7.27	14.94	9.41		
Percentile Rank	12	67	15	12	12	35	58	56	84	22		
Bridgewater Portable Alpha US TIPS (SA)	6.42	2.84	9.44	17.12	17.12	12.90	9.65	N/A	10.81	7.77	8/1/2005	0.39%
BC US Gov't Inflation-Linked Bond Index	4.80	2.75	7.69	13.98	13.98	10.22	8.03	6.15	6.33	6.63		
Difference	1.62	0.09	1.75	3.14	3.14	2.68	1.62	N/A	4.48	1.14		
IM U.S. TIPS (SA+CF)	4.63	2.67	7.45	13.55	13.55	10.28	8.07	6.23	6.40	6.71		
Percentile Rank	1	17	1	1	1	2	1	N/A	3	1		
Western Asset US TIPS (SA)	4.99	2.42	7.53	13.37	13.37	10.39	7.84	N/A	6.29	6.27	9/1/2005	0.12%
BC US Trsy: US TIPS Index	4.51	2.69	7.32	13.56	13.56	10.38	7.95	6.11	6.31	6.29		
Difference	0.48	-0.27	0.21	-0.19	-0.19	0.01	-0.11	N/A	-0.02	-0.02		
IM U.S. TIPS (SA+CF)	4.63	2.67	7.45	13.55	13.55	10.28	8.07	6.23	6.40	6.44		
Percentile Rank	17	72	46	56	56	35	71	N/A	61	68		
Real Estate Composite	-2.37	5.14	2.65	6.96	6.96	-3.76	-2.63	4.84	6.42	6.74	4/1/2000	N/A
NCREIF Property Index (Quarterly) + 1%	3.56	3.22	6.89	15.41	15.41	3.45	4.12	8.30	14.24	9.39		
Difference	-5.93	1.92	-4.24	-8.45	-8.45	-7.21	-6.75	-3.46	-7.82	-2.65		
REITS Composite	-15.62	16.01	-2.11	8.84	8.84	22.03	-1.63	N/A	29.07	2.46	6/1/2006	N/A
Dow Jones US Select REIT Index	-14.54	15.36	-1.41	9.37	9.37	21.63	-2.04	4.88	28.08	2.25		
Difference	-1.08	0.65	-0.70	-0.53	-0.53	0.40	0.41	N/A	0.99	0.21		
IM U.S. REIT (SA+CF)	-14.63	15.75	-1.09	10.17	10.17	23.11	-0.49	6.18	29.13	4.08		
Percentile Rank	81	35	81	78	78	69	87	N/A	53	89		
Principal REIT (SA)	-15.30	16.21	-1.57	9.95	9.95	21.35	0.12	N/A	26.85	3.98	6/1/2006	0.45%
Dow Jones US Select RE Securities Index	-14.92	15.33	-1.87	8.87	8.87	21.74	-2.22	4.71	28.47	2.10		
Difference	-0.38	0.88	0.30	1.08	1.08	-0.39	2.34	N/A	-1.62	1.88		
IM U.S. REIT (SA+CF)	-14.63	15.75	-1.09	10.17	10.17	23.11	-0.49	6.18	29.13	4.08		
Percentile Rank	72	27	65	56	56	77	31	N/A	76	54		

Performance shown is gross of fees except for the Absolute Return Composite and its underlying managers, which are shown net of fees. Fiscal Year ends June 30th.

**Los Angeles Fire and Police Pension System
Comparative Performance
As of December 31, 2011**

Attachment I

	Quarter Ending Sep-2011	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	2010	Since Inception	Inception Date	Expense Ratio
Morgan Stanley REIT (SA)	-16.21	15.62	-3.12	6.83	6.83	24.10	-0.98	N/A	33.35	3.32	6/1/2006	0.78%
Dow Jones US Select RE Securities Index	-14.92	15.33	-1.87	8.87	8.87	21.74	-2.22	4.71	28.47	2.10		
Difference	-1.29	0.29	-1.25	-2.04	-2.04	2.36	1.24	N/A	4.88	1.22		
IM U.S. REIT (SA+CF)	-14.63	15.75	-1.09	10.17	10.17	23.11	-0.49	6.18	29.13	4.08		
Percentile Rank	91	55	91	94	94	16	70	N/A	2	68		
Absolute Return Composite	-5.10	1.14	-4.02	-2.80	-2.80	4.52	N/A	N/A	5.73	-0.28	5/1/2007	N/A
BofA ML 3 Mo US T-Bill Index + 4%	1.00	0.99	2.00	4.11	4.11	4.15	5.54	6.27	4.13	5.27		
Difference	-6.10	0.15	-6.02	-6.91	-6.91	0.37	N/A	N/A	1.60	-5.55		
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	-1.80	5/1/2007	
Aetos Alternatives Management, LLC (CF)	-4.71	0.72	-4.02	-2.30	-2.30	5.34	N/A	N/A	6.68	0.72	5/1/2007	1.00%
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	-1.80		
Difference	0.27	1.11	1.34	3.34	3.34	1.75	N/A	N/A	0.98	2.52		
Bridgewater Pure Alpha Major Markets (CF)*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.21	12/1/2011	2.00%
HFRI Macro (Tot) Index	-0.12	-1.69	-1.81	-4.04	-4.04	2.66	4.73	5.51	8.06	-0.20		
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.41		
Dorchester Capital Partners, L.P.	-2.24	-0.40	-2.63	0.82	0.82	N/A	N/A	N/A	7.55	6.31	6/1/2009	1.00%
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	2.31		
Difference	2.74	-0.01	2.73	6.46	6.46	N/A	N/A	N/A	1.85	4.00		
GAM USA, Inc. (CF)	-3.20	-0.01	-3.21	-3.40	-3.40	N/A	N/A	N/A	3.82	1.76	7/1/2009	1.05%
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	2.24		
Difference	1.78	0.38	2.15	2.24	2.24	N/A	N/A	N/A	-1.88	-0.48		
Grosvenor Institutional Partners, L.P.	-5.44	0.53	-4.94	-3.18	-3.18	5.62	N/A	N/A	7.09	-0.18	5/1/2007	0.85%
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	-1.80		
Difference	-0.46	0.92	0.42	2.46	2.46	2.03	N/A	N/A	1.39	1.62		
K2 Partners, LLC (CF)	-7.08	3.21	-4.09	-4.35	-4.35	2.52	N/A	N/A	3.36	-1.47	5/1/2007	1.00%
HFRI FOF Comp Index	-4.98	-0.39	-5.36	-5.64	-5.64	3.59	-0.73	1.94	5.70	-1.80		
Difference	-2.10	3.60	1.27	1.29	1.29	-1.07	N/A	N/A	-2.34	0.33		

Performance shown is gross of fees except for the Absolute Return Composite and its underlying managers, which are shown net of fees. Fiscal Year ends June 30th.

**Los Angeles Fire and Police Pension System
Comparative Performance
As of December 31, 2011**

Attachment I

	Quarter Ending Sep-2011	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	2010	Since Inception	Inception Date	Expense Ratio
Cash Equivalent Composite	0.05	0.04	0.09	0.22	0.22	0.37	1.79	2.47	0.29	2.69	4/1/2000	N/A
BofA ML 3 Mo US T-Bill Index	0.02	-0.00	0.02	0.10	0.10	0.14	1.48	2.18	0.13	2.44		
Difference	0.03	0.04	0.07	0.12	0.12	0.23	0.31	0.29	0.16	0.25		

Performance shown for the Cash Equivalent Composite is actual product performance provided by the manager.

Prior to Q1 2010, the Int'l Equity Composite, Int'l Developed Equity Composite, Brandes Int'l Large Cap Equity (SA), Artio Institutional Int'l Equity (SA), and Fisher International Equity (SA) were benchmarked to the MSCI EAFE Index (Gross).

RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. For additional information, please see the Glossary.

*With the exception of Bridgewater Pure Alpha Major Markets (CF), all of Absolute Return funds are Fund of Funds that charge 0.75% to 1% in addition to a 2% management fee and 20% carry (on average) for the underlying managers.



Los Angeles Fire and Police Pensions

Manager/Partnerships	Description	Commitment/ Investment Amount	Annual Management Fees
MBE/WBE			
Acon-Bastion Partners	Buyout - Small Markets	\$10,000,000	\$175,000
Attucks	Public Equities - Small Cap Manager of Emerging Managers	-	\$1,035,448
Globeflex	Public Equities - Small Cap	\$13,197,019	-
GW Capital	Public Equities - Small Cap	\$18,224,378	-
Lombardia Partners	Public Equities - Small Cap	\$11,835,740	-
Opus	Public Equities - Small Cap	\$17,796,812	-
Carpenter Community BancFund	Growth - Community Banks	\$9,097,500	\$159,206
Clearlake Capital Partners	Distressed Debt - Middle Markets	\$10,000,000	\$175,000
Crimson	Venture - Middle Markets	\$20,000,000	\$350,000
Daruma	Public Equities - Small Cap	\$414,957,370	\$1,838,882
FIS	Public Equities - Core Manager of Emerging Managers	-	\$645,221
Affinity Investments	Public Equities - Core	\$7,960,425	-
Lombardia Partners	Public Equities - Core	\$5,128,777	-
Martin Investments	Public Equities - Core	\$14,855,096	-
Nicholas Investment	Public Equities - Core	\$4,869,815	-
Oakbrook Investment LCG	Public Equities - Core	\$15,364,713	-
Oakbrook Investment LCV	Public Equities - Core	\$21,563,321	-
Profit Investment	Public Equities - Core	\$3,162,139	-
Redwood Investment	Public Equities - Core	\$11,212,567	-
The Edgar Lomax Company	Public Equities - Core	\$11,975,177	-
Vision Capital Management	Public Equities - Core	\$19,004,424	-
Kline Hawkes Pacific	Mezzanine Debt	\$5,000,000	\$87,500
Levine Leichtman Capital	Distressed Debt - Middle Markets	\$70,000,000	\$1,050,000
Lexington Partners/Hamilton Lane 2000	Buyout - Large & Middle Markets	\$16,000,000	\$240,000
LM Capital	Bonds - Opportunistic	\$363,872,569	\$354,422
Longitude Venture Partners II	Venture - Growth	\$20,000,000	\$350,000
Nogales Investors	Buyout - Large & Middle Markets	\$10,000,000	\$175,000
Palladium Equity Partners	Special Situations	\$15,000,000	\$262,500
Rustic Canyon/Fontis Partners	Buyout	\$5,000,000	\$87,500
St. Cloud Capital Partners	Mezzanine/Subordinated Debt	\$10,000,000	\$175,000
Syndicated Communications	Venture - Communications	\$5,000,000	\$87,500
Vicente Capital Partners	Buyout - Late Stage	\$10,000,000	\$175,000
Vista Equity Partners	Buyout - Middle Markets	\$30,000,000	\$525,000
Vivo Ventures	Venture - Late Stage	\$10,000,000	\$175,000
Total MBE/WBE		\$1,210,077,842	\$8,123,179



Los Angeles Fire and Police Pensions

Manager/Partnerships	Description	Commitment/ Investment Amount	Annual Management Fees
<u>Emerging Managers (Public Markets)</u>			
Cupps Capital Management	Public Equities - Core	\$7,350,602	
Eudaimona Asset Management	Public Equities - Small Cap	\$9,097,500	
Mastrapasque Management	Public Equities - Core	\$11,807,272	Fees paid through the Manager of Emerging Managers
Moody Aldrich Partners	Public Equities - Core	\$14,355,474	
Vision Capital	Public Equities - Large Cap	\$19,004,424	
Total Emerging Managers (Public)		\$61,615,272	
<u>Emerging Managers (Private Markets)</u>			
Alta Growth Capital, Mexico Fund	Growth Equity - Middle Market	\$10,000,000	\$175,000
Angeleno Investors	Venture Capital & Growth Equity - Clean Tech	\$10,000,000	\$175,000
Caltius Capital Partners IV	Lower-Middle Market Mezzanine	\$10,000,000	\$175,000
Clearlake Capital Partners II	Distressed Debt - Middle Markets	\$10,000,000	\$175,000
DCM VI	Venture Capital focused on Silicon Valley and China	\$5,000,000	\$87,500
Drug Royalty	Venture Capital	\$10,000,000	\$175,000
Element Partners II	Venture Capital focused 60% on expansion stage	\$10,000,000	\$175,000
Giza Venture Fund IV (Jersey)	Venture Capital	\$6,500,000	\$113,750
Giza Venture Fund V	Early Stage Venture	\$5,000,000	\$87,500
Gridiron Capital II	Buyout	\$5,000,000	\$87,500
Halyard Capital II	Buyout - Lower Middle Market	\$10,000,000	\$175,000
Huff Energy	Special Situations - Lower Middle Market	\$25,000,000	\$437,500
Incline III	Buyouts	\$5,000,000	\$87,500
Insight Equity	Buyout/Mezzanine Debt	\$16,000,000	\$280,000
Insight Equity II	North American lower-middle market buyouts	\$12,000,000	\$210,000
Insight Equity Mezzanine I	North American lower-middle market buyouts	\$4,000,000	\$70,000
ITU Ventures	Venture - Early-stage	\$5,000,000	\$87,500
Longitude Venture Partners II	Venture - Growth	\$10,000,000	\$175,000
Mainsail	Buyouts - Lower Middle Market	\$5,000,000	\$87,500
Millennium Technology Value Partners	Secondary Venture-Backed Technology	\$10,000,000	\$175,000
NGN BioMed	Venture - Late Stage	\$5,000,000	\$87,500
Pelion Ventures V	Venture	\$10,000,000	\$175,000
Saybrook Capital	Distressed Debt	\$5,000,000	\$87,500
SG Growth Partners II	Buyout	\$10,000,000	\$175,000
Sterling Venture Partners	Venture - Expansion Stage	\$10,000,000	\$175,000
Non MBE/WBE Emerging Managers		\$223,500,000	\$3,911,250

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: If we are not reducing services, who is going to continue the work of the positions proposed for deletion? What are the job duties of each of the filled positions proposed for deletion?

Subject: **CITYWIDE – DUTIES OF FILLED POSITIONS DELETED**

Your Committee requested this Office to report back on the duties of each of the filled positions proposed for deletion and how workload would be absorbed if services were not reduced. Pursuant to this direction, this Office request that each department with positions identified under the Blue Book Line Item of Deletion of Filled Positions provide a description of the duties of these positions as well as how the workload of these positions would be addressed. Attached is a matrix which details each position's duties and a description of how the workload will continue to be performed, where applicable. It should be noted that ten positions within the General Services Department are no longer filled. The attached matrix reflects which of these positions are now vacant.

Attachment

MAS:BC:jj:01120069d

Question No. 1 & 2

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Animal Services	1358	Clerk Typist	8	Answer phone calls from public at care centers; data entry for adoptions; process licenses	Work will be absorbed by realigning staff within the care centers to minimize longer wait times resulting from reduced staff
	4311-2	Animal Control Officer II	3	Respond to calls for service; patrol City for stray animals; enforce animal related laws	Work will be absorbed by remaining staff; citizens will experience longer response times to non-public safety calls.
	Total Animal Services		<u><u>11</u></u>		
City Clerk	1368	Senior Clerk Typist	1	Summarizes and inputs information into the Council File Management System (CFMS); scans documents to post on the internet for public access; provides assistance over the phone and at the public counter; attests contracts and posts contracts on the internet.	Will create delay in processing items for Council and Committees; will cause an approximate 48-72 hour delay in posting documents to CFMS.
	7212-2	Office Engineering Technician II	1	Researches tax disputes for the 9-1-1 tax, including site visits; conducts research on properties and businesses for the Business Improvement District (BID) Program; reports back to staff; performs data entry	Position deleted is one of two positions that perform this work. Workload cannot be absorbed by other employee.
	Total City Clerk		<u><u>2</u></u>		
Ethics Commission	0577	Paralegal II	1	Assigned to 20 City departments to provide advice and report on gifts, travel and other related disclosures; handles the Statement of Economic Interest Form 700; updates the Conflict-of-Interest Codes.	Update of Statements of Economic Interest Form 700 and Conflict-of-Interest Codes will not be addressed, leaving the City out of compliance. The Paralegal position was also assigned duties from vacant Auditor I position.
	Total Ethics		<u><u>1</u></u>		

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Finance	1358	Clerk Typist	2	Provide front-line services to clients and taxpayers. Generally, Clerk Typists are assigned to public counters/call centers, audit billings and special billing unit processing and collecting revenue.	Not applicable. Services will be reduced
	Total Finance		<u>2</u>		
Fire	1116	Secretary	2	Support Fire Prevention Bureau's revenue generating Inspection Units.	Services will be reduced and absorbed by remaining staff, where possible.
	1117-2	Executive Administrative Assistant II	1	Coordinates timely completion of the Bureau's numerous projects and reports.	Services will be reduced and absorbed by remaining staff, where possible.
	1358	Clerk Typist	3	Support revenue generating billing activities, data entry, answer phone calls from public	Services will be reduced and absorbed by remaining staff, where possible.
	1368	Senior Clerk Typist	3	Support revenue generating billing activities; data entry	Services will be reduced and absorbed by remaining staff, where possible.
	1539	Management Assistant	1	Assists with LAFD compliance with State mandates in the Certified Unified Hazardous Materials Program	Services will be reduced and absorbed by remaining staff, where possible.
	1731-2	Personnel Analyst II	1	Department's Volunteer coordinator ensures that volunteers are fingerprinted; tracks hours worked; program identification and submittal of reports to the Mayor's Office	Services will be reduced and absorbed by remaining staff, where possible.
	9171-2	Senior Management Analyst II	1	Responsible for the management of the Grants and Contracts Section. Department oversees over \$5.3 million in GF contracts and \$17 Million proposed in MICLA funded contracts. Also handles millions in State and Federal grants.	Services will be reduced and absorbed by remaining staff, where possible.
	Total Fire		<u>12</u>		

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
General Services					
	1368	Senior Clerk Typist	1	Process, file and maintain personnel records for 1500 employees; process record requests, verifications, and other personnel support.	Workload will be absorbed with remaining staff. There will be long delays in the services provided.
	1141	Clerk (GSD Bluebook Item 13 - swapped with Materials Testing Technician	1	Deliver, receive and process mail such as USPS Certified, Express, Insured, International, Priority, Registered, and UPS Overnight. Provide support for Barcode Automation Program.	Workload will be absorbed with remaining staff. Departments will receive intermittent services.
	1832-1	Warehouse and Toolroom Worker I	2	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	1837	Senior Storekeeper	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	3194-2	Building Construction and Maintenance General Superintendent II	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	3711-5	Equipment Mechanic	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	3742	Helicopter Mechanic	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	3749-1	Helicopter Mechanic Supervisor I	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	7968-1	Materials Testing Technician I	-	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
	9184-1	Management Analyst I	2	This position is currently vacant and no service impacts are anticipated.	These positions are currently vacant and no service impacts are anticipated.
	9184-2	Management Analyst II	1	This position is currently vacant and no service impacts are anticipated.	This position is currently vacant and no service impacts are anticipated.
		Total General Services	12		

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Information Technology Agency					
	1358	Clerk Typist	1	Responsible for creating, dispatching and tracking purchase orders in SMS; data entry of all correspondence received by the Department into a tracking system; archiving accounting records; and preparing invoices for private line franchisees	Services will be reduced and absorbed by remaining staff, where possible.
	1368	Senior Clerk Typist	1	Data entry and processing of Communication Services Requests (CSRs), including preparing purchase requisitions purchase orders, tracking expenditures, creating Work Orders for cost accounting, and liaising with depts on the status of their CSRs	One remaining position will perform the work, but there will be delays in processing CSR requests
	1409-1	Information Systems Manager I	1	Supervisor of the section that designs and supports LAFD non-dispatch applications such as the Fire Inspection and Permit system	The section will be consolidated to report to a different supervisor
	1596-2	Systems Analyst II	2	One position provides Citywide helpdesk support and the other provides support for elected officials applications	Work will be absorbed by other staff in the section; however there may be delays in processing requests.
	1597-2	Senior Systems Analyst II	1	Responsible for project management tasks, budgeting, and contractor oversight for the Supply Management System	Work will be absorbed by technical staff in the section, potentially diminishing programming and system resources.
	1670-2	Graphics Designer II	1	Website design for lacity.org and elected officials websites	Website design for lacity.org and elected officials will be very limited. These offices will have the option of contracting out this work, at a cost of approximately \$75 per hour or \$36,000 for a very simple website. There may be an additional expense for accessibility compliance review, which would cost a minimum of \$15,000
	1670-3	Graphics Designer III	1	Website design for lacity.org and elected officials websites and Section 508 compliance review for disabled access to City websites	Department has proposed to retain this Graphic Designer III position in exchange for the deletion of a Programmer Analyst III vacancy to be created due to retirement.

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Information Technology Agency (continued)					
	3686	Communications Electrician	3	Supports technology systems for the LAPD dispatch centers; 24/7 shift staff support for monitoring, diagnosing, and correcting issues with communication equipment, radio systems and consoles used by the LAPD 911 Operators as well as other critical public safety support equipment.	Other Communications Electricians will be reassigned so that the Dispatch Centers remain staffed by two employees 24/7. However, this will require shifting Communication Electricians from other areas, including those that will impact public safety.
	Total Information Technology Agency		<u>11</u>		
Neighborhood Empowerment					
	1523-2	Senior Accountant II	1	This position provides support to the Department and the Neighborhood Council Funding Program. This includes, review and approve NC expenditures, payroll, and Department payment processing.	Services will be reduced and absorbed by remaining staff, where possible.
	9208	Neighborhood Empowerment Analyst	1	This position is a liaison to the NCs, which includes researching and responding to questions through the Department's helpline, investigating complaints and monitoring of NC functions and meetings to ensure compliance with NC policies and procedures.	Services will be reduced and absorbed by remaining staff, where possible.
	Total Neighborhood Empowerment		<u>2</u>		
Personnel					
	1358	Clerk Typist	1	Assist public safety candidates in the Background Investigation Division's front desk; process DOJ fingerprints; process background files and send mailers to candidates; review personal, residential and employment references, pull background packages and files as needed.	Increased caseload for remaining staff and reduced overall productivity.

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Personnel (continued)					
	1358	Clerk Typist	2	Performs Employee Folder and Background Notification duties in the Candidate and Employee Records Section (CERS).	Will be absorbed by existing staff, however it will result in limited employee access to folders, backlogs in the filing and retrieval of employee records and delays in responding to subpoenas and processing of terminated employee folders. Will also delay notifying operating departments of initial and subsequent employee fingerprint results received from the Department of Justice and limited available scheduling of initial employee fingerprinting.
	1368	Senior Clerk Typist	2	Assists public safety candidates at the Background Investigation Division's front desk, processing candidates in the background investigation phase of the selection process; assist Police Officer Recruits in their final preparation prior to entering the Police Academy.	Increased caseload for remaining staff and reduced overall productivity.
	1368	Senior Clerk Typist	1	The Medical Services Division's proposed reduction of 3 staff will not compromise the existing services provided to City Departments. The Nurse Manager has oversight over the day-to-day operations of the clinic and the Medical Assistants regularly assigned to the front station (clerical duties) can be crossed trained to cover both the clinic area and front office duties.	Personnel anticipates being able to absorb the duties of the this position by the utilization of the Nurse Manager and the provision of cross training for the existing staff.
	1726-2	Safety Engineering Associate II	1	Responds to requests for service from City Departments for OSHA compliance, hazard assessments, safety training, safety inspections, accident investigations, safety committee meetings, ergonomic evaluations, safety hazard notifications, or for assistance with regulatory agency citation/violations.	Delays in requests for services from departments. The remaining Safety Engineer, Safety Administrator and Ergonomist would absorb the workload
	1759	Background Investigation Manager	1	Directs staff involved in the confidential and comprehensive background investigations of public safety staff such as Police Officers, Firefighters, Arson Investigators, Security Officers, etc; organizes the work of their staff.	Workload will be absorbed by the remaining Managers, however caseloads will increase

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Personnel (continued)					
	1775	Workers' Compensation Claims Assistant	1	Supports Workers Compensation Unit; prepares benefits letters, processes payments and various cost control measures.	Workload will be absorbed by remaining staff. Delays in processing time will occur
	2310	Medical Assistant	1	Performs front station (clerical duties) at Medical Services.	Personnel anticipates being able to absorb the duties of the this position by the utilization of the Nurse Manager and the provision of cross training for the existing staff.
	2315	Supervising Occupational Health Nurse	1	Oversees occupational health issues on behalf of the City	Personnel anticipates being able to absorb the duties of the this position by the utilization of the Nurse Manager and the provision of cross training for the existing staff.
		Total Personnel	11		
Police					
	1116	Secretary	10	Perform specialized work as full-time personal secretaries to Commanding Officers; provides administrative support; exercises considerable independent judgment in organizing, coordinating, and performing administrative support work.	Work will be absorbed by restructuring the Department's personnel resources
	1358	Clerk Typist	66	Answer phones and process mail. Provide administrative support, including preparing letters, and other documents using a personal computer. Order, distribute and maintain supplies.	Work will be absorbed by restructuring the Department's personnel resources
	1368	Senior Clerk Typist	81	Performs difficult clerical work of a responsible nature requiring frequent exercise of independent judgment and a good knowledge of the functions of the organizational unit; may perform typing and timekeeping duties and may supervise clerical employees.	Work will be absorbed by restructuring the Department's personnel resources
	2323	Nutritionist	1	Provides clinical nutrition/dietetic services; develops systems to mitigate health risks; develops programs designed to address nutritional, physical health and wellbeing; on-call in the event of emergencies.	Work will be absorbed by restructuring the Department's personnel resources

**2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM**

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Police (continued)					
	9196-3	Police Administrator III	1	Directs the activities of Administrative Services Bureau; coordinates, administers, and ensures compliance with policies and procedures; evaluates operating efficiency and adequacy of support services.	Work will be absorbed by restructuring the Department's personnel resources
		Total Police	159		
Public Works - Street Services					
	1368	Senior Clerk Typist	2	Provides administrative support to the entire Bureau in processing of personnel transactions, including but not limited to response to both public and internal inquiries, preparation of correspondence and reports, and maintenance and retrieval of data.	Services supported by the General Fund will be reduced. Services supported by Special Funds will be increased. No layoffs will occur as a result of these deletions.
	3584	Heavy Duty Truck Operator	2	Operates heavy equipment to transport debris and construction materials to/from job locations.	Services supported by the General Fund will be reduced. Services supported by Special Funds will be increased. No layoffs will occur as a result of these deletions.
	4158-1	Street Services Superintendent I	1	Street Improvement Program - Provides program administration and leadership to various crews involved in streetscape activities, including but not limited to gutter repair, access ramp installation, and bus pad construction.	Services supported by the General Fund will be reduced. Services supported by Special Funds will be increased. No layoffs will occur as a result of these deletions.
	9182	Chief Management Analyst	1	Oversees the Bureau's Financial Management Division. Provides direct support to the Executive team to prepare the annual budget and to effectively manage a complex budget with 10+ various funding sources and interim appropriations averaging \$20 million annually.	The Bureau has two Chief Management Analysts. Elimination of the proposed Chief is offset by filling the Assistant Bureau Director over Financial Management, which is a higher level management position. Combined with the remaining Chief, there is no reduction in services.
	9184-1	Management Analyst I	1	BSS is a cost accounting organization that receives over 90 percent of its funding from special funding sources that require cost reports prepared by the Billing Section as justification of the Bureau's expenditures. The permanent loss of staff will hinder the Bureau's ability to process billing and result in reimbursement delays to the City.	Services supported by the General Fund will be reduced. Services supported by Special Funds will be increased. No layoffs will occur as a result of these deletions.


2012-13 PROPOSED BUDGET
DUTIES FOR DELETION OF FILLED POSITIONS LINE ITEM

DEPARTMENT	CLASS CODE	CLASS TITLE	COUNT	DESCRIPTION OF DUTIES	METHOD OF ABSORBING WORKLOAD
Public Works - Street Services (continued)					
	9184-2	Management Analyst II	1	This position is actually vacant and assigned to Investigation & Enforcement.	Position is vacant with duties/functions currently absorbed within existing authorities.
		Total PW-Street Services	<u>8</u>		
		TOTAL DELETION OF FILLED	<u>231</u>		

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on 1. Long term plan for Neighborhood Council Elections; 2. The duties and responsibilities of the current group of Neighborhood Empowerment Analysts; and 3. Election plan for outreach

Subject: DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT – NEIGHBORHOOD COUNCIL ELECTIONS AND OUTREACH; DUTIES OF THE NEIGHBORHOOD EMPOWERMENT ANALYSTS

The Department of Neighborhood Empowerment has submitted the attached response relative to the long term plan for Neighborhood Council (NC) elections, the duties and responsibilities for the current Neighborhood Empowerment Analysts and the plan for providing outreach to NCs.

Attachment

MAS:DP:08120166c

Question No. 199
Question No. 200
Question No. 201

CITY OF LOS ANGELES
CALIFORNIA

DEPARTMENT OF
NEIGHBORHOOD EMPOWERMENT

BOARD OF NEIGHBORHOOD
COMMISSIONERS

DANIEL GATICA
PRESIDENT

CARLENE DAVIS
VICE PRESIDENT

DOUGLAS EPPERHART
LINDA LUCKS
KAREN MACK
PAUL PARK
LEONARD SHAFFER

JANET LINDO
Executive Administrative Assistant
TELEPHONE: (213) 485-1360



ANTONIO R. VILLARAIGOSA
MAYOR

20th FLOOR, CITY HALL
200 NORTH SPRING STREET
LOS ANGELES, CA 90012

TELEPHONE: (213) 978-1551
TOLL-FREE: 3-1-1
FAX: (213) 978-1751
E-MAIL: dona@lacity.org

BONGHWAN (BH) KIM, MPA
GENERAL MANAGER

www.EmpowerLA.org

May 4, 2012

Honorable Paul Krekorian
Chair, Budget and Finance Committee
c/o Erika Pulst, Legislative Assistant
Office of the City Clerk
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Dear Councilmember Krekorian,

The Department of Neighborhood Empowerment has received the Questions from Budget & Finance Committee Assigned to the Department on May 2, 2012.

Again, the Department requests that the two (2) filled positions, Neighborhood Empowerment Analyst (NEA) and Senior Accountant II (SRACII), proposed for elimination in the Mayor's Proposed Fiscal Year 2012-13 Budget (Budget), be reinstated. The elimination of these two filled positions are vital to both supporting the Neighborhood Council System and Department functions. While the Department is thankful to the Mayor for his proposed budget in these difficult economic times, the Department has already undergone a 50.3% decrease in funding since Fiscal Year 2010-11. The impact of losing one additional position, much less two, could cause severe service interruptions and delays to the core function of supporting NCs to perform their duties and responsibilities as well as the Neighborhood Council (NC) Funding Program.

The following are the Department's responses to the questions posed by the Budget & Finance Committee to the Department at its May 2, 2012 FY 2012-13 Proposed Budget Hearing:

Question Number 199: Page 369, New Services, Neighborhood Council Elections – While this is a temporary request, what is the long term plan for how NC Elections are administered?

The Council action take in January 2012 was to temporarily transfer the elections from the City Clerk to the Department of Neighborhood Empowerment so that NC elections could be conducted according to the even year cycle established by the City Clerk in 2010. There was no action taken regarding a long term plan for whom and how NC elections would be administered after FY 2012/13. Based on current Council action, NC elections would revert back to the City Clerk for future election cycles in even years only (due to municipal elections in odd year cycles).

Question Number 200: Report back on what the duties and responsibilities of the current group of Neighborhood Analysts and why administration of the upcoming NC elections cannot be accomplished by this current group?

The current group of NEA's duties and responsibilities include the staffing of the Department's HelpLine which includes researching and answering questions; mentoring, training and advising those NC's out of exhaustive efforts back to good standing; regional liaisons between the NC's and the Department; the monitoring of NC functions and meetings to ensure that the NCs are in compliance with approved policies and procedures which could include training to those NC's by the NEA's; mentor's to the Intern Program (University Partnerships); liaisons between NC Leaders and the Department for those NC's that participate in the new Council 4 Council (C4C) Program; and, NC Funding Program responsibilities which include the review of funding related documents, such as Demand Warrants, Neighborhood Purposes Grants and Lease Agreements, researching and answering funding related questions, investigating funding related complaints and monitoring the spending patterns of NCs to ensure compliance with policies and procedures as there is currently no electronic funding/management system (A more detailed list of specific job duties performed by the NEA's is attached and labeled "Attachment 1").

The impact of having current staff administer NC elections on the core functions of the Department would be as follows: reduce or eliminate direct support to NCs in low income communities, many of whom are currently struggling to maintain their certification requirements, reduce or eliminate on meeting attendance and direct interaction with NCs as less staff would only be able to focus on Help Line duties; reduce or eliminate monitoring of NCs which could result in an increase of liability for the City; reduce the response time to general NC issues; the Department could have difficulty in its ability to support programs such as the Intern Program (University Partnerships) and the Council for Councils Program (Partnership with NC leaders).

Similarly, the core functions of the NC funding program would be affected in the following ways: severe delays and disruptions in Demand Warrant review/approval; no ability to investigate potential fraud and illegal use of public funds resulting in increased liability to the City, and, with less staff there would be less eyes and ears to keep track of issues which could result in increased liability for the City.

The impact of the elimination of the SRACII on the day-to-day activities of both the Department and the NC Funding Program would be to cause significant delays in: reviewing and approving NC Funding expenditures (by as much as 30 days), processing of Department payments (by as much as 45 days), processing of payroll deadlines, budget assist and special projects assigned by the Department's Senior Management Analyst II (SMAII) (A more detailed list of specific job duties performed by the NEA's is attached and labeled "Attachment 2"). And, lastly, the loss of the SRACII would impact the Department's SMAII having to absorb the daily/monthly functions that are performed by the SRACII and therefore, would cause delays in higher level priority assignments that are required from other City Departments and handled by the SMAII for the Department to complete.

Question Number 201: Report back to Budget & Finance on election plan outreach; how will the outreach be funded? Include the possibility of expanding allocation to the Neighborhood Councils, and using a portion of those funds to fund elections.

Based upon Council action in January 2012 to transfer authority to the Department to conduct elections in FY 2012/13, staff began notifying NCs beginning in January 2012 that they will be allowed to encumber funds for elections outreach using this year's funds. The deadline for submitting documentation is May 16, 2012. The procedure consists of a board motion (stating an amount not to exceed) along with a list of possible vendors that could be used for that purpose. This is in addition to the on-going encumbrance procedure of submitting completed Demand Warrants by May 16, 2012.

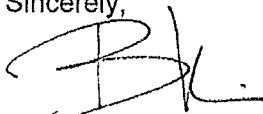
The City Council could use a portion of the unspent funds remaining from this fiscal year to pay for elections related outreach. However, the Department will be unable to determine the

unspent amount until June 15, 2012, which is the last date for Purchase card use. Last year, approximately \$1.3M was left unspent by NCs. Currently, as of March 30, 2012, the unspent balance was \$2.8M. However, there was a significant increase in spending at the end of last year due to the elimination of the rollover policy; \$1.1M was spent on the Purchase Cards; more than \$840,000 was processed for payment by the Department and \$1.665M was encumbered and used to pay for NC obligations that the NC Funding Program staff did not have time to process last fiscal year. Therefore, the Department is anticipating that all of the remaining balance of \$2.8M will be spent by the NC's: \$1.1M on Purchase Cards; \$950,000 in payment documents and \$750,000 will be encumbered and used to pay for NC obligations incurred this fiscal year that the NC Funding Program staff will not have time to process.

Additionally, the Department was under the impression that this question dealt more specifically with the Department researching and recommending options for funding of the proposed elimination of the NEA and SRACII positions. Per the Mayor's FY 2012-13 Proposed Budget, the amount needed to fund these two positions is \$215,328 (\$154,524 in Salaries and \$60,804 in related costs). The Department could use any remaining current fiscal year funds that are unspent and uncommitted by the NC's. However, this number cannot be determined at this time as the Department still anticipates that the NC's will either spend all of their appropriations for this fiscal year or the Department will encumber on behalf of the NC's those items that the Department cannot process for payment by fiscal year end.

My staff and I look forward to continuing discussing these issues with you and your Committee Members.

Sincerely,



BONGHWAN (BH) KIM
General Manager

Attachments

DUTIES OF THE NEIGHBORHOOD EMPOWERMENT ANALYST (NEA)

Help Line Duties per NEA

- NEAs receive a help line assignment approximately once per week
- NEAs must be available for their assignment from 9 a.m. to 5 p.m.
- NEAs provide customer service
- NEAs respond to Administrative Requests such as printing, business cards, etc.
- NEAs answer calls throughout the day and serve as back up to Admin services
- NEAs trouble shoot with NCs while on Help Line and provide needed information and/or support.
- NEAs problem solve on issues that come in and involve other City agencies in providing a response to the NC
- NEAs conduct initial review of documents, such as Bylaws and Boundary Adjustment Applications
- NEAs seek assistance from the Supervisor when appropriate
- NEAs assess and follow up when “attendance at meeting requests” come in
- NEAs conduct research while on Help Line and follow up on issues
- NEAs may generate reports on issues that are contentious
- NEAs record their work

Exhaustive Efforts

- NEAs are responsible to work with groups in Exhaustive Efforts
- NEAs assess if a group should be placed in Exhaustive Efforts
- NEAs assess what problems, issues or challenges must be addressed to get a group out of exhaustive efforts and on the road to self governance.
- NEAs craft a work plan
- NEAs attend NC meetings
- NEAs meet with community partners to assist the NC in moving forward
- NEAs provide training directly to groups in Exhaustive Efforts
- NEAs coordinate additional training provided by other organizations and assist in ensuring the delivery of the training
- NEAs facilitate meetings for the groups in Exhaustive Efforts
- NEAs craft the meeting agendas
- NEAs write reports and communicate with the groups on the progress and compliance
- NEAs assist with asset mapping and strategic planning
- NEAs create tool kits for NCs
- NEAs assist with funding issues if a group is in Exhaustive Efforts to ensure that all transactions that were voted on and approved prior to a group going into exhaustive efforts are paid.
- NEAs document their work

NEA Duties in Assigned Regions

- In addition to working on Help Line and with groups in Exhaustive Efforts, NEAs are assigned Regions by the City's Planning Areas
- NEAs are responsible to know and maintain "the pulse" of their particular region and know what is happening in the regions.
- NEAs assist when elected officials make requests about the status of an NC
- NEAs may collaboratively with regions by staffing the local coalitions and/or alliances and bringing information to those respective groups
- NEAs also keep the pulse of the region by maintaining communication with the region's Presidents and/or Treasurer's so as to stay ahead of possible problems or issues
- NEAs hold office hours in their regions and meet with NC leaders to check in and trouble shoot on any issues of concern
- NEAs generate reports for Department Management and prepare updates for the Board of Neighborhood Commissioners
- NEAs assigned to regions also assist in conducting outreach when BONC meetings are taking place in a given area
- NEAs maintain good working relationships with NCs in their regions.

NEA Duties in Training

- NEAs are responsible to schedule regional trainings per quarter
- NEAs conduct training on subject matter regarding the NC system
- NEAs identify trainers in other subject matter to bring to NC regional trainings
- NEAs identify and secure training venues
- NEAs conduct all logistical aspects of the training (buy refreshments, prepare agendas, make copies, secure speakers, secure audio, evaluation, etc.)
- NEAs conduct outreach by phone banking to NC leaders in assigned regions
- NEAs conduct outreach by sending e-mails to the respective regions
- NEAs manage logistics such as rsvp lists and any special requests generated by attendees.
- NEAs archive presentations and any and all materials for the trainings in the event requests for information come in.
- NEAs conduct individual board retreats when requested to by a Neighborhood Council
- NEAs conduct "brown bag" trainings for individual regions on the "nuts and bolts" of NC operations such as: how to craft an agenda; how to run a meeting; understanding bylaws; etc.
- NEAs created tool kits and training resources for NCs.
- NEAs document their work

NEA Intern Program (University Partnerships)

- NEAs work with individual assigned interns on projects and the creation of tools to advance the NC system.
- NEAs are responsible to supervise one to two interns and manage their work via a work plan
- NEAs ensure that interns create tools and can do asset mapping for the NCs in order to provide the NCs with tools and resources

- NEAs make themselves available to answer any questions the interns may have and facilitate an understanding of the intern's roles and responsibilities.
- NEAs evaluate the interns and ensure that the interns have a meaningful experience working with the Department and the NCs.
- NEAs draft and present reports on the program and its components
- NEAs document their work

NC Funding

- NEAs review Demand Warrants (DW) and/or Neighborhood Purpose Grants (NPG) based on Department policies and regulations
- NEAs follow up with NCs regarding missing information in a DW and/or NPG
- NEAs look up missing BTRC numbers and determine whether vendors are in the FMS system for processing
- NEAs open and maintain US Bank purchasing card accounts for NCs
- NEAs track the progress of DWs and NPGs in the Departments' internal Access database
- NEAs answer inquiries regarding funding balances, status of DWs and NPGs and other funding related issues on a daily basis
- NEAs respond to inquiries via e-mail regarding balances, status of DWs and NPGs and other funding related issues on a daily basis
- NEAs conduct Treasurer trainings on a regular basis and as needed
- NEAs update Treasurer training materials as needed
- NEAs document their work

NEA Duties – Councils for Councils (C4C)

- NEAs worked collaboratively with NC leaders to put together a peer mentoring and training program – C4C
- NEAs have worked on the different parts and aspects of the program
- NEAs have worked on putting together interviews and a selection process for C4C applicants
- NEAs have worked and are currently working on developing a training day for C4C participants before these participants (mentors and trainers) are given an opportunity to visit and assist NCs that may be in trouble.
- The purpose of the training is to address liability concerns for the City.
- NEAs will work in partnership with each of the C4C trainers and mentors to craft a work plan and a strategy to assist NCs that may be struggling.
- NEAs will work to evaluate the trainer/peer mentor and make recommendations for placement, continuation in the program and/or separation from the program

DUTIES OF THE SENIOR ACCOUNTANT II (SRACII)

- Maintenance of individual Neighborhood Council (NC) appropriation accounts (95 at present)
- Responsible for reviewing funding allocations and disbursements as expended by NC's
- Reconciliation of accounting records and procedures to verify the accuracy, completeness and timely processing of NC funding requests
- Conducts special reconciliations of NC Funds
- NC Funding Program investigations and audits
- Monitors the use of all City-supplied Neighborhood Council funding, verifies all supporting documentation, and tracks all appropriate disbursements
- Monitors the fiscal activities of Neighborhood Councils related to non-City funding sources
- Maintenance of Department appropriation accounts
- Assembles, analyzes and interprets accounting data for administrative purposes, such as cost analysis, budgetary control and expenditure history for Department funds
- Prepares detailed accounting reports on a regular basis and in various formats
- Works on a regular basis with staff of the City Controller to maintain accurate and transparent Department accounting records
- Works with staff of the City Treasurer and the City or District Attorney relative to legal issues as they relate to both the Department's and NC Funding Program accounting process and procedures
- Resolution of non-routine fiscal issues and accounting problems with little precedent related to Neighborhood Councils or the Department
- Responsible for daily FMS functions such as review and approvals of submitted documents for Department and NC Funding Program
- Responsible for daily Department reports associated with the InfoAdvantage program

- Serves as Chief Accounting Employee for the Department and the NC Funding Program
- Serves as the FMS Accounting Liaison between the Department and the Controller's Office
- Serves as Payroll Lead between the Department and the Controller's Office
- Supervises Accounting staff of Accountant II and Accounting Clerk II

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Report back on 1. What efforts are being made to increase the marketing and advertising for the Los Angeles Zoo; 2. Has the Zoo coordinated its admission rates with GLAZA; 3. Rationale for the unfunded positions; 4. Zoo Curator functions and AZA accreditation; 5. Impact of the proposed ticket fee increases on attendance and the feasibility of implementing a reduced rate for Los Angeles residents

Subject: ZOO DEPARTMENT – REPORT BACK TO VARIOUS BUDGET AND FINANCE COMMITTEE QUESTIONS

The Zoo Department has submitted the attached response relative to the efforts being made to increase marketing and advertising for the Los Angeles Zoo; coordinated admission rates with the Greater Los Angeles Zoo Association; rationale for the four unfunded positions to be restored; performance of the Zoo Curator duties and AZA accreditation; and the impact on attendance for the proposed ticket fee increases and feasibility for implementing a reduced rate for Los Angeles residents.

Attachment

MAS:DP:08120167c

Question No. 187
Question No. 283
Question No. 284
Question No. 285
Question No. 301

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: May 4, 2012

TO: Miguel Santana, City Administrative Officer
Office of the City Administrative Officer

FROM: John R. Lewis, General Manager
Zoo Department



SUBJECT: ZOO REPORT BACK TO BUDGET AND FINANCE COMMITTEE ON FISCAL YEAR 2012-13 PROPOSED BUDGET

The following is provided by the Zoo Department in response to the Budget and Finance Committee on the Fiscal Year 2012-13 Proposed Budget.

Question No. 186: Report back on the feasibility for implementing gate discounts for residents and non-residents.

Of the 1.6M attendance projected for FY 2012-13 approximately 55% (880,000) is paid attendance. 10% of the paid attendance is made up of paying school groups who pay a discounted school rate not included in any fee increases. Of the remaining 792,000 in paid attendance, approximately 85% (673,200) are City of Los Angeles residents. The proposed budget for Fiscal Year 2012-13 includes a \$1.00 general admission fee increase with a projection of \$720,000 in additional revenue. The following chart shows the revenue losses vs. gains based on a \$1.00 discount for City of Los Angeles residents. The result would reduce the budgeted revenue increase for the \$1.00 admission fee increase from \$720,000 to \$46,800.

Additional Revenue from \$1.00 Admission Fee Increase (included in FY 2012-13 proposed budget)	Number of City of L.A. Residents	Revenue Loss from \$1.00 Discount	Resulting revenue from \$1.00 Admission Fee Increase
\$720,000	673,200	(\$673,200)	\$46,800

The following chart poses an alternate scenario if a \$2.00 fee increase was instituted for non-City of L.A. residents and a \$1.00 fee increase was instituted for City of L.A. residents. This would potentially generate more revenue while instituting a tiered fee increase for residents and non-residents.

No. of City of L.A. Residents	Revenue Loss from \$1.00 Discount	Revenue from \$1.00/\$2.00 Admission Fee Increase	Net (loss)/gain from Discount
City of L.A. Residents	673,200	\$1.00 fee increase	\$673,200
Non-City of L.A. Residents	118,800	\$2.00 fee increase	\$237,600
Total Revenue			\$910,800

However, it must be noted that facilitation of the verification of residency at the ticket windows would result in slower processing times and longer lines. With the current reduced staffing, on busy days, wait times can average 20-25 minutes. The additional time to verify residency would increase this wait time.

Question Nos. 187 & 192: What efforts are being made to increase the marketing and advertising for the L.A. Zoo?

The Los Angeles Zoo and Botanical Gardens has an annual advertising budget of \$800,000. During the 2012-13 fiscal year, the zoo would plan on spending the majority of these funds on the continued promotion of LAIR (Living Amphibians, Invertebrates, and Reptiles) and the opening of the Rainforest of the Americas. The remainder of the funds would go to support special events including Boo at the Zoo and Big Bunny's Spring Fling.

Whenever a new exhibit or special event takes place, the L.A. Zoo looks to partner with businesses, media and other parties to further market the Zoo and increase our advertising footprint. A recent example, pertaining to LAIR, included Togo's which mentioned the LAIR on their radio ads and included point of sale promotion of the exhibit within their stores with a discount admission offer. Pepsi also tagged the Zoo on their radio schedule in early March to further market the LAIR. The Zoo also trades tickets with media in exchange for advertising and promotions. In addition, the Zoo relies on public relations to assist in driving attendance. Several special events over the past year were only promoted utilizing social media and the Zoo's website. The Zoo constantly meets with potential partners to look at ways to increase our marketing and advertising footprint.

The Zoo also partners with the Greater Los Angeles Zoo Association to hold after-hours events targeting specific groups such as Music in the Zoo and Brew in the Zoo. These events allow the Zoo to draw nighttime traffic to increase attendance as well as work with different sponsors and advertisers.

Supplemental Questions:

- 1. Has the Zoo coordinated its admission rates with GLAZA in order to ensure that the price of an annual membership is significantly more expensive than a daily admission?**

Yes. The Zoo's admission rates are reviewed with GLAZA's membership rates on an annual basis. In recent years, GLAZA has made increases to the membership rates in 2011, 2010, 2007 and 2006. The Zoo is currently in discussions with GLAZA on how it should respond to the proposed Zoo fee increase and to evaluate the membership program relative to fees, services, retention rates, and growth to higher levels, as well as donor development for potential increased revenue.

Membership rates are tiered based on individual, couple, family and upper level benefits. Several factors are taken into consideration including the average number of annual visits for a typical family of four, renewal rates, and industry comparisons. The attached chart shows a comparison of membership and admission rates with other zoological institutions and museums which shows the Zoo in line with other market rates.

- 2. In your letter, you've requested that four unfunded positions be restored to your budget. What is your rationale for these requests and how do you plan on hiring for these positions?**

These four positions (Zoo Curator, Principal Animal Keeper, Zoo Veterinarian II and Zoo Veterinarian III) are all critical to the Zoo's animal health, care and management program. These positions not only contribute to the welfare of the animal collection, but they also allow the Zoo to present a healthy and well-stocked group of animals for display. This is important to the perceived value of a Zoo experience and to increase the stay-time of visitors as well as generate repeat visitation. These factors affect attendance and money spent at the Zoo thereby providing revenue for the Zoo.

Without the two veterinary positions, the Zoo's veterinary staff is at 50% staffing. The two existing veterinarians are required to manage the health of the Zoo's collection of 1,100 animals. This involves not only day-to-day routine medical care, but also includes surgical care, research, laboratory and diagnostics work, and evaluation and care of extenuating medical cases that may occur. With the Zoo's seven-day-a-week operation, this provides for only one duty vet for most days of the week.

The registrar duties performed by the Zoo Curator are a required function for maintaining AZA accreditation and management of the Zoo's animal collection. Currently this function is being supported at a bare minimum capacity by volunteer staff. This was a temporary solution while the Zoo was working to hire an Administrative Intern for the position and ultimately reclassify the Zoo Curator position into a more appropriate Registrar type of classification. The proposed deletion of the Zoo Curator position would negate that option and would require that we eliminate a filled position to perform the registrar function.

The Principal Animal Keeper is a key position in the management of not only the animal collection, but the animal care staff and supervisors as well, in order to ensure proper care and husbandry as well as employee safety and operating practices.

The Zoo is working with the Mayor's Budget Office and the CAO to defer other expenses and re-evaluate the Zoo's salary savings rate to support these positions.

- 3. As to the Zoo Curator position, your letter indicates that this person is responsible for tracking the 1,100 animals at the Zoo and ensuring that they are registered with national accreditation organizations. Are these seemingly critical functions being performed right now, or is the Zoo lacking? What happens if we lose our accreditation with AZA?**

As indicated in Question #2 above, the registrar duties performed by the Zoo Curator are a required function for maintaining AZA accreditation and management of the Zoo's animal collection.

For the last twelve years, the L.A. Zoo and its staff have worked hard to ensure maintenance of its accreditation standing with the Association of Zoos and Aquariums (AZA). AZA accreditation status provides for public trust and confidence that the institution meets or exceeds a high level of professional standards established by the AZA signifying excellence in, and commitment to, such things as animal care,

conservation and education and distinguishes AZA accredited zoos and aquariums from "roadside zoos".

AZA accreditation affords benefits such as increased eligibility for grants; promotes professional recognition from the top zoological parks and aquariums in the United States; significantly improves the ability to attract and retain a high level of quality professional staff; and promotes excellence within an institution by causing the institution to continually evaluate itself.

AZA accreditation is also an integral part of the L.A. Zoo's animal management and conservation program. Accredited zoos are able to participate in animal exchange (access to specimens from other AZA accredited zoos and aquariums for loan or breeding); and participate in the Species Survival Plan, AZA's flagship Animal Conservation Program; which is central to the L.A. Zoo's mission of conservation and education.

Loss of AZA accreditation would significantly affect the Zoo's operations and our responsibility to State and Federal regulatory agencies. Many other AZA accredited institutions will only exchange animals with other AZA members. Therefore, the Zoo could be required to return animals that are currently on loan to us from other zoos.

AZA accreditation also qualifies the Zoo for special California Fish & Game permits when bringing various restricted species into the State. Regular permits require individual applications and documentation for every shipment of restricted species which would be onerous. Federal permits for endangered and other protected species would require more documentation and in some cases not be attainable when we lose the cooperative conservation contributions of being part of AZA animal management programs.

AZA accreditation is seen as a seal of professional approval and accountability by the public, grant foundations and private donors. Loss of accreditation would affect business and fund raising. Currently twenty-four zoos and aquariums in California are AZA accredited, so the loss of accreditation would eliminate the L.A. Zoo from that elite group.

JRL:MK/dmt

attachment

RATE COMPARISON WITH INSTITUTIONS¹

As of November 2011

Comparable Institution ¹	FAMILY MEMBERSHIP	ADULT	CHILD	FREE CHILD	SENIOR
CA Science Center	\$65.00	Free		Free	Free
Cleveland Metroparks Zoo	\$70.00	\$10.00	Ages 2-11	\$7.00	Under 2 N/A N/A
Natural History Museum (Los Angeles)	\$70.00	\$9.00	Students	\$6.50	Under 5 62+ \$6.50
Japanese American Museum	\$75.00	\$9.00	Students	\$5.00	Under 5 62+ \$5.00
Oregon Zoo	\$79.00	\$10.50	Ages 3-11	\$7.50	Under 3 65+ \$9.00
Detroit Zoo	\$79.00	\$11.00	Ages 2-14	\$7.00	Under 2 62+ \$9.00
Santa Barbara Zoo	\$80.00	\$12.00	Ages 2-12	\$10.00	Under 2 60+ \$10.00
Columbus Zoo and Aquarium	\$84.00	\$12.99	Ages 2-9	\$7.99	Under 2 60+ \$7.99
Cincinnati Zoo & Botanical Garden	\$89.00	\$14.00	Ages 2-12	\$10.00	Under 2 62+ \$10.00
Houston Zoo	\$89.00	\$12.00	Ages 2-11	\$8.00	Under 2 64+ \$6.50
Denver Zoological Gardens	\$90.00	\$13.00	Ages 3-11	\$8.00	Under 3 65+ \$10.00
Brookfield Zoo (Chicago)	\$91.00	\$13.50	Ages 3-11	\$9.50	Under 3 65+ \$9.50
Minnesota Zoological Garden	\$95.00	\$16.00	Ages 3-12	\$10.00	Under 3 65+ \$10.00
Los Angeles Zoo	\$99.00	\$16.00	Ages 2-12	\$11.00	Under 2 62+ \$11.00
Philadelphia Zoological Garden	\$105.00	\$18.00	Ages 2-11	\$15.00	Under 2 N/A N/A
Woodland Park Zoological Gardens (Seattle)	\$100.00	\$16.50	Ages 3-12	\$11.00	Under 3 65+ \$14.50
Museum of Contemporary Art	\$100.00	\$10.00	Students	\$5.00	Under 12 62+ \$5.00
Indianapolis Zoo	\$109.00	\$14.50	Ages 2-12	\$9.50	Under 2 62+ \$9.50
Aquarium of the Pacific	\$110.00	\$23.95	Ages 3-11	\$11.95	Under 3 60+ \$20.95
Bronx Zoo	\$124.00	\$15.00	Ages 3-12	\$11.00	Under 3 65+ \$13.00
Los Angeles County Museum of Art	\$200.00	\$12.00	College Students	\$8.00	Under 17 62+ \$8.00
San Diego Wild Animal Park	\$157.00*	\$40.00	Ages 3-11	\$30.00	Under 2 60+ \$32.00
San Diego Zoo	\$157.00*	\$40.00	Ages 3-11	\$30.00	Under 2 60+ \$32.00

Source of data - facility web sites

Footnote 1 - The Zoos and Aquariums above have an annual attendance of 1,000,000 or more. This does not include those institutions that are free, such as the Smithsonian National Zoo (Washington D.C.), the Saint Louis Zoo, and the Lincoln Park Zoo (Chicago).

* San Diego Membership allows access to both parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

Reference: Report back on GSD vehicles to be acquired using MICLA funding

Subject: **LISTING OF GSD VEHICLES TO BE ACQUIRED USING MICLA FUNDING**

The 2012-13 Proposed Budget includes \$15.318 million in MICLA funding for the acquisition of GSD replacement vehicles. GSD indicates that the vehicles proposed to be acquired are as follows:

\$4.958 million – 24 Off-Road Construction Equipment vehicles

\$5.250 million – 15 Street Sweepers

\$2.310 million – 66 Parking Enforcement Hybrid Sedans

\$2.800 million – 80 Light- and Medium-Duty Trucks


MAS:RPC:NB:MV:09120185

Question No.289

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on criteria used to determine which field offices to close.

Subject: **OFFICE OF FINANCE – CLOSURE OF THREE FIELD OFFICES**

This is in response to the Budget and Finance Committee's request for a report back on the criteria used to determine which Office of Finance field offices to close. Your Committee may also wish to refer to Budget Memo No. 22 which discusses efficiencies and savings generated by the field office closures and alternatives to visiting a field office.

The 2012-13 Proposed Budget eliminates two Customer Service Specialist (CSS) positions which results in the closure of three field offices (Westchester, Watts and San Pedro). This provides ongoing salary savings in the amount of \$126,648 in direct costs and \$53,664 in related costs (total of \$180,312).

The reduction in CSS staff is consistent with the Department's move to web-based efficiencies. In 2011, over 180,000 taxpayers filed business taxes electronically (i.e., a \$40,000 increase from the prior year. The goal for the current year is 200,000. In 2012-13 Finance plans to further extend the web functionality to other services currently provided by their public counters, with the goal of having more than 50 percent of all public interactions handled by web applications. These changes are anticipated to create additional efficiencies in customer support and reduce demand on public counters. See Budget Memo No. 21 for additional information on web-based efficiencies.

These three offices were identified for closures as they have the least amount of public counter activity. They also collect the least amount of revenue compared to other locations. Together, they account for only 3 percent (2010-11) to 4.5 percent (2009-10) of total revenue collected at public counters (i.e., about \$2.3 million). See attached chart for statistics on the three field offices compared to all field offices for fiscal years 2009-10, 2010-11 and 2011-12 (as of December 2011).

This memorandum is informational only. There is no fiscal impact.

Attachments

MAS:RPC:BC:MDG: 01120072d

Question No.264

PUBLIC COUNTER STATISTICS FOR OFFICE OF FINANCE

	Westchester	San Pedro	Watts	Total 3 Counters	Total All Counters	%
Location:	Westchester Municipal Building 7166 W. Manchester Ave., Room 9	San Pedro Municipal Building 638 S. Beacon St., Room 211	Watts Civic Center 10221 Compton Ave., Room 202			
City vs. Private Facility	City Bldg	City Bldg	Non City Facility			
Hours of Operation: (Open Year Round)	Tues. & Thur. 8 AM - 12 PM only (4 hrs)	Mon./Wed./Fri. 7:30 AM-12 PM 1 PM - 4:30 PM (8 Hours)	Tues. & Thur. 1 PM - 4:30 PM (3.5 hrs)			
4-Authorized Positions:						
1-TCO III	1 TCO III manages all Offices including WLA.					
1-Principal Clerk						
2-Customer Service Spec.	2 CSS FT at Westchester, SP & Watts & 1 PT at WLA, Westchester & Watts					
	1 CSS PT		PT			
No. Interviews						
2009-10	2,220	4,143	1,694	8,057	113,329	7.11%
2010-11	1,966	4,229	1,901	8,096	91,226	8.87%
2011-12 <i>As of 12/2011</i>	660	1,229	666	2,555	19,664	12.99%
# Phone Calls Resp						
2009-10	229	385	218	832	18,145	4.59%
2010-11	11	312	5	328	21,086	1.56%
2011-12 <i>As of 12/2011</i>	4	258	3	265	6,635	3.99%
Amount Collected						
2009-10	\$ 1,296,955	\$ 918,958	\$ 92,808	\$ 2,308,721	\$ 50,258,385	4.59%
2010-11	\$ 1,163,020	\$ 1,078,714	\$ 96,044	\$ 2,337,778	\$ 79,742,685	2.93%
2011-12 <i>As of 12/2011</i>	\$ 485,554	\$ 403,963	\$ 27,524	\$ 917,041	\$ 19,676,985	4.66%

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Develop a plan to create a CFO position in Sanitation relative to workload associated with developing a 5-year financial plan, transitioning SWRRF to an enterprise fund, and providing oversight over 15 special funds. Provide a recommendation on whether having this position is useful and the process by which this position would be created.

Subject: **CREATION OF A CHIEF FINANCIAL OFFICER POSITION IN SANITATION**

Attached is the Bureau of Sanitation's response on the creation of a Chief Financial Officer (CFO) position (Class Code 9230). The Bureau fully supports creation of this position in view of (in addition to the initiatives and ongoing tasks named above) the complexity of issues related to funding utility operations and the increased focus of rating agencies and the financial community on the large debt issuances associated with the capital programs. This Office recommends the approval of a new CFO position for Sanitation.

Positions can be added through the budget process or through Council resolution (which may also involve a referral to the Council's Personnel Committee). Position requests are normally reviewed by our Office and the Personnel Department for class, organizational and paygrade considerations, and are subject to allocation by the Civil Service Commission. The maximum salary of a CFO is \$174,432. The total cost of the position is \$259,546 including \$85,114 in related costs. It would be funded from special funds, primarily the Sewer Construction and Maintenance Fund and Solid Waste Resources Revenue Fund.

MAS:ER:06120124

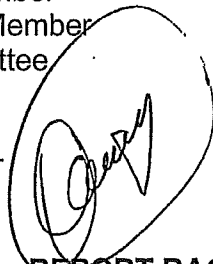
Question No. 121

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 4, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cardenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: **BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 121: PLAN TO CREATE A CHIEF FINANCIAL OFFICER IN SANITATION - *REVISED**

During the Fiscal Year 2012-13 Proposed Budget Deliberations which were held on May 1, 2012, Sanitation was asked to report back on a plan to create a Chief Financial Officer position in Sanitation to provide oversight of more than 20 special funds, transition the Solid Waste Resources Revenue Fund (SWRRF) to an enterprise fund and develop a five-year financial plan, among other responsibilities.

A Chief Financial Officer is generally responsible for directing the financial activities of a department including functions such as budget, grants administration and risk management. Incumbents of this class typically report to the department's General Manager and develop the department's budget at the direction of the General Manager.

The Bureau of Sanitation manages programs with combined annual revenue of nearly \$1 billion, grants program of \$30 million, a departmental budget of nearly \$400 million, capital improvement programs averaging \$200 million, and outstanding debt of more than \$3 billion which creates a level of complexity warranting a higher level financial officer.

The programs Sanitation manages are utility services, with result in additional financial complexities beyond those typically dealt with by other City departments. For instance, Sanitation has the challenging task of developing user rates that:

- Are in compliance with federal and state requirements.
- Will provide sustainable funding for five to ten years through a wide range of economic conditions without General Fund support.
- Will support high bond ratings to reduce borrowing costs; and
- Will provide full transparency and accountability to the ratepayers, elected officials, and officers of the City.

Bureau of Sanitation
FY 2011-12 Proposed Budget
2 of 2

In addition to the ongoing financial work, Sanitation is working on several new issues in the financial area. Sanitation has been more involved with the investor community through the CAO's Office to help stimulate interest in recent bond issuances in order to reduce interest costs to the City's ratepayers. Sanitation has also initiated a study to evaluate the feasibility and benefits of converting the SWRRF and associated funds into an enterprise fund. This process will require a significant amount of coordination at a high level with multiple City Offices and a rigorous review to ensure any changes are in accordance with generally accepted accounting principles.

This position can be created through the budgetary process and can be fully funded by Sanitation's special funds (Sewer Construction and Maintenance Fund, Stormwater Pollution Abatement Fund, and SWRRF).

Due to the size of the funds being managed by Sanitation, the complexity of issues related to funding utility operations, and the increased focus of rating agencies and the financial community on the large debt issuances associated with the capital programs, Sanitation believes that the creation of this position would add value by increasing oversight of the programs. I support the creation of the Chief Financial Officer position in Sanitation.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485- 2374.

Attachment

ECZ:LBM

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Report back requested on the Physical Plant Capital Program, Measure R Projects - the selection process; which projects have prior Council approval and which are new; are the projects included in the 2012-13 work plan.

Subject: **CAPITAL IMPROVEMENT PROGRAM – PHYSICAL PLANT – MEASURE R PROJECT INFORMATION**

You requested that we report back with information regarding the proposed capital projects contained in Measure R. The questions asked and answers are as follows:

Question - Please describe the selection process for the Measure R projects in the Capital Program.

Answer – The selection process was consistent with the traditional process for selection of capital projects.

- The Department of Transportation and the Department of Public Works, Bureaus of Engineering, Street Services, Street Lighting and Sanitation submitted requests for funding of their top priority projects as part of the Mayor's Proposed Budget. Projects were reviewed by this Office and funding proposed as required. Criteria historically considered include the relative need of projects, impacts on City operations, financial impacts and legal requirements. The Mayor approved the final list of projects and the proposed funding.
- The review process this year resulted in an increased General Fund reimbursement for eligible related costs from Gas Tax. Projects were moved from the Gas Tax Fund to the Measure R Fund. Each of the projects proposed for funding from the Measure R Fund are eligible under the Measure R Ordinance and Guidelines.

Question - Which projects have prior Council approval?

Answer - The following projects have some level of prior Council approval. Their proposed appropriations are pending your approval in the Measure R Schedule (Schedule 49).

- Guardrail Construction; Bus Stop Security Lighting Unit 18; and, Stairway and Walkway Lighting Unit 7
 - These two projects are ongoing projects from year to year. Prior year appropriations for these projects have been approved by Council.

- Wilshire
 - This project to reconstruct the middle lanes of Wilshire Blvd received prior approval from the Council. The Department of Transportation (DOT) requested gap funding for this project.
- Montecito Retaining Wall
 - This project has had three prior phases approved by Council. The Bureau of Engineering is requesting a fourth phase to complete the construction of the retaining wall.
- Laurel Canyon at Victory Blvd
 - This streetscape project has been approved by Council and design funds provided. This project is reimbursable from the Federal Government up to 80% (or \$960,000). The Bureau of Street Services requested front funding to allow the project to proceed to construction in 2012-13.
- Sherman Way Tunnel Safety Improvements
 - This safety lighting project was approved by Council but subsequently deferred in 2008-09 when a rapid increase in gas prices significantly reduced Gas Tax revenue. This is the last of the deferred projects that require funding.

Question - Which projects are new?

Answer - The following projects are new. The projects and appropriations are pending your approval.

- 2nd Street Retaining Wall
- 2nd Street Tunnel Ventilation Fan
- 3rd Street Tunnel Ventilation Fan
- Bulwer Dr Bulkhead
- Colorado and Figueroa Sinkhole Repair
- El Dorado/Bromwich Street/Sidewalk Improvements
- Hill Oak Dr Bulkhead
- Jennings Dr Bulkhead
- Lake Shore Ave Bulkhead
- Berm Repair and Replacement
- Sherman Way Tunnel Ventilation Fan
- Westwood/Exposition Station Area Pedestrian Improvements
- National/Palms Station Area Pedestrian Improvements
- Crenshaw/Slauson Station Area Pedestrian Improvements
- 5th/Flower to 2nd/Hope Station Area Pedestrian Improvements

Question - Do all the City departments responsible for these projects have them included in their 2012-13 work plan?

Answer – Yes.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

MAS

Reference: Question 260 – Report back on the potential for a tracking system whereby the City Attorney accounts for increased liabilities at City Departments as a result of staff reductions.

Subject: **CITY ATTORNEY – TRACKING SYSTEM FOR LIABILITIES**

Attached is a memorandum from the Office of the City Attorney dated May 4, 2012, addressing the Committee's request for a report back on a tracking system to account for increased liabilities as a result of staff reductions.

MAS:MBC:04120139

Question No. 260

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 4, 2012

SUBJECT: Budget and Finance Committee Question No. 260 – potential for a tracking system for City Attorney Accounts for increased liabilities at City Departments

This Office currently tracks all liability cases by department. All departments are given copies of these reports when a case is opened and closed. These reports are sent to each department's Rick Manager every two weeks. Each department is in a better position to determine whether the activities generating liabilities are the result of staff reductions or some other cause, since the precise cause of liability is not known until conclusion of the matter.

Wesley R. Morgan

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *DLK
RW*

Reference: Question 259 – Why do you believe you were under-funded in your outside counsel account? Do you expect an influx of new litigation that your office is not prepared to handle in-house?

Subject: **CITY ATTORNEY – OUTSIDE COUNSEL**

Attached is a memorandum from the Office of the City Attorney dated May 4, 2012, addressing the Committee's request for a report back on why the department believes the Outside Counsel account is under-funded.

MAS:MBC:04120138

Question No. 259

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

DATE: May 4, 2012

SUBJECT: Budget and Finance Committee Question No. 259 – Why do you believe you were underfunded in your outside counsel account? Do you expect an influx of new litigation that your office is not prepared to handle in-house?

Since City Attorney Trutanich took office in 2009, we have consistently reduced outside counsel expenses. In FY 2009/10, expenditures dropped from approximately \$25 million in FY 2008/09 to \$13.49 million, a near 50 percent reduction in one year. That trend continued into FY 2010/11, during which expenditures decreased another \$5 million to \$8.2 million, a 40 percent reduction. In FY 2011/12, beginning July 1, 2011, we are still operating at a 46 percent reduction in outside counsel costs compared to FY 2009. Based on an assessment of our current caseload, we will, however, require \$4 million to successfully handle the remaining highly-specialized class action, taxation and employee litigation cases that we do not have sufficient attorney resources or expertise to handle, without creating an undue potential risk of prejudice to our clients.

Our FY 2012/13 budget request was sent to the Mayor's office on December 30, 2011, and included a request for \$4 million in Outside Counsel funds. Since that time, nothing has changed. The cases requiring outside counsel have been discussed with the Mayor's budget team, and a case list was provided to the CAO subsequent to the announcement of the Mayor's recommendation of only \$ 3 million.

We advised our CAO analyst and the CAO management for many months that the decline in available staff in our Office, due to attrition, would undoubtedly result in some slight increase in outside counsel use and costs above those expended in FY 2011/12.

Apparently, the past successful performance record of our Office in overcoming financial obstacles has led the Mayor's budget team and the CAO to believe that we can overcome a deficiency in outside counsel budget internally through financial management. Our proposed budget, however, is extremely tight and bare bones, at best.

The cases requiring outside counsel are too important to be understaffed. These cases include, among others, a \$900 million financial exposure case for telephone tax refunds, a \$1 billion case involving the potential for forced retrofitting of sidewalks and curbs, and numerous employee claims for damages and back wages due to alleged FLSA problems.

War R. Mangano

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *RLH
TW*

Reference: Question 257 – In your letter submitted to this committee, you stated that furloughs are preferred over layoffs. Please explain how this is a preferred management method.

Subject: **CITY ATTORNEY – FURLOUGHS OVER LAYOFFS**

Attached is a memorandum from the Office of the City Attorney dated May 4, 2012, addressing the Committee's request for an explanation of the City Attorney's preference of furloughs over layoffs.

MAS:MBC:04120136

Question No. 257

Attachment

MEMORANDUM

TO: The Honorable Budget and Finance Committee

FROM: Office of the City Attorney

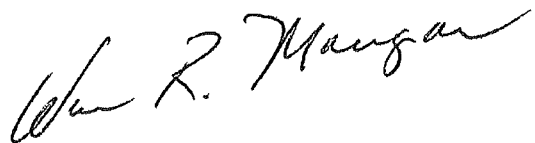
DATE: May 4, 2012

SUBJECT: Budget and Finance Committee Question No. 257 – In your letter submitted to this committee, you stated that furloughs are preferred over layoffs. Please explain how this is a preferred management method.

Although the imposition of furloughs has been, and continues to be, very difficult both on our employees and in the operation of this Office, furloughed employees are obviously still available (albeit in reduced hours) to perform our Charter-mandated duties. While furloughs are not the optimal condition in performing our many essential public safety and risk management duties, they are preferable to layoffs, which would result in the loss of many talented and hard working prosecutors, trial attorneys and municipal counsel.

The imposition of 36 days of furloughs in FY 2011/12 (and the contemplated imposition of 34 furloughs in FY 2012/13) equates to the annual loss of approximately 55 full-time attorneys. The 34 days of furloughs proposed in the Mayor's budget are valued at \$9.4 million, which, if removed from our budget, would equate to the loss of approximately 94 attorney positions. Obviously, such a loss of legal talent would not only materially impair and prevent this Office from performing its mandated duties, but would also threaten public safety due to fewer criminal prosecutors, and threaten the City's treasury due to fewer trial attorneys defending the City against lawsuits. While furloughs create the loss of available attorney hours, the layoff of any attorney, and certainly as many as 94 attorneys, would have a devastating ripple effect throughout the entire City Attorney's Office, given the current Layoff Plan (which provides for a "bumping" or cascading based on seniority).

While furloughs are not desired because attorneys are unavailable full-time, such a budget and management measure is preferable to the full-time loss of an available talented attorney, who for the foreseeable future would not likely be replaced – and certainly could not be replaced by an attorney experienced in that particular area of the law or as familiar with a particular client having special or unique needs.



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

*PAK
AW*

Reference: Report back on what assumptions are made when budgeting for petroleum?
Are we using a national standard?

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON WHAT ASSUMPTIONS ARE MADE WHEN BUDGETING FOR PETROLEUM? ARE WE USING A NATIONAL STANDARD?**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on what assumptions are made when budgeting for petroleum? Are we using a national standard? The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120161

Question No.287

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 7, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

BUDGET & FINANCE COMMITTEE QUESTION NO. 287
FOR THE 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested the Department of General Services GSD report back on the assumptions made when budgeting for petroleum. Your Committee also inquired as to whether GSD relies on a national standard for petroleum budgeting.

Background: GSD is responsible for purchasing approximately 15 million gallons of fuel for 141 fueling sites and emergency generator tanks, and also provides one million gallons of oil and petroleum related products citywide except the proprietary departments.

Budgeting Assumptions: There is no national standard for petroleum pricing.

GSD's practice in determining its fuel budget is based on the assumptions that fuel usage Citywide will remain constant at the prior year's level and the unit price for fuel will increase 5 percent over prior year's average. Because fuel pricing is unpredictable and fluctuates, GSD also takes into account the actual average monthly cost and consumption for the last two years, as well as Oil Price Information Services (OPIS) and various other fuel indexes, and industry analysts' opinions when projecting the fuel budget. This methodology is similar to that used by the State of California, LA County agency and other agencies in the City of San Francisco, Long Beach, Pasadena, Glendale, and Burbank (see attached survey from various municipalities).

The table below shows the amount of funding requested by GSD, the budgeted amount and actual expenditures for fuel over the last six years.



Fiscal Year	Fuel Consumption	Requested ¹ Amount	GSD Budget ²	Unappropriated Balance Funding	Actual Expenses
2007-08	16.5	45.5	37.5	8.0	48.0
2008-09	16.5	46.1	42.3	4.0	42.3
2009-10	15.9	42.3	37.8	4.0	37.7
2010-11	15.4	41.1	35.4	2.0	40.4
2011-12	15.8*	42.9	34.9	4.0	47.9*
2012-13	15.8*	47.0	38.9**	9.0**	48 million (estimated)

1 The requested amount is based on the projected expenditures of the prior fiscal year

2The Budgeted Amount does not include UB funding

* projected

**proposed

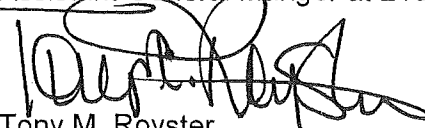
The Proposed Budget provides an additional \$13 million for Petroleum (\$4 million in GSD's Budget and \$9 million in the Unappropriated Balance.) A total of \$48 million will therefore be available in 2012-13. This level of funding is consistent with the current year expenditures.

Reducing Fuel Costs: GSD has taken a number of actions to reduce fuel costs and improve the efficiency of the fleet including:

- Using multi-year contracts negotiated by GSD, the City typically pays \$0.30 to \$0.40 less than the price charged at public fueling stations.
- Using alternative fuels over diesel, saving \$13 million of the last four years.
- Replacing older vehicles with fuel efficient vehicles (93 percent of sedans are hybrid, 70 percent of refuse trucks and 70 percent of street sweepers are Alternative Fuel).
- Reducing the fleet, saving over one million gallons in annual consumption, a savings of almost \$4 million at today's prices.

GSD improved vehicle use by installing fuel dispensing and tracking systems to allow City departments to better monitor fuel usage. The department will continue to focus on better pricing, fleet efficiency and vehicle use strategies to bring down the cost of fuel.

If you would like additional information about fuel pricing, please contact Angela Sherick-Bright Assistant General Manger at 213-928-9575.



Tony M. Royster
General Manager

Attachment

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer

Survey of Fuel Budget Methodology April 2012

Municipality/ Agency Name	Department(s)	Methodology
Burbank	Public Works	Budget projections are based on prior year's miles driven. Price is "estimated" based on past price paid and what they "guess" will happen in the coming year.
Culver City	Equipment Maintenance & Fleet Services Division	Primarily uses CNG. Diesel & Unl. Use totals only 125,000 gal/yr. Has no contracts and buys off spot market. Budget projection are based on prior year's purchases for amount and for price point, they look at the last 2-3 years and add up to 10%.
Glendale	Public Works, Fleet Operations	Budget based on prior year's use adjusted for planned conversion of refuse fleet to CNG (Less Diesel, more CNG). Price point is estimated in a group discussion of the past year's price average and what they think will happen in the coming year. A 4 - 5% increase in cost is usually all they will predict.
Long Beach	Fleet Services Bureau	Budget Process uses prior year's use and prices from the U.S. Energy Information Administration website to estimate next year's cost.
Pasadena	Fleet Vehicles & Equipment	Budget Projection made using prior year's usage and a price point set based on OPIS and their observation of fuel cost trends. They are planning to cut the size of the fleet due personnel cuts and small size of city.
San Francisco	Fleet Management / Central Shops	Handles fuel for City-County Departments AND the Transit System. Budget Projections are based on the prior year's use and a price set using the U.S. Energy Information Administration estimates.
Los Angeles County	General Services	Department has three sites and purchases about 850,000 - 900,000 gal (95% unl; 5% diesel). Budget projection are based on usage to remain constant from current year and projects costs at Energy Information Agency (EIA) and other industry analysts opinions.
State of California	General Services	The State has annual contracts with different vendors by geographic areas, thus there is no set pricing for fuel for the entire state operations. Each various department is responsible for its budget. However, the statewide methodology in determining how much money each department budgets for the next fiscal year is based on the assumption that last year's usage remains constant and that the cost per unit is projected with the use of OPIS, EIA, and industry analysts opinions.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *DA*
RV

Reference: CAO and City Attorney to explore ways for the City to recoup Lifeline payments from those deemed ineligible during this last recertification process.

Subject: **RECOVERING LIFELINE ASSISTANCE FROM INELIGIBLE CUSTOMERS**

The Lifeline subsidy was reduced from a full exemption to 65 percent of the Solid Resources Fee effective December 29, 2010 and subsequently to 30 percent of the fee effective July 1, 2011. The Bureau of Sanitation over the past year conducted a review of approximately 59,000 customers in the Lifeline program and, beginning in August 2011, discontinued approximately 24,000 customers who could not establish eligibility.

The process for determining the amount and nature of unwarranted subsidies by the City and possibilities for recovering those subsidies cannot be completed within the timeframe of this report back, particularly given the need for ongoing discussion with the City Attorney and the Bureau of Sanitation. We recommend this item be referred back to Committee at a future date for further analysis.

MAS:ER:06120127

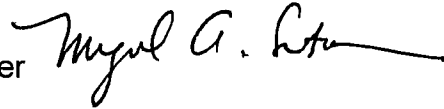
Question No. 299

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the cost to acquire Black & White police vehicles using MICLA Commercial Paper funding

Subject: **COST TO ACQUIRE POLICE BLACK & WHITE VEHICLES USING MICLA COMMERCIAL PAPER AS A FUNDING SOURCE**

The 2012-13 Proposed Budget includes \$6.552 million in MICLA Commercial Paper funding for the acquisition of 117 patrol vehicles.

As proposed, the \$6.552 million would be repaid over four years, with interest. Based on current market Commercial Paper interest rates, approximately \$224,000 in interest costs would be paid over the four-year term, increasing the cost to acquire the 117 patrol vehicles from \$6.552 million to approximately \$6.776 million.

MAS:RPC:NRB:MV:09120186

Question No.291

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on how the Commission on Revenue Efficiency (CORE) recommendations can be incorporated into the budget process.

Subject: **CITY ADMINISTRATIVE OFFICER – COMMISSION ON REVENUE EFFICIENCY**

This is in response to your Committee's request regarding how to incorporate the CORE's recommendations into the budget process. It should be noted that CORE recommendations are addressed by this Office in a report entitled *Review of "A Better Way Forward"* which is being released as part of the 2012-13 budget deliberations. Additionally, your Committee may wish to refer to Budget Memo No. 110 in which the Office of Finance reports on the progress made with collections over the past year and how the Department has implemented Controller and CORE recommendations. The Department is expected to release an updated report in late May/early June 2012. Lastly, in March 2012 the CORE released a *Follow-up to CORE's Blueprint for Reform of City Collections*. The report is pending hearing in the Audits and Governmental Efficiency and Budget and Finance Committees (CF 12-0430-S7).

This memorandum is informational only. There is no fiscal impact.

MAS:RPC:BC:MDG: 01120075d

Question No.250

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 165

0590-00000-0000

Date: May 7, 2012

To: The City Council
Attn: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Please present an analysis of each of the ideas presented "A Better Way Forward"

Subject: **REVIEW OF "A BETTER WAY FORWARD"**

On April 30, 2012, the Coalition of City Unions (Coalition) issued "A Better Way Forward" (Alternative Proposal). The Alternative Proposal discusses the deletion of 231 filled positions included in the Mayor's Proposed Budget for 2012-13 (Proposed Budget), a history of the Coalition's collaborative efforts to reduce the City's cost for employee benefits, and ten alternatives to deleting filled positions, which according to the Coalition total \$42 million to \$139.3 million. In assisting the Mayor to present a balanced budget that addresses the City's structural deficit, this Office explored several options that did not include workforce reductions.

As instructed by the Budget and Finance Committee, this Office has prepared the following review of the Alternative Proposal. This Office welcomes the spirit of partnership in which these proposals are submitted. The collaboration between labor and management in the City of Los Angeles is unparalleled and has been critical to securing the City's solvency during the most difficult budgetary years in the City's history. This Office encourages further dialog and exploration of some of these concepts, particularly the idea proposing a different approach to prior year encumbrances. Due to the time and research required to develop and implement this new method, we recommend that this Office be directed to work with the Coalition, Controller, Mayor's office and departments on developing this proposal further and report back to this Committee on how this change can provide a potential solution for the 2013-14 projected \$199 million deficit.

Regarding the proposal recommending more optimistic revenue projections, this Office recommends that the Council proceed cautiously. The Proposed Budget already includes approximately \$48.6 million in property tax revenue from former CRA tax increment that is uncertain and may not be fully realized in 2012-13 based on the latest information from the County Auditor Controller. In addition, this budget has very little room for unanticipated growth in mid-year expenditures and delay in implementing budget solutions (as an example, your committee confronted a \$72 million shortfall in the current year), a slow down in the economy, and unforeseen budgetary actions impacting local governments at the State and Federal levels.

Further, for 2013-14, the City is facing another budget deficit of approximately \$199 million and is left with very few options to mitigate this problem. This city has already executed most of its internal solutions and is left with the difficult options of further reductions in public safety, deficit borrowing, and/or increasing taxes by placing a ballot measure before the electorate. Refusal to adopt on-going solutions through a reduction of staffing levels will only lead to more difficult actions in the very near future.

Report Outline

To facilitate the discussion of the Coalition's proposal, this report is divided into two sections. Section I is a comparison of the Coalition's and this Office's calculations and an analysis of *Part 1: A City Cut to the Bone* and *Part 2: The Coalition's History of Problem Solving* of the Alternative Proposal. Section II is an analysis of the ten alternatives in *Part 3: Smart Alternatives to Reduced City Services* of the Alternative Proposal.

Section I:

Deletion of Filled Positions

The Proposed Budget includes the deletion of 231 General Funded filled positions. Of these positions, 210 are represented by bargaining units in the Coalition. Based on the average salary of each classification by department weighted for cost of living and step increases, and other negotiated increases for 2012-13, this Office estimates the total salary cost of 231 positions to be \$14.45 million. Of this total, the salary cost for the Coalition positions is \$12.76 million. The average cost for Civilian FLEX benefits in 2012-13 is \$10,597 per employee and the City's projected contribution to the Los Angeles City Employees Pension System (LACERS) and Medicare for 2012-13 is 25.64 percent of an employee's salary.

A comparison of this Office's and the Coalition's salary and benefit calculations is provided in the following table. It should be noted that this Office was unable to validate the calculations provided in the Alternative Proposal. However, a list of classifications and counts by department was provided by this Office to the Coalition. Their salary amounts were calculated independent of this Office.

Mayor's 2012-13 Proposed Budget - Deletion of Filled Positions						
Position Count	All Bargaining Units			Bargaining Units in the Coalition of City Unions		
	231			210		
	CAO	Coalition	Difference	CAO	Coalition	Difference
Salary Cost	\$14,447,061	\$13,801,178	\$645,883	\$12,760,315	\$12,907,295	\$(146,980)
Civilian FLEX	2,447,907	2,495,493	(47,586)	2,225,370	2,957,789	(732,419)
LACERS & Medicare	3,704,226	3,374,388	329,838	3,271,745	2,957,789	313,956
TOTAL Savings	\$20,599,194	\$19,671,059	\$928,135	\$18,257,430	\$18,822,873*	\$(565,443)

*Sum of the numbers presented in the Alternative Proposal. The Alternative Proposal estimated the total savings to be \$17,323,714.

Authorized Regular Positions (2007-08 to 20011-12)

The Alternative Proposal states that *“General Positions in the city workforce have fallen by 4,899 position in the last five years, with an estimated 4,207 fewer Coalition members working today – 21,616, down from 25,823.”*

This Office could not verify how these numbers were calculated. Based on the adopted Departmental Personnel Ordinances from 2007-08 and 2011-12 the number of authorized positions represented by the Coalition of City Unions has decreased by 2,295, from 15,442 to 13,147. This decrease is primarily the result of the Early Retirement Incentive Program (ERIP), consolidations, layoffs, budget efficiencies, and other budget actions.

Civilian Health Care

The Alternative Proposal states that *“Costs for Civilian FLEX are \$215 million instead of the \$327 million [projected in the 2007-08 First Financial Status Report], a savings worth \$112 million...The reduction of 4,900 positions represents approximately \$53 million in annual savings, based on a per employee health care cost of \$10,803. A remaining \$59 million represents hard structural savings, achieved through plan design, increased co-pays and deductibles.”*

As stated in the Coalition report, costs for the Civilian Flex Program have remained relatively flat over the last several years primarily due to ERIP and the elimination of General and Special Funded positions. During that time, some structural savings have been achieved through plan design increased co-pays and deductibles. However, health care costs continue to rise higher than the City’s projected revenue growth by almost double digits.

City Employee Retirement System

The Alternative Proposal states that *“The Coalition’s responsible actions [to increase employee contributions from 6% to 11%] kept costs stable, within 1% of the rate predicted [in the 2007-08 First Financial Status Report].”*

The table accompanying this statement projected a LACERS General Fund contribution of \$339.1 for 2012-13. However, the 2007-08 First Financial Status Report (FSR), projected that the contribution would be \$354.85. The City contribution for the 2012-13 Proposed Budget is \$341.87 million, \$12.98 million less than the amount projected in the 2007-08 FSR and \$2.77 million more than the Coalition’s projection. The table below shows the FSR and Coalition projections and the adopted budgets for fiscal years 2008-09 through 2012-13.

City Employee Retirement System Contributions			
Fiscal Year	07-08 First FSR Projection	Coalition Projection	Adopted Budget
2008-09	344,845,926	339,845,931	312,657,508
2009-10	335,345,926	329,445,926	298,215,490
2010-11	338,745,926	335,545,926	339,135,429
2011-12	344,645,926	339,845,931	394,969,068
2012-13	354,845,926	339,145,936	341,868,175*

*Proposed Budget

Increasing the employee contributions by four percent, from six to 11 percent contributed to reducing the City's contribution to LACERS. There are several other factors that have also impacted the contribution rate in recent years. The City's contribution to LACERS is determined by several factors, including, but not limited to: LACERS' investment returns, the amount of the City's covered payroll, actuarial gains/losses, changes in actuarial assumptions and methods, and changes in funding methods.

Since 2007-08 the City has reduced the covered payroll through ERIP, consolidations, budget efficiencies, and other budget actions. In addition to the reductions made by the City, LACERS has taken actions to provide the City with some budgetary relief in the more immediate fiscal years. Such actions have included changing the asset smoothing method to reduce volatility of future contributions, amending the manner in which extraordinary losses or gains in the market value of assets are recognized, and approving a phased-in approach to the lowering of investment return assumptions.

Section II:

1. *Budget Previous Years' Unspent Contract Funds*

The Coalition states that there are prior year encumbrances totaling more than \$60 million that can be swept and utilized to offset reductions in the Proposed Budget.

CAO Response: An encumbrance represents a contractual commitment. It records obligations before goods are received or services are rendered. The Coalition's proposal should be explored further in the context of the following issues:

- a. The City routinely requires departments to undergo a detailed review of prior year encumbrances to determine what, if any, encumbrances may be reverted. As part of the implementation of the City's new Financial Management System (FMS), a comprehensive review of prior year encumbrances was completed. The encumbrances rolled over into FMS reflect contractual obligation and other commitments made by departments to deliver services.
- b. The proposed budget already assumes reversions of current and prior year encumbrances approximately \$66.7 million. After reappropriations for CIEP, GCP items, Mayor and Council totaling approximately \$36 million, an estimated \$30.7 million is

anticipated to revert to the Reserve Fund. Average reversions, after accounting for reappropriations, over the last five years have been approximately \$34 million.

- c. The \$60 million referenced by the Coalition as encumbrances available to be swept and used to offset the budget deficit are not all General Fund dollars. Sweeping the \$60 million encumbrance referenced in Table 9, City of Los Angeles General Fund Analysis of Carry-over Encumbrance Spending 2011-12 of the Alternative Proposal, requires funds be returned to their original funding sources. Thus, the \$60 million would not be 100 percent available to offset budgetary shortfalls or deficits.
- d. The \$60 million referenced by the Coalition is a cumulative amount that represents multiple prior fiscal years of General Fund and Special Fund obligations and commitments, including those for capital projects that are routinely reappropriated at the beginning of the fiscal year. If the City were to unencumber these funds and sweep the portion that could be General Fund dollars, departments would have insufficient funds to cover prior year obligations and commitments that were agreed upon through contracts. Depending on the terms of the agreements, it may not be feasible to cancel contracts entered into by the City without some financial or legal ramification. Furthermore, even if the City is in a position to cancel the contract, the City would still be required to cover the cost of goods or services received in advance of the cancellation.
- e. The City's fiscal policy, which is enforced by the Controller, does not allow the use of current year appropriations to pay for prior year obligations. That is, funds approved as part of the 2012-13 budget cannot be used to pay for goods or services that were provided in 2011-12 or prior fiscal years. For this reason, the City's fiscal policy allows departments to encumber funds in advance to account for a lag between ordering of goods and services, receiving, invoicing by vendors, and different payment terms such as progressive payments that may occur in different fiscal years.
- f. Any amounts that have been identified for un-encumbering are one-time funds and have traditionally been deposited in the Reserve Fund in accordance with the City's fiscal policies. The estimated reversion is not a set percentage of the budget. It is an approximate number based on history and information provided in the FSR and other reports. Using one-time funds for an ongoing expense (salaries) will only exacerbate the City's deficit for 2013-14.
- g. From time to time, it is prudent for the City to review its financial practices. The Coalition raises the questions as to whether the City should change its accounting practices by automatically canceling encumbrances after a period of time. We would recommend that the Coalition, Controller, this Office and affected departments review this proposal and report back to the Budget and Finance Committee before the midyear.

2. Efficiencies in Capital Improvement Expenditure Program (CIEP)

The Coalition recommends that the City issue \$7.5 million in debt to fund capital improvement in-lieu of using the General Fund.

CAO Response: The Coalition's recommendation of issuing \$7.5 million in debt to fund capital improvement in-lieu of using the General Fund would further limit the City's non-voter debt capacity while increasing the costs of routine capital and maintenance projects.

The Proposed Budget includes \$7.01 million for various municipal facility related projects and another \$500,000 for street repair. Whenever possible, the City funds capital improvement projects with long term financing (e.g., general obligation bonds or MICLA bond funds) or special funds (e.g., gas tax or ARRA funds). Doing so allows the City to allocate costs of capital improvements over the useful life of said improvements, while simultaneously freeing unrestricted general fund revenue for other purposes. Items that do not qualify for long-term or special fund financing are funded by the General Fund.

The General Fund provides \$7.01 million for the CIEP municipal facilities program for items that are ineligible for long-term financing as they are not true capital improvement projects. This includes \$6.41 million for Citywide maintenance, repair, and alteration and improvement projects, which are appropriately funded via the base general fund budget since they are incurred annually. An additional \$500,000 is provided for a master plan study of citywide yards and shops. The final \$100,000 is the one percent assessment on general fund projects for public art, as mandated by the City Charter.

The CIEP physical plant program includes \$500,000 in General Fund for improvement of the City-owned road to Mount Lee. The project is ineligible for special fund financing from special funds, since the road is not open to the public for vehicular use.

The MICLA Commercial Paper Program is not recommended for the proposed General Fund CIEP items because the program's capacity is reserved for existing approved capital projects and equipment. The program is capped at \$300 million, with approximately \$98 million in debt already outstanding. The remaining \$202 million has been set aside for the Sixth Street Bridge Project (up to \$98 million in front funding), previous authority for capital and equipment expenditures that have yet to be spent (averaging \$100 million annually), and front-funding for ARRA transportation projects. Additionally, use of Commercial Paper would increase debt service payments in 2013-14. Lastly, the City is currently at 5.13 percent of the City's non-voter approved debt limit of six percent of General Fund receipts. Therefore, it is critical that the City not issue more debt than necessary with potential judgments against the City on the horizon, as well as any unexpected emergencies that may arise.

Modest cash expenditure is prudent in light of failure to meet the CIEP one percent only policy year after year. This is minimal. The goal should still be to eventually get back to the full one percent.

3. A Conservative Estimate of Increased Sales Tax Revenue

The Coalition states that the revenue estimates in the Proposed Budget are overly conservative and recommends increasing sales tax revenue estimates by \$3 million.

CAO Response: Recent national, state and City data provide no basis to project sales tax growth more aggressively.

The City sales tax estimate for 2012-13 projects growth in the City sales tax base of 4 percent. Forecasts for growth in California taxable sales for 2012-13 include 7 percent from the State Legislative Analyst (LAO), but also include 3.4 percent from UCLA's Anderson March forecast for California. Other forecasts of taxable sales are in the range of 2.3 to 4.9 percent. County budget officials are projecting a 3.5 percent rate of growth for the sales tax in 2012-13. The County sales tax estimate includes state realignment monies and the local public safety fund, both of which are driven by statewide taxable sales. The smallest component of the three is the Bradley-Burns local sales tax, which is driven by taxable sales in unincorporated areas. For sales tax projections, the county uses a blended estimate to project change in all components.

The rate of growth in U.S retail sales is slowing and the rate of growth in City taxable sales is also slowing. Growth in sales tax receipts is closely linked to local employment (Attachment A). The Bureau of Labor Statistics reports the Los Angeles County unemployment rate for the third month in a row is stalled at 11.8 percent. And City unemployment rate is even higher at 13.1 percent.

The most recent City sales tax data is from the Christmas quarter, and is below the rate of growth for the summer quarter. Taxable sales growth in the current fiscal year is projected to average 7.9 percent as the local economy comes out of a deep recession. But, even if sales tax receipts in 2011-12 are achieved at the projected growth rate, such receipts would still be \$16 million below the 2007-08 sales tax revenue. Nationwide, the current recovery shows little growth in such measures as Gross Domestic Product, which is stalled at 2.2 percent, and employment growth slowed in April.

4. Voluntary Ambulance Transport Subscription Fee and First Aid Fee

The Coalition recommends implementing a \$5 to \$10 monthly voluntary transport subscription fee and a \$342 first aid fee when an ambulance responds to an emergency, but does not transport the patient. The Coalition projects that these two programs will generate \$11 million in additional General Fund revenue for 2012-13.

CAO Response: There is an inconsistency in the voluntary ambulance transport subscription fee with the City's assumed revenues from its existing Advanced Life Support (ALS) and Basic Life Support (BLS) rates. Because the Proposed Budget already assumes revenues associated with the provision of ambulance services, any monies received from a voluntary fee would have to be discounted from the revenues already accounted for from the Advanced Life Support (ALS) and Basic Life Support (BLS) rates.

The same is true if a first aid fee, also known as the treat/non-transport fee. Any monies received would offset the cost of the services when calculating the ALS and BLS rates. Additionally, Medicare and Medicaid would deny payment of any treat/non-transport billings.

Before embarking on any effort to institute these voluntary fees, additional research is required. A review of other cities, such as the City of Glendale, and their experience with similar fees should be included as part of this research. Based on anecdotal information, the

City of Glendale currently has a Voluntary EMS fee program in place. The charge is \$5 per month. Despite the program's multiple years of existence, the participation rate is about one percent. This is much lower than the ten to 15 percent that the proposal recommends.

5. *Efficient Collection on Medi-Cal Ground Emergency Transport Supplemental Reimbursement Program (GMET)*

The Coalition states that the Proposed Budget under estimated the receipts from Assembly Bill 678 (AB 678) by \$11 million.

CAO Response: The Proposed Budget does not under estimate the receipts from Assembly Bill 678 (AB 678) by \$11 million.

The Proposed Budget includes \$13.6 million for prior period reimbursements from AB 678 for GMET reimbursements covering January 30, 2010 through June 30, 2011. For the period of July 1, 2011 to June 30, 2012, \$10 million in revenue was added to Emergency Ambulance Services revenue code for 2012-13. The total revenue attributable to GMET reimbursements in 2012-13 is \$23.6 million. The additional \$11 million identified in the Alternative Proposal is the projected reimbursement for transports occurring during 2012-13. Reimbursement revenue is realized in the following fiscal year when the services are provided. Therefore reimbursement for transport services provided in 2012-13 will not be realized as revenue until 2013-14.

6. *Right-Sizing the Reserve Fund*

The Coalition states that given the decrease in City services sustained over the past several years, the Reserve Fund should not be increased. The Coalition recommends that the 2012-13 Reserve Fund be reduced from \$210.5 million, 4.64 percent of General Fund revenues, to \$201.5 million, 4.44 percent of General Fund revenues, freeing up \$9 million for increased City services.

CAO Response: This Office duly notes the Coalition's recommendation to decrease the Reserve Fund for ongoing expenditures. However, consistent with this Office's mandate to ensure the City is fiscally sustainable this Office strongly urges the City Council and Mayor to strive to reach a Reserve Fund that is 5 percent of the General Fund and at a minimum maintain it at the proposed level of 4.64 percent. It was anticipated in 2007-08 the City would have reached the 5 percent threshold in 2011-12.

To provide an outside perspective on this matter, this Office asked our two general Financial Advisors for their analysis. (A separate memorandum was released from our Office providing additional detail.) Their analysis described the importance of maintaining a larger Reserve Fund not only to the City's bond rating but more importantly to the City's financial management for unforeseen issues. Their recommendation is to continue building the Reserve Fund.

The City's commitment to build its Reserve Fund over the last several years and forgo transfers out of the Reserve Fund to deal with the current year deficits has been a key factor in stabilizing the City's bond ratings following downgrades experienced in 2010-11. Since the 2011-12 Adopted Budget, the City has increased the Reserve Fund by about \$20 million. More

importantly, the City has maintained this higher than budgeted level within the Reserve Fund even as it addressed a projected current year deficit. As reported in the Mid-Year FSR adopted in February 2012, the City addressed this projected current year deficit mostly by departments implementing operational plans to absorb any anticipated deficits and without a transfer from the Reserve Fund.

Every year, the City begins its fiscal year with a balanced budget. As has been the case in the last several years, however, sizable deficits have been identified through the FSR, requiring extraordinary budget balancing efforts. Since 2007-08, the City has faced substantial shortfalls during the fiscal year ranging from \$54 million to \$209 million that have been addressed through interim departmental budget actions, labor negotiations, expenditure deferrals, and revenue initiatives. The Reserve Fund balances have not always been sustained at levels to deal with deficits if no other options were available.

Citywide Mid-Year Deficits Addressed (millions)					
Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Projected Deficit Mid-Year	\$155	\$110	\$209	\$54	\$72

Reaching the Reserve Fund goal of at least 5 percent of General Fund revenues is part of the City's Financial Policies. Not since July 1, 2001 has the City surpassed its policy threshold. To achieve this goal, the City will need to make a commitment, as it has done this year, to withhold from making transfers out of the Reserve Fund for service enhancements or other ongoing expenditures. The prolonged fiscal crisis can no longer be an excuse for failing to comply with this policy as other local entities have shown that complying with reserve fund policies even during tough economic times can be achieved.

Maintaining a strong Reserve Fund demonstrates good fiscal management. First and foremost, reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. There are several large unresolved liabilities (Ardon litigation, FLSA litigation) that require not only a larger Reserve Fund but also other saving mechanisms as well. The Reserve Fund also provides sufficient cash flow in instances where revenue receipts are delayed, such as in the case of deferred transfers from the State. With a larger Reserve Fund, the Controller would be able to reduce the amount borrowed for cash flow purposes in the TRAN. Finally, sufficient reserves are necessary to maintain positive bond ratings, thereby securing favorable interest rates for the issuance of general obligation bonds and all of our other General Fund debt. Reliance on the Reserve Fund to avoid ongoing reductions signals to bond rating agencies and investors a dangerous pattern of fiscal management.

7. Implementing Recommendations of Council's Ad Hoc Commission on Revenue Efficiency

The Coalition recommends that Council consider the reports and recommendations made by the Commission on Revenue Efficiency (CORE) and to systematically implement the CORE recommendations adopted by Council. The Coalition projects that implementation of the recommendations will generate \$10 million to \$25 million in 2012-13 and recommends that the

Council recognize a minimum of \$10 million in new revenue associated with the recommendations. The Coalition also recommends directing the Inspector General to realize a level of net new savings in 2012-13.

CAO Response: The City has made significant progress in implementing several of the recommendations made by CORE. In fact, many of these recommendations have already been implemented by the City and any potential revenue is already captured in the Proposed Budget. An update on various CORE recommendations is in Attachment B.

On March 22, 2012 CORE released the *Follow-up to CORE's Blueprint for Reform of City Collections* (C.F. 12-0430-S7). The report is pending hearing the Council's Budget and Finance and Audits and Governmental Efficiency Committees.

The Inspector General's initial duties will include: establishing contacts and working relationships with key stakeholders; familiarizing himself with citywide departmental billing and collection processes, systems and staff; reviewing citywide billing and collection guidelines and procedures; and, reviewing responses to billing and collection studies produced by Macias Consulting Group, the Controller, and CORE. At this time, it is premature to identify a level of net new savings and/or revenue associated with this position in 2012-13, as it will be necessary for the Inspector General to properly assess collectible and uncollectible debt prior to setting any revenue targets. Additionally, pursuant to Council instruction, the Inspector General will be required to report to the Audits and Governmental Efficiency and Budget and Finance Committees explaining his accomplishments, and reporting quarterly with an update on how much has been collected (C.F. 11-1843).

8. Remove "MERS Exception From Foreclosure Blight Ordinance

The proposal states that the City has lost more than \$2.5 million in revenue annually due to the Mortgage Electronic Registration System (MERS) exemption utilized by banks to avoid the Foreclosure Registry Program (Program) registration fees. The Coalition recommends removing the MERS exemption and recognizing a minimum of \$2.5 million in additional revenue for 2012-13.

With regard to the administrative penalty portion of the Program, the Coalition states that the Department of Building and Safety (LADBS) only responds to vacant foreclosed properties on a complaint basis and does not enforce the \$1,000 per day penalties.

CAO Response: The Coalition's proposal is not without its merits from a policy consideration but is limited with regards to any potential revenue.

The Los Angeles Housing Department (LAHD) currently collects an average of \$100,000 per month in fees, and estimates an additional \$1 million per year in fees may be collected if the MERS Exception is eliminated. As part of the Responsible Banking Ordinance, LAHD has proposed eliminating the exception and requiring all banking institutions to register properties with the City's Foreclosure Registry.

It is important to note that because this is a fee for service, the fees collected cannot revert to the General Fund, rather they would remain in the Special Fund per Proposition 26, any action to transfer receipts to the General Fund or utilize them for purposes not related to maintaining and enforcing the registry would require a two-thirds majority vote by City residents. That said, LAHD estimates that by eliminating the exception, a total of approximately \$2.2 million per year in Foreclosure Registry fees could be collected, which is made up of the \$1.2 million per year that is currently collected, plus \$1 million by capturing the additional properties that would register with LAHD instead of MERS.

The Ordinance also provides for an administrative penalty of \$1,000 per structure per day for vacant structures. The LAHD indicates that no penalties have been collected to date. LADBS faces several issues and challenges when attempting to enforce the Ordinance. Details on LADBS' process and the issues related to enforcing the Ordinance and collecting the penalty are detailed in Attachment C.

9. Avoid Large Unemployment Costs From 231 Layoffs

The Coalition states that the savings of 231 layoffs (approximately \$19.7 million) would be diminished by \$10.3 million in expenses from Unemployment Insurance (resulting from the layoffs). As such, the City can save \$10.3 million by avoiding the 231 layoffs.

CAO Response: Unemployment Insurance is budgeted in the Human Resources Benefits account, which is administered by the Personnel Department. The Proposed Budget provides \$10.3 million for Unemployment Insurance. The majority of that amount, \$7.4 million is provided in the base for the City's ongoing unemployment insurance obligation for attrition of, primarily, As-Needed and Hiring Hall employees.

An increase of \$2.9 million is proposed for Unemployment Insurance in 2012-13 to accommodate layoffs that could result from the Proposed Budget, which was based on the number of filled positions deleted and filled resolution authorities not continued. Restoration of the 231 filled positions earmarked for deletion in the Proposed Budget would result in a savings of \$2.9 million in Unemployment Insurance and not the full \$10.3 million as the Coalition estimates. It should also be noted that a corresponding increase of \$2.45 million to Flex Benefits and \$3.7 million to the General Fund contribution to LACERS and Medicare would be required if the positions were restored. As such, restoring the 231 filled positions would result in a net increase in overall ongoing costs to the City, totaling \$17.90 million as demonstrated by the following table. Additionally, avoiding the Unemployment Insurance payment does not address the City's structural deficit because it is a one-time savings.

Restoration of 231 Filled Positions Scenario	
	(\$ in millions)
Restore Salaries	\$14.45
Restore CERS/Medicare	\$3.70
Restore FLEX	\$2.45
Reduce Unemployment Insurance	(\$2.70)
Net Cost to City	\$17.90

10. Three More Ideas to Create Revenue: Longer-Term Policy Areas

a. Develop Standard Contract Language That Allows the City Reopen Services and Supplies Contracts in Fiscal Emergencies

The Coalition states that the City should have the ability to reopen personal service and procurement contracts during a fiscal emergency to enable the City to negotiate lower fee schedules and pricing.

CAO Response: The Standard Provisions for City Contracts includes language that allows the City to terminate a contract at any time by giving a contractor 30 days written notice. Additionally, some contracts include a funding clause that states that compensation is conditioned upon the appropriation of funds through the City's budget process or the availability of funds or grants.

A motion was recently introduced (C.F. 12-0411-S1) instructing this Office and the City Legislative Analyst in consultation with GSD to prepare a report with recommendations on to structure procurement contracts to give departments the flexibility to negotiate the lowest price possible throughout the life of the contract. The motion also proposes allowing departments to purchase from an outside supplier if the contractor is not willing to negotiate. The motion is under consideration by the Information Technology and General Services Committee.

Given the information available it is difficult to assess whether a clause that allows the City to reopen contracts is in the best interest of the City. It has the potential to increase the City's liability and may impact the pricing contractors are willing to offer the City. An analysis of these issues and other potential risks is necessary to determine if the clause would result in contract savings.

b. Consider Changing Reserve Accounting

The Coalition states that the 2011-12 beginning Reserve Fund balance reported in the in the Comprehensive Annual Financial Report (CAFR) was \$39 million more than the 2011-12 Adopted Budget and that the difference is due to a discrepancy between the accounting conventions used to develop the budget and the CAFR. Therefore, the Coalition recommends using an accrual basis accounting system instead of a modified cash basis system to prepare the budget and realize a one-time increase in the Reserve Fund balance.

CAO Response: The Comprehensive Annual Financial Report (CAFR) is prepared annually by the Controller and shows the status of the City's finances using an accrual basis of accounting in accordance with generally accepted accounting principals. The City budget is prepared using a modified cash basis of accounting, which requires that revenues be recognized when cash is received and appropriations include both cash payments and encumbrances for purchase orders and contractual services.

The 2010-11 CAFR, reported that the Reserve Fund balance at the beginning of 2011-12 was \$254.4 million, approximately \$37 million higher than anticipated in the budget. The \$37 million includes existing loan balances and loans that were extended at year-end for various reasons, such as to account for a lag in receipts from other funding sources or higher expenses than appropriations. Under the modified cash basis of accounting these balances and loans are not counted when projecting the Reserve Fund balance for the budget.

The modified cash basis methodology is essential for ensuring the City's management of its cash flows throughout the fiscal year. The Reserve Fund provides cash reserves in the event of emergency or natural disasters or for contingency purposes. This can only be achieved by maintaining a fund that is 100 percent liquid. To add the \$37 million of loan receivables to boost the Reserve Fund balance would be premature due to potential write-offs, delays in receipts or disapproval of ineligible expenses.

c. A Constant Staffing Model for LAPD Could Save Money and Put More Cops on the Street

The Coalition states that a constant staffing model for the Los Angeles Police Department would maximize services and generate savings.

CAO Response: This Office consulted the Police Department (LAPD) regarding this proposal. LAPD has expressed several concerns regarding changing their current deployment model to a constant staffing model. The following is a response from LAPD illustrating some of those concerns.

LAPD Response: The Office of Operations has conducted a cursory analysis of the constant staffing model. Our review has revealed that it would pose a significant hindrance to LAPD's core mission of crime reduction and community partnerships for several reasons, some of which are listed below:

It would provide significantly less flexibility and agility as in our current crime fighting strategies and missions, which currently require us to alter staffing based on changing crime needs.

Officer fatigue - Unlike the Fire Department, where rest is a part of their 24 hour shift, Officers work 10-12 hour shifts and are required to stay in the field without rest. If asked to work any number of significant hours to cover a staffing shortage could cause significant fatigue. Fatigue could lead to impairment in cognitive function and lapse in judgment which could result in significant risk management issues. It is of paramount importance that officers be operating at peak performance when they respond to a call.

Reducing the overall size of LAPD will greatly hamper our ability to bring in large numbers of officers to combat civil unrest, acts of terror, major environmental disasters or properly deploy and staff major events such as May Day and Occupy LA demonstrations. In addition, these major events require large numbers of officers which would then leave a personnel deficit in the areas for the remainder of the deployment period requiring

additional funding for overtime just to cover these shifts and ensure LAPD has the ability to respond to multiple incidents when necessary.

Based on the numerous ways that officers generate overtime, to add the mandatory Constant Staffing shifts would generate an enormous cash overtime liability for the City.

Attachments

MAS:RPC:BC:ECM 01120074d

Question No. 286

City 1% Sales Tax and Local Unemployment Rate



Preliminary March 2012 Bureau of Labor Statistics' data for Los Angeles County shows the local unemployment rate stalled for the third month in a row at 11.8%. When the unemployment rate is high, growth in City sales tax slows or decreases. In recent years, the unemployment rate was at its highest level in this 35-year time series, and above any previous cyclical high. The double-digit local unemployment rate will make strong growth in local taxable sales and other economy-sensitive revenues more difficult.

**Status of Recommendations Presented in the
Blueprint for Reform of City Collection**

Blueprint Recommendation No. 18: Selection of an Inspector General.

The City Administrative Officer has filled the position of Inspector General of Citywide Collections, the start date is May 20, 2012.

Blueprint Recommendation No. 19: Compulsory/Automatic Account Transfers

CORE recommended replacing the current system of department referrals of accounts from one stage of collections to another with a defacto system of compulsory or automatic account transfers under the supervision of the Office of Finance.

Collections referral and management in the City is decentralized. The system described would entail a citywide undertaking and associated costs. According to the Office of Finance (Finance), it cannot unilaterally implement this recommendation which has a citywide impact and involves numerous departments, processes, and systems. Finance identified citywide collections centralization for inclusion in the City's Financial Systems Project Roadmap. A working group was formed to help establish a financial systems roadmap to help prioritize the development and implementation of citywide financial systems. This group provides updates to the Information Technology Oversight Committee. Collections centralization is not currently being discussed as the group is evaluating the success of the new Centralized Accounts Receivable Reporting (CARR) System. Inclusion of the next steps in a future phase of review would be beneficial to more fully vetting the merits of implementing new citywide collections management technology and processes.

Blueprint Recommendation No. 22: Secondary Collections

CORE recommended that Finance amend the Collection Guidelines to provide for a compulsory or automatic transfer of unpaid accounts from primary to secondary collection vendors as soon as time allotted to primary collection has expired.

Secondary collections contracts were put into effect in December 2011 and the City has generated \$800,000 since inception. These revenues are recorded to the Revenue Source Code associated with the original bill as with all other collections and thus are part of the 2012-13 revenue base. Note that these amounts are both Special and General Fund.

Blueprint Recommendation No. 26: Request for Proposals/Request for Qualifications for Evaluation of Saleable Receivables

CORE recommended that Finance issue a Request for Proposals for evaluation of receivables for sale and for brokers specializing in such sales.

Finance has made one previous debt sale in 2009-10 resulting in approximately \$45,000, or 1% of the value of accounts sold which were deemed at that time to be among our highest value uncollected accounts. Finance has been evaluating with the City Attorney the opportunity to conduct another debt sale, but there are a number of obstacles, including:

- Some receivables, such as ambulance billings, may not be recommendable due to various legal constraints and potential liabilities.
- Multiple Requests for Proposals and contracts may be required.
- The prior debt sale was labor intensive (for both Finance and City Attorney) with low yield.

Finance is working to finalize the evaluation of conducting debt sale in coordination with City Attorney and other principal departments, which will include an analysis of the cost-benefit of conducting another debt sale. It should be noted that other jurisdictions surveyed by Finance on conduct of debt sale netted relatively few that had engaged in this practice and they shared similar experiences and concerns to those indicated above.

Blueprint Recommendation No. 31: Expedite Non-Tax Amnesty Program

CORE recommended that the Council expedite and Fund the implementation of a comprehensive non-tax amnesty program proposed by Finance in its 2010-11 budget.

The Non-Tax Amnesty Program was implemented and expired last fiscal year and resulted in \$2.9 million in revenues for 2010-11. These revenues are recorded to the Revenue Source Code associated with the original bill as with all other collections and thus are part of the prior year revenue base. Note that these amounts are both Special and General Fund.

Blueprint Recommendation No. 54: Emergency Medical Services Data Capture and Billing

CORE recommends the Fire Department (Fire) expedite the modernization and streamlining of Field Data Capture and Emergency Medical Services Billing and Collection pursuant to the two contracts for Fire's outsourcing approved by Council on August 3, 2010.

Fire has executed six-year agreements, with six three-year options to renew with Scan Health, Inc. dba Sansio to provide a Field Data Capture System and with Advanced Data Processing, Inc. to provide an Emergency Medical Services Billing and Collection System for Fire's Ambulance Billing Unit. According to Fire, these contracts have been in place for over a year and an increase of \$5 million in revenue was realized in 2010-11 due to expedited billing. The impact of these agreements is assumed in the 2011-12 Revised Revenue estimate and the 2012-13 Proposed Budget. Revenue from these

contracts is reflected in Fire Department Revenue Source Code 4451. Additionally, the Proposed Budget includes \$5 million in additional efficiencies from data capture improvements.

Blueprint Recommendation No. 57: Recall Severely Aged Delinquent Accounts from ACS

CORE recommended that DOT recall from ACS severely aged delinquent accounts, and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/action.

This proposal is a pricing option under the current Request For Proposal for Parking Citations management. Election of this option is contingent upon bid award and dependent on the financial viability of this option relative to the overall proposal.

**Foreclosure Registry Program Penalty Collection Issues
Department of Building and Safety**

The Foreclosure Registry Program daily fee is a multi step process and is difficult to apply for the reasons listed below. However, the Department of Building and Safety (LADBS) collects other fees as part of its normal inspection process, including foreclosed properties. When any property is in violation of the Municipal Code, a Code Violation Inspection Fee (\$356.16) is assessed; if owners do not comply with the Order to Correct, the property owner is then assessed a Non-Compliance Fee (\$550). If either of these fees is not paid within 30 days, late penalties equal to 2.5 times the fee amount are applied. The Mayor's 2012-13 Proposed Budget includes Code Violation Inspect Fee revenue of \$2.3 million and Non-Compliance Fee revenue of \$1.32 million.

Step 1: A property must be vacant for the fee to apply. Determining whether a building is vacant requires someone to physically visit the property. LADBS does not have resources to hire dedicated staff for this purpose. Instead, this function is performed by existing LADBS Code Enforcement Bureau staff who respond to these and all other complaints, prioritizing those with life/health safety risks. At current staffing levels, the response time for non life/health safety complaints (including complaints about vacant buildings) is 23 days.

Step 2: The vacant property must also be physically unsecured and poorly maintained. If the building is secure, adequately maintained, or an active building permit for repair, rehabilitation, or demolition is proceeding, the fee cannot be collected even if the property is vacant.

Step 3: Assuming LADBS identifies a property as meeting each of the above requirements; owners are then notified and given 30 days to fix the problems. The fee is not applicable during the notification period. If property owners secure the building and resolve any other property maintenance issues during those thirty days, no fee is collected.

Step 4: If the owner cannot be located or does not act to resolve the citation, LADBS may order the property to be secured and cleaned and use a contractor, at the owner's expense, to have the order executed. Upon execution of the order, the property will no longer be in violation inasmuch as it is then secure and maintained.

Step 5: Application of the foreclosure fee requires a follow-up action since the owner has 30 days from the initial citation to comply. Due to reduced staffing, LADBS now has 10,685 unresolved non-complying violation cases, including foreclosed properties, which might be subject to the fee. Resolution of an outstanding case requires a follow-up visit to the property. Since 2008-09, the period between follow-up actions on open cases has increased from 58 business days to 238 business days. Given the extended time for follow up, foreclosed properties that were cited may change ownership prior to the follow up action, resulting in a restart of the process.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Does the City generate revenues from its LAUSD Blue Bin Recycling Program?

Subject: **LAUSD BLUE BIN RECYCLING PROGRAM**

The Bureau of Sanitation reports that recyclable materials collected from the LAUSD program do generate revenue although the amount cannot be determined because the material is commingled with recyclables from residential curbside collections and the City Facilities Recycling Program. Altogether, the recyclables collected from City blue bin operations generate approximately \$5.2 million annually which support the solid resources program.

MAS:ER:06120128

Question No. 273

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE QUESTION NO. 273 REVENUES GENERATED FROM LAUSD BLUE BIN RECYCLING PROGRAM

As part of the Fiscal Year 2012-13 Proposed Budget Deliberations, on May 3, 2012, Sanitation was asked to report back on revenues received from the Los Angeles Unified School District (LAUSD) Blue Bin Recycling Program.

Los Angeles Unified School District (LAUSD) Blue Bin Recycling Program

In January 2006, the Bureau of Sanitation began offering blue bin recycling to all LAUSD schools. There are currently 685 schools enrolled in the program. Schools are offered either 60 or 90-gallon Blue Bins or larger 4 to 6-yard bins for storage and collection of recyclables. The program utilizes over 6,000 smaller 60 and 90-gallon Blue Bins, and nearly 600 larger 4 to 6-yard bins. Collection is offered once per week. In addition to the collection of the recyclables schools are also offered free educational presentations and materials on recycling.

Recycling revenue from the LAUSD program is not tracked separately from the Bureau's curbside blue bin recycling revenue. Recyclables collected through this program are comingled with other curbside blue bin recyclables, and as such, are not tracked separately.

City Facilities Recycling Program (CFRP)

The Bureau of Sanitation maintains the City Facilities Recycling Program (CFRP), responsible for providing general office recycling collection. CFRP provides recycling collection services to over 200 City facilities located throughout the City boundaries. The CFRP also provides special pick-ups of recyclables and temporary recycling bins during moves and office clean outs. Staff offers Recycling Refresher Courses on an as-requested basis; manages the CitiMAX Re-Use Program which encourages City

Bureau of Sanitation
FY 2012-13 Proposed Budget
2 of 2

employees to re-use items before salvaging them. CFRP accepts the following items for donation: eyewear, greeting cards, and sports shoes.

Recycling revenue from City facilities is not tracked separately from the Bureau's curbside blue bin recycling revenue. Recyclables collected through the CFRP are comingled with other curbside blue bin recyclables, and as such, are not tracked separately. Other materials collected such as used batteries and toner cartridges do not generate revenue.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485-2374.

ECZ:LBM

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office
Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MSA*

Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report back on the Department's ability to utilize unfunded resolution authorities to meet workload demands without having to submit a request to the MHC

Subject: **PLANNING DEPARTMENT – UNFUNDED RESOLUTION AUTHORITIES TO MEET WORKLOAD DEMANDS**

Your Committee requested this Office to report back on the ability of the Planning Department (DCP) to utilize unfunded resolution authorities to meet workload demands without having to submit a request to the Managed Hiring Committee (MHC).

Exhibit H in the Proposed Budget includes the following action:

Direct the Managed Hiring Committee (MHC) to continue enforcement of a "Hard Hiring Freeze" consistent with current practices and procedures, with the additional direction that by July 1, 2012, the City Administrative Officer prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions. Direct the MHC to review the City Administrative Officer's proposal and adopt a final plan by July 31, 2012.

The DCP requests the restoration of 11 positions that were eliminated in the 2012-13 Proposed Budget. In addition, the Department requests the addition of ten new positions to support new programs. The 21 positions are divided into six groups, which are described in detail in the Attachment A.

The summary of the six groups in the table below shows that the total potential costs associated with restoring and adding the 21 requested positions would be \$2,609,506. The total salary impact would be \$1,864,680 and related costs would be \$700,641. Planning identified expenses and other costs for Group 6, the proposed Condition Compliance pilot program, totaling \$44,185. It is possible that the other groups could include expenses, as well. Except for the Senior Clerk Typist in Group 3, all of the positions would be funded by fees, grants or other Special Funds.

Proposed Restoration and Addition of Planning Department Positions

Group	Positions	Salary	Related Costs	Expenses	Total Cost	Funding Sources
1	6	\$514,944	\$195,614		\$710,558	Grants, Measure R, Fees, SFA
2	3	265,218	99,793		365,011	Fees
3	2	132,287	55,112		187,399	GF, Fees
4	4 – New	459,616	160,234		619,850	Fees
5	3 – New	257,686	97,862		355,548	Fees / SFA
6	3 – New	234,929	92,027	\$44,185	371,141	Fees
Total	21	\$1,864,680	\$700,641	\$44,185	\$2,609,506	

One of the 11 positions eliminated in the Proposed Budget is a vacant Senior Clerk Typist regular authority included in Group 3 which is funded by the General Fund. If restored, there would be an impact to the General Fund of \$60,330 in direct costs plus \$26,066 in related costs for a total of \$86,396. The Department states that it is not possible to transfer any more General Fund positions to Special Fund authorities to offset the cost of the Senior Clerk Typist. Instead, DCP suggests deleting the Personnel Director I position from the Human Relations (HR) Consolidation and allowing DCP to keep the funding from the Personnel Director I to pay for the Senior Clerk Typist. The direct cost of the Personnel Director is \$113,374 plus related costs of \$39,666 for a total of \$153,041, which would more than cover the cost of the Senior Clerk Typist. However, this decision would negatively impact implementation of the HR Consolidation.

The MHC will be developing a plan to expedite approval of special funded or revenue producing positions in 2012-13. It is anticipated the MHC will request those departments that have positions falling under these two categories to present an annual hiring plan to be reviewed and approved in July. This plan will include current vacant positions and classifications where vacancies are anticipated. The Planning Department will be requested to provide this plan as their positions almost entirely fall under these two criteria. In general, given the positions and funding resources provided to Planning, we anticipate the Department will receive their requested unfreezes expeditiously.

In 2011-12, for the first time in several years, the Planning Department will meet or exceed the fee revenues adopted in budget. Furthermore, the trend for 2012-13 indicates that Planning fee revenues will continue to grow. Therefore, this Office recommends that the Council add as unfunded resolution authorities the 19 positions included in Groups 1, 2, 4, 5 and 6. The four positions in Group 4 are also requested in Budget and Finance questions 168 and 170. If approved through Council action, those four positions should only be added one time. Filling the positions will be addressed according to the new MHC process and subject to available funding.

This Office also recommends that the Council add one Geographic Information Systems Specialist from Group 3 as a resolution authority funded by the Systems Development Trust Fund No. 588. Funds are included in the Proposed Budget to pay for this position.

Finally, this Office recommends the elimination of the Senior Clerk Typist in Group 3 and that the Planning Department work with Personnel to provide adequate support to process payroll as part of the HR Consolidation.

The Planning Department also provided a response to this question, which is attached.

MAS:MMR:02120122

Question No.161

Attachments

Attachment A

**Planning Department
Request for Positions for Fiscal Year 2012-13**

Group 1

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
1	Geographic Information Systems Supervisor I	Resolution	Technology	This position is supported by several Special Fund and grants and will provide technical and administrative supervision to a group of GIS Specialists in supporting the work programs that provided the funding. Specific functions to be performed include: (1) development, maintenance, and use of spatial event data and records; (2) data queries for value-added analysis; (3) coordination for map design layout and preparation of maps, reports and graphics for publication; and (4) generating and verifying mailing labels for notifications.	Metro Transit Oriented Districts Grant (25%) Bicycle Plan Implementation (10%) Convention Center Stadium (25%) Mobility Element of the General Plan (20%) Case Processing Revenue Fund – Billable projects (20%)	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. DCP states that the position must be filled to start the new grant work programs.
2	Management Analyst II	Resolution	Administration	Grants and special agreements administration, status tracking, performance reporting, invoicing, and troubleshooting.	Grants and Special Agreements, such as Supplemental Fee Agreements (SFA) and Developer Agreements (DA).	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. DCP states that without this position, billing and revenue collections will be delayed.
3	Management Analyst II	Resolution	Administration	Grants and special agreements administration, status tracking, performance reporting, invoicing, and troubleshooting.	Grants and Special Agreements, such as SFA and DA.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. DCP states that without this position, billing and revenue collection will be delayed.

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
4	Senior Systems Analyst I	Resolution	Technology	This position is supported by the Convention Center Stadium Supplement Fee Agreement and the City Planning Systems Development Fund. This position will lead and supervise the teams that design, develop, implement, maintain, and support the systems required by the Stadium and BuildLA projects.	Convention Center Stadium SFA (25%) BuildLA – Systems Development Fund (75%) DCP states that this position has been included in the IT-GIS Maintenance budget package included in the Mayor's Proposed Budget.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council for Fiscal Year 2011-12 and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. The Department plans to submit a Managed Hiring Request for backfill in July 2012. The development of the BuildLA project has not started.
5	Systems Analyst II	Resolution	Technology	This position is supported by the Convention Center Stadium SFA and the City Planning Systems Development Fund. This position will be the primary programmer responsible for the design, development, implementation, maintenance, and support of the systems required by the Stadium and BuildLA projects.	Convention Center Stadium SFA (50%) BuildLA – Systems Development Fund (50%) DCP states that this position has been included in the IT-GIS Maintenance budget package.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. The Department will submit a Managed Hiring Request for backfill in July 2012. The development of the BuildLA project has not started.
6	Systems Analyst II	Resolution	Technology	This position is supported by the City Planning Systems Development Fund. This position will be the primary staff responsible for the new development work and enhancements on the existing case tracking and condition monitoring systems that required by the Department's develop reform and process streamlining efforts.	City Planning Systems Development Fund DCP states that this position has been included in the IT-GIS Maintenance budget package and included in the Mayor's Proposed Budget.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget. Vacant for more than one year. DCP states that this position was erroneously listed as an unfunded resolution authority. The funding is being recommended in the Mayor's proposed budget for Fiscal Year 2012-13.

Group 2

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
7	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case processing	City Planning Case Processing Fund	<p>2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget.</p> <p>Vacant for more than one year.</p> <p>The Department will request an unfreeze for this position when the caseload and revenue warrant the backfill.</p>
8	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case Processing	City Planning Case Processing Fund	<p>2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget.</p> <p>Vacant for more than one year.</p> <p>The Department will request an unfreeze for this position when the caseload and revenue warrant the backfill.</p>
9	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case Processing	City Planning Case Processing Fund	<p>2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the 2012-13 Proposed Budget.</p> <p>Vacant for more than one year.</p> <p>The Department will request an unfreeze for this position when the caseload and revenue warrant the backfill.</p>

Group 3

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
10	Senior Clerk Typist	Regular	Administration / Accounting	Payroll Processing	<p>General Fund</p> <p>The Department of City Planning recommends that the funding to be transferred from Planning to the Personnel Department be reduced to fund this position.</p>	<p>2012-13 BB #10. This position is vacant and is deleted in the Proposed Budget.</p> <p>DCP submitted a request to MHC in July 2011, but was not considered by the MHC. The employee who is currently processing payroll is being transferred to the Personnel Department as part of the HR consolidation effective July 1, 2012. At this point, it is unknown whether or not Personnel will assign this employee back to Planning after the HR consolidation is complete.</p>
11	Geographic Information Systems Specialist	Regular	Technology	<p>This is a Special Funded position. This position was allocated for ZIMAS data maintenance.</p>	<p>City Planning Systems Development Fund (100%)</p> <p>DCP states that this position is included in the IT-GIS Maintenance budget package.</p>	<p>2012-13 BB #10. This position is vacant and is deleted in the Proposed Budget.</p> <p>The position was vacated after the incumbent was promoted to another department in 2011.</p> <p>In March 2012, DCP identified this position as funded by the General Fund. DCP now states that the position was erroneously listed as a General Fund position.</p>

Group 4

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
12	Associate Zoning Administrator	Resolution ** New **	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	The position would address the high caseload in the OZA. This position is also addressed in B&F Questions 168 and 170.
13	Associate Zoning Administrator	Resolution ** New **	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	The position would address the high caseload in the OZA. This position is also addressed in B&F Questions 168 and 170.
14	City Planning Associate	Resolution ** New **	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	The position would address the high caseload in the OZA. This position is also addressed in B&F Questions 168 and 170.
15	City Planning Associate	Resolution ** New **	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	The position would address the high caseload in the OZA. This position is also addressed in B&F Questions 168 and 170.

Group 5

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
16	Accountant II	Resolution ** New **	Administration	Billing and revenue collection for the Stadium and Event Center project	City Planning Case Processing Fund – AEG SFA	2012 BB #23. This position was approved by Council (C.F. 11-0023-S8) with exemption from Managed Hiring. DCP is working with Personnel to establish a civil service list for the requested position. The Proposed Budget authorizes the position to be filled using an existing vacancy rather than adding a new position.
17	City Planner	Resolution ** New **	Major Projects	Case processing for the Stadium and Event Center project.	City Planning Case Processing Fund – AEG SFA	2012 BB #23. This position was approved by Council (C.F. 11-0023-S8) with exemption from Managed Hiring. DCP is working with Personnel to establish a civil service list for the requested position. The Proposed Budget authorizes the position to be filled using an existing vacancy rather than adding a new position.
18	City Planning Associate	Resolution ** New **	Major Projects	Case processing for the Stadium and Event Center project.	City Planning Case Processing Fund – AEG SFA	2012 BB #23. This position was approved by Council (C.F. 11-0023-S8) with exemption from Managed Hiring. DCP is working with Personnel to establish a civil service list for the requested position. The Proposed Budget authorizes the position to be filled using an existing vacancy rather than adding a new position.

Group 6

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
19	City Planning Associate	Resolution ** New **	Case Processing - Condition Compliance Unit	Condition monitoring and compliance enforcement.	City Planning Case Processing Fund – Plan Approvals. Based on 54 additional Plan Approval applications annually.	B&F Question No. 252
20	Structural Engineering Associate III	Resolution ** New **	Case Processing - Condition Compliance Unit	Condition enforcement regarding physical structures of businesses in the program.	City Planning Case Processing Fund – Plan Approvals. Based on 54 additional Plan Approval applications annually.	B&F Questions No. 252 The position would be physically located with the other team members in the Planning Department to ensure seamless coordination.
21	Sr. Clerk Typist	Resolution ** New **	Case Processing - Condition Compliance Unit	Monitor compliance report back deadlines, prepare notifications, maintain records and track enforcement status in the Condition Development and Management System (CDMS).	City Planning Case Processing Fund – Plan Approvals. Based on 54 additional Plan Approval applications annually.	B&F Questions No. 252 The position would be physically located with the other team members in the Planning Department to ensure seamless coordination.

Note: Positions for the CRA land use workload are not included in this list.

Revised May 7, 2012

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

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(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



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MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271
ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272
EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273
VACANT
DEPUTY DIRECTOR
(213) 978-1274
FAX: (213) 978-1275
INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

**BUDGET REPORT BACK REGARDING CITY PLANNING POSITION NEEDS TO MEET
WORKLOAD DEMANDS (QUESTION NO. 161)**

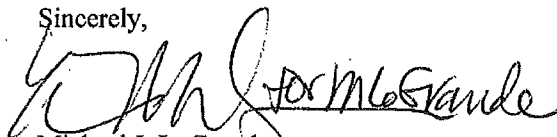
In its discussion of the Department of City Planning's 2012-13 budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back from the City Administrative Officer (CAO) on City Planning's ability to utilize unfunded resolution authorities to meet work demands without having to submit a request to the Managed Hiring Committee (MHC). The Committee also instructed the Department of City Planning to identify positions needed to staff the new work programs and alternative funding sources for these positions.

The attachment lists the positions, either new positions or existing vacancies, that are required in order for City Planning to successfully complete the new work programs contemplated in the Proposed Budget and carry on existing functions. None of these positions will create additional General Fund costs as either new grants and special revenues have been secured or existing General Fund money in City Planning's current budget can be reallocated.

The City Planning management and staff deeply appreciate the strong support we have received from the City Council. We have and will continue to obtain non-General Funds for new work programs with the purpose of improving the City's economy, public safety, and the quality of life of our stakeholders.

I look forward to discussing this request with your Committee in the near future. If you have any questions, please call me at 978-1271.

Sincerely,


Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

Attachment -- Positions Required for New Work Programs

Department of City Planning Additional Position Needs
Starting Fiscal Year 2012-13
Last Update: May 4, 2012

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
1	Geographic Information Systems Supervisor I	Resolution	Technology Support	This position is supported by several Special Fund and grants and will provide technical and administrative supervision to a group of GIS Specialists in supporting the work programs that provided the funding. Specific functions to be performed include: (1) development, maintenance, and use of spatial event data and records; (2) data queries for value-added analysis; (3) coordination for map design layout and preparation of maps, reports and graphics for publication; and (4) generating and verifying mailing labels for notifications.	Metro Transit Oriented Districts Grant (25%) Bicycle Plan Implementation (10%) Convention Center Stadium (25%) Mobility Element of the General Plan (20%) Case Processing Revenue Fund – Billable projects (20%)	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council. Position must be filled in order to start the new grant work programs.
2	Management Analyst II	Resolution	Administration	Grants and special agreements administration, status tracking, performance	Grants and Special Agreements, such as SFA and DA.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
				reporting, invoicing, and troubleshooting.		Proposed Budget. Without this position, billing and revenue collections will be delayed.
3	Management Analyst II	Resolution	Administration	Grants and special agreements administration, status tracking, performance reporting, invoicing, and troubleshooting.	Grants and Special Agreements, such as SFA and DA.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the Proposed Budget. Without this position, billing and revenue collection will be delayed.
4	Senior Systems Analyst I	Resolution	Technology Support	This position is supported by the Convention Center Stadium Supplement Fee Agreement and the City Planning Systems Development Fund. This position will lead and supervise the teams that design, development, implementation, maintenance, and support of the systems required by the Stadium and BuildLA projects.	Convention Center Stadium SFA (25%) BuildLA – Sys Dev Fund (75%) This has been included in the IT-GIS Maintenance budget package. The package is included in the Mayor's proposed budget.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council for Fiscal Year 2011-12 but not being proposed for continuation in Fiscal Year 2012-13. The Department will submit a Managed Hiring Request for backfill in July 2012.
5	Systems Analyst II	Resolution	Technology Support	This position is supported by the Convention Center Stadium Special Fee Agreement and the	Convention Center Stadium SFA (50%) BuildLA – Sys	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council and not continued in the Mayor's proposed budget

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
				City Planning Systems Development Fund. This position will be the primary programmer responsible for the design, development, implementation, maintenance, and support of the systems required by the Stadium and BuildLA projects.	Dev Fund (50%) This has been included in the IT-GIS Maintenance budget package.	for Fiscal Year 2012-13. The Department will submit a Managed Hiring Request for backfill in July 2012.
6	Systems Analyst II	Resolution	Technology Support	This position is supported by the City Planning Systems Development Fund. This position will be the primary staff responsible for the new development work and enhancements on the existing case tracking and condition monitoring systems that required by the department's develop reform and process streamlining efforts.	City Planning Systems Development Fund (100%) Note: This has been included in the IT-GIS Maintenance budget package and included in the Mayor's proposed budget.	2011-12 BB #C2. B&F Item 87. Restored unfunded by Council. This position was erroneously listed as an unfunded resolution authority. The funding is being recommended in the Mayor's proposed budget for Fiscal Year 2012-13.
7	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case processing	City Planning Case Processing Fund	2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the Proposed Budget. The Department will only request to unfreeze this

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
						position when the caseload and revenue warrant the backfill.
8	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case Processing	City Planning Case Processing Fund	<p>2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the Proposed Budget.</p> <p>The Department will only request to unfreeze this position when the caseload and revenue warrant the backfill.</p>
9	City Planning Associate	Resolution	Case Processing - Plan Implementation Division	Case Processing	City Planning Case Processing Fund	<p>2011-12 BB #C3. Council Motion 49. Restored unfunded by Council and not continued in the Proposed Budget.</p> <p>The Department will only request to unfreeze this position when the caseload and revenue warrant the backfill.</p>
10	Senior Clerk Typist	Regular	Administration/Accounting	Payroll Processing	<p>General Fund</p> <p>The Department of City Planning recommends that the funding to be transferred from Planning to the Personnel Department be reduced to fund this position.</p>	<p>2012-13 BB #10. This position is vacant and is deleted in the Proposed Budget.</p> <p>A Managed Hiring Request was submitted to the CAO on July 20, 2011 but was never considered by the MHC. The staff member who took on the responsibility is being centralized into the</p>

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
						Personnel Department, effective July 1, 2012.
11	Geographic Information Systems Specialist	Regular	Technology Support	This is a Special Funded position. This position was allocated for ZIMAS data maintenance. The position was vacated after the incumbent was promoted to another department in 2011.	City Planning Systems Development Fund (100%) This has been included in the IT-GIS Maintenance budget package.	2012-13 BB #10. This position is vacant and is deleted in the Proposed Budget. This position was erroneously listed as a General Fund position,
12	Senior City Planner	Regular	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	This position is currently being considered for backfill by the Managed Hiring Committee.
13	Senior Clerk Typist	Regular	Case Processing	Plan Implementation Division - Valley	City Planning Case Processing Fund	This position is currently being considered for backfill by the Managed Hiring Committee.
14	Associate Zoning Administrator	Resolution *** New	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	Position is needed to address the high caseload in the OZA
15	Associate Zoning Administrator	Resolution *** New	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	Position is needed to address the high caseload in the OZA
16	City Planning Associate	Resolution *** New	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	Position is needed to address the high caseload in the OZA
17	City Planning Associate	Resolution *** New	Case Processing	Office of Zoning Administration	City Planning Case Processing Fund	Position is needed to address the high caseload in the OZA
18	Accountant II	Resolution *** New approved in FY 11-12 by Council	Administration	Billing and revenue collection for the Farmer's Field Stadium and Event Center project	City Planning Case Processing Fund – AEG Supplement Fee Agreement	This position was approved by Council, with exemption from Managed Hiring, to staff the AEG SFA processing. However, the CAO has yet

No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
						allocated these positions to the Department and did not include it in the proposed budget for FY 2012-13.
19	City Planner	Resolution *** New approved in FY 11-12 by Council	Major Projects	Case processing for the Stadium and Event Center project.	City Planning Case Processing Fund – AEG Supplement Fee Agreement	This position was approved by Council, with exemption from Managed Hiring, to staff the AEG SFA processing. However, the CAO has yet allocated these positions to the Department and did not include it in the proposed budget for FY 2012-13.
20	City Planning Associate	Resolution *** New approved in FY 11-12 by Council	Major Projects	Case processing for the Stadium and Event Center project.	City Planning Case Processing Fund – AEG Supplement Fee Agreement	This position was approved by Council, with exemption from Managed Hiring, to staff the AEG SFA processing. However, the CAO has yet allocated these positions to the Department and did not include it in the proposed budget for FY 2012-13.
21	City Planning Associate	Resolution *** New	Case Processing - Condition Compliance Unit	Condition monitoring and compliance enforcement.	City Planning Case Processing Fund – Plan Approvals	B&F Question No. 252
22	Structural Engineering Associate III	Resolution *** New	Case Processing - Condition Compliance Unit	Condition enforcement regarding physical structures of businesses in the program.	City Planning Case Processing Fund – Plan Approvals	B&F Questions No. 252 The incumbent needs to be physically located with the other team members in the Planning Department to ensure


No.	Position	Regular / Resolution	Program	Responsibilities	Funding Source	Remarks
						seamless coordination.
23	Sr. Clerk Typist	Resolution *** New	Case Processing - Condition Compliance Unit	Monitor compliance report back deadlines, prepare notifications, maintain records and track enforcement status in the Condition Development and Management System (CDMS).	City Planning Case Processing Fund – Plan Approvals	B&F Questions No. 252 The incumbent needs to be physically located with the other team members in the Planning Department to ensure seamless coordination.

Note: Positions needed to handle the CRA land use workload are not included in this list.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on methods to leverage outside funds to encourage the start-up of new Business Improvement Districts.

Subject: **MAYOR'S OFFICE – REPORT BACK ON METHODS TO LEVERAGE OUTSIDE FUNDS TO ENCOURAGE THE START-UP OF NEW BUSINESS IMPROVEMENT DISTRICTS**


During its consideration of the City Clerk's 2012-13 Proposed Budget, the Committee asked the Mayor's Office to report back on methods to leverage outside funds to encourage the start-up of new Business Improvement Districts. Attached is the Mayor's Office response.

MAS:ACA:CLF

Question No. 248



OFFICE OF THE MAYOR
ANTONIO R. VILLARAIGOSA

DATE: May 7, 2012
TO: Budget and Finance Committee
FROM: 
Neil M. Guglielmo, Deputy Mayor
Office of Budget and Finance Policy

SUBJECT: Outside Funds for Business Improvement Districts (BID)

Your Committee requested this Office, with the assistance of the City Clerk, report back with methods to leverage outside funds to encourage the start up of new Business Improvement Districts (BID).

Currently, if funds are available, an allocation of up to \$40,000 is made from the BID Trust Fund by adoption of a Council Motion. These funds are used as the City's contribution towards formation of the new BID, with another \$40,000 match requirement from the BID proponent group. The \$80,000 is then used to hire a BID Consultant to determine feasibility, garner community support, develop the Management District Plan and Engineer's Report, gather petitions and proceed with Prop. 218 requirements.

The most successful BIDs are those that have strong community support. In the short term, it is both possible and feasible for private interests to complete the process without funds from the City.

It is important for the City's funds, BID Trust Fund or other monies, to be matching in order to ensure that the BID proponents are committed. State law is specific regarding the process and requires the BID assessment funds to specially benefit each parcel which would preclude these funds to be used as leverage. To the extent funds become available, other grants may be provided or used by the non-profit which is contracted by the City to provide BID services.

In order to secure City funding towards the establishment of new BIDS, the following options are available for your consideration:

1. Set aside AB1290 funds for use as matching funds;



2. Identify future CDBG or other economic development funds to be used as BID formation matching funds;
3. Apply for grants directly and/or work with non-profits to apply for grants specifically to serve as matching funds;
4. Provide General Fund support for and establish a line item within General City Purposes (GCP) to provide matching funds for BID formation; and,
5. Make interim appropriations from Reserve Fund for matching funds as BID proponent groups demonstrate sincere (upfront matching funds and property owner support) interest/support for BID formation.

It is essential for BID formation to be community/property owner driven. If there is substantial property owner interest (50% required for petitions), then it is more likely that the proposed BID will be adopted. Some proposed BIDs that never formed failed due to the lack of interest by the property owners that will have to pay the assessments.

In some cities, BIDs serve as a conduit for redevelopment funds, grant funds and other city funds for the purpose of establishing or enhancing services to improve commercial areas (economic development). The former CRALA provided funding for six of City's BIDs. With the dissolution of the CRAs, these funds will no longer be available to support BID formation costs.

It should also be noted that the Los Angeles Tourism and Convention Board (LATCB), formerly known as LA Inc., has developed effective marketing plans. It is recommended that the City's BIDs work with the LATCB to attract commerce to their areas. The City Clerk's Office has agreed to work with the LATCB and the City's BIDs to establish this relationship.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Impact of Proposed Deletion of One Senior Clerk Typist in the Office of the City Clerk

Subject: **LETTER FROM THE OFFICE OF THE CITY CLERK RELATIVE TO THE DELETION OF ONE SENIOR CLERK TYPIST POSITION**

The Office of the City Clerk has submitted the attached letter in reference to the proposed deletion of one Senior Clerk Typist position.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120168

Attachment

JUNE LAGMAY
CITY CLERK
HOLLY L. WOLCOTT
EXECUTIVE OFFICER

City of Los Angeles

OFFICE OF THE
CITY CLERK

ROOM 360, CITY HALL
200 N. SPRING STREET
LOS ANGELES CA 90012
(213) 978-1020
FAX: (213) 978-1027



ANTONIO R. VILLARAIGOSA
MAYOR

May 7, 2012

Miguel Santana, City Administrative Officer
City Hall East, Room 1600
Los Angeles, California 90012

Attn: Terry Sauer, Chief Administrative Analyst

**SUBJECT: OFFICE OF THE CITY CLERK - PROPOSED FY 2012-13 BUDGET ALLOCATION -
Report Back on the Deletion of One Senior Clerk Typist in Council and Public Services
Division**

Dear Mr. Santana:

In accordance with Councilman Englander's request of May 3, 2012 during the City Clerk's budget hearing, the Office of the City Clerk is providing additional information relative to the impact of the deletion of a Senior Clerk Typist position in the Council and Public Services Division.

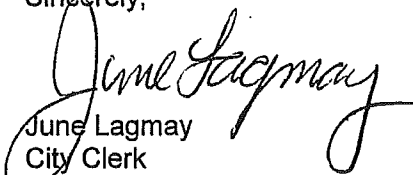
During the City Clerk's budget hearing, City Clerk staff explained that the General Manager's Executive Administrative Assistant III stated her intention to retire during Fiscal Year 2012-13. We stated we would hold the Executive Administrative Assistant position vacant, and requested substitute position authority in order to restore the Senior Clerk typist position and avoid that layoff.

This solution is not without impact. The volume of public phone calls that are received in the Executive Office will result in delays in assistance, coverage for typing letters and reports and other administrative duties required by the Executive Office will depend on availability of other clerical staff, and scheduling of meetings will have to be done by the General Manager or Executive Officer. However, this impact is thought to be more desirable than laying off a dedicated employee and equally as significant will maintain the Clerk's ability to process incoming documents that are scheduled for City Council and Committees and post accurate dispositions of completed Council actions in a timely matter.

Alternatively, the City Clerk would request restoration of the Senior Clerk Typist position but without funding. To the extent that funding becomes available, this would allow continued employment of the Senior Clerk Typist and the backfill of the Executive Administrative Assistant position subject to Managed Hiring Committee approval.

If you have any additional questions, please do not hesitate to contact me directly at 213-978-1020 or Holly Wolcott, Executive Officer, at 213-978-1023.

Sincerely,


June Lagmay
City Clerk

EXE-017-12
JAL:HLW:amm

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Question 258 – Report back on what are the City's options to resolve the budget shortfall that would result from a victory by the City Attorneys who are suing the City on its "Fiscal Emergency" declaration.

Subject: **CITY ATTORNEY – OPTIONS ON RESOLVING BUDGET SHORTFALL**

The Budget and Finance Committee requested a report back on the City's options to resolve the budget shortfall for the City Attorney's Office should furloughs be eliminated as a budget-balancing option. The Mayor's 2012-13 Proposed Budget includes 34 furlough days for the three attorney bargaining units (MOU 29, 31 and 32) in the City Attorney's Office, for an estimated savings of \$9.4 million. 34 furlough days is equivalent to an approximately 13 percent loss in pay for each attorney. Should a lawsuit result in the elimination of furloughs, the City would be facing a \$9.4 million shortfall in the City Attorney's Office budget.


The value of the furloughs reflects that MOU 29 and 31 attorneys are scheduled to receive a 4.04 percent cost of living adjustment (COLA) on July 1, 2012 and a 2.75 percent additional salary adjustment for eligible attorneys effective January 1, 2013, which equates to a cost of approximately \$4.1 million. If the attorneys forego the COLA and the additional salary adjustment, the number of furloughs could be reduced from 34 days to 19 days.

Nevertheless, if the City is unable to impose furloughs, the City could eliminate positions to resolve the budget shortfall as an alternative. Based on an average salary of \$162,240 for all three bargaining units and accounting for related costs, the value of the budgeted furloughs equates to 47 position eliminations. The Department currently does not have sufficient vacancies to accommodate 47 position eliminations and therefore layoffs would result. However, since it is unlikely that layoffs could be completed before November 2012, only seven months of savings would be realized and 80 positions would need to be eliminated to equate the value of the furloughs in the Mayor's 2012-13 Proposed Budget.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on impact of capping the Lifeline reduction at 40,000 subscribers. Also, include options for funding additional Lifeline customers above the 40,000 cap. (See also Budget Memos 108 and 138).

Subject: **IMPACT OF REDUCING SUBSCRIBER CAP ON SOLID WASTE FEE LIFELINE PROGRAM**

The Proposed Budget recommends funding of \$4.7 million for the Lifeline program which supports up to 40,000 subscribers. Currently there are nearly 38,000 participants in the program. The Bureau of Sanitation reports that there are approximately 11,400 eligible applicants on the waiting list.

In the absence of additional General Funds to cover the current waiting list (\$1.4 million), or funding consistent with the Council-imposed cap of 58,910 participants (\$7.4 million), additional options include: 1) going to the ballot to establish a surcharge that would enable cost sharing of low-income subsidies among rate payers; or, 2) changing state legislation altogether to address Proposition 218 limitations for refuse and sewer charges. These options are discussed in more detail in Budget Memo 108. Other aspects of the Lifeline program are discussed in Budget Memo 138.

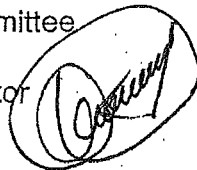
MAS:ER:06120129

Question No. 297

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation 

SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE
QUESTION NO. 297: SOLID RESOURCES LIFELINE PROGRAM

During the Fiscal Year 2012-13 Proposed Budget Deliberations held on May 4, 2012, Sanitation was asked to report back on the Solid Resources Lifeline Program. This item is also discussed in the reports back on questions 119 and 136.

The Lifeline Program provides a 30% discount to the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (SWRF). Participants qualify for the program by having a household income less than \$34,200 and being either disabled or at least 62 years of age. The Los Angeles Municipal Code contains a cap on the program at a maximum of 58,910 participants. Due to the restrictions of Proposition 218, this subsidy cannot be borne by the other ratepayers, so funding is provided by the General Fund.

Currently there are 37,549 participants in the Solid Resources Lifeline Program. At this time, 89% of the participants are single family residential and 11% are multi-family residential. There are 11,400 eligible applicants on the waiting list who have not been added to the program because funding was reduced in the Fiscal Year 2011-12 Mid-year Report.

The 2012-13 Mayor's Proposed Budget contains a funding level of \$4.7 million, which would fund a range of 37,300-40,000 participants, depending on the single/multi-family split. Sanitation will be conducting its biannual recertification in 2013.

If a cap of 40,000 is adopted, Sanitation will add new customers as funding allows, but the majority of the 11,400 on the waiting list will remain on that list until enough customers are removed from the lifeline program to allow additional customers to be added. Additional customers will be added to the waiting list as they continue to qualify through the Office of Finance.

If additional funding from the General Fund is not available, there are two options that have been identified to allow the subsidy to be borne by the remaining ratepayers:

- A ballot vote in the City of Los Angeles to allow for surcharges to the SWRF to recover the cost of the lifeline subsidies. This vote would be in accordance with the California Constitution Article XIII D, Section 6(c). Ballot possibilities include a citywide vote which requires two-thirds voter approval, or a mail-out ballot to property owners which requires a majority (51 percent) approval. The process for a ballot vote entails:
 - Adoption of an ordinance by the Mayor and Council to establish a low-income surcharge and/or other permissible mechanism, and,
 - Voter approval of a City-specific measure through a County of Los Angeles General Election (the next available ballot is November 6, 2012 - with a deadline of July 3 for Council to request the City Attorney to prepare the resolution to place the item on the ballot); or,
 - Voter approval through a City municipal election (the next available ballot is March 5, 2013 for a Primary Nominating Election and May 21, 2013 for a General Municipal Election - with deadlines of October 31, 2012 and January 16, 2013, respectively, for Council to request the City Attorney to prepare the resolution to place the item on the ballot); or,
 - Voter approval through a mail-out ballot to Los Angeles City property owners - approximately 780,000 properties (one vote per parcel).

The cost of placing a measure on a County ballot is approximately \$3.7 million for the first item and \$500,000 for subsequent items, with an additional \$700,000 in printing and mail-out costs. Thus, the cost could range from \$1.2 million to \$4.4 million depending on the overall content of City measures on the ballot. The cost of a City administered election would be substantially less.

- Change in state legislation through a statewide ballot that would enable the provision of low-income subsidies within rates and/or provide exemptions for residential refuse collection and sewer charges from the definition of property-related services (as currently exists for electrical or gas service). This would amend California constitution Article XIII 0, specifically in reference to Section 3(b) regarding services recognized as an "incident of property ownership." This would likely interest other municipalities throughout the State but would require a substantially larger effort to coordinate and garner support.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485- 2374.

ECZ:LBM

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office

Bureau of Sanitation
FY 2011-12 Proposed Budget
3 of 3

Andrea Alarcon, President, BPW
Gerry F. Miller, CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Request from the Budget and Finance Committee for Recreation and Parks to report on what kind of deferred maintenance are we looking at for our parks and recreation centers

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO DEFERRED MAINTENANCE AT PARKS AND RECREATION CENTERS**

The Department of Recreation and Parks has submitted the attached response relative to deferred maintenance at parks and recreation centers.

This memorandum is informational only. There is no fiscal impact.

MAS:WYL:08120168

Question Number 279

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 7, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

FISCAL YEAR 2012-13 QUESTION NO. 279 – DEFERRED MAINTENANCE AT PARKS AND RECREATION CENTERS

The decrease in funding over the past four years and loss of staffing has created a significant challenge in addressing deferred maintenance. For example, the Department of Recreation and Parks (RAP) has 211 basketball courts, 321 tennis courts, 368 playgrounds 256 ball fields and 184 recreation centers in our inventory. There simply is not enough personnel or funding to address the needs of these facilities. RAP receives minimal or no budget for things such as a roof, gym floor, basketball, tennis court or sports field lighting replacement programs. These types of projects are generally funded by competitive grants or Quimby funding. Both of these sources are not anywhere close to a sustainable source of funding needed to reduce the backlog of deferred maintenance associated with these items. The outlook for competitive grants funds is not good and Quimby has drastically been reduced due to a down economy. Quimby, when available, is not a sustainable funding source City-wide and can only be used within a one to two mile radius of the development that paid the Quimby fee.

The age of the infrastructure in this Department is old. In 2009, we prepared an assessment of our swimming pools and found that more than 68% were more than 40 years old. There was a focused effort toward a repair/replacement program and over the last five years, we have spent approximately \$55 million to repair or replace 15 different swimming pools with funding associated with competitive grants and Quimby funds. Even with this progress, there is still a long way to go to update this infrastructure. There are seven swimming pools that remain out of service and at least a dozen more that are on the brink of failure.

Until this proposed Fiscal Year 2012-13 budget, our annual maintenance budget was \$1 million for playgrounds. It is now proposed to be cut by 50%. With 368 playgrounds at an average cost of replacement nearing \$200,000 each and maintenance funding needed to fix the surfacing, as well as purchase of spare parts and sand, a million dollars does not go very far. The playground budget has always been supplemented by competitive grants and Quimby but



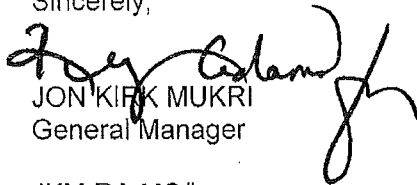
Honorable Paul Krekorian
May 7, 2012
Page 2

again, this is not sustainable to keep up with a replacement schedule of play equipment which should be done approximately every 12 to 15 years.

Given the circumstances over the past four years, we believe our Department has done an outstanding job in trying to keep facilities safe and useable for the public. Our staff continues to reinvent themselves with innovative strategies to reduce maintenance and to aggressively pursue capital funding grants. This has been exclusive of the City's General Fund support. As long as this remains to be true, it will always be difficult and challenging to plan long term strategies for long term maintenance issues without sustainable funding sources.

Should you have any questions concerning maintenance, contact Michael Shull, Superintendent, at (213) 202-2681 or Regina Adams, Executive Officer at (213) 202-2633.

Sincerely,


JON KIRK MUKRI
General Manager

JKM:RA:MC/bc

cc: Romel Pascual, Office of the Mayor
Jennie Carreon De Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back with a complete list of safety violations that will be increased and the methodology used in determining what would be increased. Provide a schedule of proposed fee increases.

Subject: **PROPOSED FEE INCREASES FOR STREET CLEANING AND VARIOUS SAFETY VIOLATIONS**

Your Committee requested a report back from the Department of Transportation relative to the proposed fee increases for Street Cleaning and various Safety Violations as outlined in Exhibit H. In addition, information was requested as to the methodology used in making this determination and comparisons of local jurisdictions. Attached is the Department's response to this report.

RECOMMENDATION:

In light of the City's current economic condition, it is recommended that the proposed fees be increased as presented in the 2012-13 Proposed Budget. These specific violations continue to occur and pose a public threat to vehicle, bicyclist and pedestrian safety and the City Attorney has advised that continued increases are allowable as long as the City continues to experience a significant volume of violations.

FISCAL IMPACT:


The fiscal impact of the proposed fee increases is \$6 million as indicated in the Revenue Book.

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CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: May 7, 2012

To: Budget & Finance Committee
c/o City Clerk, Room 395, City Hall
Attention: Honorable Paul Krekorian, Chair

From: Jaime de la Vega, General Manager
Department of Transportation 

Subject: **BUDGET MEMO #298 – METHODOLOGY USED FOR INCREASING STREET CLEANING PARKING FINES AND SAFETY VIOLATIONS**

2012 MAY 07 PM 2:54
CITY ADMINISTRATIVE OFFICER

QUESTION

Describe the methodology used for increasing street cleaning parking fines by \$10.

RESPONSE

The department submission was initially based on the city's budget instruction which asked departments to seek opportunities for revenue enhancement. Additionally, in conducting further research, the department found that by increasing street cleaning parking fines, the city would have an opportunity to 1) secure funding for a pilot program of an automated photo enforcement of street cleaning violations; and 2) increase compliance with the federal consent decree for storm water runoff limits.

California vehicle code (CVC) section 40245 became effective January 1, 2011. This new section authorizes public agencies to use automated photo enforcement to issue parking citations for violations of street cleaning postings. This program will involve the efforts of General Services Department, Bureau of Street Services, LADOT and a private contractor to develop, implement, and operate. Based upon the pilot results, the city may expand the use of this technology and increase the postings for street cleaning restrictions. This expansion is consistent with the federal consent decree and the storm water compliance plan.

The departments involved agreed that the pending parking citation processing and collections request for proposal (RFP) was the quickest and most straightforward manner to secure this service. The pending RFP includes an option to provide a pilot pricing, timeline, and milestones. After the contract is awarded, this pilot will be a priority. The relevant CVC sections for the authority for the automated photo enforcement street sweeping CVC section 40245-40249.5 are attached for reference.

QUESTION

Describe the methodology and rationale used for increasing safety violations.

RESPONSE

The safety violations were proposed for an increase to minimize the violation rates. These violations directly affect vehicle, bicyclist, and pedestrian safety. The attached table lists the municipal code and CVC sections, current fine amounts, and the number of citations issued for each violation.

JTV:wg/jsl

Attachments

Safety Violations

MC/CVC Section	Description	Current Fine Amount	Proposed	Alhambra	Beverly Hills	Inglewood	Long Beach	LA County Sheriff	Monterey Park	Torrance	West Hollywood
MC 80.49	18 IN/CURB/COMM VEH	\$58	\$68	\$53	\$58	\$40	\$45	\$53	\$56	\$38	\$66
MC 80.53	PKD IN/ON PARKWAY	\$58	\$68	NA	NA	\$48	\$49	\$53	\$50	\$43	\$66
MC 80.56E4	RED ZONE	\$88	\$98	\$53	\$93	\$78	\$49	\$53	\$65	\$43	\$83
MC 80.69(a)	STOPPING OR STANDING PROHIBITED	\$88	\$98	\$53	\$95	\$55	\$65	\$55	\$53	\$58	\$58
MC 80.69(b)	PARKING PROHIBITED/STREET CLEANING	\$68	\$78	\$53	\$68	\$55	\$50	\$63	\$53	\$43	\$63
MC 80.72	PARK RED FLAG DAY	\$63	\$73	NA	\$93	NA	NA	NA	NA	NA	NA
VC 22500.1	PARKED IN FIRE LANE	\$58	\$63	\$78	\$93	\$40	\$85	\$78	\$98	\$58	\$83
VC 22500A	WITHIN INTERSECTION	\$63	\$73	\$53	\$63	\$58	\$49	\$53	\$53	\$48	\$83
VC 22500C	SAFETY ZONE/CURB	\$63	\$73	\$53	\$93	\$78	NA	NA	\$50	\$43	NA
VC 22500F	PARKED ON SIDEWALK	\$63	\$73	\$53	\$63	\$53	\$49	\$53	\$53	\$43	\$61
VC 22500H	DOUBLE PARKING	\$63	\$73	\$53	\$93	\$40	\$65	\$53	\$53	\$43	\$66
VC22502A	18 IN. CURB/2 WAY	\$58	\$68	\$53	\$58	\$40	\$45	\$53	\$56	\$38	\$53
VC22502E	18 IN. CURB/1 WAY	\$58	\$68	NA	\$58	\$40	NA	\$53	\$56	\$38	NA
VC22514	FIRE HYDRANT	\$63	\$73	\$53	\$93	\$40	\$49	\$68	\$63	\$58	\$83
Total Citations Issued											

Sources: ACS violation distribution reports

Note: List is provided by the Bureau of Parking Enforcement

*NA = Violation not Enforced

Phone Survey Conducted - 05/07/2012

VEHICLE CODE

SECTION 40245-40249.5

40245. (a) The Legislature finds and declares all of the following:

(1) Streetsweepers operating throughout our nation and the world remove from streets and roads unnecessary pollutants, contaminants, chemicals, trash, and debris, which provides significant environmental and sanitation benefits, thereby protecting the environment and contributing to the health of people in communities worldwide.

(2) Each year, illegally parked private cars, trucks, and service vehicles on local streets and roads disrupt full street sweeping of as many as three parking spaces per illegally parked vehicle, resulting in significant debris, grease, oil, and other pollutants being needlessly washed into the stormwater drains.

(3) A major benefit of street sweeping, especially in more urbanized areas with higher areas of paving, is that by capturing pollutants before they are made soluble by rainwater, the need for stormwater treatment practices, which can be very costly when compared to collecting pollutants before they become soluble, may be reduced.

(4) According to an analysis by the District of Columbia Department of Public Works, an average of 10 pounds of oil and grease, three pounds of nitrogen and phosphorus, and up to two pounds of heavy metals are typically removed per mile swept of local streets and roads through street sweeping.

(5) According to an August 2004 technical report on "Trash Best Management Practices" submitted by the County of Los Angeles Department of Public Works, street sweeping and stricter enforcement of no parking regulations should "be utilized to the maximum extent practicable" to help prevent trash, litter, and other harmful pollutants from getting into the stormwater drain system.

(6) According to a July 2007 technical report titled "Trash Total Maximum Daily Loads for the Los Angeles River Watershed," stormwater drain discharges are the "primary source of trash" in the waterbodies of the Los Angeles River Watershed, whereby unswept street litter is washed through the storm drain sewers into the Los Angeles River, the Estuary, the beaches at Long Beach, and the Pacific Ocean.

(7) In August 2007, after extensive studies, public meetings, and economic benefit analysis, the Los Angeles Regional Water Quality Control Board adopted a phased-in goal of "zero" discharges of manmade trash in the Los Angeles River Watershed by 2016, a goal that was subsequently approved by the State Water Resources Control Board in April 2008 and the United States Environmental Protection Agency in July 2008.

(8) Cities such as Chicago and Washington D.C. already utilize automated parking enforcement systems mounted on their local public agency-owned or local public agency-operated streetsweepers to enforce existing regulations and improve compliance with street-sweeping regulations, which benefits the environment by helping reduce waste and pollutants from entering stormwater drain systems.

(b) It is the intent of the Legislature that a citation shall be issued, under the provisions of this article, only for violations captured during the designated hours of operation for a street-sweeping parking lane. It is also the intent of the

Legislature that a citation shall not be issued, under the provisions of this article, for a vehicle that is parked on the street during the designated hours of operation for a street-sweeping parking lane when the vehicle is parked on the street after the street has been cleaned by a streetsweeper.

(c) It is also the intent of the Legislature that this article shall provide a single statewide standard for the use of camera enforcement technology on streetsweepers to help ensure continuity in program implementation and enforcement by local public agencies that desire to implement camera enforcement systems, including prohibiting the use of information read from license plates for any other purpose, establishing appropriate context supporting the violation that ensures individual privacy is maintained, and ensuring confidential data is disposed of properly, adequately, and safely after final disposition.

(d) Therefore, it is the intent of the Legislature to allow local public agency-owned or local public agency-operated streetsweepers to utilize automated parking enforcement systems for the purpose of digital photographing of street-sweeping parking violations for vehicles that are illegally parked during the designated hours of operation in a street-sweeping parking lane, thus serving the public interest by benefiting the environment, improving water quality, decreasing stormwater drain runoff, and helping reduce ongoing habitat deterioration.

40246. For the purposes of this article, the following terms have the following meanings:

(a) "Local public agency" means a city, county, city and county, district, or joint powers authority.

(b) "Streetsweeper" means a mechanical vehicle that cleans streets and roads, utilizing a broom, conveyor belt, vacuum, or regenerative-air mechanism, among other mechanisms, to loosen, carry, and collect debris, dust, grease, oil, metals, and other pollutants from streets and roads.

(c) "Street-sweeping parking lane" means the land designated as a parking area on any street or road routinely cleaned by streetsweepers during designated hours of operation as indicated on schedule signs designated on both sides of the street or road.

40247. (a) A local public agency may install and operate an automated parking enforcement system on local public agency-owned or local public agency-operated streetsweepers for the purpose of digital photographing of street-sweeping parking violations occurring in street-sweeping parking lanes. The equipment shall be angled and focused so as to capture digital photographs of license plates on vehicles violating designated street-sweeping regulations and shall not unnecessarily capture identifying photographs of other drivers, vehicles, or pedestrians. The equipment shall only capture digital photographs when the automated parking enforcement system detects the occurrence of a parking infraction. The equipment shall record the date and time the violation was captured onto the photograph. Any information read from a license plate at a location or at a time not designated for streetsweeping shall be destroyed by the close of the next business day. Notwithstanding subdivision (e) of Section 40248, only a local public agency may operate an automated parking

enforcement system.

(1) A citation shall be issued only for violations captured during the designated hours of operation for a street-sweeping parking lane.

(2) A citation shall not be issued, under the provisions of this article, for a vehicle that is parked on the street during the designated hours of operation for a street-sweeping parking lane when the vehicle is parked on the street after the street has been cleaned by a streetsweeper.

(b) At least 30 days prior to issuing notices of parking violations pursuant to subdivision (a) of Section 40248, a local public agency utilizing an automated parking enforcement system pursuant to this article shall make a public announcement of the automated parking enforcement system and shall only issue warning notices during this 30-day period. This subdivision does not affect the authority of a local public agency to issue notices of parking violations through a manual system before, during, or after the 30-day warning period in this subdivision.

(c) A designated employee for the local public agency, who is qualified by the local public agency to issue parking citations, shall review digital photographs for the purpose of determining whether a parking violation occurred in a street-sweeping parking lane. A violation of a statute, regulation, or ordinance governing parking under this code, under a federal or state statute or regulation, or under an ordinance enacted by the local public agency occurring in a street-sweeping parking lane observed by the designated employee in the photographs is subject to a civil penalty.

(d) (1) Except as it may be included in court records described in Section 68152 of the Government Code, or as provided in paragraph (2), the digital photograph evidence may be retained for up to six months from the date the information was first obtained, or 90 days after final disposition of the citation, whichever date is sooner, after which time the information shall be destroyed in a manner that shall preserve the confidentiality of any person included in the record or information.

(2) Notwithstanding Section 26202.6 of the Government Code, digital photographs from automated parking enforcement systems that do not contain evidence of a parking violation occurring in a street-sweeping parking lane shall be destroyed within 15 days after the information was first obtained in a manner that shall preserve the confidentiality of any person included in the information.

(e) Notwithstanding Section 6253 of the Government Code, or any other provision of law, the digital photographs made, and any information read from license plates, by an automated parking enforcement system shall be confidential. Local public agencies shall use and allow access to these photographs and license plate readings only for the purposes authorized by this article.

40248. (a) A designated employee for the local public agency shall issue a notice of a parking violation to the registered owner of a vehicle within 15 calendar days of the date of the violation. The notice of violation shall set forth the violation of a statute, regulation, or ordinance governing vehicle parking under this code, under a federal or state statute or regulation, or under an ordinance enacted by the local public agency occurring in a street-sweeping parking lane, a statement indicating that payment is required within 21 calendar days from the date of citation issuance, and the procedure for the registered owner to deposit the parking penalty or

contest the citation pursuant to Section 40215. The notice of a parking violation shall also set forth the date, time, and location of the violation, the vehicle license number, registration expiration date if visible, the color of the vehicle, and, if possible, the make of the vehicle. The notice of parking violation shall include a copy of the digital photograph evidence. Except as provided in paragraph (1) of subdivision (d) of Section 40247, the notice of parking violation, or copy of the notice, shall be considered a record kept in the ordinary course of business of the local public agency and shall be prima facie evidence of the facts contained in the notice.

(b) The notice of parking violation shall be served by depositing the notice in the United States Postal Service to the registered owner's last known address listed with the Department of Motor Vehicles. Confidential information obtained from the Department of Motor Vehicles for the administration or enforcement of this article shall be held confidential, and may not be used for any other purpose. Proof of mailing demonstrating that the notice of parking violation was mailed to that address shall be maintained by the local public agency. If the registered owner, by appearance or by mail, makes payment to the processing agency or contests the violation within either 21 calendar days from the date of mailing of the citation, or 14 calendar days after the mailing of the notice of delinquent parking violation, the parking penalty shall consist solely of the amount of the original penalty.

(c) The local public agency shall allow a person to contest a notice of parking violation pursuant to Section 40215.

(d) Following an initial review by the local public agency, and an administrative hearing, pursuant to Section 40215, a contestant may seek court review by filing an appeal pursuant to Section 40230.

(e) The local public agency may contract with a private vendor for the processing of notices of parking violations and notices of delinquent violations, if the local public agency maintains overall control and supervision of the automated parking enforcement system.

40249. By January 1, 2015, a local public agency that utilizes an automated parking enforcement system pursuant to this article shall collect and report to the Senate and Assembly Committees on Judiciary, the Senate Committee on Transportation and Housing, and the Assembly Committee on Transportation, all of the following data:

(a) Number of citations issued for parking violations.

(b) Number of violations contested, and the final disposition of those violations.

(c) Number and percentage of photographs recorded from which notices of parking violations were issued.

(d) Number and percentage of photographs recorded from which no notices of parking violations were recorded.

(e) A summary of any instances in which a person or entity requested a photograph for a purpose unrelated to this article, including information regarding the purpose for which the photograph was requested, whether or not the local public agency provided the photograph, and, if the public agency provided the photograph, to whom the photograph was provided.

(f) The specific procedures that were used for the destruction of license plate readings pursuant to subdivision (a) of Section 40247 and the photographs pursuant to subdivision (d) of Section 40247.

(g) An evaluation of the overall effectiveness of the program.

(h) An evaluation of the privacy implications of the system,

including a summary of any privacy-related complaints about the system.

40249.5. This article shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Currently, the bulky item pickup service that the City performs is divided based on the nature of the waste to be collected. The Bureau of Sanitation is poised to take on all bulky item pickup, regardless of the waste stream; will the city see any savings from the consolidation of bulky item pickup?

Subject: **BULKY ITEM COLLECTION IN THE CITY**

The Bureau of Sanitation conducts bulky item pickup as part of its residential curbside program for homeowners and the Multifamily Bulky Item Fund (MBIF) program for apartment buildings. These services are fee supported from the Solid Waste Resources (SWRF) and MBIF funds. Bulky item collections occur throughout the City's six wastesheds. The Bureau of Street Services handles clearing, cleaning, and removing illegally dumped materials and bulky items, weeds, dirt and waste on private property and public right-of-ways. Most work is performed on unimproved vacant properties, streets and median islands, alleys, and grade separations using power equipment and/or hand labor.

Consolidating Street Services' illegal dumping and debris removal program with Sanitation would not likely result in significant General Fund savings. Sanitation's special funds cannot supplant the General Fund currently allocated to Street Services' debris removal programs, which includes between 10 to 14 positions with costs ranging from \$600,000 to \$700,000. There may be some limited applications for the use of SWRF or MBIF funds, namely bulky item collections in and around residential areas. However, the funds can only be used for their stated purpose and would typically exclude general debris not within a curbside container or that cannot be characterized as bulky item. Collections in non-residential areas and roadways and all administration costs associated with it would continue requiring General Fund support. In short, reducing fiscal burden for bulky item and debris removal is more an issue of funding eligibility than the Bureaus' capacities.

There may be other reasons to consider a consolidation particularly where efficiencies are concerned. Moving the collection function to a single agency would provide a central referral point to eliminate redundancies and miscommunications which has been a point of confusion with constituents in the past. This assumes, however, that the responsible Bureau, among other considerations, is equipped to handle all forms of debris removal and not just bulky items, which can demand different equipment and labor needs; and can also address all necessary right-of-way requirements. Additionally, both Bureaus maintain their own contracts for waste disposal and hazardous materials management that could potentially be folded or streamlined.

MAS:ER:06120125

Question No. 275

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Does the City generate revenues from all of its recycling?

Subject: **CITY OF LOS ANGELES RECYCLING PROGRAMS**

The Bureau of Sanitation has reported on its various recycling programs, including the Blue Bin, Construction and Demolition Recycling, Green Bin, Multifamily (Apartment) Recycling, Pilot Mattress Recycling and Waste Tire Recycling programs, as well as a proposed Carpet Recycling pilot program. The Blue Bin program is the only activity that generates any significant revenue (\$5.2 million budgeted in 2012-13) due to the higher market value of commodities involved including plastics, metals and fiber paper. The other programs serve to increase landfill diversion and/or reduce City disposal costs.

MAS:ER:06120130

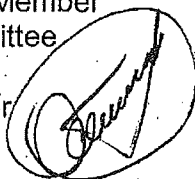
Question No. 272

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

TO: Honorable Paul Krekorian, Chair
Honorable Mitchell Englander, Vice Chair
Honorable Tony Cárdenas, Member
Honorable Paul Koretz, Member
Honorable Bill Rosendahl, Member
Budget and Finance Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



SUBJECT: BUREAU OF SANITATION – REPORT BACK ON BUDGET & FINANCE
QUESTION NO. 272 REVENUES GENERATED FROM ALL CITY
RECYCLING

As part of the Fiscal Year 2012-13 Proposed Budget Deliberations, on May 3, 2012, Sanitation was asked to report back on revenues received from the Solid Resources Recycling Programs.

The Bureau of Sanitation (Bureau) provides curbside collection services to 745,000 residential customers. The Bureau's recycling services are provided mainly through the residential curbside recycling programs that include the blue bins for recyclable materials, green bins for yard trimmings, and brown bins for horse manure. The Bureau is also running a pilot program for the recycling of used mattresses that has proven to be very successful and is expected to be implemented citywide. Furthermore, a new pilot program will be introduced for the recycling of used residential carpet.

Blue Bin Program: In fiscal year 2010-2011 the Bureau collected 208,000 tons of recyclables that included paper, cardboard, plastics, glass, metals, etc. The Bureau contracts the services of material recovery facilities (MRFs) for the sorting, baling, and sales of the recyclable materials from which the City generated revenue of \$5.4 million in FY 2010-11.

Construction & Demolition Recycling Program: In December 2010, the City Council approved an ordinance establishing a mandatory Construction and Demolition (C&D) recycling program. All C&D materials generated in the City must be delivered to a certified C&D processor to be recycled, with the exception of homeowner-hauled materials. Because all contractors that haul C&D must become a permitted hauler, there are currently over 800 permittees. Since these materials consist primarily of building scrap such as lumber, drywall, and concrete, there is no revenue derived from the recycling of this material.

Green Bin Program: Green waste from residents' yards and gardens accounts for approximately 25% of the waste generated at homes. In fiscal year 2010-2011 the Bureau collected 470,000 tons of green waste that was recycled into compost or mulch. The Bureau contracts the services of various green waste processors at a cost to the City. There is no

revenue generated from the recycling of green waste.

Multi-family (Apartment) Recycling Program: Since 2007, the Bureau has offered blue bin recycling services to all multifamily residences in the City. Almost 430,000 households in large multifamily complexes receive weekly recycling services through this program, which supplements the Bureau's successful curbside programs for small multifamily and single family households. Three haulers provide these services under contract, with the specification that all costs for education, containers, and collection services be borne by the contractor, and also that any recycling revenue is included in the per unit cost paid by the City. Therefore, the City receives no direct recycling revenue from this program, just lower costs.

Pilot Mattress Recycling Program: In Fiscal Year 2010-11, approximately 26,100 used mattresses (including box springs) were collected, which diverted approximately 718 tons of used mattresses from landfills. Once this program is implemented Citywide, the tonnages to be diverted from the landfill are expected to be 3,130 tons. There is no revenue generated from this program.

Waste Tire Recycling Program (includes Drop-offs, Clean-up and Six Amnesty Events): In fiscal year 2010-2011 the Bureau collected approximately 650 tons of waste tires (or 52,000 tires) citywide, of this 50% or 26,000 tires are collected from illegally dumped areas. The Drop-Off element provides for City residents to drop-off up to four (4) automobile tires at any of BOS' six district yards during the calendar year. The Clean-up element removes illegally dumped tires within the City's right-of-way, which City personnel collects, transports and stores the used tires at the Bureau's six district yards. The Amnesty element allows City residents to bring up to nine (9) tires per trip. The Bureau contracts with a State certified waste tire hauler who transports the waste tires to various State permitted tire recyclers and processors at a cost to the City. This program is fully funded through a CalRecycle Used/Waste Tire grant. There is no revenue generated from the recycling of waste tires but this helps to increase landfill diversion.

Upcoming Pilot Carpet Recycling Program: In Fiscal Year 2010-11, there were approximately 9,700 scheduled pickups for bulky items that constituted mostly of used carpets. The Bureau identified that carpet recycling will help to increase the City's diversion rate. This program will not generate any revenue but will help to increase diversion.

Thank you in advance for your continued support of the Bureau of Sanitation. If you have any questions or would like to discuss this item further, please feel free to contact me at (213) 485-2210 or Lisa B. Mowery of the Bureau's Financial Management Division at (213) 485-2374.

ECZ:LBM

c: Members of the City Council
Gaye Williams, Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Mayor's Office
Romel L. Pascual, Deputy Mayor, Mayor's Office

Bureau of Sanitation
FY 2012-13 Proposed Budget
3 of 3

Andrea Alarcon, President, BPW
Gerry F. Miller, -CLA
Miguel A. Santana, CAO
Erika Pulst, Office of the City Clerk
BOS Executive Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

Reference: Report back on the feasibility of increasing the minimum contract amount which triggers various City contracting ordinances such as Prevailing Wage.

Subject: **BUREAU OF CONTRACT ADMINISTRATION – MINIMUM CONTRACT AMOUNTS WHICH TRIGGER VARIOUS CITY CONTRACTING ORDINANCES**

The Bureau of Contract Administration indicated the following in response to the Committee's request:

"The Bureau of Contract Administration, as the Designated Administrative Agency over several city ordinances, will need to work with those departments (CAO and City Clerk) that have access to data which shows the number and dollar amounts of contracts issued by Council controlled departments. This information will facilitate establishing what potential threshold increase will be necessary to determine when certain contract ordinances will be required and thus reduce the workload associated with the administration and enforcement of these ordinances."


MAS:DHH:SMS:06120102c

Question No.134

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on the proposed funding for the Gang Reduction and Youth Development (GRYD) Program.

Subject: **MAYOR'S OFFICE – REPORT BACK ON PROPOSED FUNDING FOR THE GANG REDUCTION AND YOUTH DEVELOPMENT (GRYD) PROGRAM**

During its consideration of the General City Purposes (GCP) Fund 2012-13 Proposed Budget and the allocation for the Gang Reduction and Youth Development (GRYD) Program, the Committee asked the Mayor's Office to report back relative to the 2012-13 proposed funding for the GRYD Program. Attached are the Mayor's Office responses, which include GRYD questions and answers, milestones and achievements, and budget and grant funding for fiscal years 2011-12 and 2012-13.

MAS:ACA:CLF

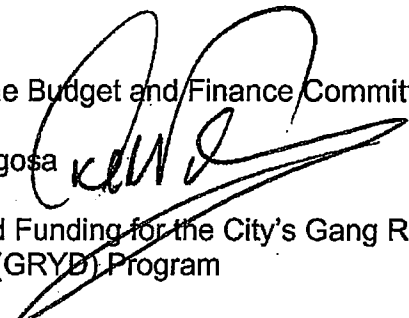
Question No. 224, 225, 227, 228, 230 and 232



ANTONIO R. VILLARAIGOSA
MAYOR

MEMORANDUM

TO: Honorable Members of the Budget and Finance Committee

FROM: Mayor Antonio R. Villaraigosa 

SUBJECT: Report Back on Proposed Funding for the City's Gang Reduction and Youth Development (GRYD) Program

DATE: May 7, 2012

In 2007, the City established the Office of Gang Reduction and Youth Development (GRYD) as a single office to oversee the implementation of a comprehensive strategy in the communities most impacted by gang violence. Its success lies in a holistic approach to improving communities by:

- **Focusing** on youth at the highest level of risk and communities in the most need;
- **Guiding** positive youth development within the community through targeted services and programs;
- **Building** collaborative relationships between community and law enforcement;
- **Responding** to gang related incidents to decrease potential retaliation.

The GRYD Strategy serves community residents, youth at high risk for gang-joining (10-15 years old), and young people (14-24 years old) involved in gangs and who live in one of 12 GRYD Zones. Areas were selected as GRYD Zones because they were most affected by gang violence. The areas designated as GRYD Zones, experience a 40% higher level of gang-related crime than the rest of the City.

The average GRYD Zone is approximately 3.5 square miles, and suffers from a number of poor social indicators—for example, over half of residents in GRYD Zones do not have a high school diploma (compared to 34% of the general population in Los Angeles), and only 5% of GRYD zone residents have earned a bachelor's degree.

Fifty-five percent of LAUSD foster children attend elementary and middle schools that serve our GRYD zones, and 31% of all probation youth in Los Angeles County attend schools that serve our GRYD zones. While 19% of families in Los Angeles live in poverty, almost 30% of all families in the GRYD zones live below the poverty line with a median household income of approximately \$30,000.

The GRYD comprehensive strategy evolved partly from the Federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) model developed in 2003. The GRYD program's innovative approach is changing the field of gang violence prevention, bringing together research, theory, and on-the-ground practice—bridging the gap between policymakers and the street.

Since implementation, the GRYD Office has made significant reductions in gang-related violence and substantial programmatic gains, most notably with GRYD's prevention services, the Summer Night Lights model, and the Los Angeles Violence Intervention Training Academy (LAVITA). (See attached GRYD Milestones and Achievements for crime reduction statistics)

I understand that a number of questions and concerns have been raised regarding the proposed increase in General Fund support for the GRYD program. The following Q&A's are intended to provide further clarity and supplement the attached budgetary information.

The City's primary municipal responsibility is to provide public safety. Our collective investment in public safety is paying off – the City is experiencing the lowest crime rates since 1959. The GRYD program continues to be a vital component of our comprehensive public safety strategy and has successfully reduced the number of lives lost to gang violence in the City of Los Angeles. Homicides have been reduced by 33.33% in GRYD zones since 2007. I urge the City Council to maintain the services provided by GRYD and approve the GRYD budget as proposed.

GRYD Q&As

Q1. Why is funding for GRYD provided in the General City Purposes (GCP) section of the budget?

A1. The proposed budget for FY2012-13 provides funding for GRYD in the General City Purposes (GCP) section of the annual budget rather than in the Mayor's Office budget in order to highlight the City's investment toward GRYD separately from Mayor's Office staffing costs. While the GRYD program will continue to be operated out of the Mayor's Office, a dedicated line item in the budget for the GRYD program will now exist to further increase fiscal transparency.

Q2. Why does the Proposed Budget include a General Fund increase of \$6.9 million for GRYD?

A2. The General City Purposes (GCP) section of the budget includes a \$23.2 million General Fund appropriation to the GRYD program. This amount represents a \$6.9 million increase over the current year in General Fund support for GRYD. This \$6.9 million increase is necessary to maintain current service levels due to: 1) a \$1.8 million reduction in Congressional earmarks and other grant funding, 2) a \$3.8 million decline in contract-savings carryover, and 3) a \$1.3 million City Council-mandated repayment of HACLA PILOT funds.

Q3. Why is there a projected decline in carryover savings?

A3. The large majority of GRYD's budget supports contracts with intervention and prevention service providers. In past years, significant savings were realized as a result of service providers not spending the entire dollar amount included in their respective contracts. Through the budget process and regular FSRs, the City Council and Mayor approved the reappropriation of these savings for various programmatic expenditures. In general, these carryover savings have been utilized to expand critical GRYD programs over the last few years. For example, the Summer Night Lights (SNL) program has never received a dedicated budget appropriation but instead has been supported by these carryover contract savings.

As the result of a 2010 Controller's audit, intervention and prevention service providers now adhere to standardized model of practice that has recently resulted in more efficient expenditure of contract dollars as well as more effective program evaluation. It is now anticipated that significantly less carryover savings will be available in the future given this new prescriptive model of operation.

Q4. Explain the \$1.3 million Housing Authority (HACLA) Payment in Lieu of Taxes (PILOT) Funds. Is this a loan? Repayable by HACLA or GRYD? Was it repaid? Did GRYD expect this amount in 2012-13?

A4. In November 2011, the City Council approved the implementation of a regional comprehensive violence reduction strategy for the Watts community to urgently address a dramatic escalation in gang violence (CF11-1879). As part of this action, the City Council authorized the use of \$1.3 million in Payment in Lieu of Taxes (PILOT) funds from the Housing Authority to support this effort. However, the City Council also stipulated that these funds, "...be deemed a loan of a like amount owed to the City by HACLA as part of the Payment in Lieu of Taxes (PILOT) program which shall be repaid from the GRYD program during the 2012-2013 fiscal year."

The \$23.2 million appropriation for the GRYD program included in the FY 2012-13 proposed budget would allow for the repayment of the \$1.3 million in PILOT funds to HACLA. In addition, after informal conversations with HACLA, GRYD anticipates that a new \$1.3 million appropriation of PILOT funds from HACLA will be recommended for next fiscal year in order to continue the comprehensive violence reduction strategy for the Watts community.

GRYD Milestones and Achievements

- From 2007-2011 crime decreased for communities in GRYD Zones:
 - **29.8% reduction in gang-related crimes;**
 - **42.4% reduction in shots fired;**
- In 2011, LAPD Chief Charlie Beck announced the **lowest crime rates in LA** since 1959.
 - In GRYD Zones, **homicides have decreased by 50% more** compared to the rest of the City. (**33.3%** Reduction in homicides in GZ vs. **15.6%** outside of GZ)
 - Assaults with a deadly weapon against law enforcement in GRYD Zones have **declined by 5 times more** than other parts of the City. (**48%** reduction in GZ vs. **9%** outside of GZ)
- In 2011, **crime decreased at Summer Night Lights sites** across the City:
 - **35% reduction** in gang-related homicides;
 - **35% reduction** in gang-related part 1 crime;
 - **43% reduction** in aggravated assaults;
 - **55% reduction** in shots fired.
- **53.6% of youth at-risk of joining gangs** who were part of GRYD's Prevention program showed reduced risk factors & negative behaviors, including:
 - **48.0% decrease** in participation in gang activities;
 - **47.3% decrease** in gang fights;
 - **35.0% decrease** in hanging out with gang members;
- GRYD Staff has responded to **2,229 incidents** since April 1, 2009, approximately 2 per day, providing support to victim's families, coordinating with LAPD, community stakeholders, City departments & service providers, and assisting with rumor control.
- The **Gun Buyback Program** has successfully collected **over 6,000 firearms** in 3 years.

Gang Reduction Youth Development Program (GRYD)

<u>Expenditures</u>	<u>Actuals with Projections FY 11-12</u>	<u>Proposed FY 12-13</u>
CONTRACTS (Attachment A)		
Prevention- GRYD Zone	\$ 10,800,000.00	\$ 10,800,000.00
Intervention-GRYD Zone	\$ 5,833,190.00 ¹	\$ 6,000,000.00
Prevention-Secondary Area	\$ 1,350,000.00	\$ 1,350,000.00
Intervention- Secondary Area	\$ 894,375.00 ²	\$ 945,000.00
HACLA PILOT Program (Watts)-Contracts only	\$ 1,103,440.00	\$ 1,103,440.00
Evaluation	\$ 910,000.00	\$ 900,000.00
YSET	\$ 248,766.00	\$ 250,000.00
Intervention Training Academy	\$ 200,000.00	\$ 200,000.00
Summer Night Lights (SNL) Total 32 parks @ \$185K per park	\$ 3,314,402.00	\$ 3,000,000.00
*Outside foundation will provide 1 to 1 inkind match		
HACLA PILOT Program Watts (FY 11) Repayment (C.F. 11-1879)	\$ -	\$ 1,300,000.00
Sub-Total Contracts	\$24,654,173.00	\$ 25,848,440.00
Office Costs		
Salaries (Attachment B-Org chart)	\$ 1,687,347.35	\$ 1,964,736.57
Salaries & Expenses (Watts)	\$ 196,560.00	\$ 196,560.00
Other Expenses		
Travel	\$ 5,000.00 ³	\$ 20,000.00
Office supplies	\$ 71,828.93	\$ 91,867.00
Printing & Binding	\$ 3,045.00 ³	\$ 20,000.00
Sub-Total Office Costs	\$ 1,963,781.28	\$ 2,293,163.57
Total Estimated Costs	\$26,617,954.28	\$ 28,141,603.57
Revenue		
Budget Appropriation	\$ 16,313,420.00	\$ 23,210,245.00
Grants/Earmarks (Attachment C)	\$ 4,251,916.29	\$ 2,413,586.00
HACLA PILOT Funds - Watts (C.F. 11-1879, Attachment C)	\$ 1,300,000.00	\$ -
HACLA PILOT Funds - SNL (Attachment C)	\$ 500,000.00	\$ -
Pending HACLA PILOT Funds - Watts (Attachment C)	\$ -	\$ 1,300,000.00
Pending HACLA PILOT Funds - SNL (Attachment C)	\$ -	\$ 500,000.00
Carryover from 09-10 contracts (C.F. 11-0600)	\$ 2,217,911.11	\$ -
Carryover from 10-11 contracts (C.F. 11-0600-s146, C.F. 11-0600-s152)	\$ 1,370,304.88	\$ 413,811.18
Carryover used for Rec & Parks SNL-Internal transfer (C.F. 10-1049-s2)	\$ 664,402.00	\$ -
Total Funding	\$ 26,617,954.28	\$ 27,837,642.18
GRYD Projected Surplus/(Deficit)	\$0.00	\$ (303,961.39)

¹ Contractor, HELPER Foundation, defaulted on their gang intervention contract in 77th II GRYD zone. In order to avoid an interruption in services, GRYD negotiated a contract with Developing Options, Inc. at a reduced amount of \$83,190 for a 3-month period (July to Sept 30) until a provider could be identified via the City's procurement process. In addition, intervention services in the Southwest II GRYD zone were suspended until the contractor, HELPER Foundation could identify a fiscal sponsor. The contract began October 1, 2012 for a prorated amount of \$375,000.

² Contractor, HELPER Foundation, defaulted on their gang intervention contract in the Secondary Area of Venice/Mar Vista. The City could not execute a contract until a fiscal sponsor could be identified. The period for the FY 11-12 contract is October 1, 2011 - June 30, 2012 in the amount of \$151,875 (prorated amount).

³ Expenses related to Travel and Printing have been paid directly by Grants this current year.

GRYD
FY 11-12 Contracts

PREVENTION-GRYD ZONE

	Agency	Contract #	GRYD ZONE	Budget Amount
1	VIP Community Mental Health Center	114704M	North Hollenbeck	225,000
	Barrio Action	119920M	North Hollenbeck	675,000
2	Community Build, Inc.	114706M	Baldwin Village	900,000
3	Community Build, Inc.	118813M	Florence-Graham	900,000
4	People Coordinated Services	114716M	Newton	590,710
	Newton GRYD	114716Y	Newton	282,649
	2010 CalGRIP	114716Y	Newton	26,641
5	El Nido Family Centers	114717M	Pacolma	900,000
6	Children's Hospital Los Angeles	114771M	Cypress Park	700,000
	2010 CalGRIP	114771Y	Cypress Park	200,000
7	New Directions for Youth	115114M	Panorama City	900,000
8	Alma Family Services	115115M	Boyle Heights	900,000
9	Watts Labor Community Action Committee	116452M	Watts	683,359
	2010 CalGRIP/sb S216,641	116452Y	Watts	216,641
10	Asian American Drug Abuse Program	115117M	77th II	900,000
11	El Centro Del Pueblo	115118M	Rampart	600,000
	2011 CalGRIP	115118Y	Rampart	300,000
12	Brotherhood Crusade	115119M	Southwest II	900,000
				10,800,000

INTERVENTION - GRYD ZONE

	Agency	Contract #	GRYD ZONE	Budget Amount
1	Communities In Schools	115407M	Pacolma	500,000
2	Communities In Schools	115270M	Panorama City	500,000
3	Community Build, Inc.	115277M	Baldwin Village	500,000
4	KUSH, Inc.	115273M	Watts	250,000
	CDBG 35th Year	115273Y	Watts	250,000
5	PHFE/Aztecs Rising	115285M	Cypress Park	500,000
6	PHFE/Aztecs Rising	115286M	Rampart	300,000
	2011 CalGRIP	115286Y	Rampart	200,000
7	Soledad Enrichment Action	115281M	Florence-Graham	500,000
8	Soledad Enrichment Action	115282M	Newton	300,000
	2010 CalGRIP	115282Y	Newton	200,000
9	Soledad Enrichment Action	115283M	North Hollenbeck	500,000
10	Soledad Enrichment Action	115885M	Boyle Heights	500,000
11	Developing Options, Inc.	119436M	77th II (07/11-09/30/11)	83,190
	Soledad Enrichment Action	119973M	77th II (10/11-06/30/12)	375,000
12	Advancement Project/ HELPER	119888M	Southwest II	375,000
				5,833,190

PREVENTION - SECONDARY AREA

	Agency	Contract #	GRYD ZONE	Budget Amount
1	Asian American Drug Abuse Program	115278M	NG - Westside	337,500
2	Child & Family Guidance Center	115272M	NG - Valley	337,500
3	Hathaway-Sycamores	115275M	NG - Central	337,500
4	Watts Labor Community Action Committee	115274M	NG - South	337,500
				1,350,000

INTERVENTION - SECONDARY AREA

	Agency	Contract #	GRYD ZONE	Budget Amount
1	PHFE/Aztecs Rising	115284M	Belmont	202,500
2	Toberman Neighborhood Center	115271M	San Pedro/Wilmington	405,000
3	Advancement Project/ HELPER	119889M	Venice/Mar Vista	151,875
4	Communities In Schools	118441M	Sun Valley (11/11-06/30/12)	135,000
				894,375

HACLA PILOT PROGRAM-(Watts)

1	Los Angeles Conservation Corp	120024M	Watts Region	\$ 1,063,440
2	Urban Institute	115573M	Watts Region	40,000
				1,103,440

EVALUATION/YSET/Training

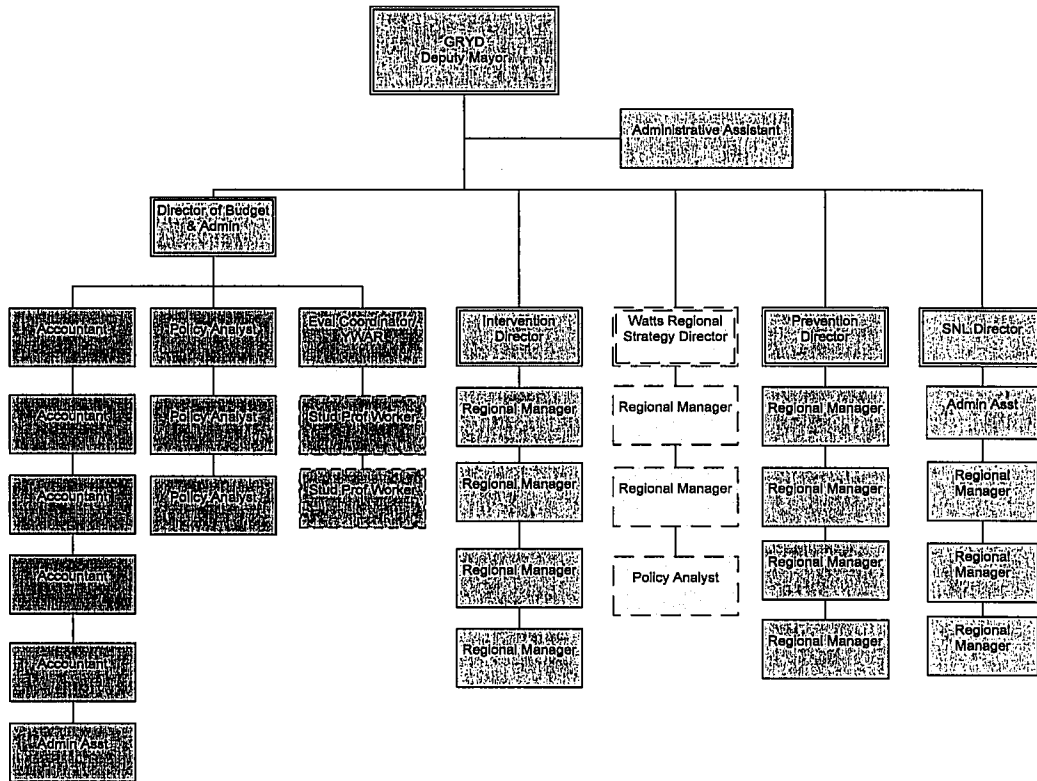
	Agency	Contract #	GRYD ZONE	Budget Amount
1	Urban Institute	115573M	All Zones	910,000
2	USC/YSET	118557M	All Zones	62,156
	2010 CalGRIP	118557Y	All Zones	186,610
3	Advancement Project/ LAVITA	116646M	All Zones (1/1/12-12/31/12)	200,000
				1,358,766

SUMMER LIGHT NIGHTS (SNL)

	Agency	Contract #	GRYD ZONE	Budget Amount
1	Los Angeles Conservation Corps			
	CDBG 36th Year	119163Y	Summer Night Lights 2011	38,039
	CDBG 37th Year	119163Y	Summer Night Lights 2011	1,749,760
	Housing Authority of City of LA (HACLA)	119163M	Summer Night Lights 2011	440,000
2	Homeboy Industries			
	Housing Authority of City of LA(HACLA)	119435M	Summer Night Lights 2011	60,000
3	Recreation & Park		Summer Night Lights 2011	362,201
	Recreation & Park		Summer Night Lights 2010	664,402
	(City Clerk transferred to \$ Rec & Park through BGAA)			
				3,314,402

GANG REDUCTION & YOUTH DEVELOPMENT (GRYD) Organizational Chart

FY 2011-12



GRYD Grants/Earmarks			
Type	Description	FY11-12	FY12-13
Fed-DOJ/OJJDP	GPCAP	\$ 46,940.30	
Fed-DOJ/BJA	Ramona Gardens	\$ 71,184.46	\$ -
Fed-DOJ/OJJDP	Hollenbeck/Boyle Hghts 2008	\$ 89,754.84	
Fed-DOJ/OJJDP	SNL Glassel Park	\$ 30,363.00	
Fed-DOJ/BJA	Newton GRYD/SF NonGryd	\$ 905,701.13	\$ 32,334.00
Fed-DOJ/BJA	San Fernando NonGryd Earmark	\$ -	\$ -
Fed-DOJ/BJA	Hollenbeck/Boyles Hghts 2009	\$ 124,859.94	
Fed-DOJ/BJA	LAVITA	\$ 237,782.62	
Fed-DOJ/OJJDP	Second Chance Reentry	\$ 50,000.00	
CDBG	CDBG 35th Year - KUSH	\$ 250,000.00	\$ -
CDBG	CDBG 36th Year - LACC	\$ 38,040.00	\$ -
CDBG	CDBG 37th Year - LACC	\$ 1,749,760.00	\$ -
CDBG	CDBG 38th Year		\$ 1,749,760.00
State	CalGRIP 2009 Watts/SE+Newton	\$ 657,530.00	
State	CalGRIP 2010 Watts/SE+Newton		\$ 500,000.00
LA County	Schiff Cardenas Act Fund	\$ -	\$ 131,492.00
HACLA	HACLA Pilot Program (Watts)	\$ 1,300,000.00	\$ -
HACLA	Housing Authority of the City of Los Angeles (SNL)	\$ 500,000.00	\$ -
		\$ 6,051,916.29	\$ 2,413,586.00

Grants-Pending			
HACLA	HACLA Pilot Program (Watts)		\$ 1,300,000.00
HACLA	Housing Authority of the City of Los Angeles (SNL)		\$ 500,000.00
CalGRIP	CalGRIP 2011 - Prevention and Intervention Citywide		\$ 500,000.00
			\$ 2,300,000.00

Restricted Grants for New Services-Pending			
USAID	Technical Assistance		\$ 400,000.00
Fed-OJJDP	Intervention (Rampart)		\$ 500,000.00
			\$ 900,000.00

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Report back on alternative funding mechanisms for leasing Black & White police vehicles

Subject: **ALTERNATIVE FUNDING MECHANISMS FOR LEASING POLICE BLACK & WHITE VEHICLES**

The 2012-13 Proposed Budget includes \$6.552 million in MICLA Commercial Paper debt funding for the acquisition of 117 patrol vehicles. If approved, the use of Commercial Paper funding to acquire Black & White vehicles would constitute a one-time deviation to the City's Debt Policy, as patrol vehicles do not have a useful life of at least six years.

To repay the borrowed monies, the Forfeited Assets Trust Fund during 2012-13 would be required to repay 25 percent of the \$6.552 million and any resulting interest costs, a total of approximately \$1.7 million. In future years, through 2015-16, the General Fund would repay the remaining 75 percent of the \$6.552 million, and any resulting interest costs.

An alternative to the use of Commercial Paper funding would be to use cash to acquire the vehicles, thereby eliminating any potential interest costs. A second alternative would be to lease the vehicles from a manufacturer. This approach, however, is more costly than using Commercial Paper, as leasing costs are higher than the interest rates currently offered by Commercial Paper.

A third alternative would be to continue an analysis of the Forfeited Assets Trust Fund, with the goal of identifying additional monies in this Fund that could be used to acquire patrol vehicles. The Chief Legislative Analyst has suggested that the \$1.7 million could directly be used to acquire a portion of the 117 patrol vehicles, and Commercial Paper debt funding could then be used, if needed, to acquire the remaining vehicles.

To this end, the Police Department, the CLA and my Office have initiated a review of the Forfeited Assets Trust Fund and have preliminarily identified \$850,000, in addition to the \$1.7 million previously identified, that could be used to acquire vehicles. This \$850,000 is a combination of recently received receipts and un-needed encumbrance accounts.


MAS:RPC:NRB:MV:09120187

Question No.290

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on alternative funding mechanisms for leasing Black & White police vehicles

Subject: **ALTERNATIVE FUNDING MECHANISMS FOR LEASING POLICE BLACK & WHITE VEHICLES**

The 2012-13 Proposed Budget includes \$6.552 million in MICLA Commercial Paper debt funding for the acquisition of 117 patrol vehicles. If approved, the use of Commercial Paper funding to acquire Black & White vehicles would constitute a one-time deviation to the City's Debt Policy, as patrol vehicles do not have a useful life of at least six years.

To repay the borrowed monies, the Forfeited Assets Trust Fund during 2012-13 would be required to repay 25 percent of the \$6.552 million and any resulting interest costs, a total of approximately \$1.7 million. In future years, through 2015-16, the General Fund would repay the remaining 75 percent of the \$6.552 million, and any resulting interest costs.

An alternative to the use of Commercial Paper funding would be to use cash to acquire the vehicles, thereby eliminating any potential interest costs. A second alternative would be to lease the vehicles from a manufacturer. This approach, however, is more costly than using Commercial Paper, as leasing costs are higher than the interest rates currently offered by Commercial Paper.

A third alternative would be to continue an analysis of the Forfeited Assets Trust Fund, with the goal of identifying additional monies in this Fund that could be used to acquire patrol vehicles. The Fund is expected to expend approximately \$8.7 million during 2012-13: \$3.61 million on technology related hardware and contracts; \$1.7 million on debt funding for the patrol vehicles; \$1.62 million on motorcycles and \$1.5 million on operational expenses, equipment, training and travel.

The Chief Legislative Analyst has suggested that the \$1.7 million could directly be used to acquire a portion of the 117 patrol vehicles, and Commercial Paper debt funding could then be used, if needed, to acquire the remaining vehicles.

Additionally, the Police Department, the CLA and my Office have initiated a review of the Forfeited Assets Trust Fund and have preliminarily identified \$611,000, in addition to the \$1.7 million previously identified, that could be used to acquire patrol vehicles. This \$611,000 is a combination of recently received receipts and un-needed encumbrance accounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on the Department looking at doing further education and informational handouts for the public to prevent code corrections. The department should look at past code violations to identify the code corrections that require re-inspections most often and focus educational programs and handouts on those issues.

Subject: **DEPARTMENT OF BUILDING AND SAFETY – CODE ENFORCEMENT
PUBLIC OUTREACH AND EDUCATION**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, your Committee requested LADBS report back on public education efforts to help the public avoid code violations. The Department's response is attached.


MAS:TMJ:02120151c

Question No.255

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

Question No. 255

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrum, General Manager
Department of Building and Safety SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 255
REGARDING REPORT BACK ON EDUCATION AND INFORMATIONAL
HANDOUTS FOR THE PUBLIC TO PREVENT CODE CORRECTIONS**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following:

"The department should look at doing further education and informational handouts for the public to prevent code corrections. The department should look at past code violations to identify the code corrections that require re-inspections most often, and focus their educational programs and handouts on those issues."

Handouts and Internet

The Department has hundreds of informational guides in English and other languages available in print form at the public counters and on the Internet. These materials cover permitting, inspection, code requirements, property maintenance requirements, code violations, and various contact information for the Department and related agencies. The Department is in the process of reviewing these materials to ensure they are up to date, especially with the advent of BuildLA, the technology solution to support development reform throughout the City.

Community Outreach

- Code Enforcement Outreach. One of the casualties of the chronic budget cuts to code enforcement operations was/is to curtail public outreach (community meetings day, night, weekends). Outreach was, in better economic times, in the form of holding community meeting to respond specific needs of an area and to provide training on the code enforcement services and remedies available.
- New Construction Outreach. Currently, the Department is trying to address workload demands and problems of ever-increasing backlogs. So, unfortunately, we do not have enough engineering and inspection staff to develop and deliver a public outreach program.

Identify and Focus Education on Code Violations Creating Most Re-Inspections

The Department will examine the most commonly cited code sections in the performance of code enforcement and new construction services to determine how we may improve our publications.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
Tyler Munhall, CAO Analyst

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*
TSW

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on what percent of projects get inspection within 24 hours and 48 hours. What are the impacts to projects if we have more of them inspected within 48 hours? How does this compare to other municipalities?

Subject: **DEPARTMENT OF BUILDING AND SAFETY – INSPECTION TIMEFRAMES**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, your Committee requested LADBS report back on the percent of inspections it performs within 24 and 48 hours, what the impact would be to have more projects inspected within 48 hours, and how these data compare to other cities inspection timeframes. The Department's response is attached.

MAS:TMJ:02120151c

Question No.254

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: May 7, 2012

Question No. 254

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445

FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and Safety



SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 254 REGARDING REPORT BACK ON PERCENTAGE OF PROJECTS INSPECTED WITHIN 24 AND 48 HOURS; IMPACT HAVING MORE OF THEM WITHIN 48 HOURS; AND HOW THIS COMPARES TO OTHER MUNICIPALITIES**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following:

"What percent of our projects get inspection within 24 hours and 48 hours? What are the impacts to projects if we have more of them inspected within 48 hours? How is this compared to other municipalities?"

Current Inspection Response Time

Response time goals of 24-hours and 48-hours are the hours from the date that the customer has requested LADBS to be onsite to do an inspection—not from the date the permit was issued. LADBS conducts approximately 700,000 inspections annually. So, a 97% match between requested and provided inspection dates means we miss approximately 21,000 requests for inspection – which means these customers experience an unexpected delay in their projects.

The following is the percent of projects inspected within 24 hours and 48 hours of the date requested:

- Within 24 hours, the percentage for multi-family and commercial projects is slightly above 97%; and slightly above 98% for single-family projects.
- Within 48 Hours, the percentage for all types of requests is approximately 99.9%.

Impact of Increasing the Response Time So More are 48 Hours

Every delay (21,000 delayed requests annually) results in increased costs to owners/developers. For example, they must pay for loads of cement that must be returned unused, crews waiting to show inspectors their work, extended construction loans, etc. Delays in projects result in opening businesses, occupying homes, providing permanent jobs, and collecting much needed revenue for the City.

Timeline Comparison with Neighboring Cities

Many inspection managers from various cities belong to the same professional organizations (e.g., International Association of Plumbing and Mechanical Officials, International Code Council, etc.). Based on discussions at various meetings, it seems that most of the surrounding cities are not experiencing the same backlogs as we are because they are not experiencing the same increase in construction activities as the City of Los Angeles.

Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
Tyler Munhall, CAO Analyst

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 7, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

*PH
BY*

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on the current timeline for plan-check, how it compares to neighboring cities, and what the goals will be for plan check turnaround after this budget cycle.

Subject: **DEPARTMENT OF BUILDING AND SAFETY – PLAN CHECK BACKLOGS**

During its consideration of the Department of Building and Safety (LADBS) FY 2012-13 Proposed Budget, your Committee requested LADBS to report back on the status of Plan Check backlogs, how they compare to other cities, and what the turnaround time for plan check will be in FY 2012-13. The Department's response is attached.


MAS:TMJ:02120149c

Question No.253

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

Question No. 253

TO: Honorable Paul Krekorian
Chair, Budget and Finance Committee
City Hall, Room 445FROM: Robert R. "Bud" Ovrom, General Manager
Department of Building and Safety SUBJECT: **FISCAL YEAR 2012-13 BUDGET MEMO RESPONSE TO QUESTION NO. 253
REGARDING REPORT BACK ON CURRENT TIMELINE FOR PLAN CHECK;
HOW WE COMPARE TO OTHER CITIES; AND THE GOAL AFTER THIS
BUDGET CYCLE**

This memo is in response to the Budget and Finance's request during their Committee Hearing on May 2, 2012 for a report back on the following:

*"What is the current timeline for plan-check and how we compare to neighboring cities?
What will be the goals of plan check turnaround after this budget cycle?"*

Current Timeline for Plan Check and Goals After this Budget Cycle

As indicated in our response to Question No. 173, it currently takes 28 business days before a plan is assigned to an engineer for review. If all proposed positions are approved and all vacancies are filled, LADBS' goal is to reduce this backlog to 20 business days within six months of filling all engineering vacancies.

Timeline Comparison with Neighboring Cities

Many engineers and engineering managers from various cities belong to the same professional organizations (e.g., Structural Engineer Association, International Code Council, etc.). Based on discussions at the various meetings, it seems that most of the surrounding cities are not experiencing the same backlogs as we are. The reasons for this are mostly because they are not experiencing the same increase in construction activities as the City of Los Angeles, they check for compliance with fewer codes, and our projects on average are larger and more complex. As stated in our response to Budget Question No. 205, LADBS will conduct a "Best Practices" survey of plan check operations and prepare a report back within the next 90 days.


Please contact me or Raymond Chan, Executive Officer at (213) 482-6800 should you need additional information regarding this response.

c: Matt Karatz, Deputy Mayor, Office of Mayor Villaraigosa
Neil Guglielmo, Budget Director, Office of Mayor Villaraigosa
Tyler Munhall, CAO Analyst

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 2, 2012 to report back on the status of Senior Day Care Centers and associated State funding.

Subject: **AGING – REPORT BACK ON THE PRESENT STATUS OF SENIOR DAY CARE CENTERS AND ASSOCIATED STATE FUNDING**

During consideration of the Department of Aging (Aging) 2012-13 Proposed Budget, the Committee asked Aging to report back on the status of Senior Day Care Centers and whether the State has stopped funding any of them. Attached is the Department's response.

This memorandum is for information only. There is no fiscal impact.

MAS:EOS:08120152

Question No. 193

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 4, 2012

To: Honorable Paul Krekorian, Chairperson
Budget & Finance Committee

From: Laura Trejo, General Manager
Department of Aging



Subject: **B&FC BUDGET HEARING REPORT BACK**

CAO Memo #193: What is the present status of the Senior Day Care Centers? Has the State stopped funding any of it?

The Adult Day Health Centers (ADHC) has been replaced with Community Based Adult Services (CBAS) as of April 1, 2012. The Court upheld the State's plan and no further stays have been issued. The California Department of Health Care Services has been certifying former ADHC clients for eligibility for the new CBAS program. They estimate that fifty percent of the former clients will be eligible for the new CBAS program. LADOA has coordinated with both CDD and its network of Family Source Centers to make cross referrals for resources for any former ADHC clients. CDD and its Family Source Centers will also assist by screening clients for eligibility for available benefits programs.

CAO Memo #194: Are there any State initiatives to transfer more responsibility for aging to the city?

The department is currently not aware of any such State initiatives.

CAO Memo #195: DOA/Jewish Family Services have taken over two locations from RAP in CD 11. How is this working out?

Jewish Family Services has been doing well as the service provider operating LADOA funded programs at the Felicia Mahood Senior Multipurpose Center and its satellite dining centers. The facility is still operated and managed by RAP. JFS shares the Felicia Mahood center with RAP programs so their access is somewhat limited and

requires coordination. Its senior congregate nutrition program is performing above contracted levels at 121% through the third quarter. They are making satisfactory progress in other contracted services. JFS is providing a much higher level of expertise to the social support programs. After consultation with the department, they have been re-evaluating all care management clients to ensure appropriate care plans. This extensive work is impacting some service levels, but is to be expected and will enable limited funding to be utilized for those most in need.

CAO Memo #197: Report back on grant funds and the number of seniors served.

The department anticipates serving 27,392 seniors in its nutrition programs this fiscal year based on third quarter year-to-date performance. Projections of the number of seniors and caregivers to be served in the other Older Americans Act programs such as Social Services, Health Promotion, Elder Abuse Prevention, Ombudsman, Family Caregiver Support at not yet available, but will be soon. Table 1 below provides the number of seniors and caregivers served for the past three fiscal years from FY2008-09 through FY 2010-11. The average amount of OAA grant and General City Purpose funds spent for those three years is \$75.47 per senior/caregiver for the above referenced services.

Table 1

	FY2008-09	FY2009-10	FY2010-11
Unduplicated seniors	182,105	183,137	255,656
Unduplicated caregivers	5,326	6,739	7,866
Total Number of clients served	187,431	189,876	263,522
Total OAA Grant funds expenditure	\$13,897,170	\$13,569,966	\$14,068,386
Total GCP funds expenditure	\$1,904,845	\$1,904,845	\$1,904,845
Total OAA & GCP expenditures	\$15,802,015	\$15,474,811	\$15,973,231
Average Grant & GCP amount spent per Senior/Caregiver	\$84.31	\$81.50	\$60.61

LT:JD:vz:m/BAFC reportback Nos 193-194-195-197

cc: Elaine Owens-Sanchez, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer

Reference: Request from the Budget and Finance Committee for Recreation and Parks to report on if DWP is being charged appropriately for its use of park rights of way and other facilities fee.

Subject: **RESPONSE FROM RECREATION AND PARKS RELATIVE TO APPROPRIATE CHARGE FOR THE DEPARTMENT OF WATER AND POWER'S USE OF RIGHTS OF WAY AND OTHER FACILITIES FEES.**

The Department of Recreation and Parks has submitted the attached response relative to appropriately charging the Department of Water and Power for the use of rights of way and other facilities fees.

This memorandum is informational only. There is no fiscal impact.

MAS:WYL:08120169

Question Number 280

BOARD OF RECREATION AND
PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

MARY E. ALVAREZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
RECREATION AND PARKS

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

May 7, 2012

Honorable Paul Krekorian
Budget and Finance Committee
City Clerk, Room 395
City Hall, 200 N. Spring Street
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

**FISCAL YEAR 2012-13 QUESTION NO. 280 – APPROPRIATE CHARGE FOR DWP'S USE
OF PARK RIGHTS OF WAY AND OTHER FACILITIES FEES**

Currently, the Department of Recreation and Parks (RAP) does not charge the Department of Water and Power (DWP) rights of way or other facility fees for its various electric distribution lines and poles, towers, etc. that exists on parkland. These easements may be eligible for generating some revenue to RAP.

RAP pays over \$16 million annually to DWP for water and electricity usage at our various parks, golf courses, recreation centers, ball fields, etc. Also, for the past few years DWP has funded RAP approximately \$3 million annually for various smart irrigation and other water conservation projects. This has aided RAP in lowering its DWP bill and assisted the City in decreasing its water usage and demand. This has been mutually beneficial as it all lends towards assisting the City and DWP with the long-term water supply issue.

RAP's next endeavor is to increase its efforts in reducing its electric usage. Pecan Park has been recently retrofitted with solar equipment to assist it in operating off the electric grid.

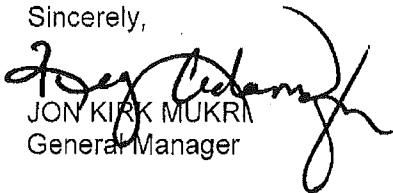
RAP also intends to analyze its capability of generating revenue from those easements whereby DWP equipment operates on parkland. This would include: (1) assessing our various sites; (2) examining legal issues; and, (3) pricing structures including credit to RAP to name a few. A report would have to be submitted to our RAP Board and discussed with DWP, the Offices of the Mayor, City Attorney, City Administrative Officer, Chief Legislative Analyst and Council.



Honorable Paul Krekorian
May 7, 2012
Page 2

Should you have any questions regarding this item, please contact Michael Shull, Superintendent, at (213) 202-2681 or Regina Adams, Executive Officer at (213) 202-2633.

Sincerely,


JON KIRK MUKRIA
General Manager


JKM:RA:MS/bc

cc: Romel Pascual, Office of the Mayor
Jennie Carreon De Lacey, Office of the Mayor
Neil Guglielmo, Office of the Mayor
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the CLA
Karen Kalfayan, Office of the CLA
Miguel Santana, City Administrative Officer
Ray Ciranna, City Administrative Office
Terry Sauer, City Administrative Office
Wai Y. Lau, City Administrative Office
Barry Sanders, Board of Recreation and Park Commission
Regina Adams, Recreation and Parks
Kevin Regan, Recreation and Parks
Vick Israel, Recreation and Parks
Michael Shull, Recreation and Parks
Noel Williams, Recreation and Parks

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 4, 2012 to report back on a comparison with other cities relative to reductions in grant funding.

Subject: **MAYOR'S OFFICE – REPORT BACK ON A COMPARISON WITH OTHER CITIES RELATIVE TO REDUCTIONS IN GRANT FUNDING**

During its consideration of the General City Purposes (GCP) Fund 2012-13 Proposed Budget and the allocation for the Gang Reduction and Youth Development (GRYD) Program, the Committee requested a report back on a comparison of the City to other cities relative to reductions in grant funding.

A comparison of the City with other cities relative to grant funding reductions is difficult to determine since cuts to various grant programs are reported in totality rather than by specific cities. In February 2011, Congress adopted a two-year ban on federal earmarks which resulted in the elimination of \$91 million in juvenile justice funding and \$185 million in state and local law enforcement assistance program funding. In April 2011, Congress passed a Continuing Resolution for FY2011 that resulted in a \$10.9 billion cut to Commerce, Justice and Science programs from FY2010 levels. Specifically, juvenile justice programs received a 35 percent cut or \$276 million and state and local law enforcement received a 17 percent cut or \$1.12 billion. For FY2012, the U.S. Department of Justice received a slight decrease (two percent) below FY2011 levels, resulting in \$251 million for juvenile justice programs and \$1 billion for state and local law enforcement activities.

The Budget Control Act of 2011 establishes mandatory spending caps that place binding limits on federal spending over the next ten years and can trigger automatic cuts if those caps are exceeded. Thus, federal funding is anticipated to continue to remain about the same with slight adjustments to specific programs over this time period. It should be noted that formula grants are allocated based on factors such as population totals, poverty levels or crime statistics and any reductions are applied proportionally to a city's current funding allocation, whereas discretionary funding is awarded based on the overall competitiveness of an application and the capacity to complete the proposed project.

MAS:ACA:CLF

Question No.226

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *ARC for*

Reference: Report back on what revenues can be budgeted/generated for positions that Finance seeks to restore.

Subject: **OFFICE OF FINANCE – POSITION RESTORATIONS AND REVENUE IMPACTS**

The Office of Finance (Finance) has submitted the attached report back regarding the revenue that would be generated by the specific positions proposed for elimination that Finance is requesting to be restored in 2012-13. Finance opines that while efforts will be made to absorb the workload of positions proposed for deletion, it is more likely that the work will have to be delayed or eliminated altogether, impacting revenue generation and collection. This Office disagrees with this assessment. It should be noted that in prior years where staff reductions have been made to the Department, there have been instances where Business Tax revenue exceeded budget or was reduced slightly. Should the position eliminations in the 2012-13 Proposed Budget be adopted, this Office recommends no reductions to budgeted revenue. Alternatively, should the positions be restored, the Department has not committed to a corresponding increase in budgeted revenue.

Business Tax Revenue

2009-10 Actual	2010-11 Budget ⁽¹⁾	2010-11 Actual	2011-12 Budget ⁽²⁾	2011-12 Revised	2012-13 Proposed ⁽³⁾
\$424.83M	\$411.96M	\$418.37M	\$439.22M	\$436.72M	\$450.03M

Notes: 1. 25 regular positions eliminated mainly due to ERIP.
2. 9 regular positions eliminated (Finance only).
3. 12 regular positions eliminated.

Finance is requesting the restoration of seven of nine Customer Service Specialist (CSS) positions proposed for deletion (i.e., 2 regular positions and 5 resolution authorities) at a cost of \$443,280 (direct) and \$187,000 (indirect). The five resolution positions were initially authorized in 2008-09 to assist with workload needs at public counters/call centers. Two of these five resolution authorities are assigned to the Call Center. All other positions are assigned to public counters. Finance advises that the average revenue collected by a CSS at the public counters was \$2,572,344 in payments for tax and permits in 2010-11. Finance further notes that the restoration of seven CSS positions would help mitigate the loss or deferment of \$18 million in General Fund revenue. However, as previously noted, Finance has not committed to increasing business tax revenue if the positions are restored.

The Department's revenue estimates assume that the public will not make payments or seek services from alternative locations or alternative means. Also, it should be noted that there has been a steady decline in the number of calls received and answered at the Call

Center since 2008-09. Your Committee may also wish to refer to Budget Memo No. 21 relative to on-line filings and web-based efficiencies. Reductions in CSS staffing are consistent with the Department's move to web-based efficiencies.

Finance further requests restoration of two filled Clerk Typists positions and instead recommends the deletion of two vacant Accounting Clerk I positions. Finance advises that the Clerk Typist positions are critical to front-line services to clients and taxpayers. This change would result in additional ongoing salary savings to the City of \$24,906 in direct costs and \$6,386 in indirect costs. However, it should be noted that the Department continues to rely on 120-day Accounting personnel from the Controller's Accounting Resource Pool. Further, the Department has indicated that it will likely continue to use the Accounting Resource Pool in 2012-13.

Attachment

MAS:RPC:BC:MDG:01120076d


Question No. 21

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2012

TO: Miguel Santana
City Administrative Officer
Office of the City Administrative Office

Attention: Maria Gutierrez, Finance Specialist III

FROM: 
Antonette Christovale, CPA
Director of Finance
Office of Finance

**SUBJECT: RESPONSE TO BUDGET & FINANCE COMMITTEE QUESTION NO. 21
– POSITION RESTORATIONS AND RELATED REVENUE**

In response to Question No. 21 from the Budget and Finance Committee, the Office of Finance (Finance) was asked to report on the revenue that would be generated by the specific positions proposed for elimination that Finance is asking to be restored in FY 2012-13.

Finance is requesting the restoration of funding for seven (7) of the nine (9) Customer Service Specialist (CSS) positions slated for deletion. It is too early to know the full impact of our web-based programs and there will always be taxpayers who will require direct contact with our CSS's to resolve their tax and permit matters. Furthermore, eliminating all nine positions represents a significant decrease (18%) in our CSS authorities.

As part of its effort to collect over \$2.5 billion in revenue from business taxes, user taxes, such as parking occupancy and transient occupancy, permits, licenses and fees, etc., Finance has established a business model that provides customer service support to the City's constituents that pay into the general fund revenue base. Finance has established a customer-focused environment by establishing a Call Center and customer service counters throughout the City to provide information to the public and to assist taxpayers. Finance believes that this customer service model has been essential to our revenue collection efforts and ability to manage a growing taxpayer account base, which has increased by 82% since the department's inception without any commensurate level of increase staffing to service the public.

The CSS positions assist in ensuring the City collects revenue in a timely manner. CSS positions that staff Finance's Call Center and public counters are the City's first responders to taxpayers' inquiries. These positions are essential in helping taxpayers resolve tax matters in order to effectuate revenue collection. In addition, CSS point-of-contact assistance minimizes the need to elevate tax issues to other specialized units within Finance that would result in routinely diverting Tax Compliance Officers and/or Tax Auditors from their tax discovery and auditing functions.

In FY 2010-11, the average collection by a CSS at the Call Center was \$51,346 in credit card payments for taxes and permits. The two resolution authorities assigned to our Call Center that are proposed to be deleted in FY 2012-13 are responsible for the collection of \$102,692. In FY 2010-11, the average collection by a CSS at the public counters was \$2,572,344 in payments for taxes and permits. The five positions proposed for deletion that are assigned to our public counters are responsible for the collection of \$18,006,412. The restoration of the seven CSS positions will help mitigate the loss or deferment of \$18,000,000 in general fund revenue. There is no assurance that taxpayers will use the web-based programs to offset this revenue base.

The proposed budget also eliminates a vacant Principal Clerk regular authority. While it is difficult to make a direct correlation on the revenue this position would generate, this position manages the department's document imaging program which is a critical piece of LATAX and allows staff to have instant access to imaged tax and permit documents used department-wide when interfacing with taxpayers and collecting revenue.

Other positions are also proposed to be deleted that are integral in supporting Finance's revenue and collection operations. These positions include a vacant Management Analyst I regular authority in the Revenue Management Division (RMD), Citywide program/FMS Centralization unit and a vacant Senior Clerk Typist regular authority in the Special Projects/Litigation support unit in RMD.

These two positions are critical to implementing a citywide program among the various City departments for maximizing the City's revenue, evaluating methods for improving the City's billing, accounts receivable, and collection efforts, establishing measurable revenue collection goals, and evaluating progress toward fulfillment of these responsibilities. RMD is responsible for implementing recommendations proposed by the Commission on Revenue Efficiency (CORE). The elimination of these positions is inconsistent with the recommendations of the CORE, which stressed the need for staffing and funding for the RMD.

It is difficult to make a direct correlation on the revenue the Senior Clerk Typist position would generate; however, this sole clerical position provides support to Finance's collection efforts through its lien authority, which has generated over \$4 million in revenue since the inception of the program in December 2010. The clerical and administrative duties of the Senior Clerk Typist would need to be absorbed by direct revenue-generating staff, thus detracting from their ability to engage in full-time revenue collection efforts.

The Management Analyst I position supports Finance's collection services through the use of outside collection agencies. The City recently released a Request for Proposal for Delinquent Account Collection Services. This Management Analyst I position would provide contract and ongoing program support and monitoring for this program along with the aforementioned duties of RMD's citywide program.

The budget proposes the elimination of one Accountant II. The Accountant II provides support to Finance's treasury operations and transactions. This position helps Finance maintain the integrity of the City's nearly \$8 billion investment portfolio by calculating the interest income of

B&F Committee Question

May 7, 2012

Page 3 of 3

investment portfolios, reconciling daily investment transactions, reconciling daily cash transactions, and ensuring Finance complies with accounting practices to avoid audit findings. It should be noted that the duties performed by this Accountant II position are very manual processes that require considerable staff time because the treasury operations are not fully automated. If this position is not filled, much of the work performed by this position will be absorbed by other positions, which can potentially place the treasury operations at risk of committing errors. These errors can be costly to the City in the form of penalties and late fees.

Finance with the concurrence of the Mayor's Office request that the two filled Clerk Typist positions be restored and two vacant Accounting Clerk I positions be deleted instead. Our clerk typists provide critical and in most cases, front-line services to our clients and taxpayers.

In closing, while efforts will be made to absorb the workload of the positions proposed for deletion, it is more likely that this work will have to be delayed or eliminated altogether, impacting revenue generation and collection.

If you have any questions or would like to discuss this matter please contact Saul Romo, Finance Administration Division Chief at (213) 978-1757.

cc: Gaye Williams, Chief of Staff, Office of the Mayor
Matt Szabo, Deputy Chief of Staff, Office of the Mayor
Neil Guglielmo, Deputy Mayor, Office of the Mayor
Monique Earl, Associate Director, Office of the Mayor
Finance Management Team

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on drafting a letter to the City Employees' Retirement System and the Fire and Police Pension System requesting that the Systems fund the actuarial studies for the Five Year Forecast of City Contributions.

Subject: **CITY ADMINISTRATIVE OFFICER – PAYMENT OF FIVE YEAR FORECAST OF CITY PENSION CONTRIBUTIONS**

Your Committee requested that this Office prepare a letter for your Committee's signature to the City Employees' Retirement System and the Fire and Police Pension System requesting that the Systems fund the actuarial studies for the Five Year Forecast of City Contributions. As reported during the budget deliberations, this Office, as well as the Mayor, requested the respective Systems to continue funding these studies to determine both the magnitude of the City's contribution to the Systems over the next five years, and the potential impact on the City's financial outlook. However, the respective Board of Commissioners denied the request. Your Committee may wish to instruct this Office, in coordination with your Chief Legislative Analyst, to prepare a letter to both systems reiterating the request as part of your 2012-13 budget actions.

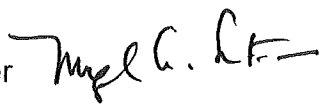
MAS:RPC:BC:MDG:01120077d

Question No. 251

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Is the Controller confident that she can administer FMS with the position authorities that she has been granted? What was the initial request from the Controller's office for FY 12-13?

Subject: **CONTROLLER – FINANCIAL MANAGEMENT SYSTEM MAINTENANCE**

Your Committee requested the Office of the Controller to report back on the positions provided for the maintenance of the Financial Management System (FMS). The Controller submitted that attached report which states that the positions are sufficient for maintenance, but that additional staffing may be required to implement major enhancements. The Mayor's 2012-13 Proposed Budget reflects the Controller's budget request. No reductions were made.

This memorandum is informational only. There is no fiscal impact.

Attachment

MAS:ECM:01120079d

Question No.262

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: May 7, 2012

TO: Budget and Finance Committee

FROM: Wendy Greuel, City Controller



SUBJECT: BUDGET AND FINANCE COMMITTEE QUESTION 262

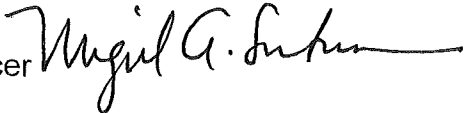
Is the Controller confident that she can administer FMS with the position authorities that she has been granted? What was the initial request from the Controller's office for FY 12-13?

Yes, we are confident that the number of positions requested and granted (18) for FMS are adequate provided that no major enhancements to FMS are added for FY 12-13. Any significant future enhancements may require additional staffing.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Several positions unrelated to FMS have been deleted. What is the likely impact on Controller's office programs and functions that will result from the deletions?

Subject: **CONTROLLER – IMPACT OF PROPOSED REDUCTIONS**

Your Committee requested the Office of the Controller to report back with on the impact of the vacant positions reductions in the Mayor's 2012-13 Proposed Budget. The Controller submitted the attached response, which reiterates that Controller's overall concern regarding staffing reductions over the past three years. The Controller also requests that critical positions be exempted from the Managed Hiring Process and that the Accounting Resource Pool be continued. As mentioned in Budget Memo No. 44, this Office will consider an exemption from the Managed Hiring Process as part of the instruction in Exhibit H of the Mayor's 2012-13 Proposed Budget (Proposed Budget), which directs this Office to prepare a plan to expedite the approval or denial of Special Funded and revenue generating positions. The plan will be completed by July 1, 2012 and submitted to the Managed Hiring Committee for consideration.

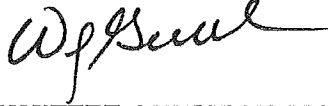
This memorandum is informational only. There is no fiscal impact.

Attachment

MAS:ECM:01120078d

Question No.261

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: May 7, 2012
TO: Budget and Finance Committee
FROM: Wendy Greuel, City Controller 
SUBJECT: BUDGET AND FINANCE COMMITTEE QUESTION 261

Several positions unrelated to FMS have been deleted. What is the likely impact on Controller's office programs and functions that will result from the deletions?

As indicated in our verbal response, the Controller's staff has been significantly reduced (over 26%) over the last 3 years and it has become increasingly difficult to manage under these circumstances. With the reductions citywide to accounting and financial staff and the continued burden of the hiring freeze plus the delays associated with going through managed hiring, the potential for the following exists:

- Inability to timely identify and investigate waste, fraud and abuse;
- Inability to perform needed audits during this high risk climate. Industry standards recommend 6 auditors for each \$1 billion allocated in the annual budget.
- Massive backlogs resulting in our inability to close books timely;
- Delay in reconciling the City's cash position;
- Delay in the City Treasurer's ability to prepare investment/cash reports;
- Delay in City's Outside Auditors audit;
- Delay in the Comprehensive Annual Financial Report (CAFR) publication, resulting in a negative impact on ability to sell City debt;
- Reduction in the City's bond rating;
- Delay in preparing the Single Audit, resulting in the loss or delay of Federal grants which provide more than \$540 million in funds to the City;
- Delay in financial statements for all enterprise funds (proprietary departments, including pensions) negatively impacting their ability to sell debt and their bond rating;
- Delay in the State Street Report (due annually on October 1), resulting in a \$5,000 penalty and the City not receiving money from the State, such as gas tax totaling approximately \$118 million in this Fiscal Year;
- Delay in the State Financial Transaction Report;
- Delay in the Controller's Preliminary Report, resulting in the inability to provide the Mayor and Council with information needed to effectively manage the City's budget;
- Inability to resume the Certification Fiscal Monitoring Program (CFMP), resulting in a qualified opinion on the City's financial statements, potentially causing a negative impact on the sale of debt and the City's bond rating.

Recommendations:

- Exemption from Managed Hiring for Critical Positions in Controller's Office
- Continuance of Accounting Resource Pool of Retirees

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Report back on the asset management tracking program and system and long term plan for LA Mall

Subject: **GENERAL SERVICES DEPARTMENT – REPORT BACK ON THE ASSET MANAGEMENT TRACKING PROGRAM AND SYSTEM AND LONG TERM PLAN FOR LA MALL**

During its consideration of the General Services Department's 2012-13 Proposed Budget, the Committee requested the Department to report back on the asset management tracking program and system and long term plan for LA Mall breakdown. The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:JS:08120162

Question No.84

Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

ANTONIO R. VILLARAIGOSA
MAYOR

May 4, 2012

Budget & Finance Committee
Honorable Paul Krekorian
Chair
Room 395, City Hall
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

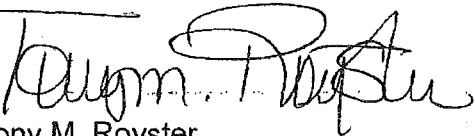
BUDGET & FINANCE COMMITTEE QUESTION NO. 84
FOR DEPARTMENT OF GENERAL SERVICES 2012-13 PROPOSED BUDGET

During the budget deliberations, your Committee requested a report back on the asset management tracking program and system and long term plan for LA Mall.

GSD currently uses various systems to track the City's buildings, leases and other assets.

In 2009, GSD's consultant developed Strategic Revitalization and Monetization Option for the LA Mall (attached). However, no long range plan for the Mall was approved by Council. GSD is willing to work with the CAO and CLA to look at the various options available to the City.

Should you have any questions or concerns, please contact Valerie Melloff at (213) 928-9586.


Tony M. Royster
General Manager

cc: Neil Guglielmo, Deputy Mayor
Miguel Santana, City Administrative Officer



Los Angeles Mall Strategic Revitalization and Monetization Options

As a part of the original RFP Grubb & Ellis was asked to review the overall strategic planning and positioning of the Los Angeles Mall. The goal of the review was to identify ways to turn the Mall around and create a profitable model moving ahead. The Strategic Options represented in this report are the result of the aforementioned review and present, we believe, possibilities for making the LA Mall into a money making opportunity. In any real estate turn around the amount of money invested generally correlates to a greater return on investment. In the case of the LA Mall the need for a total make over and complete disassociation with its past is crucial to any significant increase in NOI. Each Strategic Option is broken into various categories, some more passive and some more active with a recommended path to the strategic plan and leasing. In all events we intend to show the potential sequences with strings leading to an aggressive proactive solution in the event of the critical events happening. Finally all Strategic Options assume administrative and accounting consolidation as a part of the strategic repositioning of the Mall to profitability.

It is our hope that these Strategic Options are straight forward enough that they will lay the foundation for NOI focused dialogue and will serve as a model to further expand and grow the concepts from those outlined herein to the successful implementation of one of these Strategic Options.

Table of Contents

Strategic Option 1

Minor Upgrades maintaining the status quo
Status Quo minimal to no expenditure of capital

Strategic Option2

Refocused upgrades to Macro Food Court
Least expensive capitalization program

Strategic Option 3

Redeploying, Redevelopment and building separation of retail and office
More focused around and oriented to retail corridor

Strategic Option 4

Radical movement and separation of office from retail use
More focused on municipal office use lower level and new Mall construction

Marketing and Leasing Program

Implementation will follow the Strategic Option choice as outlined
NOI will be direct to monetization and administration

Strategic Options

Strategic Option 1

Minor Upgrades:

- Minimal Amenity upgrade
- Small cosmetic changes
- Some signage and way finding upgrades
- Possible at concourse levels
- Open up valet parking

Option 1 is essential maintaining the status quo and obviously would involve a small expenditure of capital.. This would maintain the present physical mix of the existing retail and office locations with additions to either based on need. Presently there is a program to upgrade the tables and paint the exterior walls which should be complete in a very short period of time. This option is designed to expend a little capital as possible while attempting to bring in retail tenets without creating the added demographic enticements outlined in Options 2 thru 4. The tenant mix would stay virtually the same

Tenant Guideline Standards


- Focus on infill tenants to create a complimentary mix
- Market to smaller Mom and Pop firms already in the area
 - Present reputation would make national firms very hesitate

Strategic Option 2

Subgroup Amenities Up grade:

- Amenity upgrade
- General cosmetic changes
- Landscaping green sustainability at street level
- Focus on signage and way finding upgrades
- Rolling Kiosks on Street and concourse levels
- Pagodas upgraded to entice valet parking

Option 2 is focused on the least expensive way to give a degree of upgrade to LAMall without a sizeable outlay of capital. This would maintain the present physical mix of the existing retail and office locations. The bulk of the capitalization would be focused on the elevated park at street level and some demolition on the lower levels for better pedestrian circulation. This option is designed to bring in more people thru the addition of sustainable landscaping on the street level to make it appealing and attract more consumers to explore the lower levels offerings. This too could very well attract participants in the Farmers Market in front of City Hall and a place for the “grab and go” participants from the lower level mall to sit and enjoy the environment. This usage of course would make the area more appealing to more and more users generating more interest in the Mall higher revenues etc.. With this in place we may very well attract a Super Market into the former Children’s Museum Space to anchor the upgraded environment. In this option the lower level would now be geared towards a Macro food court environment grouped around the inverse fountain and the entrance to the concourse from City Hall East. The wall separating the fountain and Micro food court would be removed to create a warm and friendly pedestrian flow throughout the area. There would be some complementary smaller users’ most likely Mom and Pop operations to infill the vacant locations around the Mall



New Tenant Guideline Standards

- Focused on food services and possible bar usage
- Market to much higher level eateries
 - These will be attracted to the appearance change
 - They tend to spend their own money
 - They most likely will need the least upgrades
- Attract higher level moveable kiosk users for the street
- Find infill moveable kiosk users more appropriate for the greening
- Some possible mixed use depending on the architecture and engineered access points within the building.
 - This would most likely be small boutique shops located in the concourse

Strategic Option 3

Consolidation, Construction Upgrade

- Overall infrastructure upgrade
- General material upgrades and replacement
- Greater and deeper landscaping green sustainability at street level and lower levels
- Higher level of signage and way finding
- Permanent Kiosks on Street
- Rolling Kiosks at concourse levels
- Pagodas upgraded to entice valet parking
- Vertical circulation construction
- Repositioning and consolidation of municipal and retail facilities
- Construction of anchor pads at street level

Option 3 is a far more detailed and capital intensive strategy. This strategy would focus on the physical mix of the existing retail and office locations creating distinctive separations from the two uses. The bulk of the capital expenditures would be in the creation of the vertical circulations reorienting the entry points from the parking and street to and thru the retail level(s). This Strategy option is designed to enhance the shopping experience in such a way that people will want to use the parking and travel designed routes from or to the parking elevators. This also would bring the daily foot traffic in constant contact with the retail areas thru specially designed pedestrian corridors. Another important strategic part would be an overall upgrade and/or replacement of the ancient energy wasting infrastructure with the new and improved state of the art green technologies. Finally two anchor pads would be built around the sustainable green area at the street level. This being even more attractive to a higher end super market like and complimentary retail users that would feed off this type of user. This environment very well could attract Dash users, or even drivers later in the day stopping to get a quick meal before leaving downtown, to travel to the area to enjoy the amenities which if done properly would be incomparable in Downtown Los Angeles.

New Tenant Guideline Standards

- Definite higher end Bar offerings
- Very focused restaurants
 - More and diverse white table cloth very likely
- Bring in more and higher level of retail users to the kiosks and out areas
- Some possible mixed use depending on the architecture and engineered access points within the building.
 - This would most likely be flower shops, dry cleaners and other service oriented users.

Strategic Option 4

Radical redeployment of office and Retail uses

- Massive construction on street level
- Entire area enhanced with material upgrades and replacement
- Far deeper landscaping green sustainability at street level and lower levels
- Different and greater signage and way finding
- New pads built street level east and south
- concourse levels eliminated
- Valet parking moved and enhanced tied closer into rapid transit
- Vertical circulation construction

Option 4 is the most detailed and capital intensive strategy. This strategy would focus on a total separation of retail from office so they would not meet. All aspects of the existing mall would be stripped of its basics and designed for the specific office or retail use. This would create distinctive office and retail focused areas. The bulk of the capital expenditures would be creating these new areas of separations by building new in each designated area. This Strategy option is designed to eliminate the shopping interface of the office users and create a truly free standing mall. This would bring an entirely new shopping and officering experience into the civic center and downtown Los Angeles. This strategy would have to be built around the more traditional anchor base model with complimentary users surrounding. As with Strategic Option3 this too could attract Dash users, or even drivers later in the day stopping to get a quick meal before leaving downtown, to travel to the area to enjoy the amenities which if done properly would be incomparable in Downtown Los Angeles.

New Tenant Guideline Standards

- Definite higher end retail offerings
 - Potential for a Department Store
- Very focused restaurants
 - More and diverse white table cloth very likely
- Bring in more and higher level of retail users to the kiosks and out areas
- Some possible mixed use depending on the architecture and engineered access points within the building.
 - This would most likely be flower shops, dry cleaners and other service oriented users.

Leasing & Marketing Program

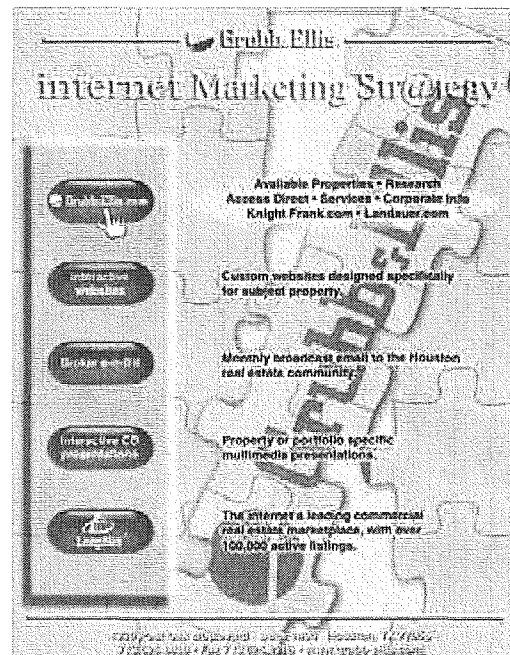
Grubb & Ellis' Retail Services Group appreciates the needs and goals of property owners, and has devised proven tactics that can produce successful results in minimal time. The goal of the marketing strategy is to ensure that the owner obtains the highest price per square foot leased for the properties. To that end, we will structure and implement a well-orchestrated leasing program focused on maximizing value within a prescribed timeframe.

Our description of services include demonstrated competency in the following criteria:

- Advise client on overall strategy and plan implementation for leasing buildings;
- Provide consultation related to all aspects of leasing buildings;
- Provide consultation regarding product positioning;
- Develop lease-up schedules;
- Our prospecting and tracking of potential tenants;
- Provide financial analysis of potential leases;
- Provide regional and local market analysis;
- Prepare RFP/RFQ responses;
- Prepare lease proposals;
- Prepare credit analyses on potential tenants;
- Advise on structuring leasing transactions;
- Provide consultation and document review throughout lease obligations.

The goal of the leasing approach is to successfully lease up the project at the earliest possible date, at market rents with credit tenants, taking an aggressive pro-active four-point marketing platform approach.

- **Exposure** - Maximum exposure of the project (locally, nationally and internationally) to potential users and the brokerage community with an aggressive pro-active marketing campaign.
- **Effort** - Continuous effort by the Team to carry out the specific marketing program.
- **Persistence** - Relentless persistence to uncover, follow-through and close tenant lease transactions.
- **Commitment** - Substantial commitment in personal time and company resources to carry out our marketing plan and fulfill our leasing goals for the property.



Leasing & Marketing Strategy

MARKETING STRATEGY & PROCESS

Our marketing program is founded on two principal tenets: First, we treat the property as if we were principals in the project ourselves and had money at risk; second, we prepare and disseminate the most accurate and thorough information available.

The goal is to achieve maximum exposure for the project among Retailers and the Broker/Agent community and to present features and benefits to our target market, creating immediate tenant awareness and interest in the development. Personal canvassing of key tenants, personal meetings with tenants and active brokers/agents, public relations, and mass tenant/user mailings with telephone follow-up will be conducted.

An initial marketing period of 120 days will be focused on this plan and will include the offering of this property to national and local retailers. At the end of the initial marketing phase, a review of the marketing results will be presented to you. All feedback will be examined to determine how best to mitigate problems, if any, and to suggest changes in the marketing plan as required to accelerate the leasing process.

MARKETING TOOLS

With the information obtained from our thorough research, a comprehensive set of marketing materials will be assembled with sufficient detail for a prospective tenant to make an informed leasing decision regarding the Property. Grubb & Ellis recommends the following tools be developed for the marketing of retail projects.

- Project signage;
- Comprehensive marketing brochure (professionally produced);
- Marketing flyer; and
- Website specific to the project
- Co-Tenant Matrix
- Tenant Representation Matrix

With your consent, placement of distinctive brokerage signs at strategic locations on the property will be effected. The signs afford two major benefits. First, by the strength of our track record and the visibility of our company, the potential tenant knows their negotiations will be conducted fairly and professionally. Secondly, brokers know that their successful work on your project will result in a commission.

PROMOTION OF THE PROPERTY

1. Direct Mail and Follow Up

Potential tenants will be placed on a mailing list and will receive information that will guide them to further inquiries. Included will be the marketing flyer and other collateral material designed to create a sense of urgency as the prospect reviews the information on the property. The mailing list will be carefully compiled with national and local retailers.

2. Internal Promotion

Because this property is unique, Grubb & Ellis will announce the availability of the property to over 1,600 various brokers and tenant representatives in our 99 nationwide offices. Along with the initial

Leasing & Marketing Strategy

announcement, we will provide data and specific site information to be placed into each office computer system for immediate access.

Grubb & Ellis **FOR LEASE**
RETAIL SPACE

861 Nasa Parkway- Village Real Shopping Center

• **10,000 SF ANCHOR SPACE AVAILABLE**

- +/- 28,000 SF Available
- +/- 29,000 SF of Anchor Space Available
- Asking Rental Rate: \$34.00 per SF/Year/NNN
- Major Tenants: Pallas Royal, Always 99 Cents Store, Subway
- Signage/Internet/Other
- Expenses: \$1.00 per SF/Year

YOUR NAME HERE

L. Ann Buchanan
713.566.1301
ann.buchanan@grubb-ellis.com

Laura Buchanan
713.566.1302
laura.buchanan@grubb-ellis.com

Grubb & Ellis Company, 12000 Wilshire Blvd, Suite 1900, Beverly Hills, CA 90210. Tel: 310.272.2400. Fax: 310.272.2401. www.grubb-ellis.com

LOCAL PRESENCE GLOBAL REACH

3. Cooperation with Broker

Grubb & Ellis believes in cooperating with the brokerage community, and will keep the brokerage community informed on current activity. Direct contact with the top-producing brokers will be ongoing.

4. Internet Marketing

Your property will be featured on the Grubb & Ellis Intranet (the Company network), the Grubb & Ellis web site, and several listings services including: Loop Net, Costar, Smith Guide, AIR and BuildingSearch.com.

5. Advertising

The project can be advertised through the following suggested (but not limited to) publications:

- Los Angeles Business Journal
- Wall Street Journal
- California Centers Magazine
- Riverside Press Enterprise
- Orange County Register
- Los Angeles Times

6. External Promotion - ICSC

Grubb & Ellis is a corporate member of ICSC and commits well over a quarter million dollars each year to participate in 7 ICSC events. Grubb & Ellis always has a large booth at the Spring ICSC Convention in Las Vegas plus we have a booth at 6 of the larger regional events. (Palm Springs, Atlanta, Chicago, Orlando, San Antonio, and New York). The Grubb & Ellis booth in Las Vegas sits in a prime corner location, has 13 conference rooms and 4 computer kiosks. Over 500 Grubb & Ellis professionals attended the Spring ICSC convention in May 2007. In addition, we have a client party that is very well attended. Last year's party was held at the Voo Doo Lounge (a premier Las Vegas location).

Leasing & Marketing Strategy

our
e-

Grubb & Ellis
Property Solutions Worldwide

FOR LEASE RETAIL SPACE

Available

RETAIL SPACES:
24,000 sq ft of Retail Space
24,780 sq ft of Retail Space
26,000 sq ft of Retail Space

E. Ann Schumann
781.408.5415
ann.schumann@grubb-ellis.com

Laura Schumann
781.408.5415
laura.schumann@grubb-ellis.com

Grubb & Ellis
Property Solutions Worldwide
LOCAL PRESENCE GLOBAL REACH

MARKETING FLYER

The design and distribution of an informative and attractive flyer will serve as a hallmark for the property. The flyer will include aerial photographs, building photographs and basic information on the property that in-house graphics department can produce (see samples below). A PDF flyer on your property will be mailed periodically to the brokerage community.

EXTERNAL & PUBLIC OUREACH

Grubb & Ellis will effectively market the listing on the following internet listing services:

LOOPNET www.loopnet.com

LoopNet.com is the #1 commercial real estate service online, with more commercial property listings, more members and more market coverage than any other website. Using LoopNet's products and services,

Grubb & Ellis can list, search, market and finance commercial real estate properties over the Internet – reducing our marketing costs, expanding our reach and accelerating the pace of transactions. The website includes over \$135 billion of commercial properties for sale, over 2.3 billion square feet of space for lease, and over 450,000 registered members, including brokers and buyer-investors.

SMITH GUIDE www.smithguide.com

Grubb & Ellis distributes all of the company's property listings to the Smihguide website. The upload is done on a weekly basis in the same way G&E listings are distributed to LoopNet and the G&E website. Grubb & Ellis views this as another way to increase the exposure of our nearly 8,000 listings to the industry and within a reputable organization. It's another example of our technology and infrastructure enabling G&E to leverage the strength of our company platform.

COSTAR www.costar.com

Grubb & Ellis subscribes and lists agency assigned properties to CoStar, the nation's leading provider of electronic commercial real estate information. With approximately 27 billion square feet of coverage, including 1 million properties in the 50 top U.S. markets, CoStar has set the standard for marketing properties to the real estate community and beyond. Costar provides brokers, owners or financial investors, the sophisticated, easy to use information tools necessary to succeed. CoStar is primarily used within the commercial real estate industry.

BUILDINGSEARCH.COM www.buildingsearch.com

Our Company's purpose is to provide a high level of efficiency during commercial real estate site selection and procurement periods. Through a suite of software as a service (SaaS) applications and marketing

Leasing & Marketing Strategy

services for real estate brokers and owners, we connect industry participants together through a free vertical search engine of available commercial property and communal medium. Our focus is aggregating property listings and service providers to provide a deep marketplace for tenants and real estate agents as they source startup or relocation space.

AIR www.airea.com

At a time when commercial real estate was burgeoning in Southern California, a group of visionary brokers founded the American Industrial Real Estate Association. In the ensuing years, the "AIR" came to signify respect and integrity. AIR's products and services include, electronic forms, e-Multiple, Airwaves, Airmail, Networking Events, Arbitration and an Annual Market Review and Forecast **Dinner**.

TRADE DIMENSIONS - RETAIL TENANT DIRECTORY www.retailleasetrac.com

Grubb & Ellis subscribes to Retail Lease Trac, an annual publication of Trade Dimensions International that lists detailed information on 5,400 actively expanding retail chains in the U.S. and Canada. Recognized throughout the industry as the most accurate data source available, Retail Lease Trac has become the standard by which all other similar publications are measured. In addition, it contains specific site selection criteria to the names and titles of executives to contact.

PERSONAL CONTACT

Prospect calling is the heart of the marketing program. It is of paramount importance that the time and effort be expended to make "personal" contact with local, regional, and national user prospects. The retail project must be exposed to the maximum number of potential retailers to minimize its time on the market, and the risk of over exposure. Specific attention will be given to prospects throughout the nation who have the vision and financial ability to lease within the property.

NEGOTIATIONS / QUALIFICATIONS

Grubb & Ellis will conduct the qualifying and preliminary negotiations. Grubb & Ellis is capable of interpreting the needs of the prospect and transferring them to paper in the form of an offer.

We will stay in close contact with you or your representative as the transaction progresses. We can advise you on negotiation points and the ultimate signing of the agreements. However, all the decisions relative to the consummation of any agreement are yours.

COORDINATION / COMMUNICATION

Grubb & Ellis will be solely responsible for coordination of the entire marketing plan and will serve as the conduit for information passing between brokers and the owner. It is our experience that this procedure enhances communication among the participants through the closing of a transaction.

Marketing reports will be prepared and submitted to you detailing activities periodically, ensuring ongoing communication regarding the status of the marketing of the project. The marketing report lists those prospective tenants who have received the brochure and requested a tour of the Property, current space availability, along with proposal and leasing status.

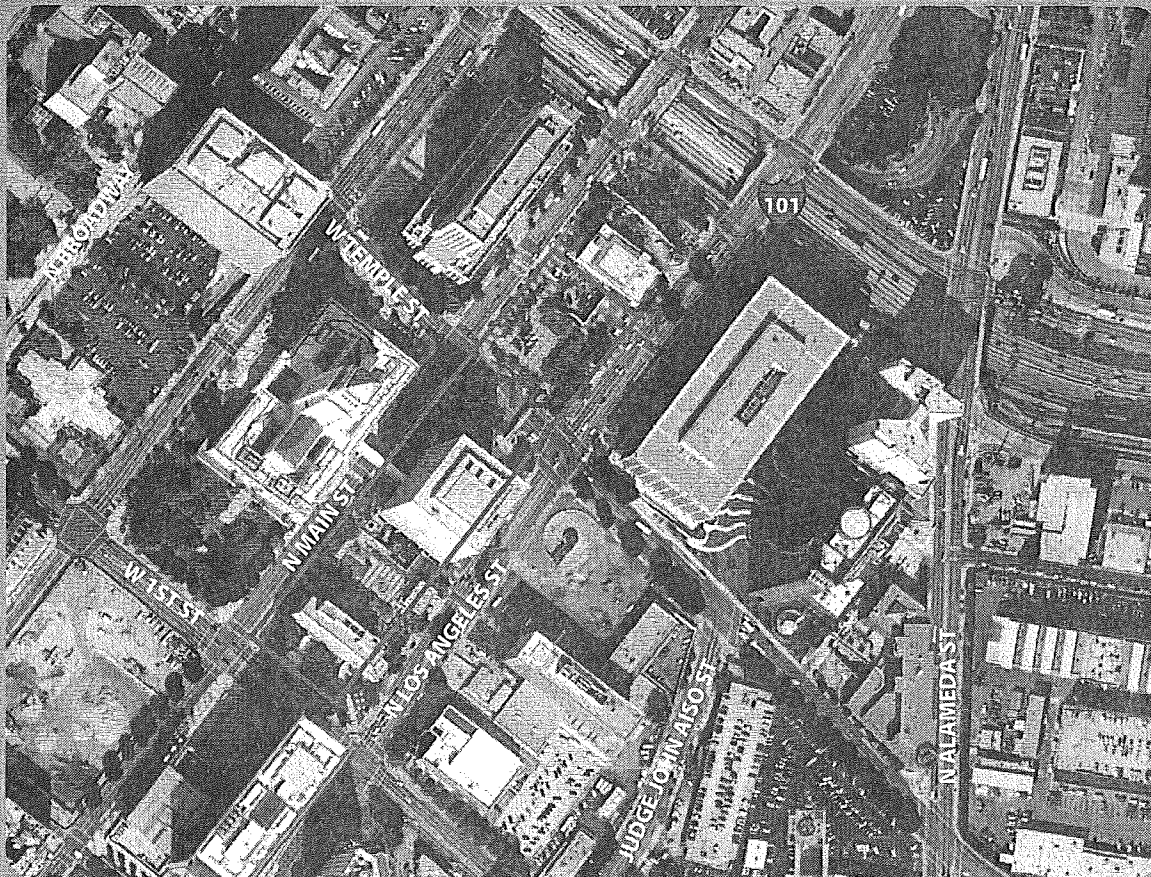
10-DAY PHASE I – STRATEGIC PLANNING

- Identification of client objectives



THE NEW LOS ANGELES MALL RESTAURANT/RETAIL SPACE FOR LEASE!

62,000 SF Plaza in Downtown Los Angeles



For More Information, contact:



Hank Elder

Senior Vice President

213.596.2206

hank.elder@grubb-ellis.com

Scarlett Williams

Associate

213.596.2049

scarlett.williams@grubb-ellis.com

Dan Samulski

Senior Vice President

949.608.2080

dan.samulski@grubb-ellis.com

Be a part of the new Los Angeles Mall - a revitalized urban plaza featuring restaurants, shops and cafes.

Located in the Civic Center region of downtown Los Angeles, the plaza is surrounded by municipal and civic related office complexes as well as adjacent future Grand Avenue project, Los Angeles Times headquarters and residential projects.

Over 20,000 potential customers per day in a one block radius of the site, the largest concentration of government employees outside of Washington, D.C.

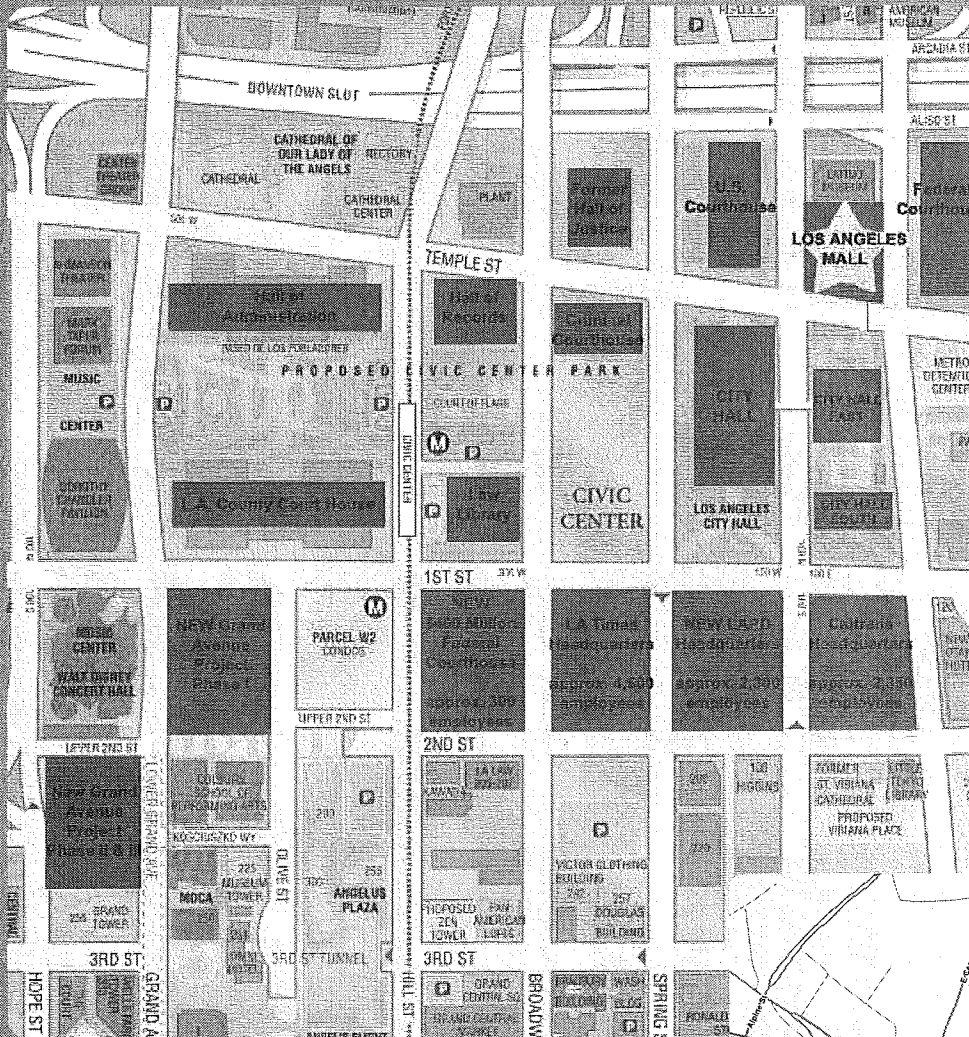
Catering to both daytime and evening oriented businesses, the new Los Angeles Mall is conveniently located near the Disney Music Hall, Museum of Contemporary Art, future Grand Avenue project, Little Tokyo and Chinatown Communities as well as the numerous trendy bars and restaurants.

Grubb & Ellis Company . 445 S. Figueroa Street, Suite 3300 . Los Angeles, California 90071 . 213.596.2049 main . 213.488.0819 fax . www.grubb-ellis.com

The information contained herein was obtained from resources believed reliable; however, Grubb & Ellis Company makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this property is submitted subject to errors, omissions, change of price or conditions prior to sale or lease or without notice.

THE NEW LOS ANGELES MALL RESTAURANT/RETAIL SPACE FOR LEASE!

62,000 SF Plaza in Downtown Los Angeles




Los Angeles Demographic Profile

	1 Mile	2 Mile	3 Mile
Daytime Population:	152,927	308,555	416,905
Population Est:	42,626	171,208	454,147
Growth Est:	21.7%	16.21%	9.45%

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Request from the Budget and Finance Committee dated May 3, 2012 to report back on several questions pertaining to the 2012-13 DWP Preliminary Budget

Subject: **DEPARTMENT OF WATER AND POWER**

During its consideration of the Department of Water and Power (DWP) FY 2012-13 Preliminary Budget, your Committee requested the Department to report back on several questions involving the topics listed below.

- Non-infrastructure cost efficiencies
- Private sector involvement with feed-in-tariffs
- Contractual services
- Staffing levels and information on staff duties
- Comparison of nearby utility rates
- Customer communication and experience
- Implementation and investment of recyclable water program

The Department's response is attached.

This memorandum is informational only. There is no fiscal impact.

MAS:RPR:10120136

Question Nos. 211, 214, 215, 216, 217, 218, 221



ANTONIO R. VILLARAIGOSA
Mayor

Commission
THOMAS S. SAYLES, *President*
ERIC HOLOMAN, *Vice President*
RICHARD F. MOSS
CHRISTINA E. NOONAN
JONATHAN PARFREY
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

May 7, 2012

Mr. Miguel A. Santana, City Administrative Officer
City Administrative Officer
Room 1500, City Hall East

Dear Mr. Santana:

Subject: Responses to Budget and Finance Committee May 3, 2012 Questions

On May 3, 2012, the Los Angeles Department of Water and Power (LADWP) presented its preliminary FY 2012-13 budget to the Budget Committee of the Los Angeles City Council. Following are the questions posed as recorded by your office.

- Question No.211 Report back on the non-infrastructure costs efficiencies that DWP could implement to save costs.
- Question No. 214 Report back on how DWP is working with the private sector as it relates to "feed-in tariffs".
- Question No. 215 Report back on additional information related to contractual services.
- Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.
- Question No.: 217 Report back on data comparing neighboring utility information; identify whether this information is by tier, commercial /residential, single/multi-family, etc.
- Question No. 218 Report back with more detail on the third goals or objective identified in the Proposed Budget which focuses on improving customer communications and experience for DWP.

Water and Power Conservation ... a way of life

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700
Telephone: (213) 367-4211 Cable address: DEWAPOLA

Recyclable and made from recycled waste

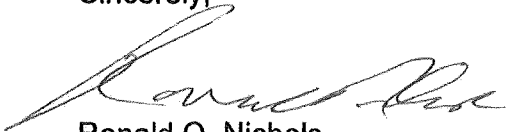


Mr. Miguel A. Santana
Page 2
May 7, 2012

- Question No. 221 Report back on where the recyclable investments in infrastructure been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.

Comprehensive responses to the above questions are located on the ensuing pages. If additional questions are asked and/or additional information is required, please contact me at (213) 367-1338, or have your staff contact Mr. Phil Leiber, Chief Financial Officer, at (213) 367-8755.

Sincerely,



Ronald O. Nichols
General Manager

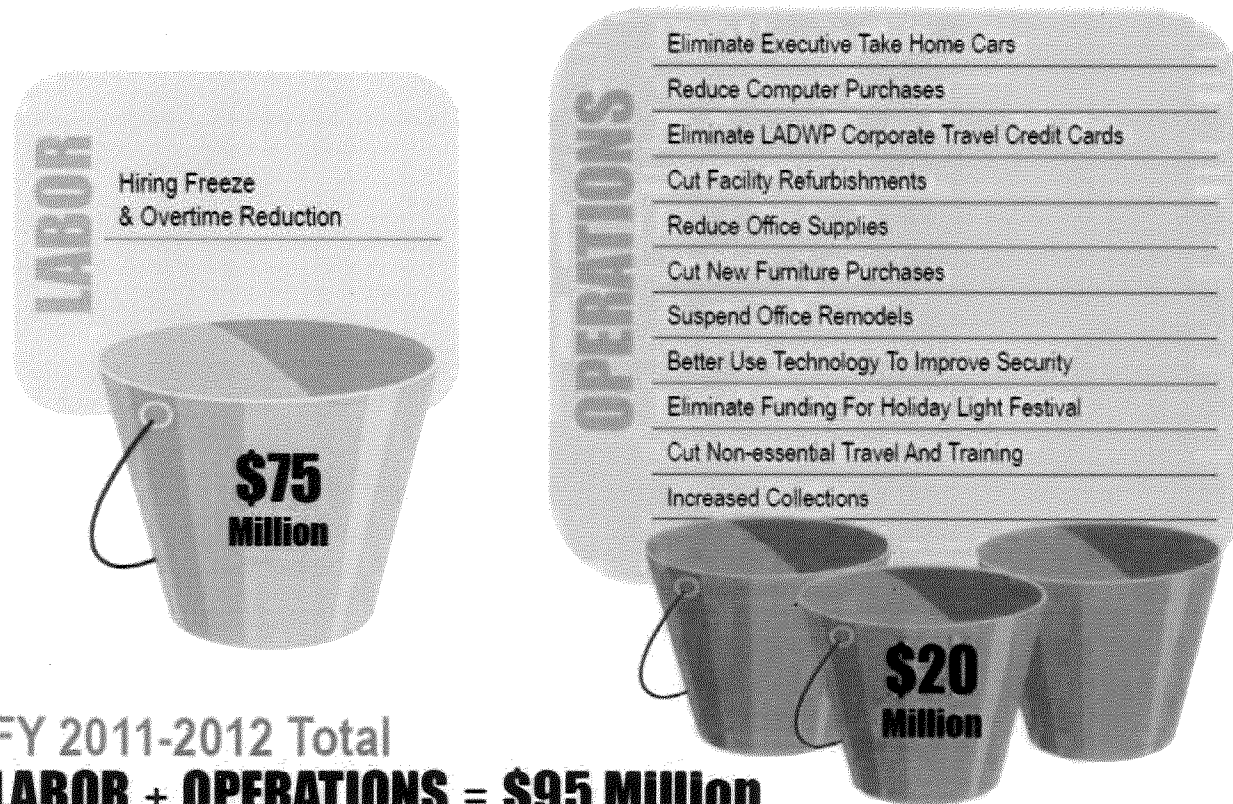
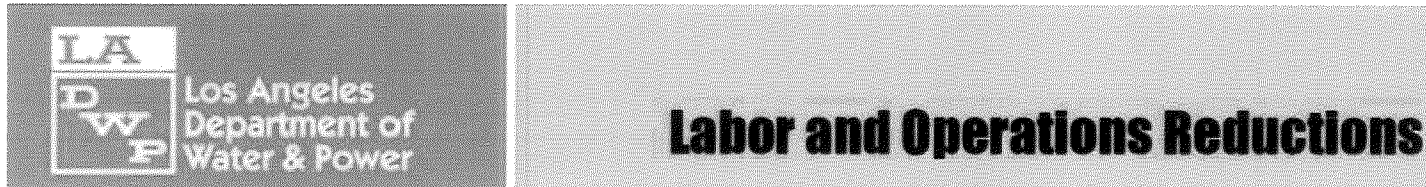
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Enclosure: Responses to Budget and Finance Committee May 3, 2012 Questions

c: Ms. Olivia Aceves-Vallelunga
Mr. Robert Roth
Mr. Phil Leiber

Question No. 211 Report back on the non-infrastructure costs efficiencies that DWP could implement to save costs.

In April 2011, LADWP began implementing cost cutting measures as noted below. LADWP continues to manage hiring with every hire requiring the General Manager's personal approval until further notice. LADWP's staffing of 8,983 projected for FY 2012-13 is 20% below the peak staffing of the Department in FY 1991-1992 while the number of customers served has increased by 6 percent.



FY 2011-2012 Total
LABOR + OPERATIONS = \$95 Million
(savings grow over next 3 years)

Question No. 211 Report back on the non-infrastructure costs efficiencies that DWP could implement to save costs.

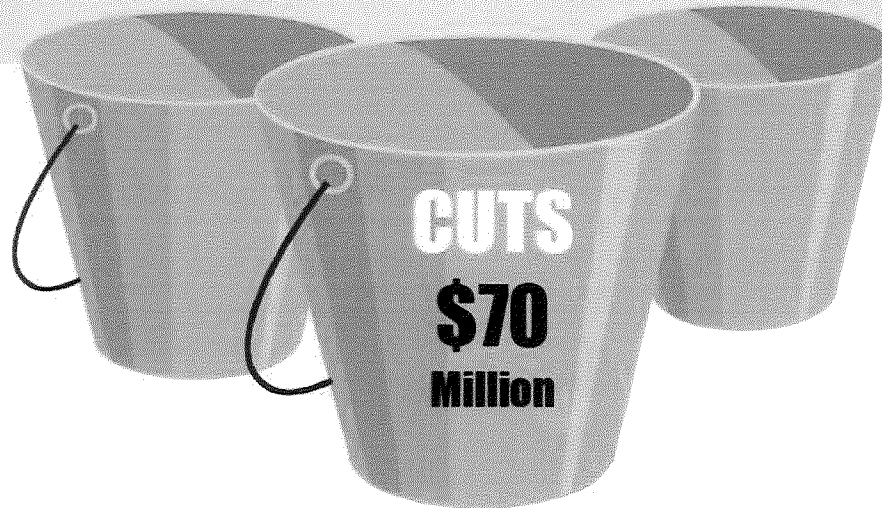


Los Angeles
Department of
Water & Power

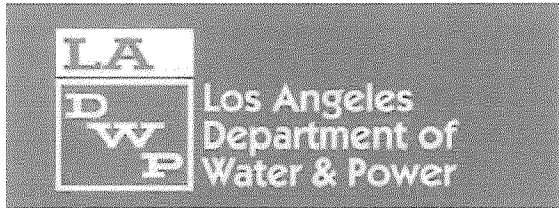
Capital Reductions

CAPITAL

New Truck Purchase Reduction	\$3 million
Cancelled Property Purchase	\$17 million
Savings From Bond Refinancing	\$50 million



Question No. 211 Report back on the non-infrastructure costs efficiencies that DWP could implement to save costs.



Total Cost Cuts Over Next 3 Years

Labor & Operating Cuts (3 years)

\$370 million

Capital Cuts

\$70 million

\$440 million

Total Cuts

Question No. 214 Report back on how DWP is working with the private sector as it relates to "feed-in tariffs"

LADWP is offering a 10 megawatt solar Feed-in Tariff Demonstration Program (FiT) starting on May 17, 2012. The development of the FiT incorporated feedback received from stakeholders during a comprehensive outreach campaign conducted primarily in 2011, but originally dating back to 2009. Stakeholders included the following:

1. LADWP customers including large commercial customers, City and other governmental agencies, neighborhood councils and the general public. Public-Private partnerships between government agencies, with large roofs, and private sector solar developers, who can access significant tax benefits, are ideal arrangements for the FiT program. Many discussions and meetings have been held with both government agencies and solar developers to encourage this type of arrangement for the program.
2. Business Organizations, including the Los Angeles Business Council, Los Angeles City and County Chambers of Commerce, Valley Industry and Commerce Association, San Fernando Valley Green Team and Port Tech LA.
3. Solar Industry, including dozens of solar manufacturers and installers and industry groups such as the California Solar Energy Industry Association and Vote Solar.
4. Environmental Community, including the Sierra Club and Natural Resources Defense Council.

LADWP is holding training workshops to promote FiT and clarify its processes. Three workshops were held in April 2012 and three more will occur in May. All have been very well attended.

The FiT has been a very popular and visible program throughout its development. Workshops and meetings have been filled to capacity in most instances. As is the case with many utility programs, much of the marketing for the FiT program will be handled by the solar industry, removing the burden of most marketing expenses from the ratepayer. The solar industry has been anxiously awaiting the launch of this program and has been working closely with LADWP's customers for quite some time.

Question No. 215 Report back on additional information related to contractual services.
 Following is specific information relative to construction contracts.

**30 - CONSTRUCTION SVCS
 WATER FUND
 DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
22130 - LA AQUEDUCT SYS-A&B SOUTH	51000 - SYSTEM A&B SOUTH	430.0
	TOTAL FOR 22130	430.0
22140 - LA AQUEDUCT SYS-A&B NORTH	52002 - SYS A&B NORTH	1,143.5
	TOTAL FOR 22140	1,143.5
22150 - E. SIERRA ENVNMTL CAPITAL	51110 - MISC EASTERN SIERRA INVIRONMENTAL	61.2
	52003 - ENHANCE/MIT-INYO/LA STIPULATION	714.7
	TOTAL FOR 22150	775.9
22402 - OWENS VALLEY DUST MITIGAT	10050 - OWENS LAKE GROUNDWATER UTILIZATION	204.2
	TOTAL FOR 22402	204.2
22403 - SUPPLMNTL DUST CNTRL DEVT	41030 - OWENS LAKE DUST MITIGATION PHASE 7A	50,425.9
	41034 - OWENS LAKE DUST MITIGATION PHASE 8.	33,867.8
	TOTAL FOR 22403	84,293.7
23150 - WATER RECYCLING - CAP	10032 - HARBOR REFINERIES PIPELINE PROJECT	2,827.8
	20026 - HANSEN GOLF COURSE WRP	32.1
	TOTAL FOR 23150	2,859.9
23222 - WQIP TRUNKLINE IMPRVEMNTS	23070 - SILVER LAKE BYPASS TUNNEL & REG STN	860.1
	23118 - CITY TRUNK LINE SOUTH UNIT 4	5,501.7
	23151 - FIRST STREET TRUNK LINE. DESIGN/	7,166.3
	23190 - CITY TRUNK LINE SOUTH UNIT 5	2,617.3
	23204 - MWD LA-30 CONNECTION (VENICE)	118.5
	23453 - RIVER SUPPLY CONDUIT LOWER REACH 1A	3,232.5
	23454 - RIVER SUPPLY CONDUIT LOWER REACH 1B	9,790.3
	23457 - RIVER SUPPLY CONDUIT LOWER REACH 4	9,495.3
	TOTAL FOR 23222	38,782.0
24150 - REGULATOR STATIONS	23311 - LUCILLE & MARGARET REGULATOR STATION	209.6
	30066 - 30066 CENTURY PK & OLYMPIC REG STN	27.6
	40049 - REGULATOR STATIONS CAPITAL	9.3
	TOTAL FOR 24150	246.5
24310 - WTR TREATMENT IMPRVTS	30032 - RESERVOIRS & TANK MINOR A & B	3,202.0
	TOTAL FOR 24310	3,202.0
24315 - GROUNDWATER MGMT	20084 - GROUNDWATER SYS IMPVMT STUDY	9,393.2
	30001 - LA GROUNDWATER SYS A&B	2.0
	56006 - GROUNDWATER PURIFICATION FACILITIES	204.2
	TOTAL FOR 24315	9,599.4
26220 - TRUNK LINE & MAJ SYS CONN	23219 - SYCAMORE TRUNK LINE	314.9
	TOTAL FOR 26220	314.9
26331 - DISTRIBUTION MAINS	30050 - DISTRIBUTION MAINS A & B	5,171.2
	30065 - MULHOLLAND PIPELINE	15.3
	TOTAL FOR 26331	5,186.5
27210 - SRVCS, METERS & HYDRANTS	30051 - FIRE HYDRANT INSTALLATIONS IN NEW	307.1
	30052 - DISTR SYS SERVICES & METERS	3,423.0
	30053 - METER REPLACEMENT PROGRAM -	160.2
	TOTAL FOR 27210	3,890.3
28181 - FLEET CONSTR PROJECTS	Y7582 - CNG FUELING STATIONS	1,531.5
	TOTAL FOR 28181	1,531.5
28184 - JFB CAPITAL	Y0006 - JOHN FERRARO BUILDING CAPITAL	168.2
	Y3563 - AIR DISTRIBUTION UPGRADE - DUCT	374.9
	TOTAL FOR 28184	543.1
28201 - WSO FACILITIES	51301 - BISHOP CONSTRUCTION FACILITY	10.0

**30 - CONSTRUCTION SVCS
WATER FUND
- DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
28201 - WSO FACILITIES	51302 - INDEPENDENCE YARD	1.9
	TOTAL FOR 28201	11.9
28857 - OTHER WSO CAP PROJECTS	80043 - SECURITY MEASURES FOR WTR OPNS	200.2
	TOTAL FOR 28857	200.2
29130 - WQIP RESV IMPRVTS	23067 - HEADWORKS RESERVOIR	5,334.1
	23215 - LSC RES-HYPOLIMNETIC AERATION PROJ	0.5
	TOTAL FOR 29130	5,334.6
FUND TOTAL FOR COST ELEMENT 30		158,550.1

**30 - CONSTRUCTION SVCS
POWER FUND
DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
21142 - HARBOR GEN STA A'S & B'S	B2023 - HGS CONSTRUCT PERMANENT MAINT BLDG,	2,985.0
	TOTAL FOR 21142	2,985.0
21143 - HAYNES GEN STA A'S & B'S	O9004 - HNGS MINOR ADDITIONS & IMPROVEMENTS	7,147.0
	TOTAL FOR 21143	7,147.0
21147 - CASTAIC PWR PLANT A&B'S	B2128 - IMPROVEMENTS TO CASTAIC POWER PLANT	663.6
	TOTAL FOR 21147	663.6
21148 - SMALL HYDRO PLTS A&B'S	B2033 - INSTALLATION OF SECURITY FENCING, B2034 - SMALL HYDRO IMPROVEMENTS TO ROADWAYS	10.2 10.2
	TOTAL FOR 21148	20.4
21163 - HAYNES UNITS 5&6 REPOWER	O1196 - REPOWER HAYNES GS UNITS 5&6 WITH 6	113,056.1
	TOTAL FOR 21163	113,056.1
21165 - SCATTERGOOD REPOWERING	O1195 - REPOWER SCATTERGOOD GS UNIT 3 WITH	253,438.4
	TOTAL FOR 21165	253,438.4
21169 - CASTAIC MODERNIZATION	O1387 - CASTAIC MODERNIZATN PROJ FOR UNIT 1 O1388 - CASTIC MODERNIZATION PROJ FOR UNIT 7	9,734.2 16,336.0
	TOTAL FOR 21169	26,070.2
21170 - RESRCE DEVL P-RNWBL PRJ AQ	O1337 - GEOTHERMAL PROJ-IMPERIAL VLLY AREA.	4,526.0
	TOTAL FOR 21170	4,526.0
21420 - UTILITY BUILT SOLAR	O9774 - PINE TREE PHOTOVOLTAIC SYSTEM	5.1
	TOTAL FOR 21420	5.1
22705 - OVES GEN & FACILS A&B'S	O1248 - IMPROVEMENTS OVES GENERATION ROADS	306.3
	TOTAL FOR 22705	306.3
22710 - GEN WND PWR PLNT A'S&B'S	B2213 - PINE TREE/BARREN RIDGE ROAD CONSTR	306.3
	TOTAL FOR 22710	306.3
23510 - DISTRIBTN SYS RELIABILITY	P6306 - REPLACEMENT OF 4.8-KV AND 34.5-KV P6322 - REPLACEING DETERIORATED POLES P6378 - CITY DRIVEN OH/UG	283.8 10,210.0 46.2
	TOTAL FOR 23510	10,540.0
23560 - DISTR STA FAC DSGN & CONS	P5501 - CONSTRUCT NEW WALL-ENCLOSED DS-144,	5.1
	TOTAL FOR 23560	5.1
24324 - SCATTERGOOD-OLYMPIC LN 1	O1346 - CONSTR NEW SCATTERGOOD-OLYMP LINE 1.	6,126.0
	TOTAL FOR 24324	6,126.0
24351 - UNDRGRND TRNSMSN A'S&B'S	B1220 - KENTER-SUNSET ELECTRODE CABLES A&B,	985.2
	TOTAL FOR 24351	985.2
25271 - SYLMAR CONV STA A&B'S	O1373 - SYLMAR CS AC FILTER REPLACEMENT PROJ	204.2
	TOTAL FOR 25271	204.2
25372 - EASTERN STATIONS A&B'S	B1230 - MINOR A'S & B'S EASTERN STATIONS	256.2
	TOTAL FOR 25372	256.2
25420 - SUBSTA RELIABILITY IMPRVM	C5145 - INSTALL VOLTAGE SUPPORT EQPMT AT	138.8
	TOTAL FOR 25420	138.8
25620 - SYS GROWTH EXPANSIONS	P6308 - INST,REINFORCE & MODIFY 4.8KV FEEDER P6325 - TRUNK/PEDDLER CIRCUITS INST & MODN	1,449.8 153.1
	TOTAL FOR 25620	1,602.9
26105 - NEW BUSINESS - REVENUE	P6313 - DESIGN/CONST. NEW BUSINESS LINE FAC.	51.3
	TOTAL FOR 26105	51.3
28138 - GENL FACL IMPRVM - ITS	Z9035 - BISHOP TELECOM BUILDING	427.4
	TOTAL FOR 28138	427.4
28405 - COMMUNICATIONS SYSTEMS	Z4740 - TELECOMMUNICATIONS TRANSMISSION	15.3

**30 - CONSTRUCTION SVCS
POWER FUND
DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
28405 - COMMUNICATIONS SYSTEMS	Z8021 - SMARTGRID - DEMAND RESPONSE/TELECOM	2,246.2
	TOTAL FOR 28405	2,261.5
28914 - CSBU ADDNS & BETTERMENTS	Q0052 - HOLLYWOOD CSC - COLE AVENUE	4,461.3
	TOTAL FOR 28914	4,461.3
28990 - AMR AUTOMATIC MTR READING	I0527 - SMART GRID EXPENDITURES FROM RATES	15,315.0
	TOTAL FOR 28990	15,315.0
	FUND TOTAL FOR COST ELEMENT 30	450,899.3

Question No. 215 Report back on additional information related to contractual services.
 Following is specific information operations and maintenance contracts.


**31 - OPER & MAINT SVCS
 WATER FUND
 DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
3122240 - PUMP BOOSTER O&M	30076 - PUMP BOOSTER OPERATION & MAINTENANCE	8.1
TOTAL FOR 3122240		8.1
3212520 - DISTRIB TREATMENT OPNS	40022 - DISTRIBUTION TREATMENT OPNS	2.0
TOTAL FOR 3212520		2.0
3212570 - REGULATOR STATION-O&M	40048 - REGULATOR STATIONS O&M	86.7
TOTAL FOR 3212570		86.7
3302200 - LARGE MAINS O&M-20IN & UP	30054 - TRUNK LINE O&M - MAINS 20" & LARGER	75.3
TOTAL FOR 3302200		75.3
3312200 - DISTRIBUTION MAINS O&M	30078 - DISTR MAINS O&M	6,408.2
TOTAL FOR 3312200		6,408.2
3322200 - FIRE HYDRANT MAINT	30082 - FIRE HYDRANT MAINTENANCE	105.5
TOTAL FOR 3322200		105.5
3332200 - SERVICE CONNECTION O&M	30084 - SERVICE CONNECTION O&M	920.2
TOTAL FOR 3332200		920.2
3352200 - DISTR RESERVOIR O&M	30088 - DISTR RESERVOIR OPERATION & MAINT	5.1
TOTAL FOR 3352200		5.1
3532202 - OPER BLDG & YARD O&M	30094 - OPERATING BUILDING & YARD O & M	5.1
TOTAL FOR 3532202		5.1
7017017 - JFB OPER & MTC	Y3517 - JFB - OPERATIONS & MAINTENANCE	80.1
TOTAL FOR 7017017		80.1
7336122 - TEST LABORATORY	28501 - TEST LABORATORY-WETS	20.4
TOTAL FOR 7336122		20.4
7336124 - WATER QUALITY LABORATORY	41005 - WATER QUALITY LAB	10.2
TOTAL FOR 7336124		10.2
7357511 - ELEC REPAIR & SHOP SVCS	70032 - ELECTRICAL REPAIR AND SHOP SERVICES	1.0
TOTAL FOR 7357511		1.0
7357515 - FACILITIES MAINTENANCE	Y8920 - CUSTODIAL SERVICES FOR DEPARTMENT	7.6
	Y8930 - CRAFT, BLDG AND FACILITIES	46.9
	Y8940 - LANDSCAPING SERVICES FOR DEPARTMENT	20.1
TOTAL FOR 7357515		74.6
8015024 - LA WTR NONOP PROP MGMT	30062 - LA WTR NONOP PROP MGMT	5.1
TOTAL FOR 8015024		5.1
FUND TOTAL FOR COST ELEMENT 31		7,807.6

**31 - OPER & MAINT SVCS
POWER FUND
DATA AS OF March 8, 2012**

Functional Item	Job	FY 12/13
28805 - GEN CAPITAL-PS PLNG DEVL	P6283 - NERC CYBER SECURITY CAPITAL -	14.0
	TOTAL FOR 28805	14.0
3013001 - POWER EXECUTIVE	C5100 - POWER EXECUTIVE OFFICE SALARIES &	3.0
	TOTAL FOR 3013001	3.0
3013111 - HARBOR GEN STA OPER	O9523 - OPERATION OF HARBOR UTILITY PLANT	3.0
	TOTAL FOR 3013111	3.0
3013114 - VALLEY GEN STA OPER	O9526 - OPERATION OF VALLEY UTILITY PLANT	137.8
	TOTAL FOR 3013114	137.8
3013116 - HARBOR GEN STA MTC	O9534 - HARBOR GENERATING STATION MTC	49.3
	TOTAL FOR 3013116	49.3
3013117 - HAYNES GEN STA MTC	O9535 - HNGS MTC OF BUILDINGS & EQUIPMENT	1.0
	TOTAL FOR 3013117	1.0
3013118 - SCATTERGOOD GEN STA MTC	O9536 - SGS MTC OF BUILDINGS & EQUIPMENT	2.5
	TOTAL FOR 3013118	2.5
3013119 - VALLEY GEN STA MTC	O9537 - MAINTENANCE OF BUILDINGS &	10.2
	TOTAL FOR 3013119	10.2
3013125 - CASTAIC PWR PLANT MTC	O1027 - CASTAIC POWER PLANT MAINTENANCE	5.6
	TOTAL FOR 3013125	5.6
3013126 - SMALL HYDRO PLANTS MTC	O1028 - SMALL HYDRO MTC OF BLDGS, IMPRVMENTS,	16.8
	TOTAL FOR 3013126	16.8
3055120 - IPF OPER & MAINT	Z9560 - TELECOMMUNICATIONS O&M OF VARIOUS	10.2
	TOTAL FOR 3055120	10.2
3055130 - MEAD - ADELANTO O&M	B1013 - MAINTENANCE OF MKPL-ADEL XMSN LINES	18.7
	B1014 - MAINT OF MEAD-ADELANTO PROJ (MAP)	6.1
	TOTAL FOR 3055130	24.8
3113160 - XMSN LINES MAINT	B1061 - SECONDARY LAND USE EXPNS - T/L R/W'S	255.2
	B1232 - OVERHEAD TRANSMISSION LINES O&M	336.9
	TOTAL FOR 3113160	592.1
3123150 - ENERGY CONTRL OPERATIONS	B1089 - FACILITIES MAINTENANCE AT THE ECC	6.0
	TOTAL FOR 3123150	6.0
3133107 - EASTERN SYS SS(EX IPF)O&M	B9546 - MTC OF MCCULLOUGH SS	3.0
	TOTAL FOR 3133107	3.0
3223160 - DISTRIBUTING STATION O&M	P6268 - MAINTENANCE OF ELECTRIC SUBSTATIONS	4.3
	P6269 - MAINTENANCE OF ELECTRIC SUBSTATIONS	4.0
	P6270 - MAINTENANCE OF ELECTRIC SUBSTATIONS	20.4
	TOTAL FOR 3223160	28.7
3513200 - DISTR SYS OPER & MAINT	P6336 - JOINT POLE TRANS & COMMITTEE OP EXP	470.0
	P6341 - PTD VEGETATION MANAGEMENT PROGRAMS	6,126.0
	P6344 - OPERATION COST OF VARIOUS FACILITIES	40.8
	TOTAL FOR 3513200	6,636.8
3513705 - OVES DISTR O&M	O5256 - OVES DISTRBTN TREE TRIMMING	40.8
	TOTAL FOR 3513705	40.8
4050405 - JT COMMUNICATION O&M	Z9589 - MAINTENANCE OF TELECOMMUNICATIONS	10.2
	TOTAL FOR 4050405	10.2
7016109 - S&E-SAFETY & ADMIN	X7955 - MANAGE AND ADMINISTER THE POWER	30.6
	TOTAL FOR 7016109	30.6
	FUND TOTAL FOR COST ELEMENT 31	7,626.4

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

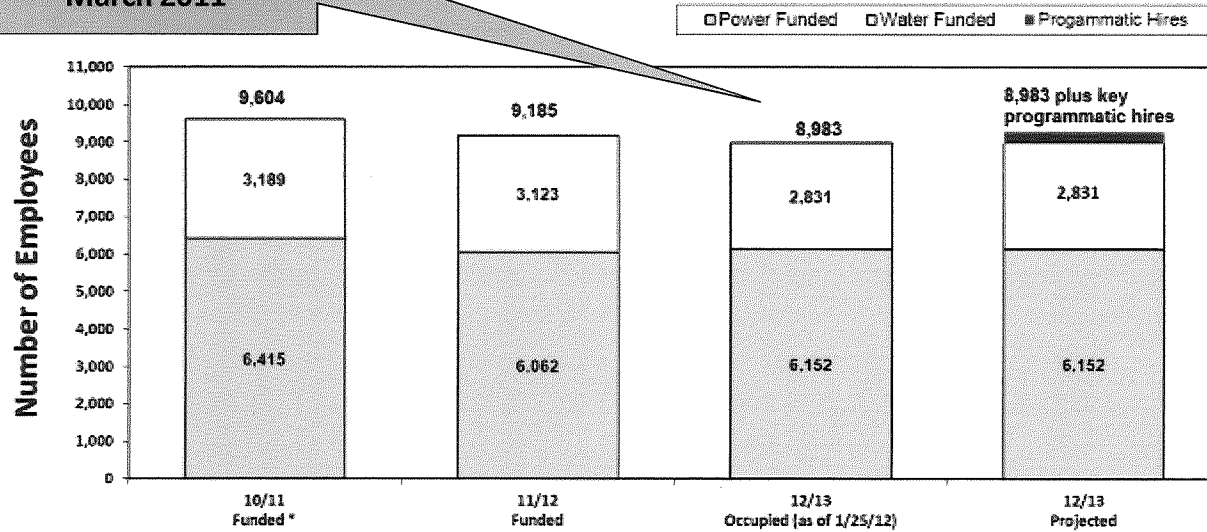


**Los Angeles
Department of
Water & Power**

Staffing Plan

LADWP has reduced funding levels by over 600 positions since March 2011

LADWP Staffing by Fund



Current Annual Personnel Resolution - 10,383

Fiscal Year

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power
Council Budget & Finance Committee Question 216

Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
ELECTRICAL CRAFT HELPER	3799	364	367	244	(123)
ELECTRICAL TESTER	7513	104	100	-	(100)
MTNC CONSTR HLPR	3115	268	256	196	(60)
SENIOR CLERK TYPIST	1368	464	443	397	(46)
COML FLD REPTV	1600	165	158	120	(38)
ELECTRICAL MECHANIC	3841	390	322	288	(34)
MECHANICAL ENGRG ASSOCIATE	7554	155	152	123	(29)
CUST SRVC REPTV	1230	663	637	609	(20)
EQUIPMENT OPERATOR	3525	113	109	82	(27)
SECURITY OFFICER	3181	282	270	249	(21)
CVL ENGG DRFTG TCHN	7232	106	97	79	(18)
ELECTRICAL ENGRS ASSOCIATE	7525	404	386	369	(17)
CLERK TYPIST	1358	110	104	88	(16)
UTILITY ADMINISTRATOR	9105	78	74	60	(14)
MECHANICAL HELPER	3771	32	30	18	(12)
SENIOR UTILITY ACCOUNTANT	1521	58	56	44	(12)
WAREHOUSE & TOOLROOM WORKER	1832	135	128	116	(12)
CARPENTER	3344	56	53	42	(11)
HEAVY DUTY TRUCK OPERATOR	3584	102	96	85	(11)
UTILITY SERVICES SPECIALIST	3755	90	84	73	(11)
ASSISTANT ELECTRICAL TESTER	7511	11	10	-	(10)
ELECTRICAL SERVICE MANAGER	5265	41	39	29	(10)
CLERK	1141	26	23	14	(9)
STRUCTURAL ENGRG ASSOCIATE	7957	19	19	10	(9)
CIVIL ENGINEERING ASSOCIATE	7246	274	268	260	(8)
ELECTRICAL REPAIRER	3853	70	66	58	(8)
UTILITY EXECUTIVE SECRETARY	1336	29	29	21	(8)
SENIOR ELECTRICAL TESTER	7515	46	44	37	(7)
SYSTEMS AIDE	1599	8	8	1	(7)
WATER UTILITY WORKER	3912	259	249	242	(7)
WATERWORKS MECHANIC	3984	39	39	32	(7)
ELFC DISTR MECH SUPV	3873	104	100	94	(6)
LOAD DISPATCHER	5233	44	42	36	(6)
PAINTER	3423	50	48	42	(6)
SENIOR CLERK STENOGRAPHER	1323	11	11	5	(6)
STREAM PLANT OPERATOR	5624	95	92	86	(6)
ELECTRIC METER SETTER	3822	17	16	11	(5)
ELTL ENGG DRFTG TCHN	7532	23	23	18	(5)
LABORATORY TECHNICIAN	7854	42	41	36	(5)
OFFICE ENGINEERING TECHNICIAN	7212	25	23	18	(5)
UTILITY ACCOUNTANT	1511	53	51	46	(5)
WATER TREATMENT OPERATOR	5885	38	36	31	(5)
WATER UTILITY OPERATOR	5854	34	33	28	(5)
CONSTR & MTNC SUPT	3129	7	7	3	(4)
ELECTRICAL MECHANIC SUPERVISOR	3835	70	67	63	(4)
MACHINIST	3763	49	46	42	(4)
MANAGEMENT ASSISTANT	1539	24	23	19	(4)
SENIOR CLAIMS REPRESENTATIVE	1770	10	10	6	(4)

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power

Council Budget & Finance Committee Question 216

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CLASS_TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
SENIOR CLERK	1143	5	5	1	(4)
STEAM PLANT ASSISTANT	5622	209	136	132	(4)
UTILITY SERVICES MANAGER	9106	30	28	24	(4)
ARCHL DRFTG TCHN	7922	8	8	5	(3)
ASBESTOS WORKER	3435	13	12	9	(3)
CEMENT FINISHER	3353	11	11	8	(3)
COMPUTER OPERATOR	1427	9	9	6	(3)
CUSTODIAN SUPERVISOR	3176	11	11	8	(3)
GARDENER CARETAKER	3141	55	53	50	(3)
INDUSTRIAL HYGIENIST	2330	13	11	8	(3)
INSTRUMENT MECHANIC	3843	49	45	42	(3)
MESSENGER CLERK	1111	5	5	2	(3)
PIPEFITTER	3433	10	10	7	(3)
ROOFER	3476	6	6	3	(3)
SENIOR CUSTODIAN	3157	6	6	3	(3)
SR COMMUNIC ELTN	3638	24	23	20	(3)
WELDER	3796	48	45	42	(3)
APPLICATIONS PROGRAMMER	1429	2	2	-	(2)
ARCHITECTURAL ASSOCIATE	7926	12	12	10	(2)
BENEFITS SPECIALIST	1203	6	6	4	(2)
COMMUNICATIONS ELECTRICIAN	3688	45	43	41	(2)
CUSTODIAN	3156	134	127	125	(2)
DATA PROCESSING TECHNICIAN	1136	8	8	6	(2)
DRAFTING AIDE	7229	6	5	3	(2)
ELECTRICAL ENGINEER	7539	63	62	60	(2)
EXEC ASST TO THE GM	360	7	7	5	(2)
INFORMATION SYSTEMS MANAGER	1409	11	10	8	(2)
INSTRUMENT REPAIRER	3842	5	4	2	(2)
LAND SURVEYING ASSISTANT	7283	16	16	14	(2)
LINE MAINTENANCE ASSISTANT	3882	38	36	34	(2)
MATERIALS TESTING ENGRG ASSOC	7967	6	6	4	(2)
METER READER	1611	180	173	171	(2)
PL PUB RELS REPTV	1786	5	5	3	(2)
REPROGRAPHICS OPERATOR	3182	6	6	4	(2)
SENIOR PERSONNEL ANALYST	9167	2	2	-	(2)
SENIOR SECURITY OFFICER	3184	21	21	19	(2)
SHEET METAL WORKER	3775	8	7	5	(2)
SUPPLY SERVICES MANAGER	1865	5	5	3	(2)
SYSTEMS ANALYST	1596	37	36	34	(2)
TREE SURGEON	3114	35	34	32	(2)
WATER SERVICE REPRESENTATIVE	1693	13	12	10	(2)
WTR UTILITY OPR SUPV	5857	13	12	10	(2)
AQUEDUCT AND RESERVOIR KEEPER	5813	29	27	26	(1)
AUTO BODY BUILDER AND REPAIRER	3704	8	8	7	(1)
AUTO ELECTRICIAN	3707	6	6	5	(1)
BATTERY TECHNICIAN	3725	2	2	1	(1)
BLACKSMITH	3733	1	1	-	(1)
BOILERMAKER	3735	4	4	3	(1)

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power
Council Budget & Finance Committee Question 216

Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
BUILDING REPAIR SUPERVISOR	3338	4	4	3	(1)
CHEMIST	7833	39	38	37	(1)
CHIEF ELECTRIC PLANT OPERATOR	5237	22	21	20	(1)
CIVIL ENGINEER	7237	10	9	8	(1)
COMMERCIAL FIELD SUPERVISOR	1603	12	12	11	(1)
COMMUNIC CBL SUPV	3800	3	3	2	(1)
CONSTR EQPT SRVC SUPV	3543	2	2	1	(1)
CONSTR EQPT SRVC WKR	3541	21	19	18	(1)
CONSTRUCTION ESTIMATOR	3341	1	1	-	(1)
DATA ENTRY OPERATOR	1433	1	1	-	(1)
DELIVERY DRIVER	1121	8	8	7	(1)
DOCUMENTATION TECHNICIAN	1135	3	2	1	(1)
ELECTRIC TROUBLE DISPATCHER	3828	27	26	25	(1)
ENGINEERING GEOLOGIST	7255	4	4	3	(1)
ENGRG GEOLOGIST ASSOCIATE	7253	4	3	2	(1)
ENVIRONMENTAL AFFAIRS OFFICER	7320	6	6	5	(1)
ENVIRONMENTAL ENGINEER	7872	2	2	1	(1)
EQUIPMENT MECHANIC	3711	53	50	49	(1)
GENERAL SERVICES MANAGER	9601	4	4	3	(1)
HYDROGRAPHER	7263	13	12	11	(1)
INFO SYS OP/PRNS MGR	1411	5	5	4	(1)
INSTRUMENT REPAIR SUPERVISOR	3846	1	1	-	(1)
MAINTENANCE LABORER	3112	27	23	22	(1)
MCHL NPR GNL SUPV	3731	1	1	-	(1)
MECHANICAL REPAIRER	3773	7	7	6	(1)
MILLWRIGHT	3760	4	4	3	(1)
PIPEFITTER SUPERVISOR	3430	2	2	1	(1)
PL ELTC TRBL DSPR	3830	2	2	1	(1)
PLUMBER SUPERVISOR	3446	2	2	1	(1)
POWER ENGINEERING MANAGER	9453	22	22	21	(1)
POWER SHOVEL OPERATOR	3558	30	28	27	(1)
PRINCIPAL UTILITY ACCOUNTANT	1589	11	11	10	(1)
PROPERTY MANAGER	1964	3	3	2	(1)
PUBLIC RELATIONS SPECIALIST	1785	10	9	8	(1)
REAL ESTATE ASSOCIATE	1941	1	1	-	(1)
SENIOR COMMUNICATIONS OPERATOR	1467	6	6	5	(1)
SENIOR COMPUTER OPERATOR	1428	9	9	8	(1)
SENIOR GARDENER	3143	14	13	12	(1)
SENIOR LOAD DISPATCHER	5235	20	20	19	(1)
SENIOR PAINTER	3424	6	6	5	(1)
SENIOR PLUMBER	3444	5	5	4	(1)
SENIOR SYSTEMS ANALYST	1597	15	15	14	(1)
SR COML FLD REPTY	1602	71	66	65	(1)
SR COMMUNIC CBL WKR	3801	6	6	5	(1)
SR ELTL MCHC SUPV	3836	21	21	20	(1)
SR MCHL ENGG DRFTG TCHN	7210	3	3	2	(1)
SR SFTY ENGR PRSR VSLS	4262	2	2	1	(1)
STM PLT MTNC SUPV	3786	14	13	12	(1)

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power
Council Budget & Finance Committee Question 216

Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
SURVEY SUPERVISOR	7287	2	2	1	(1)
TRUCK AND EQUIPMENT DISPATCHER	3586	12	12	11	(1)
TRUCK OPERATOR	3583	13	12	11	(1)
WATER BIOLOGIST	7856	6	6	5	(1)
WATER SERVICE WORKER	3931	43	41	40	(1)
WATERWORKS ENGINEER	7248	35	35	34	(1)
WORKERS' COMP CLAIMS ASST	1775	3	3	2	(1)
ASBESTOS SUPERVISOR	3440	2	2	2	0
ASST COMMUNIC CBL WKR	3808	11	11	11	0
ASST GNL MGR WP	151	9	9	9	0
ASST RET PLN MGR	9415	2	2	2	0
AUDIO VISUAL TECHNICIAN	6147	2	2	2	0
AUDITOR WATER AND POWER	9759	1	1	1	0
AUTO BODY REPAIR SUPERVISOR	3706	1	1	1	0
AUTO PAINTER	3721	2	2	2	0
AUTOMOTIVE DISPATCHER	3595	3	3	3	0
AUTOMOTIVE ENGINEER	7560	1	1	1	0
BINDERY WORKER	1497	2	2	2	0
BOILERMAKER SUPERVISOR	3737	2	2	2	0
CABINET MAKER	3343	8	8	8	0
CARPENTER SHOP SUPERVISOR	3339	1	1	1	0
CEMENT FINISHER SUPERVISOR	3354	1	1	1	0
CHIEF SFTY ENGR PRSR VSLS	4260	1	1	1	0
CHIEF COMMUNICATIONS OPERATOR	1466	1	1	1	0
CHIEF INVESTMENT OFFICER	9147	1	1	1	0
CHIEF REAL ESTATE OFFICER	1948	1	1	1	0
CHIEF SECURITY OFFICER	3187	1	1	1	0
CLAIMS AGENT	1767	1	1	1	0
COMMUNIC ELTN SUPV	3689	7	7	7	0
CONSTR & MTNC SUPV	3127	26	24	24	0
DUPL & MAILG EQPT RPRR	3415	1	1	1	0
DUPPLICATING MACHINE OPERATOR	1493	5	5	5	0
ELECTRICAL SERVICE WORKER	3825	12	11	11	0
ELECTRICIAN	3863	3	3	3	0
EQUIPMENT REPAIR SUPERVISOR	3746	15	15	15	0
GNL MGR & CHF ENGR WP	9998	1	1	1	0
GRAPHICS SUPERVISOR	7935	2	2	2	0
INDUSTRIAL CHEMIST	7834	1	1	1	0
INDUSTRIAL GRAPHICS SUPERVISOR	1490	1	1	1	0
INFO SRVCS SPLST	1456	3	3	3	0
INSTRUMENT MECHANIC SUPERVISOR	3844	7	7	7	0
LIGHT EQUIPMENT OPERATOR	3523	1	1	1	0
LOCKSMITH	3393	3	3	3	0
MACHINIST SUPERVISOR	3766	7	7	7	0
MANAGEMENT AIDE	1500	1	1	1	0
MATERIALS TESTING ENGINEER	7973	1	1	1	0
MATERIALS TESTING TECHNICIAN	7968	23	23	23	0
MCHL ENGG DRFTG TCHN	7551	9	7	7	0

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power

Council Budget & Finance Committee Question 216

Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS_TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
MEDICAL DIRECTOR	2334	1	1	1	0
PAINTER SUPERVISOR	3426	4	4	4	0
PHOTOGRAPHER	1793	2	2	2	0
PL COMMUNIC OPR	1458	1	1	1	0
PL WKR CMPHSTN AHLST	1777	1	1	1	0
PRINCIPAL CLERK PERSONNEL	1171	2	2	2	0
PRINCIPAL SECURITY OFFICER	3200	5	5	5	0
PRINTING SERVICES SUPERVISOR	1483	1	1	1	0
PROTECTIVE COATING SUPERVISOR	3465	1	1	1	0
PROTECTIVE COATING WORKER	3463	10	10	10	0
RADIOLOGIC TECHNOLOGIST	2353	1	1	1	0
RATES MANAGER	5601	2	2	2	0
REAL ESTATE OFFICER	1960	12	12	12	0
REINFORCING STEEL WORKER	3483	3	3	3	0
RETIREMENT PLAN MANAGER	9149	1	1	1	0
RISK MANAGER	1530	3	3	3	0
SAFETY ENGINEER	1727	2	2	2	0
SECY WP COMM	9739	1	1	1	0
SENIOR ARCHITECT	7927	1	1	1	0
SENIOR EQUIPMENT MECHANIC	3712	3	3	3	0
SENIOR MACHINIST SUPERVISOR	3768	2	2	2	0
SENIOR REAL ESTATE OFFICER	1961	5	4	4	0
SENIOR ROOFER	3477	1	1	1	0
SENIOR SURVEY SUPERVISOR	7288	1	1	1	0
SHEET METAL SUPERVISOR	3777	1	1	1	0
SHOPS SUPERINTENDENT	3780	1	1	1	0
SIGN PAINTER	3428	1	1	1	0
SR COMMUNIC ELTN SUPV	3691	3	2	2	0
SR DATA PROCSSG TCHN	1139	2	2	2	0
SR ELTC SRVC REPTV	7521	4	4	4	0
SR ELTC TRBL DSPR	3629	8	7	7	0
SR ELTL ENGG DRFTG TCHN	7209	9	8	8	0
SR ELTL RPR SUPV	3856	2	2	2	0
SR PK MTNC SUPV	3146	1	1	1	0
STAFF ASSISTANT TO GENERAL W&P	9185	1	1	1	0
STOREKEEPER	1835	83	78	78	0
STORES SUPERVISOR	1866	4	4	4	0
STREET TREE SUPERINTENDENT	3160	2	2	2	0
STRL STL FABRICATR SUPV	3794	2	2	2	0
STRUCTURAL ENGINEER	7956	2	2	2	0
STRUCTURAL STEEL FABRICATOR	3793	13	12	12	0
SUPVG OCPTNL HLTH NURSE	2315	1	1	1	0
TIRE REPAIR SUPERVISOR	3732	1	1	1	0
TIRE REPAIRER	3727	6	6	6	0
TITLE EXAMINER	1943	2	2	2	0
UPHOLSTERER	3723	1	1	1	0
UTILITIES SERVICE INVESTIGATOR	1631	6	6	6	0
WATER MICROBIOLOGIST	7857	8	8	8	0

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power
Council Budget & Finance Committee Question 216

Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
WATER UTILITY SUPERVISOR	3976	57	54	54	0
WELDER SUPERVISOR	3798	4	4	4	0
WTR QLTY LABY MGR	7835	1	1	1	0
AIR CONDITG MCHC SUPV	3781	3	3	4	1
ASST DIR INFO SYS	9377	3	3	4	1
CHIEF HELICOPTER PILOT	3562	1	1	2	1
COMMERCIAL SERVICE SUPERVISOR	1213	42	40	41	1
COMMUNICATIONS CABLE WORKER	3802	19	18	19	1
COMMUNICATIONS INFORMATION REP	1461	9	9	10	1
DIRECTOR OF HUMAN RESOURCES	9558	2	2	3	1
DIRECTOR OF SECURITY SERVICES	3208	1	1	2	1
ELECTRICAL REPAIR SUPERVISOR	3855	7	7	8	1
ENVIRONMENTAL SUPERVISOR	7304	12	12	13	1
FIELD ENGINEERING AIDE	7228	11	11	12	1
FLEET SERVICES MANAGER	9103	4	4	5	1
GARAGE ATTENDANT	3531	5	5	6	1
INVESTMENT OFFICER	9146	5	5	6	1
LABOR SUPERVISOR	3126	18	16	17	1
MNGG WTR UTILITY ENGR	9406	20	19	20	1
OCCUPATIONAL HEALTH NURSE	2314	4	4	5	1
OFC EQPT & MCHN RPR	3414	-	-	1	1
PL ELEC ENGG DRFTG TCHN	7531	1	1	2	1
PL MCHL ENGG DRFTG TCHN	7550	-	-	1	1
PLUMBER	3443	21	21	22	1
PRINCIPAL STOREKEEPER	1839	4	4	5	1
SAFETY ADMINISTRATOR	1728	-	-	1	1
SAFETY ENGINEERING ASSOCIATE	1726	2	2	3	1
SENIOR INDUSTRIAL HYGIENIST	2331	2	2	3	1
SENIOR UTILITY BUYER	1862	5	5	6	1
SFTY ENGR PRSR VLSL	4261	5	5	6	1
SR ARCHL DRFTG TCHN	7208	4	4	5	1
SR DUPL MCHN OPR	1500	2	1	2	1
SR UG DISTRN CONSTR SUPV	3815	6	5	6	1
STM PLT MTNC MCHC	5630	53	50	51	1
STM PLT OPRG SUPV	5625	29	27	28	1
SUPVG WTR SRVC REPTV	1697	2	2	3	1
SURVEY PARTY CHIEF	7286	15	15	16	1
UTILITY BUYER	1861	18	18	19	1
WATER UTILITY SUPERINTENDENT	3980	17	16	17	1
WATERSHED RESOURCES SPECIALIST	7882	18	16	17	1
WATERWORKS MECHANIC SUPERVISOR	3987	5	5	6	1
AIR CONDITIONING MECHANIC	3774	21	19	21	2
APPRENTICE MACHINIST	3764	5	5	7	2
AQ & RESV SUPV	5816	1	1	3	2
ARCHITECT	7925	-	-	2	2
ASSISTANT UTILITY BUYER	1880	2	2	4	2
AUTOMOTIVE SUPERVISOR	3714	1	1	3	2
DATA BASE ARCHITECT	1470	13	13	15	2

Question No. 216 Report back on staff levels over the past two years for both water and power. Also provide information on staff duties.

Los Angeles Department of Water and Power
Council Budget & Finance Committee Question 216

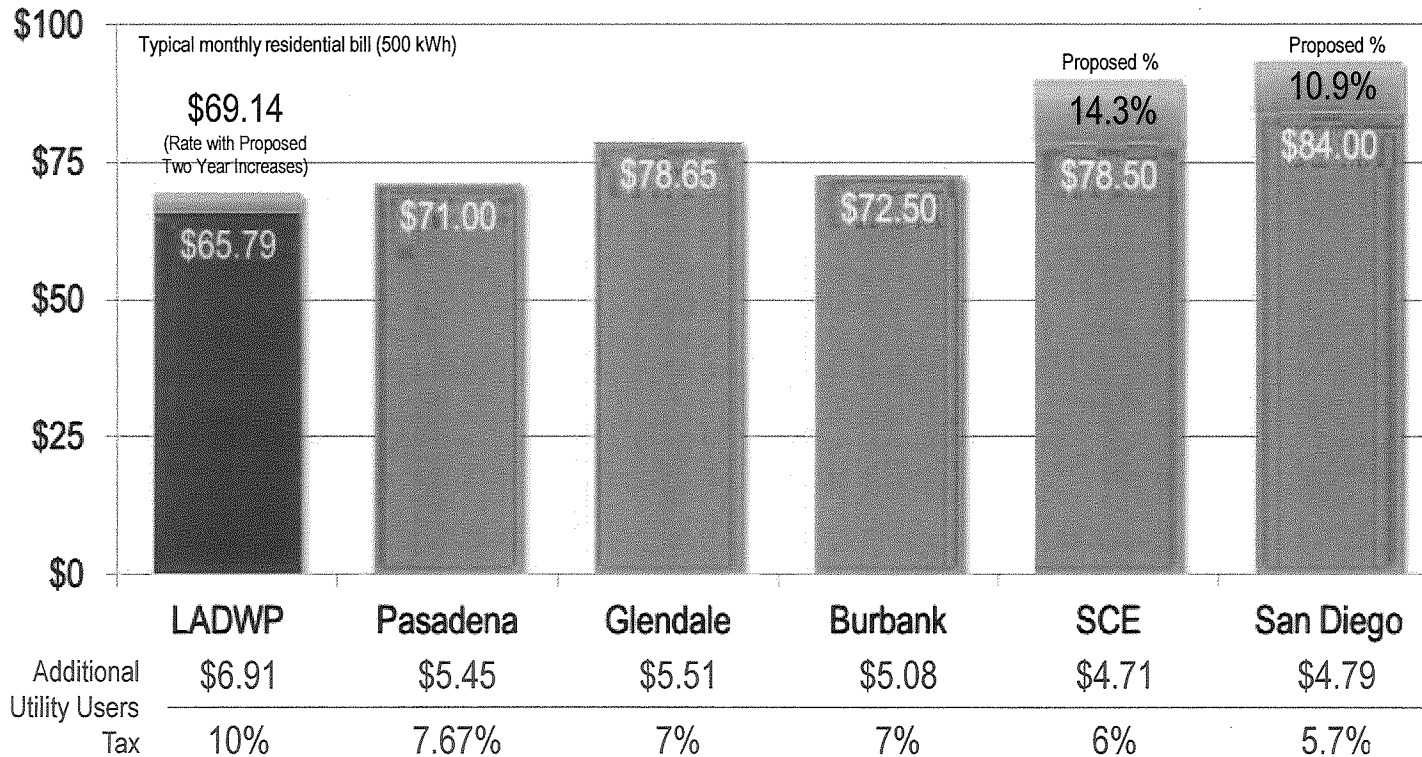
Explanation: Table shows LADWP has held staffing below the APR and the 2011 funded levels as part of the cost reduction program implemented by GM Ron Nichols.

CLASS TITLE	CLASSCODE	ANNUAL PERSONNEL RESOLUTION (APR)	APPROVED FUNDING FEBRUARY 2011	OCCUPANCY JANUARY 2012	VARIANCE (DECR)/INCR
ELEVATOR MECHANIC	3866	1	1	3	2
ENVIRONMENTAL ENGRNG ASSOC	7871	5	5	7	2
GRAPHICS DESIGNER	1670	2	2	4	2
HELICOPTER PILOT	3560	4	4	6	2
MECHANICAL ENGINEER	7558	14	14	16	2
PARK MAINTENANCE SUPERVISOR	3145	5	5	7	2
SENIOR HYDROGRAPHER	7264	4	4	6	2
SENIOR STOREKEEPER	1837	38	38	40	2
SR UTILITY SERVICES SPECIALIST	3753	15	15	17	2
WATER SERVICE SUPERVISOR	3930	5	5	7	2
WATER TREATMENT SUPERVISOR	5887	5	5	7	2
ELECTRIC STATION OPERATOR	5224	288	220	223	3
ELTC SRVC REPTY	7520	43	41	44	3
EMERG PREPRNGS COORD	1702	1	1	4	3
ENGINEERING DESIGNER	7217	17	16	19	3
ENVIRONMENTAL SPECIALIST	7310	27	26	29	3
EQUIPMENT SPECIALIST	3734	-	-	3	3
OPRNG & STATL RES ANLST	1779	13	13	16	3
PL CVL ENGG DRFTG TCHN	7219	5	5	8	3
PROGRAMMER ANALYST	1431	86	81	84	3
SECRETARY LEGAL	1924	21	20	23	3
SR CVL ENGG DRFTG TCHN	7207	19	18	21	3
SR WKR CMPNSTN ANLST	1769	2	2	5	3
CARPENTER SUPERVISOR	3346	18	18	22	4
ELECTRIC DISTRIBUTION MECHANIC	3878	450	372	376	4
SENIOR ELECTRICAL MECHANIC	3834	56	53	57	4
WORKERS COMPENSATION ANALYST	1774	9	9	13	4
TRANS & DISTR DIST SUPV	3875	35	33	38	5
TREE SURGEON SUPERVISOR	3117	20	19	24	5
APPRENTICE-METAL TRADES	3789	5	5	11	6
UG DISTR CONSTR SUPV	3814	22	21	27	6
SR HVY DTY EQPT MCHC	3745	15	14	23	9
UG DISTRBN CONSTR MCHC	3812	97	93	102	9
BUILDING REPAIRER	3333	44	41	51	10
MANAGEMENT ANALYST	9184	121	117	127	10
SYSTEMS PROGRAMMER	1455	42	40	50	10
PRINCIPAL CLERK UTILITY	1202	57	56	67	11
HEAVY DUTY EQUIPMENT MECHANIC	3743	87	83	95	12
TREE SURGEON ASSISTANT	3151	16	16	30	14
ELTC DISTRBN MCHN TNEE	3870	180	58	94	36
ELECTRICAL TESTER	7512	-	-	90	90
		10,383	9,604	8,983	(621)

Question No.: 217 Report back on data comparing neighboring utility information; identify whether this information is by tier, commercial /residential, single/multi-family, etc.

LADWP's Power Rates Remain Competitive

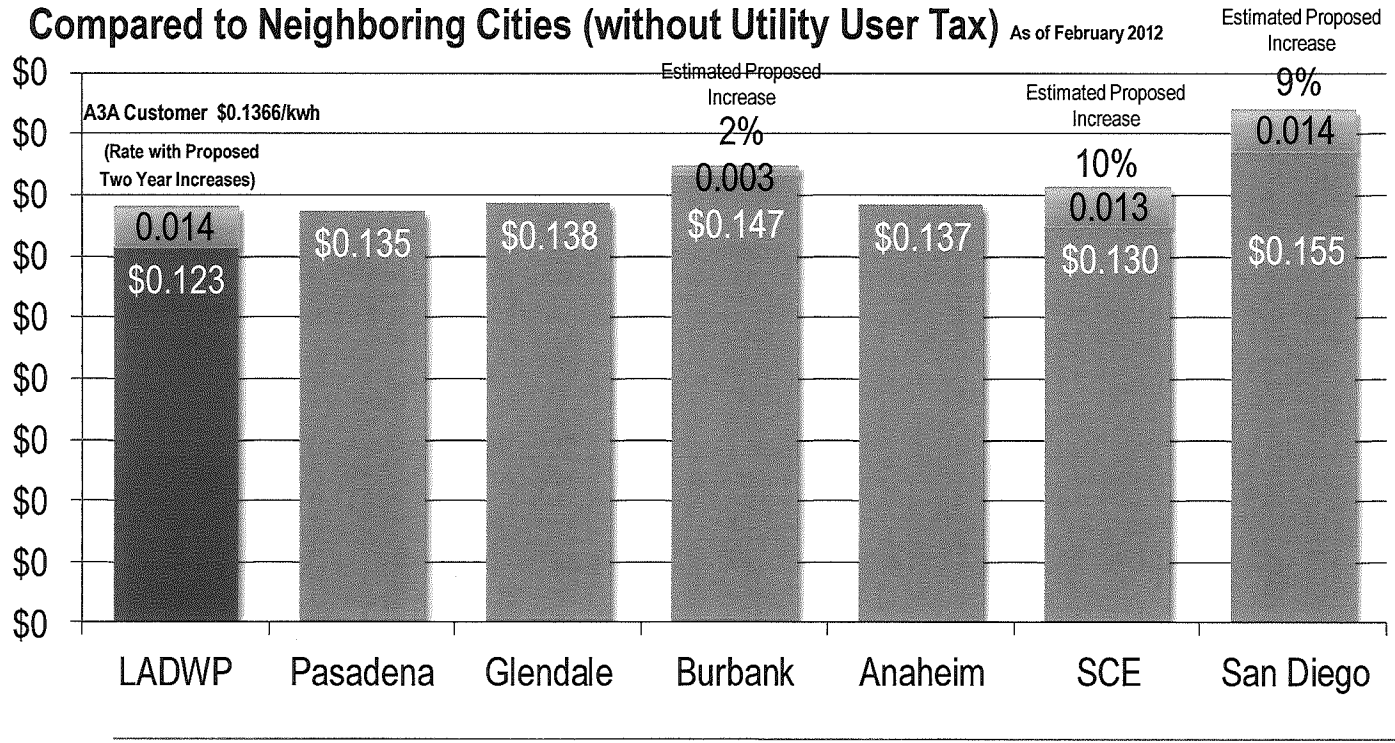
LADWP Average Residential Customers Annualized Monthly Power Bill Comparing with Neighboring Cities (without Utility User Tax) As of November 2011



Question No.: 217 Report back on data comparing neighboring utility information; identify whether this information is by tier, commercial /residential, single/multi-family, etc.

LADWP's Power Rates Remain Competitive - Commercial

LADWP Commercial Customers-Rates per KWh Compared to Neighboring Cities (without Utility User Tax) As of February 2012



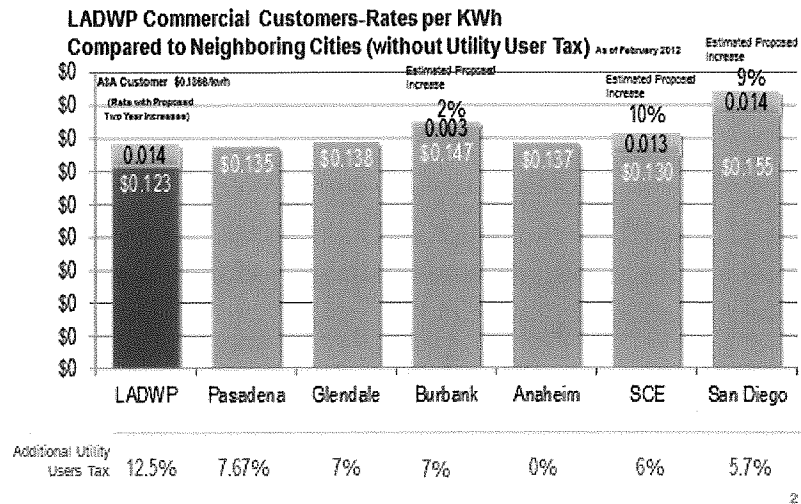
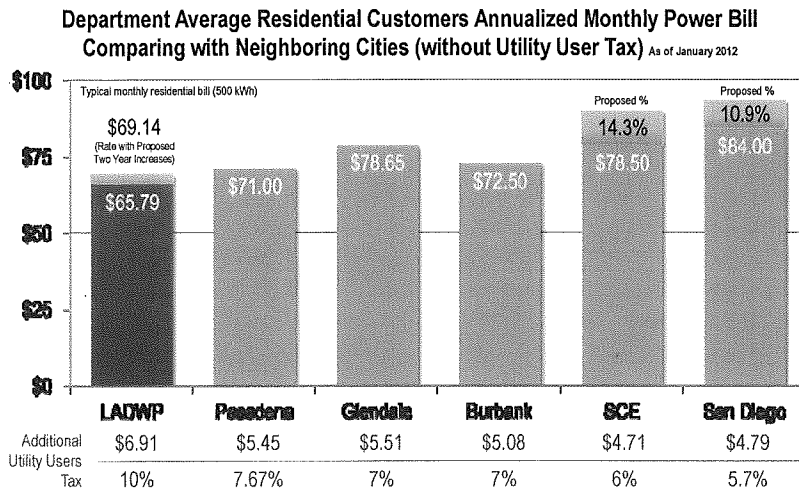
Additional Utility Users Tax

12.5% 7.67% 7% 7% 0% 6% 5.7%

6. COMPARATIVE RATE ANALYSIS ⁶²

6.1 THE DEPARTMENT'S CURRENT POSITION

The Department's electric rates compare favorably to peer investor-owned and municipally-owned electric utilities in California. The Department provides electricity at competitive rates that are among the lowest for neighboring cities surrounding Los Angeles. Based on a typical monthly residential bill for a customer consuming 500 kWh of electricity, the Department has the lowest monthly electric bill compared to five of its neighboring utilities in southern California. Additionally, for the utilities where rate increases are not shown in the charts below are under discussion but have not yet been publically announced. Figure 69: **Average Residential Customers Annualized Monthly Power Bill Comparing with Neighboring Cities (without Utility User Tax)**



⁶² The comparative analysis shown in this section do not reflect the Recommended Energy Efficiency Alternative Plan

6.2 COMPARATIVE ANALYSIS TO PEERS⁶³

The following section shows rate comparisons within five major customer classes. The comparisons are based on the Department's Rate Design Model which utilizes individual customer billing information by rate schedule for a year to analyze proposed rate increases and rate design to meet the proposed financial plan. The following customer classifications are discussed in this section:

- Residential Customers
- Low Income and Life Line Customers
- Small Commercial Customers
- Medium Commercial Customers
- Large Commercial and Industrial Customers

Additionally, the Department rates for each class are compared against the peer regional utilities. These utilities include:

- Southern California Edison (SCE)
- Pacific Gas & Electric (PG&E)
- San Diego Gas & Electric (SDG&E)
- Anaheim Public Utilities
- Burbank Water and Power
- Glendale Water and Power
- Pasadena Water and Power

The comparative analysis clearly shows that the typical Department customer in the major customer classes pays less for electric service than customers of many other similar regional California utilities. The charts in the following section compare customer rates at various usage levels for the Department and other utilities.

Important to note regarding the following charts:

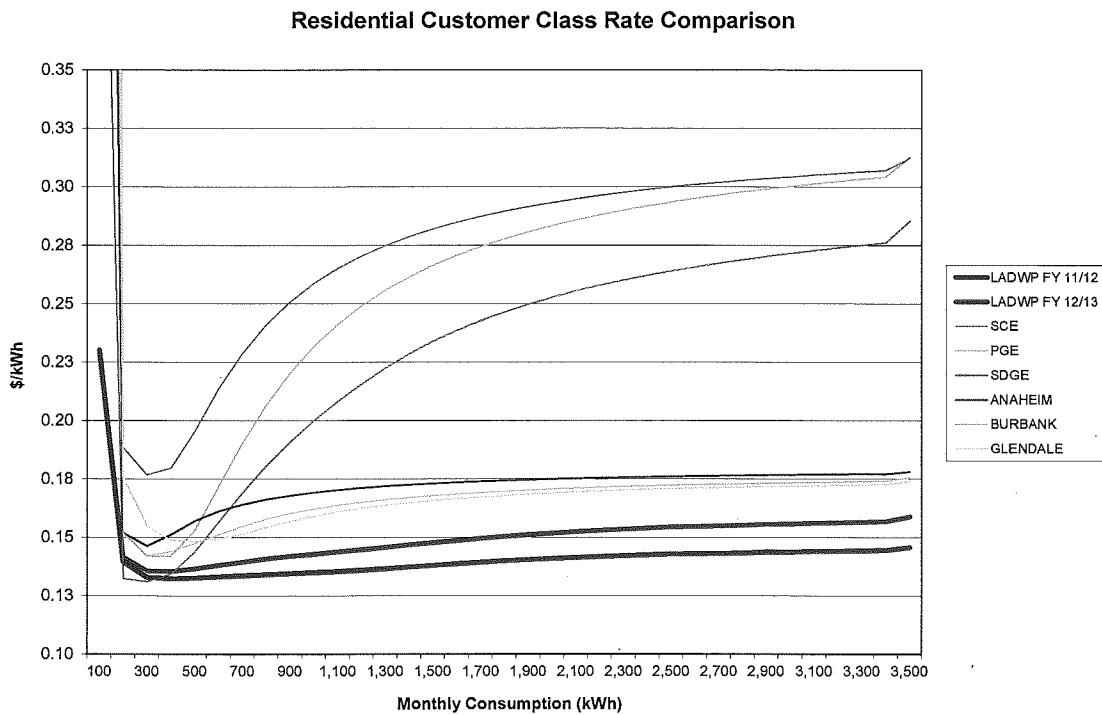
- The Department's proposed rate increase for FY12/13 is shown. Other Utilities have pending rate increases that are not yet shown in these charts.
- As a result, these charts understate the competitiveness of the Department's rates.

⁶³ The comparative analysis shown for each customer class in this section do not reflect the Recommended Energy Efficiency Alternative Plan

6.2.1 Residential Customer Class

The Department's proposed residential rate is competitive at all usage levels. At very low levels of consumption, due to the customer service charge (a fixed charge) for all utilities, the graph shows a sharp rate drop. The Department's rates are below all peers for all levels of consumption with the exception of SCE between 200 kWh per month and 400 kWh per month. This rate advantage is especially marked for higher levels of consumption compared to the investor-owned utilities that have up to five tier rates with very high prices in the upper usage tiers. The Department's average rate for consumption levels shown is less than or slightly above 15 cents per kWh, while for the investor-owned utilities the average rate rapidly escalated in the 20 to 30 cents per kWh levels.

Figure 70: Residential Customer Class Rate Comparison

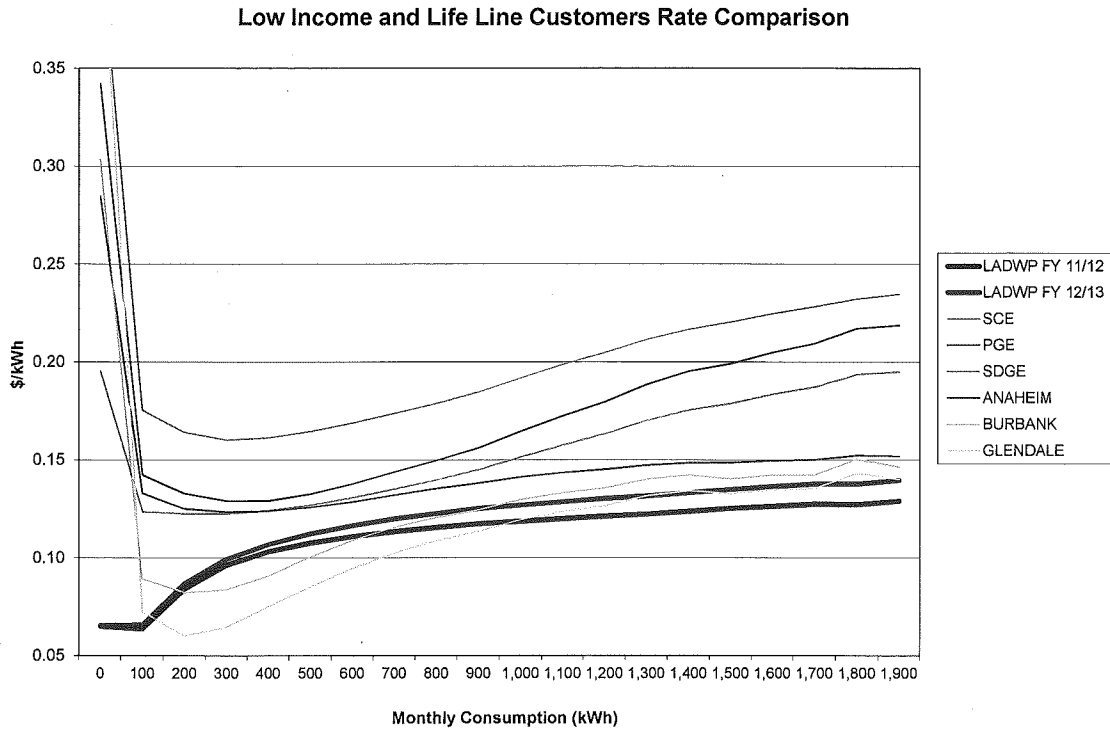


Note: The line graph above describes the relationship between \$/kWh and the monthly consumption of kWh. The Department is shown in two different lines to represent different fiscal years - FY2011/2012 (large blue) & FY2012/2013 (large pink)

6.2.2 Low Income and Life Line Customers

The Department provides a fixed Low Income/Life Line subsidy in the amounts of \$8.17 and \$17.71 respectively. The resulting Low income/Life Line rates are very competitive at all consumption levels. In fact, at all usage levels, the only utilities that are lower than the Department are Burbank and Glendale at consumption levels of between 200 to 600 kWh per month. At all other consumption levels the Department has the lowest rates.

Figure 71: Low Income and Life Line Customers Rate Comparison

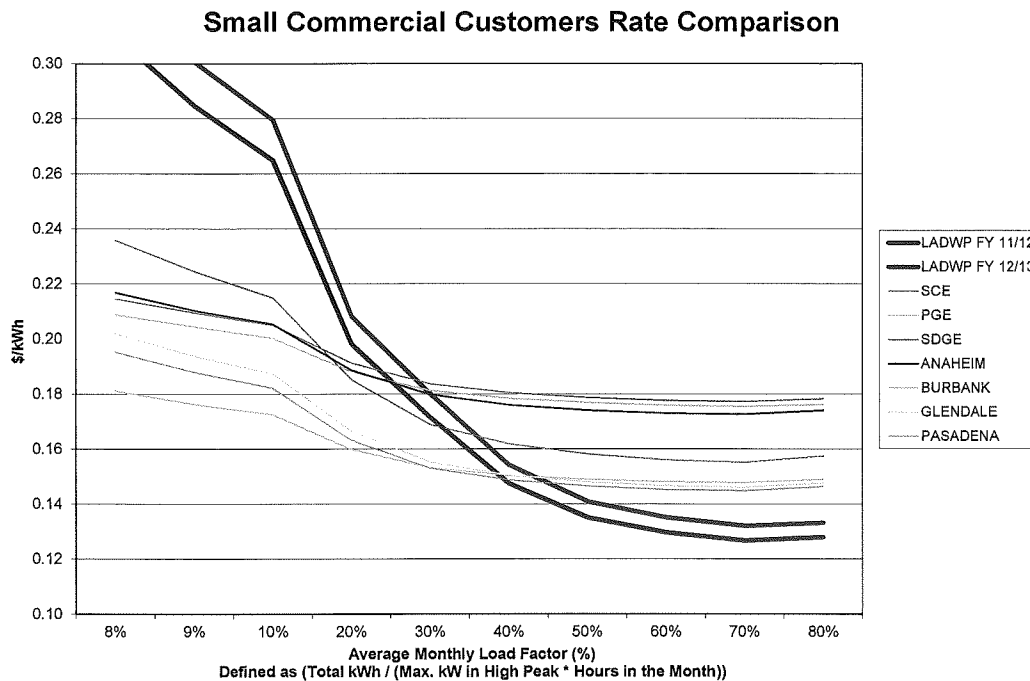


Note: The line graph above describes the relationship between \$/kWh and the monthly consumption of kWh. The Department is shown in two different lines to represent different fiscal years - FY2011/20012 (large blue) & FY2012/2013 (large pink)

6.2.3 Small Commercial Customers Class

As stated previously, small commercial customers with higher load factors use energy more efficiently. As a result of the lower costs to serve them, small commercial customers with high load factors benefit from lower rates. The Department encourages this efficient usage by being the only utility in California with a facility demand charge. Over 70% of all small commercial customers have a load factor of greater than 20% (average usage of electricity is 20% of the peak) where Department rates are competitive. In fact, for small commercial customers above 50% load factor, the Department rates are the lowest of all utilities. However, any customer with a load factor of lower than 20% will have higher rates compared to the other noted utilities.

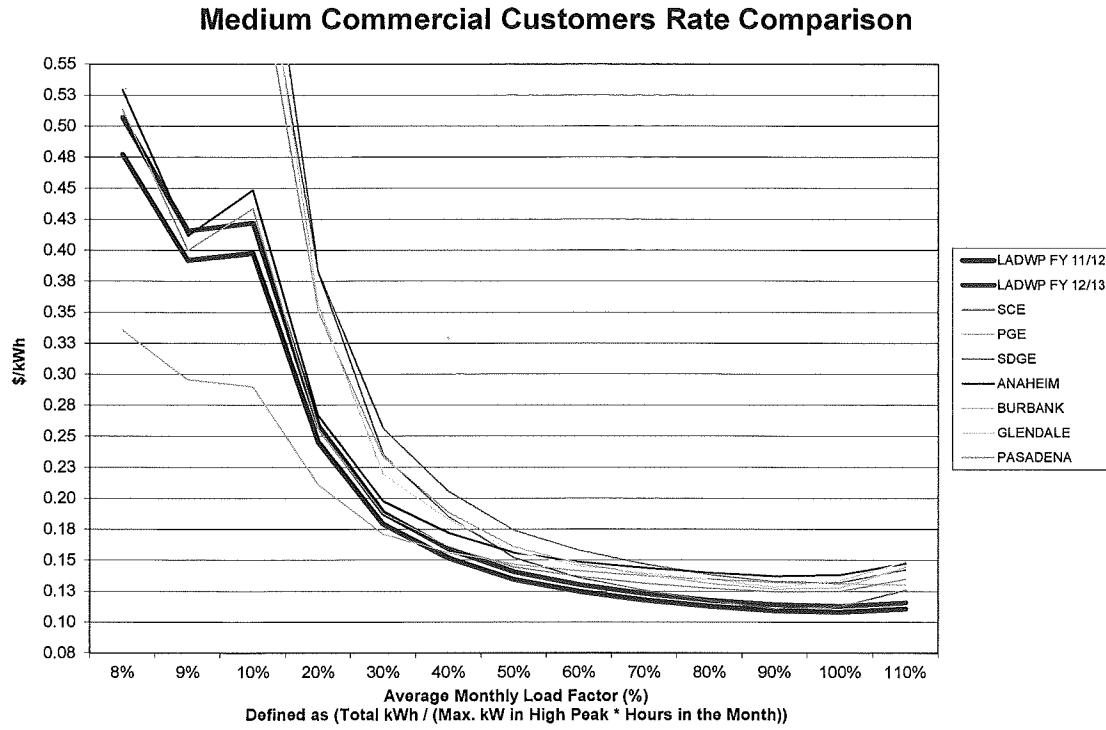
Figure 72: Small Commercial Customers Rate Comparison



6.2.4 Medium Commercial Customer Class

The Department's medium commercial customer rate is competitive with other California utilities except Pasadena with a load factor below 35%. However, most the Department's medium commercial customers (over 70%) have a load factor greater than 35%. For these customers, Department rates are among the lowest.

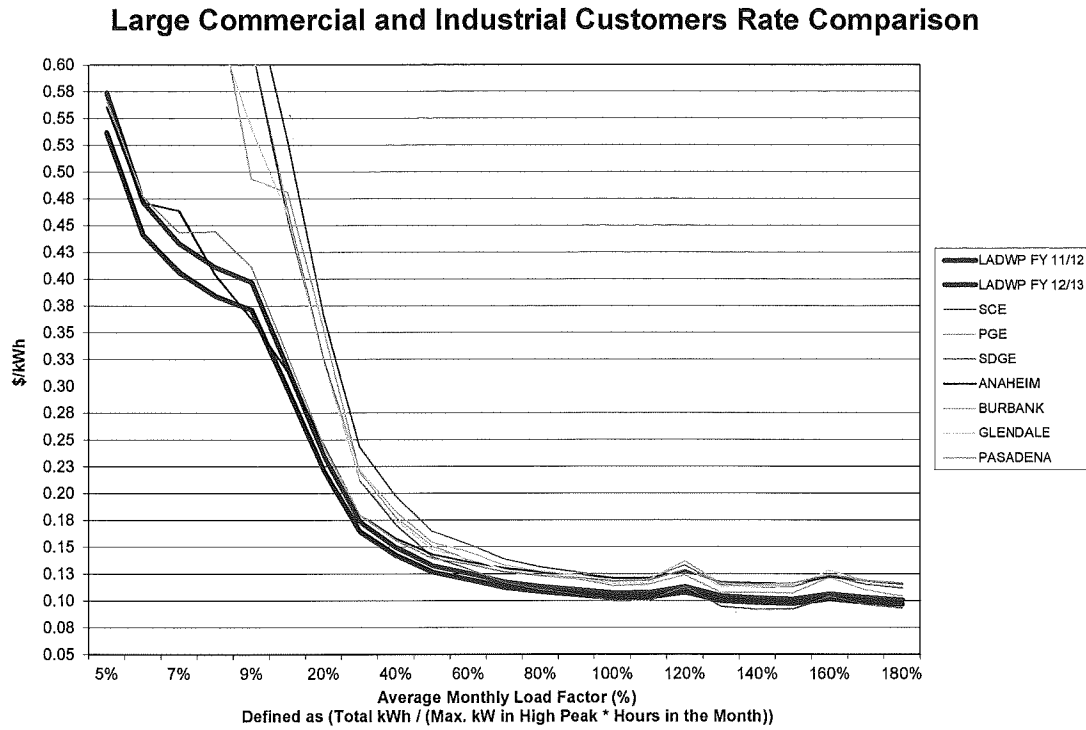
Figure 73: Medium Commercial Customers Rate Comparison



6.2.5 Large Commercial and Industrial Customer Class

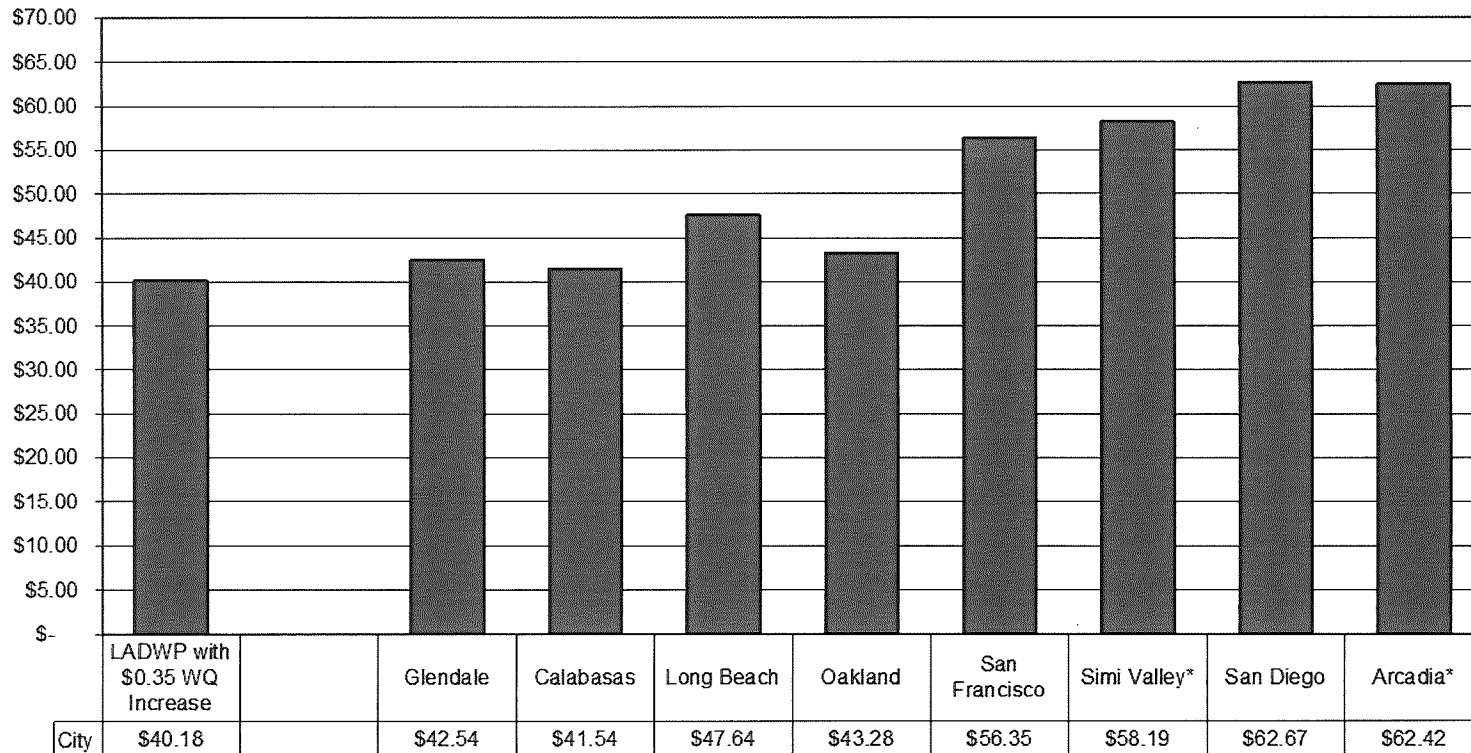
For large commercial and industrial customers, the Department's rates are among the lowest for all California utilities. At extremely high load factors, however, SCE's large commercial rates are below the Department's while Anaheim's rates are below the Department's at extremely low load factors.

Figure 74: Large Commercial Industrial Customers Rate Comparison



Question No.: 217 Report back on data comparing neighboring utility information; identify whether this information is by tier, commercial /residential, single/multi-family, etc.

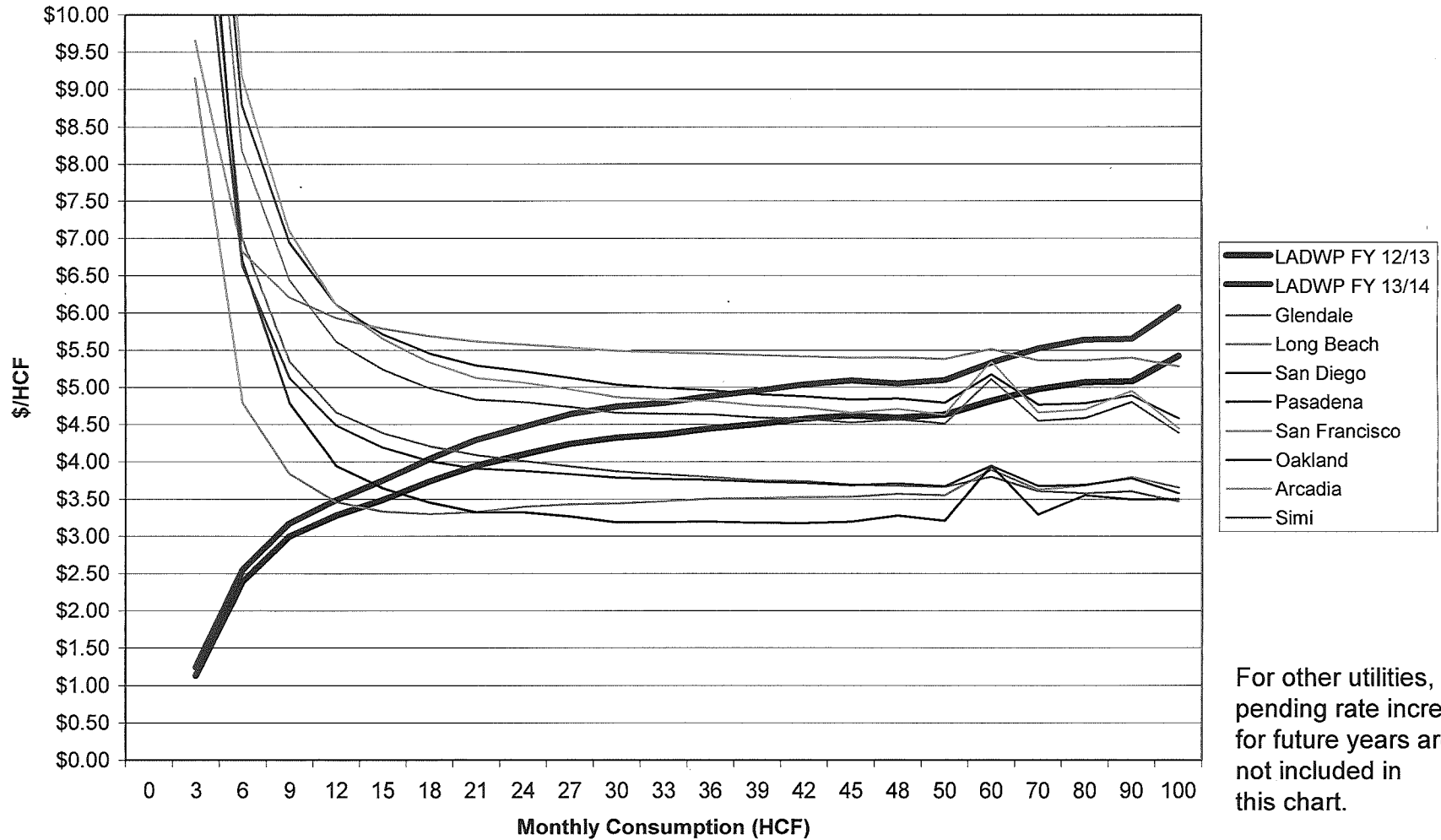
Monthly Water Bill Comparison
for a Typical Residential Customer (12 HCF Usage)
From March 2011 to February 2012



*Golden State Water (Investor-owned utility)

Council Budget & Finance Committee Question 217:
 LADWP water rates compared to other utilities

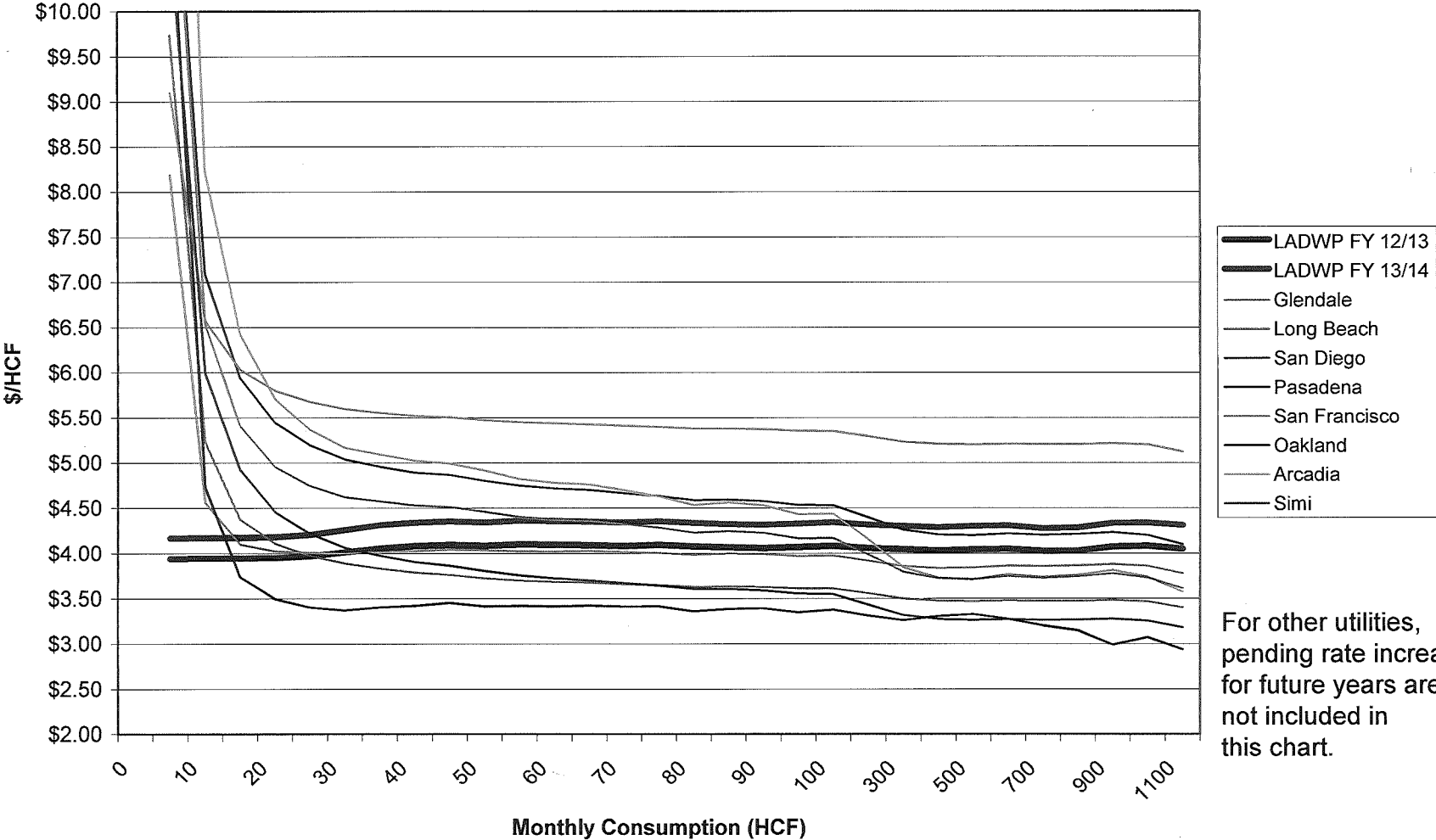
Low Income and Life Line Residential Water Rate Comparison



For other utilities, pending rate increases for future years are not included in this chart.

Council Budget & Finance Committee Question 217:
LADWP water rates compared to other utilities

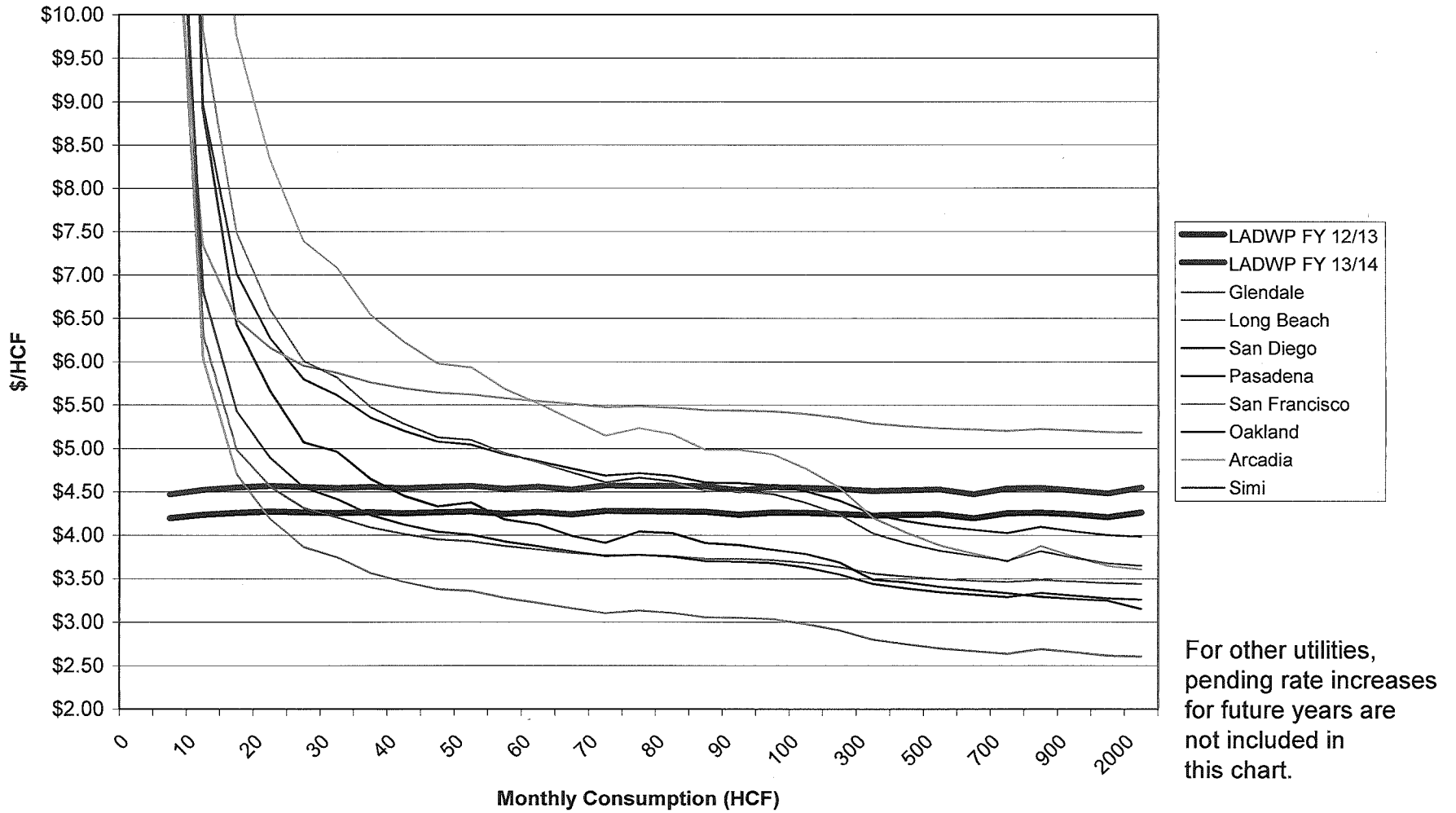
Multi-Family Residential Water Rate Comparison



For other utilities, pending rate increases for future years are not included in this chart.

Council Budget & Finance Committee Question 217:
 LADWP water rates compared to other utilities

Commercial Water Rate Comparison



Question No. 218 Report back with more detail on the third goals or objective identified in the Proposed Budget which focuses on improving customer communications and experience for DWP. Following is information relative to the LADWP's customer information system (CIS) upgrade.

Los Angeles Department Of Water And Power Customer Information System Replacement Project (CISCON Project)

Project Update for Council
January 2012



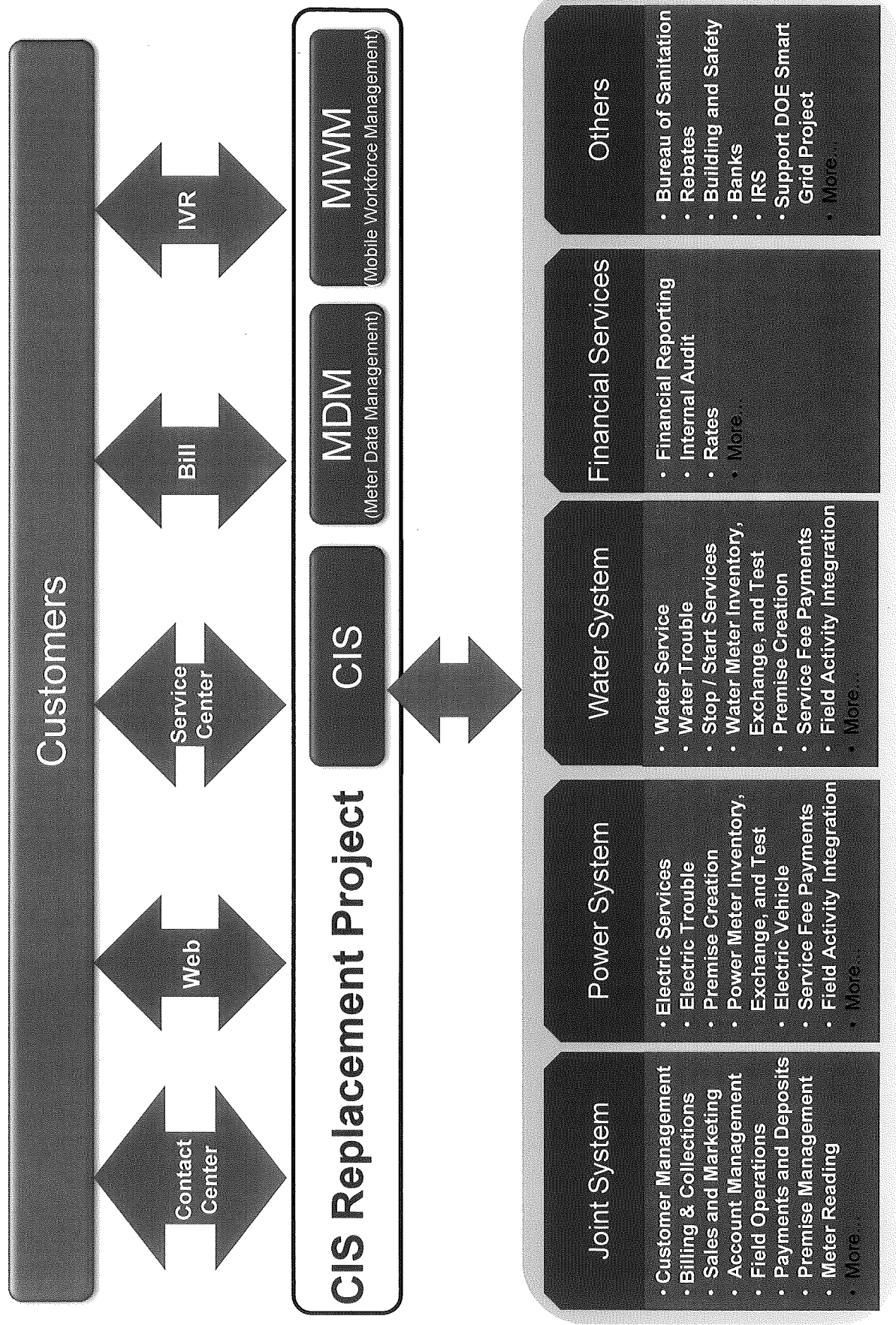
Uniting
People
Technology
and Data

Project Objective

- Provide consistent, transparent, integrated, and responsive customer care and satisfaction across all service channels
- Eliminate operational risk by replacing an ancient, customized, legacy system

Benefits to Customers and LADWP Operations

- More flexibility in the design of rate models and the support of new industry trends (electric vehicles, solar, and smart grid system)
- Increase first call resolution success rates (water and power outage information, rebates, new services...)
- Increase customer self service options (Interactive Voice Response, Website, Electronic Bill Presentment, Automated Clearinghouse, Credit Card Payments, Paperless Billing, Rate Analysis...)
- Support real time information flow between field operations and back office support groups
- Provide personalized analytic data to customer to manage monthly water and power usage



Scope Overview

CISCO

Customer Care & Billing (CC&B)

- **Customer**
- Customer Correspondence & Information all in One View
- IVR Integration
- **Revenue**
- Billing & Payments
- Adjustments
- Credit & Collections
- Financial Transactions
- General Ledger & Integration
- Accounts Payable Integration

Field Service

- Meter Reading
- Device Testing
- Service Order Management
- Asset Management
- Exception Handling

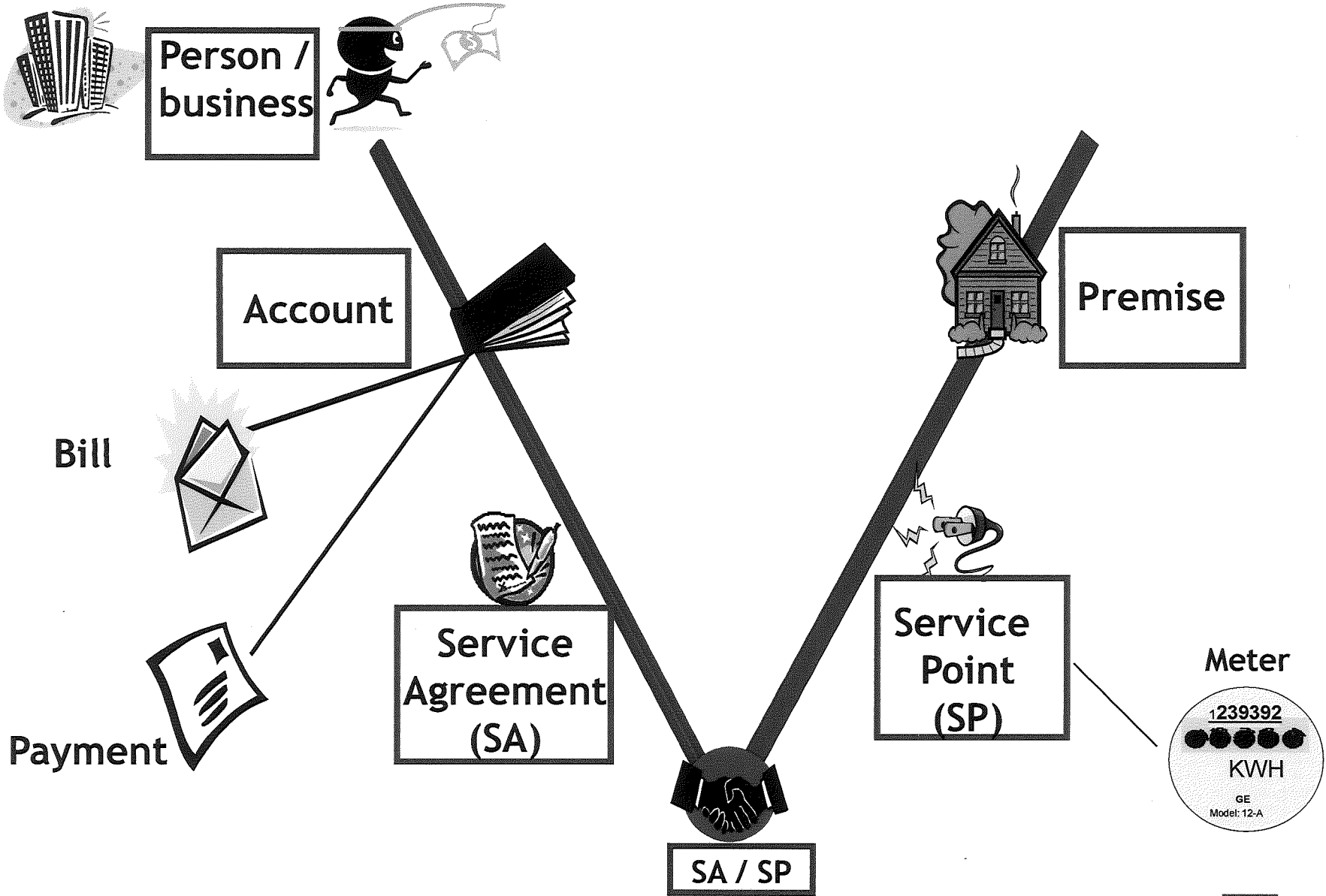
Mobile Workforce Management (MWM)

- Mobile Dispatch
- Real-time Updates for Call Center; Dispatch; and Field Crews
- Mobile Scheduling
- Advanced work scheduling
- Advanced field order dispatch management
- Automated routing and workload balancing

Meter Data Management (MDM)

- Remote Connect/Disconnect
- Validate, Edit, and Estimate (VEE)
- Integrates with a wide range of AMR/AMI technologies

The "V" in Customer Care & Billing (CC&B)



Monthly Billing Benefits

Better Customer Service

- Customer can better manage their finances
- Customer can more easily pay the amount due on a monthly bill
- Quicker feedback on electric and water usage due to seasonal change

Automatic Payment

- Improve automatic payment penetration which is difficult with a bimonthly billing program
- Drive lower negative customer interaction, lower delinquency, and lower write-offs
- Drive lower exception management processing expenses

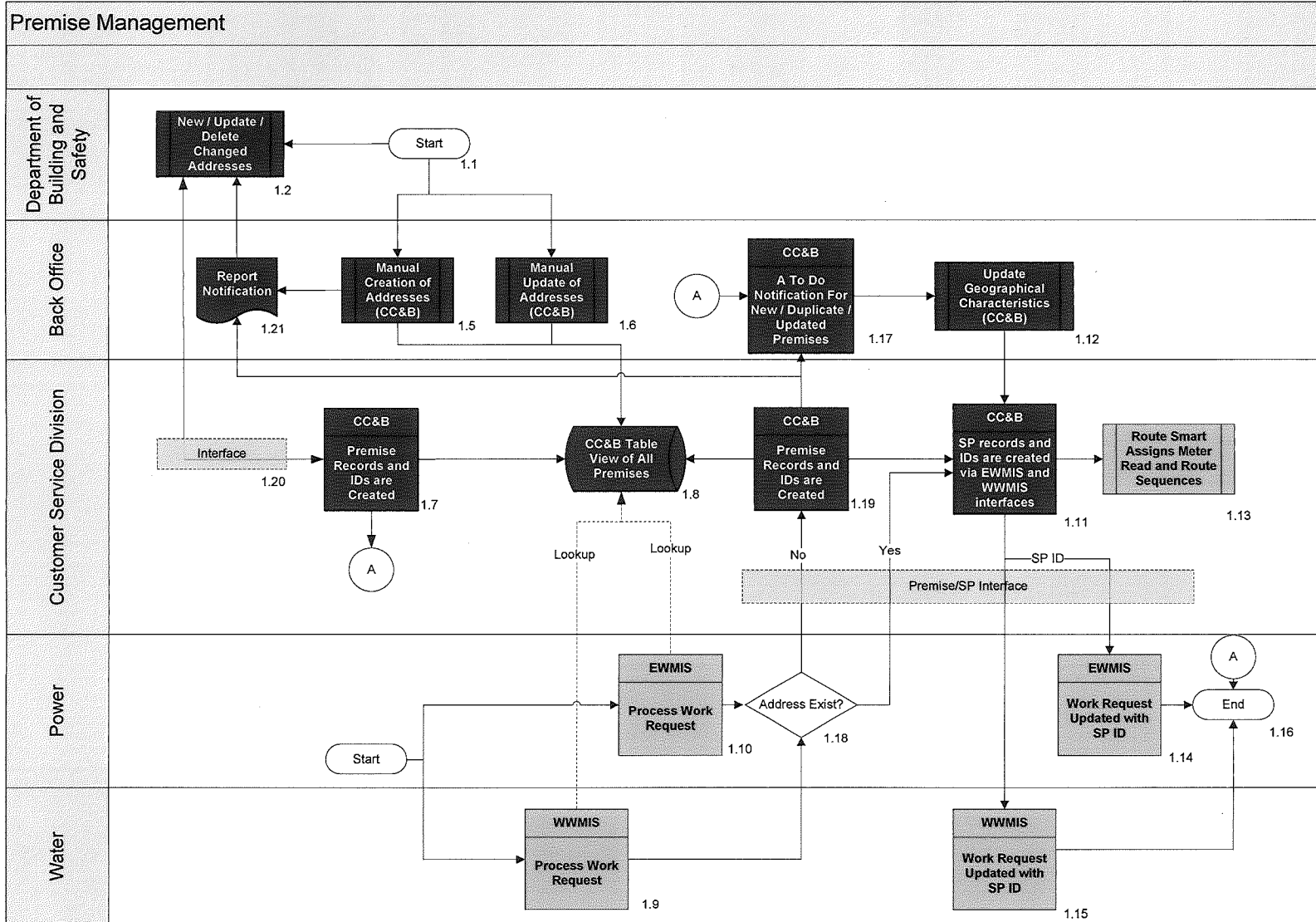
Cash Flow

- Accelerate the billing and collection of the amount due
- Mitigate the difficulties customers currently have in paying a larger utility bill which may lead to a decrease in account delinquency

To-Be Process Solution Diagrams

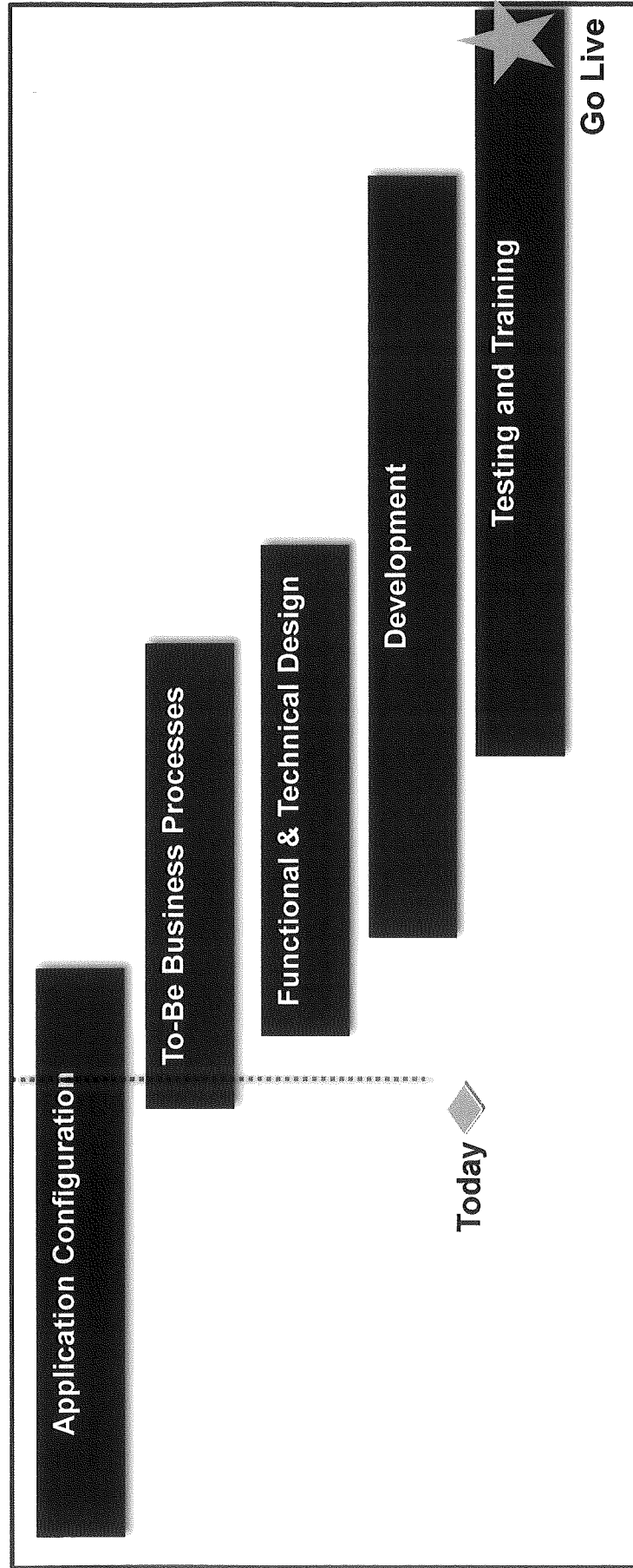
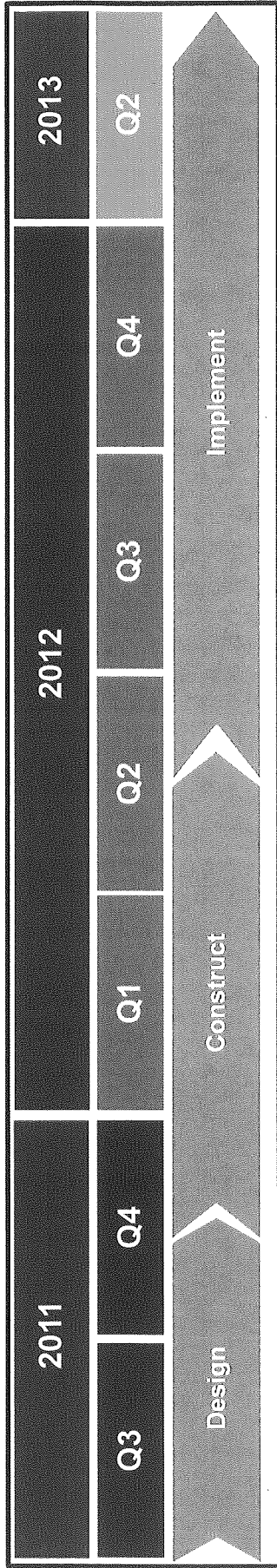
1. Address Validation
2. Bureau of Sanitation
3. CaTtS
4. Collections
5. CRM
6. Cut Flat & Defective Billing
7. Deposit Assessment
8. Electric Vehicle
9. MDM Solution Decision
10. Meter Exchange
11. Meter Inventory
12. Meter Test
13. New Service Electric
14. New Service Water
15. New Temporary Service Electric
16. New Temporary Service Water
17. Premise Management
18. Rebates
19. Remittance Bricks - Checks Only
20. Severance
21. Solar
22. Start Stop Service
23. Write Off

Premise Management



Note: No detailed To Be Business Process Solutions have been finalized. The ultimate decision may differ from what is presented today.

Project Status



LOS
ANGELES
DEPARTMENT
OF
WATER
AND
POWER

GENERAL MANAGER

bulletin

2012-13

May 1, 2012

IMPROVING THE QUALITY OF THE CUSTOMER EXPERIENCE

The Department is undertaking an unprecedented replacement of its customer information system (CIS). The CIS replacement will enable significant improvements in serving the power and water customers in Los Angeles. Efforts to complete the CIS also places demands on the Customer Service Division (CSD) at all levels. The CIS replacement is not our only challenge in CSD. Following a series of high profile instances and concerns voiced by the Los Angeles City Council regarding customer billing, the collection process, and customer service, we commissioned an independent assessment of our customer service processes. The assessment included a survey of CSD employees to help us identify service issues. We heard many constructive comments and concerns from those who communicate and work with our customers every day.

Incorporating the employee comments and concerns, the assessment identified significant process and organizational issues across CSD, including:

- Difficulties for customers when they attempt to contact the Los Angeles Department of Water and Power (LADWP).
- Once contact is made, less than 40% of the inquiries are resolved on the first contact, frustrating the customers who call in, and adding work to our CSD employees who handle the calls.
- Manual processing in multiple areas, resulting in significant backlogs and delayed billing.
- Delays in completing field orders, often due to information gaps.
- Specialization of job assignments in field services work groups not typical of most utilities.
- Significant "customer experience" challenges created by the additional effort applied by staff and management to the critical implementation of the new Customer Information System (CIS).

SOURCE	DISTRIBUTION	MANUALS REFERENCE	SERIES	DISPOSITION
RON:ron	Global Email	None	969	Post Until June 1,2012

New Focus on Improving the Quality of the Customer Experience

While there are fixes for specific process and organizational deficiencies, LADWP recognizes the need to focus on improving the experience of our customers. Therefore, today I am announcing a major commitment to "Improve the Quality of the Customer Experience."

The initiative will include improvement efforts in areas such as backlog reductions for our current processes, as well as work process improvements to leverage the new CIS. We will be creating a Customer Experience Quality Improvement Team within CSD to focus these efforts and focusing more effort on the management of the CIS effort.

Organizational Changes

To be successful, we will also require increased leadership resources with extensive management experience in:

- Leading a utility customer care organization
- CIS implementation
- Change management activities (employee and customer)

Given the immediate need for improving our current processes and the critical nature of the CIS project, LADWP is augmenting the CSD leadership team with two experienced executive managers. These managers will address both near term process problems and deficiencies while also strengthening the leadership team to assure long-term success, during and following CIS project implementation. Changes in the leadership team will include:

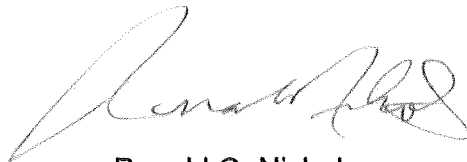
Ms. Sharon Grove has been appointed to the position of Director of Customer Experience. She will be the executive in charge of the CSD, reporting to me. She will be responsible for directing and positioning customer experience strategies, aligning business processes, understanding market and customer insights, deploying customer contact channel strategies, and overseeing customer complaint resolution to ensure that LADWP customers receive an exceptional quality of service. Ms. Grove brings 30 years of utility experience with more than 20 years of increasing customer service responsibility. Most recently she served as Assistant Vice President of Customer Service at NICOR Gas and prior to that held executive positions at Exelon Corporation, a major investor-owned utility headquartered in Chicago.

Ms. Connie Roesch has been appointed to the position of Director of Customer Operations. She will be responsible for directing the three large operating workgroups within the Customer Service Division reporting to

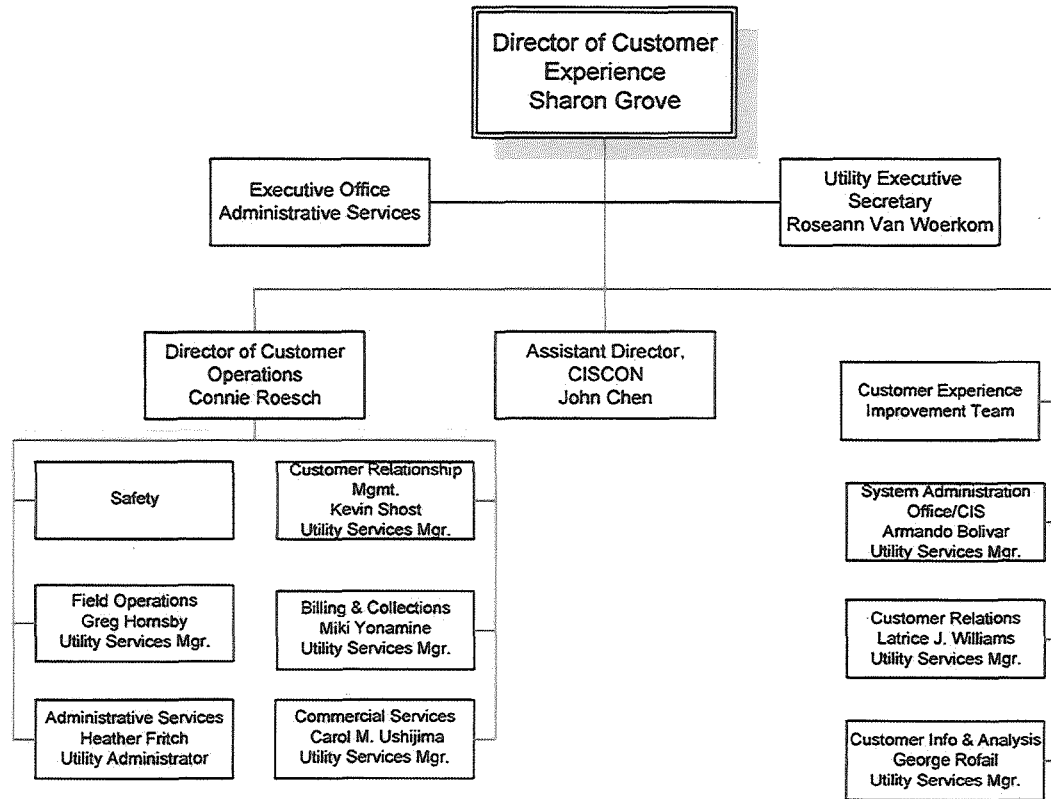
the Director of Customer Experience. A major emphasis of her efforts will be to create and establish an environment for culture change and sustainable improvement. Ms. Roesch comes to us following a long and distinguished career for the City of Cincinnati. Most recently, she held the position of Superintendent at the Greater Cincinnati Water Works, where she managed implementations of major CIS and billing upgrades along with adoption of the largest automated meter reading system for a North American water utility.

Mr. John Chen will focus all of his attention to the Customer Information System implementation as Assistant Director within CSD, responsible for CISCON. John will dedicate his full time efforts on the new CIS and associated technologies, partnering with our Chief Information Officer, Matt Lampe and his staff to help LADWP ensure the success of this critical project. A successful CIS implementation is essential to improving the quality of the customer experience.

The changes to the CSD organization are reflected in the attached organization chart effective May 14, 2012. We are moving into an exciting and potentially rewarding period for our customers and our employees. With the implementation of the new CIS next year and improvement of our customer service processes, we will be well positioned to improve the quality of the customer experience.

A handwritten signature in black ink, appearing to read "Ronald O. Nichols". The signature is fluid and cursive, with a large initial "R" and "N".

Ronald O. Nichols
General Manager



Question No. 221 Report back on where the recyclable investments in infrastructure been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.

Commitment to Water Recycling

LADWP has made water recycling a key strategy of the Water System. The goal is to increase the total amount of recycled water six fold by expanding to 59,000 acre-feet per year by 2035. In the past 5 years (08- current) we have installed nearly 78,000 feet of purple pipe.

The City of Los Angeles has long relied on imported water from sources located hundreds of miles away. However, due to environmental factors and sustained years of drought and climate change, we can no longer count on these distant resources. As the city's imported water supply situation becomes more critical, so does the need to develop local reliable water sources such as recycled water. Recycled water offers a safe, economically feasible, and environmentally sensitive way to augment the city's water supply. Recycling programs treat wastewater so that it can be used safely for irrigation and industrial purposes, groundwater replenishment, as a barrier against seawater intrusion, and for other beneficial environmental uses.

In Los Angeles, recycled water treated to a secondary, or tertiary level, is used primarily for irrigation and industrial purposes, notably to irrigate golf courses, parks, cemeteries, and in cooling towers such as at Valley Generation Station. In the Los Angeles Harbor area, advanced treated water utilizing microfiltration and reverse osmosis is used for seawater intrusion purposes. In the future, highly purified recycled water will be used for groundwater replenishment.

Current Projects

Paving the Way for the Purple Pipe Network

The demand for recycled water in the City of Los Angeles has increased four-fold in the last two years. New recycled water projects and the expansion of existing projects are in various stages of planning, design or construction. The following is a chronological history of the recycling projects now in operation:

Griffith Park Project

It all began in 1979 when the LADWP began irrigating two golf courses—Wilson and Harding—in Griffith Park with recycled water from the Los Angeles-Glendale Water Reclamation Plant, utilizing approximately 900 acre-feet per year (AFY). The City of Glendale also receives their recycled water from the Los Angeles-Glendale Plant.

Question No. 221 Report back on where the recyclable investments in infrastructure been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.

Japanese Garden, Wildlife Preserve, and Lake Balboa



The Japanese Garden located at the Donald C. Tillman Water Reclamation Plant in Van Nuys is a little-known oasis existing in the middle of the busy San Fernando Valley. The recycled water in the Japanese Garden, which is used for irrigation, a decorative lake, and a stream, was dedicated in 1984 to serve as a public showcase for the use of recycled water. It attracts more than 10,000 visitors per year.



One of the finest refuges of its kind and home to over 200 species of birds, the Wildlife Preserve in the Sepulveda Recreational Facility (adjacent to the Donald C. Tillman Water Reclamation Plant) was filled with recycled water in 1992.



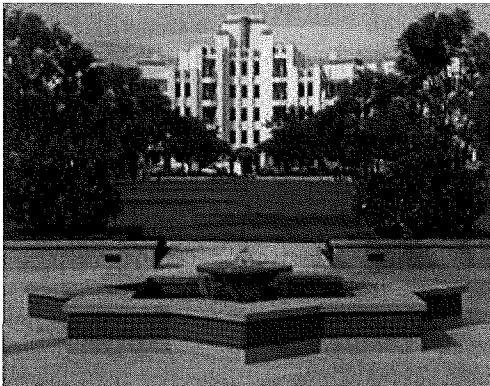
Still another water feature in the Sepulveda Recreational Facility is Lake Balboa, a 27-acre flow-through lake that empties to the Los Angeles River. Lake Balboa uses about 15 million gallons of recycled water per day and supports recreational activities such as fishing, boating, jogging, and walking.

Los Angeles Greenbelt Project

Dedicated in 1992, the Greenbelt Project was an extension of the Griffith Park Project and brings recycled water from the Los Angeles/Glendale Plant to Forest Lawn Memorial Park-Hollywood Hills, Mt. Sinai Memorial Park, Lakeside Golf Course, and Universal Studios. The project delivers about 700 AFY of recycled water.

Westside Water Recycling Project

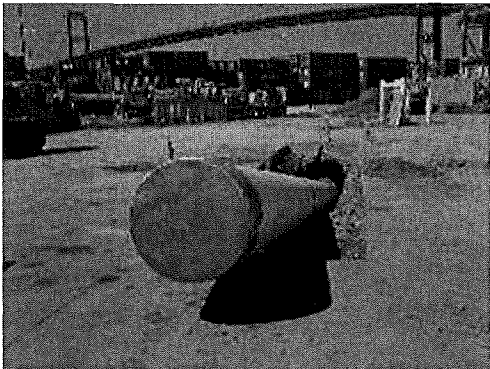
Question No. 221 Report back on where the recyclable investments in infrastructure been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.



Meandering along the perimeter of the Los Angeles International Airport, the Westside Water Recycling Project pipeline began using recycled water from the Edward C. Little Water Recycling Facility in 1997. This project terminates in the Playa Vista Development, the LADWP's first residential use of recycled water. Other customers on the line are LAX, Loyola Marymount University, Westchester Park and Golf Course, Carl Neilson Youth Park, and street medians.

Recycled water is used for landscape irrigation at the Metro Condominiums and Crescent Park one of many condominium complexes and parks in the Playa Vista Development.

Harbor Water Recycling Project



The Terminal Island Water Reclamation Plant produces highly treated recycled water that goes through microfiltration and reverse osmosis before injection into the seawater intrusion barrier which is a hydraulic barrier that prevents ocean water from entering the groundwater basin saving approximately 2700 AFY of potable water supplies.

Pipeline construction for the Harbor Project included horizontal directional drilling under the Port of Los Angeles with 3,800 feet of 36-inch pipeline.

Sepulveda Basin Water Recycling Project

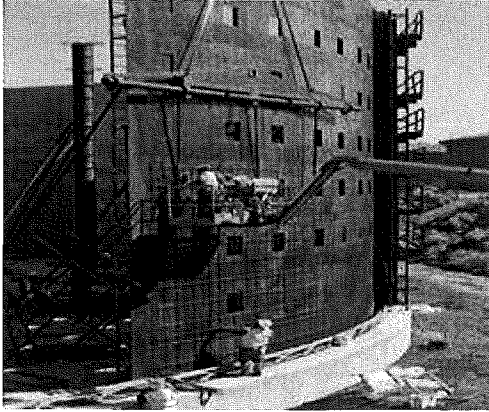


This project is all about parks and golf courses, already encompassing three golf courses and three parks. When completed, City of Los Angeles Department of Recreation and Parks will use at least 1,000 acre feet of recycled water per year keeping the Sepulveda Basin Recreational Facility green.

LADWP Water District crews completed the construction of the final pieces of pipe at the Encino and Balboa Golf Courses in the Sepulveda Basin.

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Hansen Area Water Recycling Project



A 54-inch pipeline delivers recycled water from the Donald C. Tillman Water Reclamation Plant in the Sepulveda Basin to the Valley Generation Station (VGS) in the east San Fernando Valley. Unlike other projects, the recycled water at VGS is used in the cooling towers for energy production, saving enough potable water to serve 4,000 families for one year.

The picture shows the construction of the 7-million gallon tank constructed at VGS for recycled water storage.

Taylor Yard Project



Since 2009, the LADWP has delivered as much as 75 AFY of recycled water to irrigate Rio de Los Angeles State Park on the east side of the Los Angeles River in Cypress Park. Not only does recycled water maintain the native plants, it is used to irrigate this once former rail yard that is now a popular recreational area of sports fields, a playground, and hiking trails. The Taylor Yard project will also provide recycled water to irrigate a new Los Angeles Community College campus, the Taylor Yard Innovation Campus, and a new Los Angeles Unified School District campus.

Groundwater Remediation

In recent years, contamination issues have impacted the LADWP's ability to fully utilize its groundwater entitlements. In response to contamination issues and declining groundwater levels, the LADWP has proactively cooperated with other agencies to improve the overall health of our groundwater basins.

To ensure supply reliability, LADWP has initiated a number of fast-tracked and ambitious undertakings to restore its lost groundwater production in the San Fernando Basin (SFB) and other basins. These undertakings will also prepare the LADWP to safely manage and extract water from future groundwater recharge efforts.

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San Fernando Basin

LADWP actively coordinates with other agencies and stakeholders to pursue protective and remedial measures for the SFB. The primary parties that are involved with SFB source protection include the California Department of Public Health (CDPH), the Regional Water Quality Control Board of Los Angeles (LARWQCB), California Department of Toxic Substance Control (CDTSC), and the United States Environmental Protection Agency (EPA). The CDPH, LARWQCB, and CDTSC are the three regulatory agencies with enforcement responsibilities within the SFB. The LARWQCB and the CDTSC issue enforcement directives for pollutant sites and guide the development of cleanup workplans and cleanup of polluted groundwater sites. The CDPH oversees the quality of potable water from groundwater sources.

Los Angeles' actions in the SFB seek to maintain the long-term safety and reliability of this local supply. Ultimately, LADWP's goal is to be able to pump 100 percent of its entitlements in any given year, if needed. To maximize its use of the SFB as a reliable and essential water supply for the city, the LADWP, in coordination with other agencies, performs various remedial investigations followed by appropriate actions. These actions include water quality monitoring of SFB contaminant plumes, management of production well operations, operation of groundwater treatment facilities, and necessary capital improvements.

Various measures and projects to improve groundwater quality have been completed or are being planned. The following are some of LADWP's completed, current, and planned projects for the SFB.

Groundwater System Improvement Study

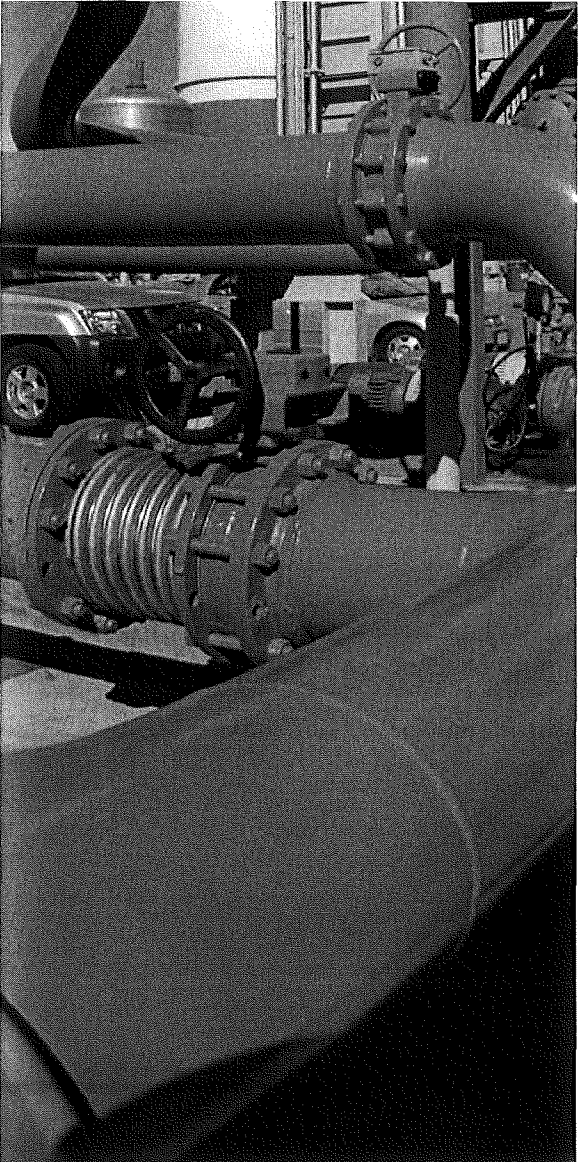
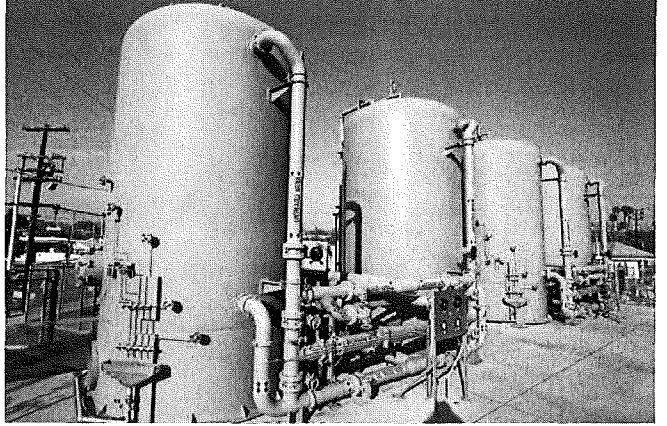
LADWP has begun a 6-year, \$19.0-million Groundwater System Improvement Study (GSIS) in the SFB that will provide vital information to assist in developing both short- and long-term projects to maximize the use of the SFB. Water quality concerns limit LADWP in its ability to optimize the use of the SFB and may pose a risk to future supplies. The study is being prepared by the engineering firm Brown and Caldwell. As part of the GSIS, LADWP will secure a groundwater monitoring well drilling contract to install approximately 40 new monitoring wells in the SFB that will assist with further characterizing the groundwater contamination in the SFB.

Through the GSIS, the LADWP has begun developing a conceptual layout for a groundwater treatment complex (Treatment Complex) in the SFB that will include a centralized purification facility in the vicinity of LADWP's North Hollywood Pump Station, and localized wellhead purification in the vicinity of LADWP's Tujunga and Rinaldi-Toluca Well Field areas. It is anticipated that construction of the Treatment Complex could begin as early as July 2015. Construction of the Treatment Complex will greatly reduce LADWP's reliance on costly and diminishing imported water supplies and will complement LADWP's strategies for securing the City of Los Angeles' future water supply through sustainable means. The Treatment Complex will also enable LADWP to

Question No. 221 Report back on where the recyclable investments in infrastructure been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.

enhance local supplies through groundwater recharge and stormwater projects. An integral part of LADWP's Treatment Complex program is to work closely with the USEPA and the Cities of Burbank and Glendale to ensure that the added efforts do not adversely affect the on-going cleanup activities being conducted by the these agencies. Towards this end, LADWP plans to enter into a Groundwater Management Plan with the USEPA.

Question 221: Report back on where the recyclable investments in infrastructure have been made throughout the City; how has it changed over the last five years; how much progress has been made with the purple pipe throughout the City; specific investments made in the San Fernando Valley remediation and groundwater recharge.



Los Angeles  Department of Water & Power

URBAN WATER MANAGEMENT PLAN

2010



RESOLUTION NO. 011 268

WHEREAS, the California Urban Water Management Planning Act requires California water suppliers to prepare and adopt an Urban Water Management Plan every five years that describes their historical and future efforts in the area of water resources; and

WHEREAS, the Los Angeles Department of Water and Power (LADWP) has prepared a five-year update to the City of Los Angeles' Urban Water Management Plan (UWMP) pursuant to applicable provisions of Sections 10610 through 10656 of the California Water Code; and

WHEREAS, the UWMP is required as a condition of application for various water system grant and loan funding opportunities administered by the State of California; and

WHEREAS, LADWP has selected Method 3 of the four methods developed by the California Department of Water Resources for calculating the 2020 water use target and 2015 interim target in the UWMP as required in the California Water Conservation Act of 2009, SBX7-7; and

WHEREAS, LADWP's current water rate structure includes funding for water conservation, water recycling, and stormwater capture programs; and

WHEREAS, the development of the UWMP involved public meeting notices, public involvement, and incorporated oral and written public comments prior to final adoption; and

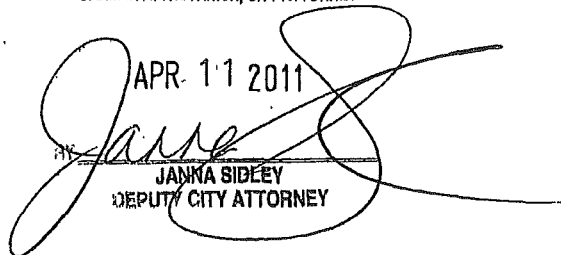
WHEREAS, the final UWMP must be adopted by LADWP's Board of Water and Power Commissioners and submitted to the California Department of Water Resources by July 1, 2011.

NOW, THEREFORE, BE IT RESOLVED, that the City of Los Angeles Department of Water and Power 2010 Urban Water Management Plan is hereby adopted; and.

BE IT FURTHER RESOLVED that the President or Vice President of the Board, or the General Manager or such person as he shall designate in writing as his designee, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board be and they are hereby authorized, empowered, and directed to approve said UWMP for and on behalf of LADWP.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held MAY 03 2011

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

APR 11 2011

BY Janna Sidley
JANNA SIDLEY
DEPUTY CITY ATTORNEY


Secretary



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Note: The 2010 Urban Water Management Plan for the Los Angeles Department of Water and Power is available to the public at Los Angeles City Public Library, County of Los Angeles Public Library, West Hollywood Library, Culver City Julian Dixon Library, California State Library, and LADWP website at www.ladwp.com.

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Chapter Four Recycled Water

4.0 Overview

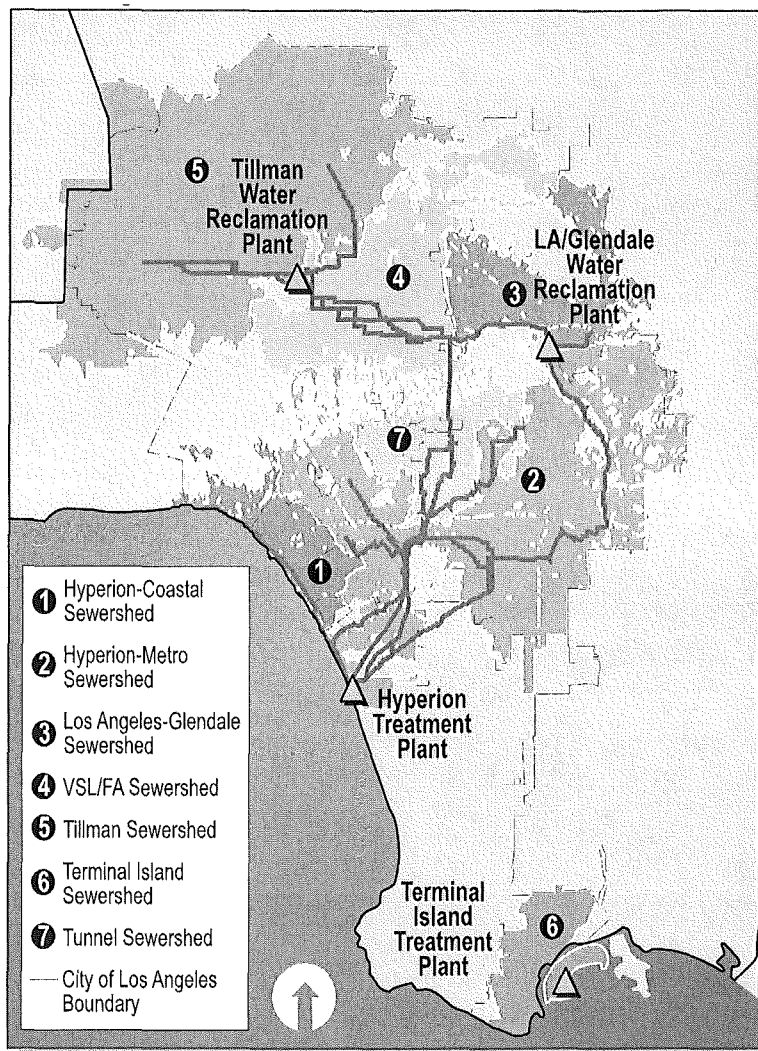
LADWP is committed to significant expansion of recycled water in the City's water supply portfolio. Recognizing the multiple factors that are decreasing the reliability of imported water supplies, LADWP released the City of Los Angeles Water Supply Action Plan (Plan), "Securing L.A.'s Water Supply" in May of 2008. The Plan established the goal of using 50,000 AFY of recycled water to offset demands on potable supplies. In order to meet this goal, LADWP, in conjunction with the Los Angeles Department of Public Works Bureau of Sanitation (BOS), are working together to develop a Recycled Water Master Plan (RWMP). Opportunities to expand the water recycling program are being studied through development of the RWMP. Opportunities include expanding the recycled water distribution system for Non-Potable Reuse (NPR) such as for irrigation and industrial use, and replenishment of groundwater basins with highly purified recycled water. Beyond 50,000 AFY, LADWP expects to increase recycled water use by approximately 1,500 AFY annually, bringing the total to 59,000 AFY by 2035.

LADWP's water recycling program is dependent on the City's wastewater treatment infrastructure. Wastewater in the City of Los Angeles is collected and transported through some 6,500 miles of

major interceptors and mainline sewers, more than 11,000 miles of house sewer connections, 46 pumping plants, and four treatment plants. BOS is responsible for the planning and operation of the wastewater program. The City's wastewater system serves 515 square miles, 420 square miles of which are within the City. Service is also provided to 29 non-City agencies through contract services. Exhibit 4A shows the City's four wastewater treatment plants and seven sewersheds that feed those plants. A portion of the treated effluent from these four wastewater plants is utilized by LADWP to meet recycled water demands.

As early as 1960, the City recognized the potential for water recycling and invested in infrastructure that processed water to tertiary quality, a high treatment standard for wastewater. This resulted in the building of tertiary wastewater treatment plants upstream instead of enlarging the two existing terminus treatment plants. These system enhancements brought about the City's expanded recycled water projects, which now supplement local and imported water supplies. The original policy allowing the use of recycled water was adopted by the State Legislature in 1969.

In 1979, LADWP began delivering recycled water to the Department of Recreation and Parks for irrigation of areas in Griffith Park. This service was later expanded to include Griffith Park's golf courses.



**Exhibit 4A
City
Wastewater
Treatment
Plants and
Sewersheds**

In 1984, freeway landscaping adjacent to the park was also irrigated with recycled water. In addition, the Japanese Garden, Balboa Lake and Wildlife Lake in the Sepulveda Basin now utilize recycled water for environmentally beneficial reuse purposes. The Greenbelt Project, which carries recycled water from the Los Angeles-Glendale Water Reclamation Plant to Forest Lawn Memorial Park, Mount Sinai Memorial Park, Lakeside Golf Club of Hollywood and Universal Studios, began operating in 1992, and represents LADWP's first project to supply recycled water to non-governmental customers. LADWP continues to successfully implement the use of recycled water for various purposes. In 2009, phase 1 of the Playa Vista development began receiving

recycled water. Playa Vista is the first planned development in the City that uses recycled water for all landscape needs. LADWP serves approximately 130 customers with recycled water for irrigation, industrial, and environmental beneficial uses. Future recycled water projects will continue to build on the success of these prior projects so that recycled water becomes a more prominent component of the City's water supply portfolio.

The City's water recycling projects seek to displace the use of potable water with recycled water for non-potable uses where infrastructure is available. In compliance with Chapters 7.0 and 7.5 of the California Water Code recycled water meets all of the following conditions:

- The source of recycled water is of adequate quality for these non-potable uses.
- The recycled water may be furnished for these uses at a reasonable cost to the user.
- The use of recycled water from the proposed source will not be detrimental to public health.
- The use of recycled water will not adversely affect downstream water rights or degrade water quality.

In addition, the California Water Code requires public agencies, such as the LADWP, to serve recycled water for non-potable uses if suitable recycled water is available.

LADWP is expanding irrigation and industrial/commercial uses of recycled water, and studying groundwater replenishment (GWR). Demand for recycled water is driven by customer acceptance of recycled water as a viable alternative to traditional potable supplies. Outreach efforts designed to educate the public on the viability of recycled water and its potential uses are an essential part of the process as the City's recycled water program expands.

4.1 Regulatory Requirements

Recycled water use is governed by regulations at the State and local levels. These regulations are based on multiple factors including the type of use and water quality. LADWP currently provides recycled water for non-potable reuse and is pursuing indirect potable reuse through GWR using advanced treated recycled water. Requirements for these two categories of recycled water use are different. This section provides a summary of the complex recycled water regulations. A more in-depth description of these regulations will be included as part of the RWMP.

4.1.1 Non-Potable Reuse Regulations

Non-potable water reuse regulations in the City of Los Angeles are governed by the California Department of Public Health (CDPH), State Water Resources Control Board (SWRCB), Los Angeles Regional Water Quality Control Board (LARWQCB) and the Los Angeles County Department of Public Health (LACDPH).

California Department of Public Health

Criteria and guidelines for the production and use of recycled water were established by the CDPH in the California Code of Regulations, Title 22, Division 4, and Chapter 3 (Title 22). Title 22, also known as Water Recycling Criteria, establishes required wastewater treatment levels and recycled water quality levels dependent upon the end use of the recycled water. Title 22 additionally establishes recycled water reliability criteria to protect public health.

Title 22 specifies recycled water use restrictions based on the potential degree

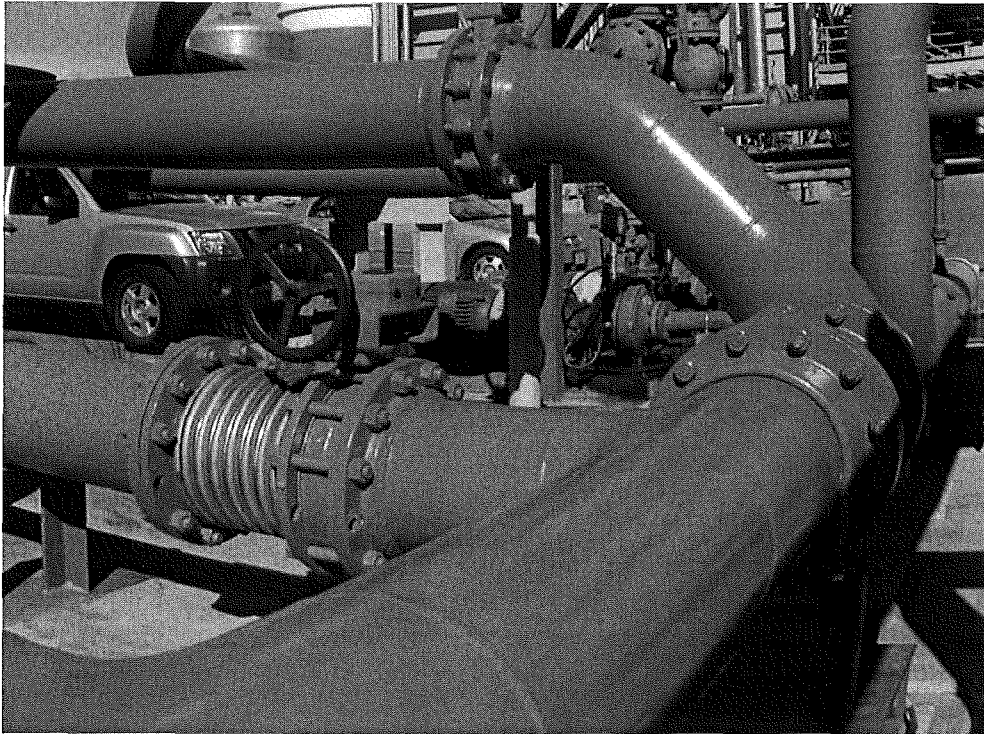
of public exposure to the water and the distance of drinking water wells and edible crops from the area of intended use. Recycled water use applicability also depends on the different levels of treatment. A higher quality water will have a wider variety of applicable uses than a lower quality water. At a minimum, secondary treatment of wastewater is required for recycled water use. In the City of LA, however, all recycled water used is treated, at a minimum, to tertiary levels with additional disinfection. Wastewater treatment levels are discussed in detail in subsection 4.2 of this chapter. Title 22 allows for other treatment methods, subject to CDPH approval. The reliability of the treatment process and the quality of the product water must meet the Title 22 requirements specified for each allowable treatment level. Exhibit 4B provides a summary of the currently approved recycled water uses.

Areas where recycled water is used occur within defined boundaries. Title 22 stipulates use area requirements to protect public health. Use area regulations include requirements addressing recycled water application methods and runoff near domestic water supply wells, drinking fountains, and residential areas. Other requirements include posting signs notifying the public where recycled water is being used, utilization of quick couplers instead of hose bibs, and the prohibition against connecting recycled water systems with potable water systems. Dual-plumbed recycled water systems in buildings are also addressed. These systems must meet additional reporting and testing requirements.

To protect public health, Title 22 requires reliability mechanisms. During the design phase, a Title 22 Engineering Report is required to be submitted to CDPH and the local Regional Water Quality Control Board (RWQCB) for approval. Contents of the report include a description of the system and an explanation regarding how the system will comply with Title 22 requirements. Redundancy in treatment

**Exhibit 4B
Allowable
Title 22
Recycled
Water Uses**

Irrigation Uses
Food crops where recycled water contacts the edible portion of the crop, including all root crops
Parks and playgrounds
School yards
Residential landscaping
Unrestricted access golf courses
Any other irrigation uses not prohibited by other provisions of the California Code of Regulations
Food crops, surface irrigated, above ground edible portion, and not contacted by recycled water
Cemeteries
Freeway landscaping
Restricted access golf course
Ornamental nursery stock and sod farms with unrestricted public access
Pasture for milk animals for human consumption
Non edible vegetation with access control to prevent use as park, playground or school yard
Orchards with no contact between edible portion and recycled water
Vineyards with no contact between edible portion and recycled water
Non food bearing trees, including Christmas trees not irrigated less than 14 days before harvest
Fodder and fiber crops and pasture for animals not producing milk for human consumption
Seed crops not eaten by humans
Food crops undergoing commercial pathogen destroying processing before consumption by humans
Supply for impoundment
Non restricted recreational impoundments, with supplemental monitoring for pathogenic organisms
Restricted recreational impoundments and publicly accessible fish hatcheries
Supply for Impoundment Uses
Non restricted recreational impoundments, with supplemental monitoring for pathogenic organisms
Restricted recreational impoundments and publicly accessible fish hatcheries
Landscape impoundments without decorative fountains
Supply for cooling or air conditioning
Industrial or commercial cooling or air conditioning involving cooling tower, evaporative condenser, or spraying that creates a mist
Industrial or commercial cooling or air conditioning not involving cooling tower, evaporative condenser, or spraying that creates a mist
Other Uses
Dual plumbing systems (flushing toilets and urinals)
Priming drain traps
Industrial process water that may contact workers
Structural fire fighting
Decorative fountains
Commercial laundries
Consolidation of backfill material around potable water pipelines
Artificial snow making for commercial outdoor uses
Commercial car washes, not heating the water, excluding the general public from washing process
Industrial process water that will not come into contact with workers
Industrial boiler feed
Nonstructural fire fighting
Backfill consolidation around non potable piping
Soil compaction
Mixing concrete
Dust control on road and streets
Cleaning roads, sidewalks and outdoor work areas
Flushing sanitary sewer
Groundwater replenishment



units or other means to treat, store, or dispose of recycled water are required in case the treatment unit is not operating within specified parameters. Alarms for operators are required to indicate treatment plant process failures or power failures. In case of power failures, either back-up power, automatically activated short-term or long-term recycled water storage, or a means of disposal is required. Furthermore, system performance must be monitored by water quality sampling and analyses.

As mentioned previously, cross-connections between the potable and recycled water systems are not permitted. The California Code of Regulations, Title 17, Division 1, Chapter 5, Group 4 prevents cross-connections between potable water supply systems and recycled water supply systems. Title 17 specifies that water suppliers must implement cross-connection control programs and backflow prevention systems.

In addition to Title 22 and Title 17 requirements, CDPH has additional regulations and guidance established in the following documents:

- Guidelines for the Preparation of an Engineering Report for the Production, Distribution, and Use of Recycled Water (2001)
- Guidance Memo No. 2003-02: Guidance for the Separation of Water Mains and Non-Potable Pipelines (2003)
- Treatment Technology Report for Recycled Water (2007)

State Water Resources Control Board and Los Angeles Regional Water Quality Control Board

In May 2009, the SWRCB adopted "Recycled Water Policy" developing uniform standards across all Regional Water Quality Control Boards for interpreting the "Anti-Degradation Policy". When planning and implementing recycled water projects the following must be taken into consideration:

- Mandate for recycled water use – encourages recycled water use and establishes targets to increase use.
- Salt/nutrient management plans –

requires submittal of salt/nutrient management plans by 2014.

- Landscape irrigation projects' control of incidental runoff and streamlined permitting – addresses controlling incidental runoff and streamlining permit processes for recycled water use in landscape areas.
- Groundwater replenishment – establishes requirements for groundwater replenishment projects.
- Anti-degradation – establishes that salt and nutrient management plans can address groundwater quality impacts.
- Chemicals of emerging concern – establishes a blue-ribbon advisory panel to develop a report on chemicals of emerging concern and update the report every five years.

Water recycling requirements for each of the City's applicable wastewater treatment plants engaged in water recycling are issued by the LARWQCB. These requirements specify end-users of recycled water and enforce treatment and use area requirements.

In July 2009, the SWRCB adopted a general landscape irrigation permit, "General Waste Discharge Requirements for Landscape Irrigation Uses of Municipal Recycled Water" (General Permit). The General Permit streamlines the regulatory approval for landscape irrigation using recycled water. Agencies with existing water recycling requirements, such as the City, are not required to apply for the General Landscape Irrigation Permit.

Earlier in April 2009, the LARWQCB adopted a general region-wide permit, "General Waste Discharge and Water Recycling Requirements for Non-Irrigation Uses over the Groundwater Basins Underlying the Coastal Watersheds of Los Angeles and Ventura Counties" for non-irrigation uses of recycled water. Similar to the General Permit, this permit streamlines the

permitting process and specifies the application process for qualifying projects.

Los Angeles County Department of Public Health

Title 22 and Title 17 water use regulations are enforced by the LACDPH, Environmental Health Division. LACDPH has published "A Guide to Safe Recycled Water Use, Pipeline Construction and Installation" requiring compliance with Title 22, CDPH, and LARWQCB requirements. After CDPH has approved the plans and specifications and the City has an agreement to serve the customer, LACDPH reviews and approves all plans and specifications prior to construction. After construction LACDPH inspects the systems and conducts cross-connection, pressure, and back-flow prevention device tests. Recycled water use must occur in compliance with the Los Angeles County Recycled Water Advisory Committee's "Recycled Water Urban Irrigation User's Manual". Each site must also have a site supervisor responsible for recycled water use.

City of Los Angeles

Recycled water responsibilities of the City of Los Angeles include complying with all LARWQCB permits for the wastewater treatment plants and production of recycled water, approving recycled water use sites, conducting post-construction inspections, and periodically inspecting use areas and site supervisor records.

LADWP customers are permitted to use recycled water when service is available per LADWP Ordinance No. 170435 [subsequently amended by Ordinance No. 178902 in 2008]. Users are responsible for the operation and maintenance of their recycled water systems up to the connection point with LADWP. Users are required to use recycled water in accordance with Titles 22 and 17 and the "Recycled Water Urban Irrigation User's Manual."

4.1.2 Groundwater Replenishment Regulatory Requirements

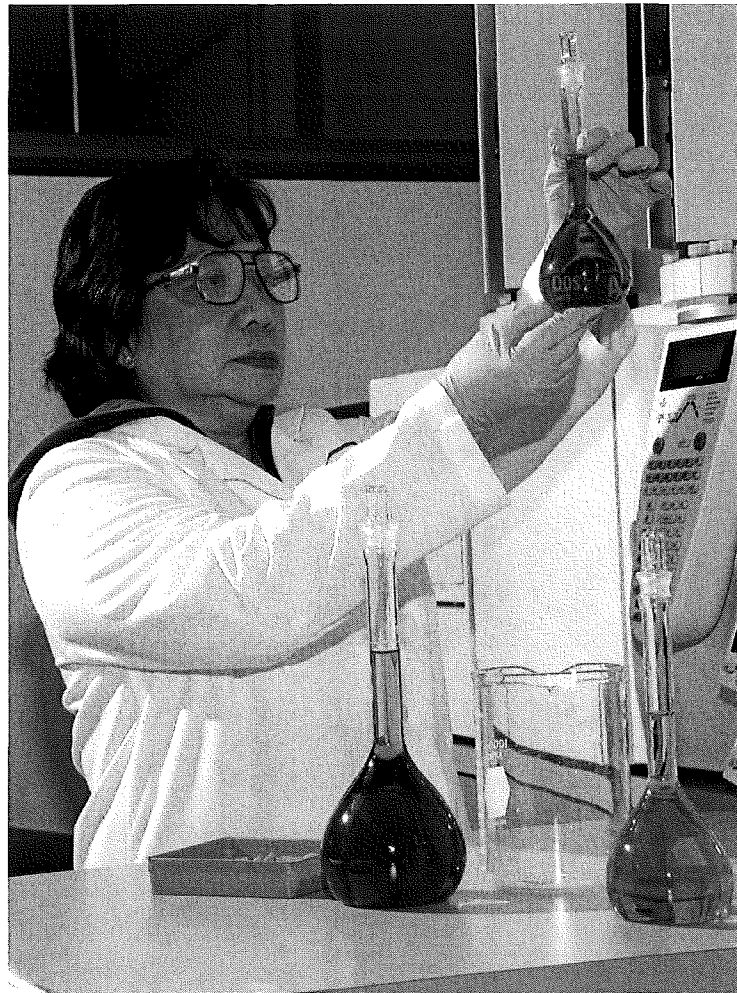
The regulations governing recharge of groundwater or groundwater replenishment (GWR) with recycled water are established by the CDPH and LARWQCB. The City's GWR project as described in section 4.4.3 will be subject to these regulations.

For GWR, LADWP will implement advanced treatment that includes reverse osmosis, microfiltration, and advanced oxidation. This level of treatment addresses water quality concerns for the health of the basin along with emerging contaminants of concern.

California Department of Public Health

Regulatory oversight of GWR projects is provided by the CDPH. CDPH regulates GWR projects under Title 22, making recommendations on a case-by-case basis after a public hearing. Requirements for replenishment are not provided in Title 22. Draft GWR Reuse Criteria, released in August 2008, are used by the CDPH to evaluate projects for approval or denial. The draft regulations are designed to protect public health by:

- Requiring recycled water to meet maximum contaminant levels (MCLs) established for drinking water.
- Establishing the volume of recycled water used based on Total Organic Carbon (TOC), dilution, and treatment levels.
- Requiring recycled water to be retained in a groundwater basin for six months before reaching a well used for drinking water with validation by a tracer study.
- Requiring quarterly monitoring for specified pollutants and chemicals and yearly monitoring of constituents



indicating the presence of wastewater in produced recycled water and in downgradient monitoring wells.

- Implementing a source control program.
- Establishing additional requirements for projects with recycled water contributions greater than 50 percent, including a review by an Independent Advisory Panel.

As also required for non-potable reuse, project proponents must submit a Title 22 Engineering Report to the CDPH and LARWQCB for review. After completion of the report, the CDPH holds a public hearing followed by issuance of Findings of Fact and Conditions for submission to the LARWQCB.

Los Angeles Regional Water Quality Control Board

Prior to the issuance of a permit, the LARWQCB reviews CDPH's Findings of Fact and Conditions and considers provisions in the adopted Los Angeles Basin Plan (Basin Plan) for the LARWQCB region, applicable State policies (including the SWRCB Recycled Water Policy), and applicable federal regulations if recycled water is discharged to "Waters of the U.S." The Basin Plan establishes water quality objectives for surface water and groundwater to protect beneficial uses. The LARWQCB then holds a public hearing to consider the permit. Ultimately, if approved, permits are issued by the LARWQCB in the form of water reclamation requirements and waste discharge requirements.

4.2 Wastewater Treatment Plants

There are four wastewater treatment plants owned and operated by the BOS. City wastewater treatment consists of a series of processes that, at a minimum, remove solids to a level sufficient to meet regulatory water quality standards. During the preliminary, primary,

secondary, and tertiary treatment processes, progressively finer solid particles are removed. Preliminary treatment removes grit and large particles through grit removal basins and screening. Primary treatment relies on sedimentation to remove smaller solids. With most of the grit, large particles, and solids already removed, secondary treatment converts organic matter into harmless by-products and removes more solids through biological treatment and further sedimentation. At the end of secondary treatment, most solids will have been removed from the water. Tertiary treatment follows secondary treatment to eliminate the remaining impurities through filtration and chemical disinfection. At this stage, sodium hypochlorite (the chemical contained in household bleach) provides disinfection. All recycled water used within the City undergoes, at a minimum, tertiary treatment and disinfection. In the Harbor Area, recycled water also undergoes advanced treatment with microfiltration/reverse osmosis (MF/RO) and is injected into the Dominguez Gap Barrier to protect against seawater intrusion. MF/RO is a two-stage process using high-pressure membrane filters to remove microscopic impurities from the source water. Exhibit 4C summarizes the treatment levels, capacity, and average flows at the four plants.

Exhibit 4C Wastewater Treatment Plants Summary

Wastewater Treatment Plants	Treatment Level	Capacity (mgd)	Average Flows (mgd) ¹
Donald C. Tillman Water Reclamation Plant (DCT)	Tertiary to Title 22 standards with Nitrification/Denitrification	80	32
Los Angeles - Glendale Water Reclamation Plant (LAG)	Tertiary to Title 22 standards with Nitrification/Denitrification	20	17
Terminal Island Water Reclamation Plant (TIWRP)	Tertiary; Advanced treatment (MF/RO) of 5 mgd	30	16
Hyperion Treatment Plant (HTP)	Full secondary ²	450	299

1. Average FY 2009/10 flows. Approximately 13 mgd is currently diverted from DCT to HTP.

2. 34 mgd of full secondary treated water delivered to West Basin Water Reclamation Plant operated by West Basin Municipal Water District. Water treated to Title 22 standards for recycled water use.

Source: City of Los Angeles, Bureau of Sanitation, Draft Recycled Water Use FY 2009/10.

4.2.1 Donald C. Tillman Water Reclamation Plant

In service since 1985, the Donald C. Tillman Water Reclamation Plant (DCT) has an average dry-weather flow capacity of 80 million gallons per day (mgd) and currently treats about 32 mgd. During wet weather, treatment is limited to 40 mgd to prevent downstream infiltration surcharges on the sewer system while utilizing the remaining capacity for limited wet weather storage. Currently, the Los Angeles Department of Public Works – Bureau of Engineering (BOE) is designing wet-weather storage basins to allow year round operation at 80 mgd. The current level of treatment is Title 22 (tertiary) with nitrogen removal (nitrification/denitrification (NdN)). DCT provides recycled water for the Japanese Garden, Wildlife Lake, Lake Balboa, treatment plant reuse, and irrigation and industrial uses. Irrigation uses in the adjacent areas include golf courses, parks, and a sports complex. Industrial uses include the Valley Generating Station. The remaining tertiary-treated water is discharged into the Los Angeles River. A GWR project is being planned that will purify DCT effluent, utilizing advanced treatment to recharge the San Fernando Groundwater Basin. The project will initially recharge 15,000 AFY with the eventual goal of achieving 30,000 AFY.

4.2.2 Los Angeles-Glendale Water Reclamation Plant

The Los Angeles-Glendale Water Reclamation Plant (LAG) is a joint project of the City of Los Angeles and City of Glendale. LAG began treating wastewater in 1976. Its average dry-weather flow design capacity is 20 mgd and it currently treats about 17 mgd. Each city is entitled to 50 percent of the plant's capacity. The City of Pasadena

purchased rights to 60 percent of Glendale's capacity but has not yet exercised these rights. The current level of treatment is Title 22 (tertiary) with nitrogen removal (NdN). Recycled water from the LAG provides landscape irrigation to Griffith Park and the Los Angeles Greenbelt Project, including Forest Lawn Memorial Park, Mount Sinai Memorial Park, Universal Studios, and the Lakeside Golf Course. The City of Glendale retains the right to half of the recycled water produced at the plant and serves a number of customers in their service area. As with the DCT, the remaining tertiary-treated water from LAG is discharged into the Los Angeles River.

4.2.3 Terminal Island Water Reclamation Plant

Originally built in 1935, the Terminal Island Water Reclamation Plant (TIWRP) has been providing secondary treatment since the 1970s. Tertiary treatment systems were added in 1996. TIWRP has a current average dry-weather flow capacity of 30 mgd and treats about 16 mgd. The recently completed Advanced Wastewater Treatment Facility adds MF/RO treatment to a portion of the wastewater effluent to produce approximately 3.0 mgd of recycled water. Recycled water is supplied to the Dominguez Gap Seawater Intrusion Barrier to reduce seawater intrusion into drinking water aquifers, and to LADWP's Harbor Generating Station for landscape irrigation. The remaining TIWRP effluent is discharged to the Los Angeles Harbor. Future recycled water production is expected to increase to more fully supply the Dominguez Gap Seawater Intrusion Barrier along with other potential customers in the Harbor Area.

4.2.4 Hyperion Treatment Plant

Operating since 1894, the Hyperion Treatment Plant (HTP) is the oldest and largest of the City's wastewater treatment plants. Its \$1.2 billion construction upgrade, completed in 1999, allows for full secondary treatment. The current average dry-weather flow capacity of HTP is 450 mgd, with an average wastewater flow of 299 mgd. A majority of the treated water is discharged through a 5-mile outfall into the Santa Monica Bay, and the rest, approximately 31 mgd, is delivered to the West Basin Water Reclamation Plant to meet recycled demands in the West Basin Municipal Water District (WBMWD) service area and parts of the City of Los Angeles. As of 2008, approximately 37,000 AFY of water from HTP Plant is sold to WBMWD for additional treatment. A portion of this water is bought back by LADWP to serve to customers in West Los Angeles, and the rest is then used to meet

recycled water demands in WBMWD's service area. Customers in West Los Angeles include Loyola Marymount University and Playa Vista.

4.2.5 Projected Wastewater Volume

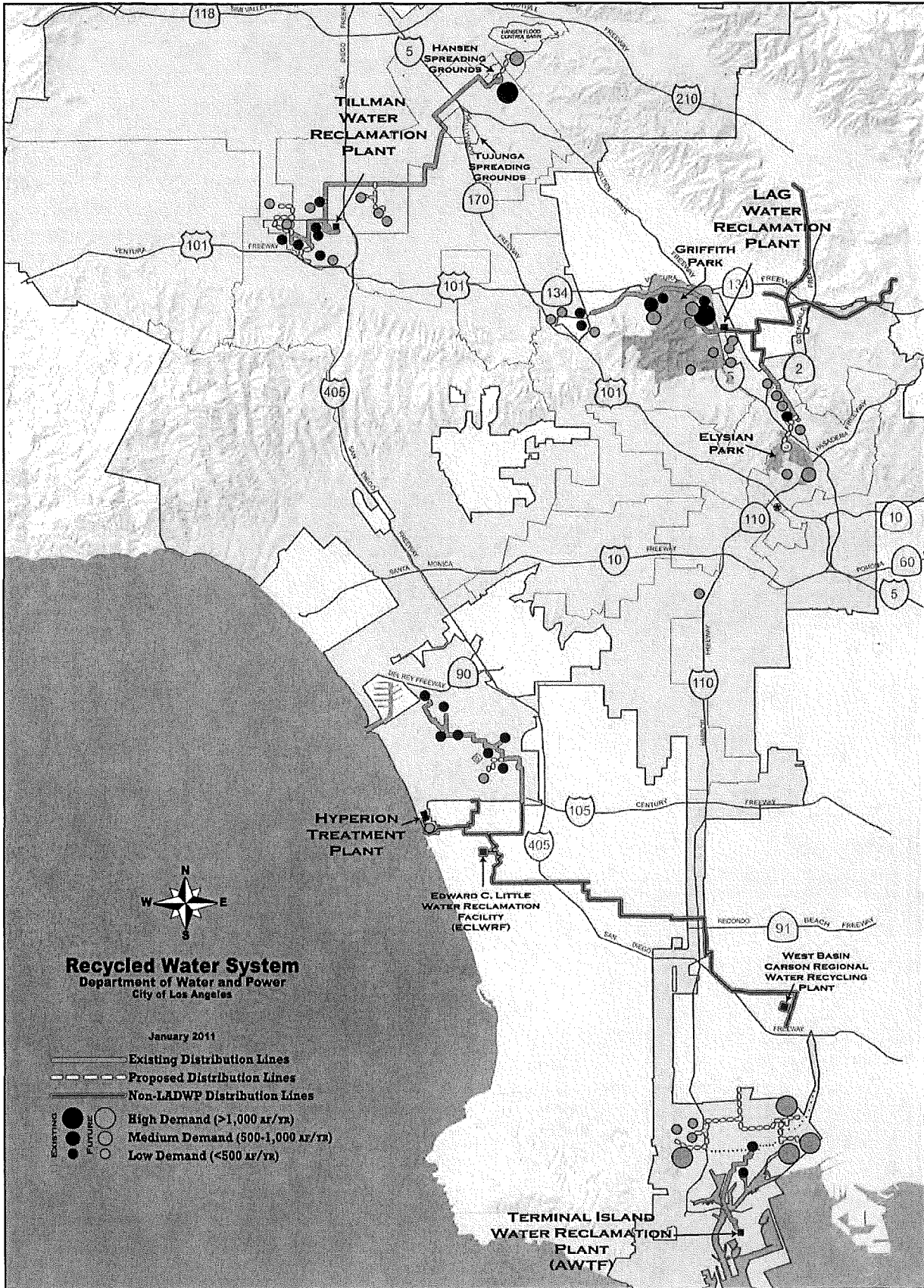
Average dry-weather wastewater influent projections for the City's wastewater treatment plants are expected to increase by approximately 20 percent over the next 25 years. Projections include flows from 29 agencies outside of the City with contracts for wastewater treatment. Wastewater effluent that is not recycled is discharged to either the Pacific Ocean via the Los Angeles River, or to outfalls leading directly to the Pacific Ocean. Wastewater treatment projections of average dry-weather flows through 2035, and associated disposal methods, are provided in Exhibit 4D.

Exhibit 4D Wastewater Treatment Plant Average Dry-Weather Flows, Reuse and Discharge Method

Wastewater Treatment Plants	Reuse and Discharge Method	Average Dry-Weather Flow Projections (AFY)					
		Actual 2010	2015	2020	2025	2030	2035
Donald C. Tillman Water Reclamation Plant	Recycling and Pacific Ocean via Los Angeles River	36,000	84,000	86,000	88,000	90,000	93,000
Los Angeles - Glendale Water Reclamation Plant	Recycling and Ocean via Los Angeles River	19,000	25,000	27,000	29,000	32,000	34,000
Terminal Island Water Reclamation Plant	Recycling and Outfall to Ocean	18,000	19,000	19,000	19,000	20,000	20,000
Hyperion Treatment Plant	Conveyance to WBMWD for Recycling and Ocean outfall	335,000	340,000	346,000	352,000	366,000	381,000
Total		408,000	468,000	478,000	488,000	508,000	528,000

Source: City of Los Angeles, Bureau of Sanitation, Draft Recycled Water Use FY 2009/10. 2015 – 2035 projections from Sanitation's "Project Flow Summary_consultants" file. Data is generated from "Mike Urban" sewer flow projection model, and represents sewershed flows.

Exhibit 4E
Recycled Water System



4.3 Existing Recycled Water Deliveries

The City has several recycled water projects currently providing recycled water for landscape irrigation, industrial, and commercial uses spread throughout four service areas:

- Harbor – located in the southern portion of the City and currently served by TIWRP.
- Central City (Metro) – located in the central/eastern portion of the City and served by LAG.
- San Fernando Valley – located in the northern portion of the City and served by DCT.
- Westside – located in the central/western portion of the City and served by HTP through the WBMWD Edward C. Little Water Recycling Facility (ECLWRF).

Locations of the service areas are depicted in Exhibit 4E. Recycled water service areas

coincide with potable water service areas. Recycled water deliveries for 2009 were 38,000 AFY, inclusive of municipal and industrial, environmental, and in-plant reuse. Estimated annual average demands for online projects were 39,000 AFY.

4.3.1 Harbor Area

Recycled water in the Los Angeles Harbor Area is currently produced at the Advanced Water Treatment Facility (AWTF) located at the TIWRP. The AWTF began operating in 2002 with first deliveries to the Dominguez Gap Seawater Barrier in 2006. This project was developed jointly by LADWP, the Bureau of Sanitation (BOS), and BOE. Operation and maintenance is provided by BOS with funding from LADWP. Recycled water, treated using microfiltration and reverse osmosis, is currently used for landscape irrigation and groundwater injection with current demands of approximately 3,050 AFY. Treatment capacity of the AWTF is approximately 5,600 AFY. Excess recycled water is

Exhibit 4F Harbor Recycling

Program	Existing Annual Demand (AFY)
Irrigation	
Harbor Generating Station	50
Seawater Barrier	
Dominguez Gap Barrier (Water Replenishment District)	3,000
Total Harbor Water Recycling Project	3,050

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

discharged into the Los Angeles Harbor. Exhibit 4F summarizes typical annual demands in the Harbor Area. Currently two customers are served: LADWP's Harbor Generating Station and the Water Replenishment District (WRD).

Water Replenishment District

The WRD's recycled water demands are approximately 3,000 AFY for groundwater injection for the Dominguez Gap Seawater Intrusion Barrier. 50 percent recycled water and 50 percent imported water is injected into the barrier to protect the West Coast Groundwater Basin from seawater intrusion.

LADWP is currently expanding recycled water infrastructure in the Harbor Area to serve large industrial and additional irrigation customers. This will increase recycled water usage by at least 9,300 AFY by FY 2014/15.

4.3.2 Metro Area

The Metro Recycled Water System has supplied the Metro Service Area with recycled water produced at LAG to irrigation customers since 1979. LAG provides recycled water treated to a tertiary level meeting Title 22 standards with nitrogen removal. As previously stated, recycled water produced at LAG is equally split between the cities of Los Angeles and Glendale. Current recycled

water demands for the Metro Service Area are 1,930 AFY. Unused recycled water is discharged to the Los Angeles River. Exhibit 4G summarizes current demands for Metro Recycled Water System. Currently, eleven customers are served by the Metro Recycled Water System.

Griffith Park Project

Started in 1979, the Griffith Park project was the City's first recycled water project. Recycled water is used to irrigate two golf courses, parkland, and the Los Angeles Zoo parking lot. Current demands in the Griffith Park Project's service area are 1,120 AFY.

Greenbelt Project

Dedicated in 1992, the Los Angeles Greenbelt Project was the City's first commercial recycling project. Recycled water is used for landscape irrigation at Forest Lawn Memorial Park-Hollywood Hills, Mount Sinai Memorial Park, Lakeside Golf Course and Universal Studios. Current demands in the Greenbelt Project's service area are 720 AFY.

Taylor Yard Project

Rio de Los Angeles State Park was connected as the first Taylor Yard project in July 2009. Recycled water is used for landscape irrigation on the park. Current demands in the Taylor Yard Project's service area are 90 AFY.

Exhibit 4G Metro Recycling

Program	Existing Annual Demand (AFY)
Irrigation	
Greenbelt Project	1120
Griffith Park	720
Taylor Yard Project	90
Total Irrigation	1,930

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

Exhibit 4H Valley Recycling

Program	Existing Annual Demand (AFY)
Irrigation	
Sepulveda Basin Project	1570
Van Nuys Area Project	14
Subtotal Irrigation	1,584
Industrial	
Hansen Area Project	
Valley Generating Station	2,100
DCT Reuse ¹	2,920
Subtotal Industrial	5,020
Environmental Use ²	
Japanese Garden	4,590
Wildlife Lake	7,700
Balboa Lake	14,700
Subtotal Environmental Use	26,990
Total Valley Recycled Water System	33,594

1. Based on 2006-2008 actual use.

2. Does not include environmental benefits provided to Los Angeles River.

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

4.3.3 San Fernando Valley Area

The Valley Recycled Water System receives water from DCT to satisfy irrigation, environmental, and industrial demands. Recycled water is treated to a tertiary level meeting Title 22 standards with nitrogen removal. Current estimated recycled water demands for the San Fernando Valley Area are 33,594 AFY. Recycled water produced in excess of demand is discharged to the Los Angeles River providing added environmental benefits. Exhibit 4H summarizes current demands for the Valley Recycled Water System. The East Valley trunkline, a 54-inch-diameter pipeline, was previously constructed as the initial backbone of the Valley Recycled Water System's distribution system to deliver water throughout the San Fernando Valley for irrigation, commercial, and industrial use. Eleven customers are currently served by the Valley Recycled Water System, excluding DCT reuse and environmental use.

Sepulveda Basin Project

LADWP began serving recycled water to portions of the Sepulveda Basin area in 2007. The latest project was added in 2010. Current recycled water customers in the Sepulveda Basin recreation area include Woodley Golf Course, Balboa Golf Course, Encino Golf Course, Anthony C. Beilenson Park, Van Nuys Golf Course and the Balboa Sports Complex. Current demands in the recreation area are 1,570 AFY.

Van Nuys Area Project

The Van Nuys Area project currently provides recycled water for irrigation purposes to St. Elisabeth's Church, the First Foursquare Church of Van Nuys, Van Nuys High School, and LADWP's Power Distribution Station 81. Current Van Nuys Area Project demands are 14 AFY.

Hansen Area Project

The Hansen Area project currently provides recycled water for industrial purposes to LADWP's Valley Generating

Station. Recycled water service began in 2008 and demands are approximately 2,100 AFY. Recycled water is used in a cooling tower for one of the generation units at the power generating facility.

Donald C. Tillman Water Reclamation Plant Reuse

Recycled water is used at DCT for in-plant purposes. Demands vary from year to year based on needs. Between 2006 and 2008 an average of 2,920 AFY was used.

Environmental Use

Recycled water from DCT has provided environmental benefits since 1984, commencing with deliveries to the Japanese Garden and followed by deliveries to Balboa Lake in 1990 and Wildlife Lake in 1991. Approximate demands are 26,990 AFY. Overflows from these facilities are discharged to the Los Angeles River to provide additional environmental benefits in conjunction with unused recycled water discharges to the river.

Japanese Garden

The 6.5-acre Japanese Garden is located at the Sepulveda Dam Recreation Area. The Garden receives more than 10,000 visitors per year. DCT provides about 4,590 AFY of recycled water for the lake and landscaping at the Japanese Garden.

Wildlife Lake

Located in the Sepulveda Basin, the Wildlife Lake uses about 7,700 AFY of recycled water from DCT for wildlife habitat management.

Lake Balboa

Lake Balboa is the centerpiece of the Sepulveda Dam Recreation Area and is a popular recreational facility located in Anthony C. Beilenson Park. About 14,700 AF per year of recycled water is provided for this lake from DCT.

4.3.4 Westside Area

Recycled water supplied to the Westside Recycled Water System is provided by WBMWD via the Edward C. Little Water Recycling Facility (ECLWRF), located in the City of El Segundo, for irrigation and commercial (toilet flushing) demands. The ECLWRF further treats up to 40 mgd of secondary-treated effluent received from HTP to a tertiary level meeting Title 22 standards. Under an agreement between WBMWD and the City, WBMWD purchases secondary-treated effluent from HTP, and LADWP has a right to purchase up to 25,000 AFY of recycled water from the ECLWRF. Approximately 37,300 AF of secondary-treated effluent was purchased from HTP in 2008, and LADWP purchased 380 AF of recycled water to serve West Los Angeles. Recycled water not purchased by LADWP is sold to users within WBMWD's service area.

Deliveries of recycled water from the Westside Recycled Water System first began in 1996. To increase the use of recycled water in West Los Angeles, LADWP has constructed

*Exhibit 41
Westside Recycled Water System Existing Annual Demand*

Program	Existing Annual Demand (AFY)
Playa Vista Phase 1 (95 customers)	205
Coldwell Banker	2
Cal Trans at Playa Vista	5
Los Angeles International Airport	158
Westchester Golf Course	62
Loyola Marymount University	64
Westchester Park	43
Scattergood Generating Station	31
Carl Nelson Youth Park	16
The Parking Spot	1
Street Medians	4
Hyperion Treatment Plant ¹	85
Total Westside Recycled Water System	676

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

more than five miles of distribution trunk lines to serve the Westchester, Los Angeles International Airport, and Playa Vista development areas. Current estimated recycled water demands in West Los Angeles are 676 AFY as shown in Exhibit 4I. Currently, 106 customers are served by the system.

Playa Vista

Playa Vista is the first planned development in the City to use recycled water for the irrigation of all of its landscaping and for residential outdoor use. This project began receiving recycled water in 2009. Recycled water is required for outdoor use under the development's mitigation requirements established during the environmental review process. Recycled water is additionally used for toilet flushing in commercial buildings. Annual demands are approximately 200 AFY.

Los Angeles International Airport

Los Angeles International Airport began using recycled water in 1996 for landscape irrigation purposes along its boundaries. Current demands for the airport are 158 AFY.

Loyola Marymount University

Loyola Marymount University has been connected to the Westside system since 1996. Recycled water is used for landscape irrigation on a portion of the campus. Average annual demands are approximately 65 AFY.

Westchester Golf Course

Westchester Golf Course began using recycled water in 2009 for irrigation. Current demands for the golf course are 62 AFY.

Westchester Park and Carl Nielsen Youth Park

Westchester and Carl Nielsen Youth Parks both use recycled water for landscape irrigation. Both parks were connected

to the system in 1996. Westchester Park demands are approximately 43 AFY and Carl Nielsen Youth Park demands are 16 AFY.

Scattergood Generating Station

Scattergood Generating Station operated by LADWP and located in El Segundo receives recycled water to meet irrigation demands. Average annual demand is approximately 31 AFY. The pipeline servicing the facility is oversized to potentially provide cooling water in the future.

Street Medians and The Parking Spot

Street medians on Manchester Avenue and The Parking Spot were connected to the recycled water system in 2008 and 2003, respectively. Recycled water is served to both facilities to meet irrigation demands. The Parking Spot is a commercially operated parking facility near Los Angeles International Airport. Demands for The Parking Spot are approximately 1 AFY and demands for the street medians are approximately 5 AFY.

Hyperion Treatment Plant

HTP uses recycled water for both landscape irrigation and toilet flushing within the administration building. HTP was connected to the system in 1996. About 65 AF of recycled water are provided to HTP per year.

4.3.5 Comparison of 2010 Projections Versus Actual Use

LADWP has made progress in increasing recycled water use in the interim period between completion of the 2005 and 2010 UWMPs. Municipal and industrial recycled water use between 2005 and 2010 increased from 1,500 AFY to 6,703 AFY. The 2005 UWMP projected municipal and industrial recycled water

Exhibit 4J

2005 UWMP Recycled Water Projections for 2010 versus Actual Use

Program	2005 Projection for 2010 (AFY)	09/10 Actual Use (AFY)
Municipal & Industrial Purposes ¹	16,950	6,703
Environmental Use ²	26,990	25,008
Total	43,940	31,711

1. These recycled water supplies offset the demand for imported water within LADWP's service area, but do not include DCT reuse of 2,920 AFY and deliveries to WBMWD of 34,000 AFY.

2. Typical environmental use is 26,990 AFY, but was not included in 2005 UWMP projection. Water is ultimately discharged into the Los Angeles River, providing additional environmental benefit. 2005 UWMP projections for 2010 are based on average demands.

Sources: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009; 2005 Urban Water Management Plan for the Los Angeles Department of Water Power, and LADWP Water Recycling Staff

use in 2010 would be approximately 16,950 AF, however actual use was lower than projected, as shown in Exhibit 4J. Environmental use of recycled water fluctuates slightly year to year based on lake levels, but is typically 26,990 AFY. For 2010 actual environmental use was 25,008 AF, or approximately 7 percent less than typical use. Overall total recycled water use in 2010 was approximately 27 percent less than projected.

Although LADWP did not meet the 2010 recycled water projection, program progress has been made, including the completion of multiple projects since 2005 as described in Section 4.3.1 through 4.3.4. Additional projects that are proposed for construction in the near future are described in Section 4.4, Recycled Water Master Planning Documents. Additionally, LADWP in conjunction with the BOS is currently developing the City's Recycled Water Master Plan (RWMP) to guide future

optimization of this supply source with the goal of increasing municipal and industrial use of recycled water to 50,000 AFY.

4.4 Recycled Water Master Planning Documents

LADWP, in partnership with BOS, is developing the RWMP to identify projects to offset 50,000 AFY of potable water supplies with recycled water and to maximize recycled water use into the future. As previously discussed, in the City of Los Angeles' Water Supply Plan, "Securing LA's Water Supply", LADWP established a goal of 50,000 AFY of recycled water use to reduce the need for potable water and diversify LADWP's available water supply options. Exhibit 4K summarizes LADWP's timeline to achieve the goal of recycling 50,000 AFY

Exhibit 4K

Recycled Water Master Planning Documents Implementation Timeline

Timeline	Reuse Volume ¹ (AFY)	Description
Existing as of Fiscal Year 2009/2010	6,700	Existing demands already being served
Recycled Water Use by 2015	20,000	Near-Term projects already identified for implementation by 2015
Groundwater Replenishment by 2021	15,000	New groundwater replenishment opportunities as identified as part of the Groundwater Master Plan task
Non-Potable Reuse Recycled Water by 2029	Up to 15,000	New projects identified between 2015 and FY 2029 to serve existing potable customers as part of the non-potable reuse master plan

1. Volume to offset municipal and industrial potable water demands. Does not include environmental use, in-plant reuse, and sales to WBMWD.

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Tier 1 Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff.

by fiscal year (FY) 2029. This goal can be achieved sooner if additional funds are made available, such as State and Federal grants. The RWMP efforts were initiated in 2009 and are forecast for completion by the middle of 2011. To meet Near-Term challenges and plan for long-term recycled water the following major tasks were outlined for inclusion in the RWMP:

- Groundwater Replenishment Report
- Non-Potable Reuse Report
- Groundwater Replenishment Treatment Pilot Study
- Max Reuse Concept Report
- Satellite Feasibility Concept Report
- Existing System Reliability Concept Report

Within these tasks the RWMP will recommend where the recycled water system can be effectively expanded. A cost benefit analysis will be conducted to identify projects and potential customers based on location and projected use. A review of the wastewater treatment plants will be performed to determine how much recycled water can be supplied. The RWMP will also review available

options for maximizing reuse through a combination of alternatives including expansion of non-potable irrigation/ industrial uses, and groundwater replenishment (indirect potable reuse), with advanced treated recycled water.

The RWMP will include Near-Term recycled water projects (projects to be implemented through 2015 to achieve 20,000 AFY of recycled water use), expansion of the non-potable distribution system beyond 20,000 AFY, and groundwater replenishment with advanced treated recycled water. When combined with existing reuse, these options are expected to result in 50,000 AFY of reuse by FY 2029, exclusive of environmental reuse, in-plant reuse, and sales to WBMWD. Exhibit 4K provides a timeline for projects featured in the RWMP.

Recycled water projections in five year increments beginning in 2015 through 2035 are presented in Exhibit 4L. Total recycled water use is estimated to increase by approximately 39,000 AFY or 78 percent over the projection period. Environmental reuse and seawater intrusion barrier requirements are expected to remain constant at 26,990 AFY and 3,000 AFY, respectively. Municipal and industrial use, inclusive of in-plant reuse,

Exhibit 4L
Recycled Water Use Projections

Category	Projected Use (AFY) ¹				
	2015	2020	2025	2030	2035
Municipal and Industrial	20,000	20,400	27,000	29,000	29,000
Indirect Potable Reuse (Groundwater Replenishment)	0	0	15,000	22,500	30,000
Subtotal²	20,000	20,400	42,000	51,500	59,000
Environmental ³	26,990	26,990	26,990	26,990	26,990
Seawater Intrusion Barrier (Dominguez Gap Barrier)	3,000	3,000	3,000	3,000	3,000
Total	49,990	50,390	71,990	81,490	88,990

1. Projected use by category is subject to change per completion of Recycled Water Master Plan, but overall total will not change. Does not include deliveries of 34,000 AFY of secondary treated water to WBMWD for further treatment to recycled water standards.

2. To offset potable use and included in supply reliability tables in Chapter 11.

3. Environmental use includes Wildlife Lake, Balboa Lake, and the Japanese Garden. Additional environmental benefits associated with recycled water discharges to the Los Angeles River are not included.

is expected to increase to 29,000 AFY or by approximately 45 percent. Indirect potable reuse (groundwater replenishment (GWR) with advanced treated recycled water is forecast to provide 15,000 AFY of GWR beginning in 2021. Recycled water use up to 2025 is inclusive of the Near-Term options under development in the RWMP. Projections for 2030 and 2035 assume that long-term options being developed as part of the RWMP will increase recycled water use by approximately 1,500 AFY annually beyond FY 2029. Once the alternatives for the RWMP are finalized, the allocation of recycled water use by the municipal, industrial, and GWR categories may change to achieve the RWMP's recycled water goal of 50,000 AFY by FY 2028/29.

Estimates of projected use and implementation timelines in the tables above, as well as the annual demands and service dates for individual customers in the following sections, may be affected by varying usage patterns of potential customers, timelines to reach agreements, potential financial constraints, and changing regulatory requirements.

4.4.1 Near-Term Projects through 2015

"Near-Term" projects are classified in the RWMP as projects that will result in recycled water service between July 1,

2009 and 2015 to achieve approximately 20,000 AFY of recycled water use to displace potable water use. All Near-Term projects are either in the planning, design, or construction stage. Near-Term project target customers have already been identified as potential recycled water users with a total demand of 15,021 AFY. Implementation of Near-Term projects will result in the connection of approximately 40 additional recycled water customers adding to the existing 130 customers. Full implementation of Near-Term projects with existing projects will result in annual recycled water deliveries of approximately 20,000 AFY, exclusive of both environmental use and DCT in-plant use (26,990 and 2,920 AFY, respectively). Near-Term projects fall primarily in the commercial/industrial sector, followed by the irrigation sector.

Harbor Area

Two projects are planned to meet Near-Term demands in the Harbor Area: the Harbor Refineries Water Recycling Project and the Port of LA Harry Bridges Development, for an estimated total demand of 9,461 AFY. Uses include industrial, irrigation, and toilet flushing in commercial facilities. Most of the recycled water, approximately 9,520 AFY, will be used for industrial purposes, including cooling towers and boiler make-up water for large industrial customers. Exhibit 4M summarizes Near-Term demands for the Harbor Area.

Meeting demands in the Harbor Area will require construction of additional

*Exhibit 4M
Harbor Area Near-Term Estimated Demands*

Type	Estimated Annual Demand (AFY)	Estimated Service Date
Harbor Irrigation	300	2014
Port of LA Irrigation/Commercial/Industrial	220	2015
Harbor Commercial/Industrial	9,000	2014-2015
Total Harbor Area Near-Term Demands	9,520	

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Near-Term Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

infrastructure. Approximately 12 miles of 8- to 30-inch diameter pipeline and a 1 million gallon storage tank are proposed. All infrastructure to serve the Port of LA Harry Bridges Development will be constructed by the Los Angeles Harbor Department.

Through an agreement with WBMWD, LADWP will be supplied nitrified Title 22 water from the WBMWD Juanita Millender-McDonald Water Treatment Plant to supply recycled water to the Harbor Area.

Metro Area

Nine water recycling projects and three customer connections are planned in the Metro Area to add annual demands of approximately 1,813 AFY. Almost all recycled water customers propose to use recycled water for irrigation. Commercial uses of recycled water include street sweeping, vehicle washing, train washing, and laundry. LAG will continue to meet all recycled water demands in the Metro Area. Exhibit 4N summarizes Near-Term demands for the Metro Area.

Exhibit 4N
Metro Area Near-Term Estimated Demands

Type	Estimated Annual Demand (AFY)	Estimated Service Date
Irrigation	1,713	2010-2015
Commercial/Industrial	100	2011-2013
Total Metro Area Near-Term Demands	1,813	

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Near-Term Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

Multiple facilities are required in the Metro Area to meet Near-Term demands. Approximately five pump stations ranging in size from 600 to 1,800 gallons per minute are planned for construction. Three water tanks with a combined capacity 4.75 million gallons, including the

conversion of an abandoned potable water tank in Griffith Park into a non-potable water storage tank, are necessary to meet demands. Pipeline construction will consist of 10 additional miles of pipeline ranging from 8- to 30-inch diameters, including conversion of an existing 16-inch pipeline to a 30-inch pipeline beneath Forest Lawn Road.

Valley Area

In the Valley Area DCT will provide the potential Near-Term annual demands approximating 769 AFY. Almost all Near-Term use, except for 75 AFY, will be for irrigation purposes. These users are all located within close proximity to the existing recycled water system. Exhibit 4O summarizes the potential Near-Term demands for the Valley Area.

Exhibit 4O
Valley Area Near-Term Estimated Demands

Type	Estimated Annual Demand (AFY)	Estimated Service Date
Irrigation	769	2010-2013
Commercial/Industrial	75	2010-2013
Total Valley Area Near-Term Demands	844	

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Near-Term Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling staff

Only minor facilities will be required to connect Near-Term users to the existing system. Approximately 2 miles of pipeline ranging from 16- to 20-inch in diameter are proposed. Additionally, one storage tank between 1 to 1.5 million gallons, and a pump station, will be required to meet demands.

Westside Area

LADWP will continue to acquire recycled water from WBMWD to serve Near-Term demands of approximately 350 AFY in the Westside Area. Near-Term demands

Exhibit 4P
Westside Area Near-Term Estimated Demands

Project	Estimated Annual Demand (AFY)	Estimated Service Date
Irrigation		
Playa Vista Phase 2	100	2015
Westchester High School	10	2012
Subtotal Irrigation	100	
Commercial/Industrial		
LAX Cooling Towers	240	2015
Subtotal Commercial/Industrial	240	
Total Westside Area Near-Term Demands	350	

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Existing and Near-Term Recycled Water Systems TM, December 14, 2009 and LADWP Water Recycling Staff

include increasing use within the Playa Vista development, at LAX, and by adding five new customers. Approximately two-thirds of the water will be for irrigation purposes and one-third for commercial/ industrial uses in cooling towers located at LAX. Exhibit 4P summarizes Near-Term demands for the Westside Area.

Serving Near-Term demands will require limited expansion of the existing recycled water system in the area as additional users connect to the existing system. Connection of the cooling towers at LAX will require construction of an additional 0.7 miles of 12-inch diameter pipeline.

overall city goal of 50,000 AFY of recycled water displacing potable water uses.

As presented in Exhibit 4Q, the project options would have a total demand of approximately 23,100 AFY, which is larger than the goal of up to 15,650 AFY. Ultimately, an implementation plan will be developed for the recommended project options with a target of beginning operations for all projects included in the implementation plan by FY 2029.

Exhibit 4Q
Project Option Demands by Service Area

Service Area	Total Demand ¹ (AFY)
Harbor	3,300
Metro	6,100
Valley	10,100
Westside	3,600
Total	23,100

1. Includes customers with non-potable demand estimates greater than 5 AFY.

Source: City of Los Angeles Recycled Water Master Plan Technical Memorandum, Draft Tier 2 Non-Potable Reuse Project Options, February 26, 2010

4.4.2 Non-Potable Reuse Projects to be completed between 2015 - 2029

Non-potable reuse projects to be completed between 2015 and 2029 are being identified through the development of the RWMP. These projects will make up the balance of recycled water demand up to the 15,650 AFY non-potable reuse goal, which will contribute to achieving the

Project Selection

An initial step for evaluating these projects involves identification of potential potable water customers that can utilize recycled water. These customers need to have sufficient demand and a viable use for recycled water. Irrigation-only customers were focused on first as they are generally easier to convert to recycled water use than commercial or industrial users. As described below, during development of the project options, potential additional recycled water customers were identified based on their non-potable water demands and distance from recycled water sources.

Next, recycled water project options were developed to meet the goal of maximizing recycled water use, while promoting cost efficiency, implementability and adaptability. Two primary steps were utilized to develop recycled water project options:

- Identification of project segments to serve each customer with non-potable demands in excess of 50 AFY.
- Identification of project options combining project segments that are linked and have similar unit costs.

The first step in the development of project options was to define general project areas based on customers with non-potable demands in excess of 50 AFY. In the project areas, transmission pipeline alignments (backbone alignments) and laterals were defined to connect customers with demands greater than 50 AFY to existing recycled water infrastructure. Alignments were then redefined to connect demand clusters of less than 50 AFY, but large enough for consideration as a large demand. Finally, distribution pipeline (laterals) alignments were determined to connect customers with demands less than 50 AFY to backbone alignments.

Initial project options and unit costs are being identified in the current phase of the RWMP. Options for non-potable

reuse transmission (purple) pipelines are considered in conjunction with options developed for groundwater replenishment (see section 4.4.3). Additional information on recycled water unit cost is presented in section 4.4.5 – RWMP Cost and Funding.

Recycled Water Supply Sources

Recycled water availability varies by service area. Additional supplies may be required to meet longer term demands between 2015 – 2029 that may require a combination of expanding existing facilities, service connections to neighboring agencies outside the City, new facilities, and satellite treatment facilities. Satellite treatment facilities are being investigated in the Metro, Valley, and Westside service areas. The RWMP is investigating options to ensure adequate supplies are available for each service area. As part of the RWMP, LADWP met with neighboring agencies in 2009 to explore potential opportunities for regional development of recycled water reuse facilities. These agencies are listed in Exhibit 4T, in section 4.4.6, Stakeholder Process and Agency Coordination.

4.4.3 Groundwater Replenishment

As part of the RWMP, LADWP is pursuing a Groundwater Replenishment (GWR) Project, also known as indirect potable reuse, using highly purified advanced treated recycled water from DCT for spreading in existing spreading basins in the San Fernando Valley area. An advanced water treatment facility is necessary to further treat tertiary effluent from DCT to produce highly purified recycled water for recharge. A minimum GWR goal of 15,000 AFY by 2021 has been set for recharging the San Fernando Basin, a major potable water supply for LADWP. This project would recharge a minimum of 15,000 AFY of advanced treated water in the existing Hansen Spreading Grounds and possibly the

Pacoima Spreading Basins by allowing the water to percolate into the aquifer. The City anticipates having the ability to eventually deliver greater amounts of water up to 30,000 AFY to the GWR.

The RWMP includes a GWR plan outlining various operational and capital infrastructure improvements required to meet these goals. Infrastructure improvements required to implement the GWR program include an advanced water treatment facility and pipelines to convey the product water to the spreading basins. Pipelines to convey water to the Hansen Spreading Grounds are already in place and were constructed as a part of the previous recycled water initiatives for the East Valley Water Recycling Project. However, if the Pacoima Spreading Basins will also receive water for spreading, then additional pipeline infrastructure will be required.

Native stormwater recharge will continue to occur at the spreading grounds in conjunction with the project. Currently, LADWP and the Los Angeles County Department of Public Works use multiple spreading grounds located in the eastern portion of the San Fernando Basin to recharge the underlying San Fernando Basin with stormwater. A detailed discussion of the San Fernando Basin and existing recharge operations is provided in Chapter 6, Local Groundwater.

Goals for the advanced water treatment plant include as described in the RWMP are:

- Minimum capacity of 15,000 AFY with the potential to expand to 30,000 AFY.
- Initially in service by 2021.
- Utilization of proven technologies that have demonstrated effective removal of regulated chemicals, constituents of emerging concern, and microorganisms; additional removal of constituents of wastewater origin of interest to CDPH, including pharmaceuticals, personal care products, and endocrine disrupting compounds.

- Product water shall comply with requirements from the CDPH, RWQCB, and SWRCB and be suitable for indirect potable reuse.

To develop and implement the project expeditiously, the advanced wastewater treatment plant will be based on the recently permitted Orange County Water District Groundwater Replenishment System Project. This system provides product water for indirect potable reuse by recharging a groundwater basin used for potable water and preventing seawater intrusion. Proposed technologies include microfiltration or ultrafiltration, reverse osmosis, advanced oxidation using ultraviolet light with hydrogen peroxide, and post-treatment for product water stabilization. As a by-product of advanced water treatment, brine is created. Multiple brine disposal alternatives are presented in the RWMP, and a final alternative will be selected upon completion of the plan.

LADWP is working closely with BOS and regulatory agencies to expedite completion of the project by 2021. Current ongoing tasks include completion of the RWMP, public outreach, pilot testing of GWR treatment processes, and ongoing participation of an independent advisory panel. Environmental documentation is expected to be initiated in 2011 and completed in 2013. The RWMP also outlines the regulatory approval steps required. Regulatory requirements for GWR are discussed in sub-section 4.1.2, GWR Regulatory Requirements.

Independent Advisory Panel

GWR projects typically have the involvement of an independent third party with scientific and technical expertise to provide expert peer review of key aspects of the project, which can ensure the technical viability of the GWR and facilitate the regulatory process. To accomplish this, LADWP awarded a contract with the National Water Research Institute (NWRI) to form an Independent Advisory Panel (IAP) to provide expert peer review of the technical, scientific, regulatory, and policy aspects of the proposed GWR

project, pilot project testing, and other potential groundwater replenishment projects to maximize reuse as part of the LADWP Recycled Master Planning Documents. The IAP process will provide a consistent, thorough, and transparent review of any proposed GWR projects and pilot testing during their critical formation phase, as well as during the long-term implementation phase.

NWRI has vast experience in the organization and administration of the IAP processes for other agencies such as the Orange County Water District Groundwater Replenishment System Project. NWRI will assist the IAP process by assembling the IAP members, developing a detailed scope and approach for the IAP's review, coordinating and facilitating meetings, and preparing IAP reports.

Some of the immediate activities that have been identified for the IAP to address during the initial participation include, but are not limited to review of the following:

- General approach for Recycled Water Master Planning
- Hydrogeology (in-basin groundwater blending)
- Treatment (barriers to replace the fifty-percent blend criteria)
- Reliability features of the Advanced Water Treatment Facility
- Source Control Evaluation for GWR
- Draft Engineering Report for GWR
- Response to technical concerns raised by regulators and the public

The "Independent Advisory Panel for the City of Los Angeles Groundwater Replenishment Project" consists of 13 members with scientific and/or professional expertise in issues related to the implementation of groundwater replenishment projects. The selection of members with different areas of expertise

was based on the requirements of the California Department of Public Health Draft GWR Reuse Regulations dated August 2008, as well as the composition of panels used by the Orange County Water District and the City of San Diego for the implementation of similar groundwater replenishment projects.

NWRI convened the Independent Advisory Panel for the first time in October 2010 to receive introductory information about the recycled water program and groundwater replenishment project. The Panel is expected to be involved throughout the planning, permitting, design, environmental documentation, and implementation of the groundwater replenishment project.

4.4.4 Efforts Beyond 50,000 AFY

As part of the RWMP, LADWP is developing long-term alternatives to maximize recycled water use beyond 50,000 AFY. After 2029 and through 2035 LADWP expects to increase recycled water use by approximately 1,500 AFY annually. To maximize recycled water use LADWP is investigating the following options in its RWMP:

- Recycled water satellite treatment facilities.
- Expansion of recycled water systems.
- Increasing treatment levels at HTP to tertiary and advanced treatment.
- Reviewing opportunities for partnerships with agencies within and outside of the City.
- Treatment plant upgrades at DCT and LAG.
- Methods to increase reliability of the system.

Additionally, the RWMP will identify how the City can maximize recycled water usage into the future beyond the 50,000 AFY goal. The long-term recycled water alternatives analysis, as part of the RWMP, have not been completed. However, LADWP forecasts that in 2035, municipal and industrial recycled water deliveries along with groundwater replenishment will be approximately 59,000 AFY. In addition to this, 26,990 AFY will also be used for environmental beneficial reuse.

- Water Rates – LADWP water rates are the primary funding source for the recycled water program.
- Federal Funding – LADWP will pursue Federal funding as it becomes available. In the past LADWP has received funding for recycled water projects from the Federal Water Project Authorization and Adjustment Act of 1992, Public Law 102-575 (HR429), and the United States Bureau of Reclamation Title XVI Program.
- State Funding – LADWP will pursue State funding as it becomes available, through the SWRCB and DWR for recycled water projects. Propositions 13 and 50 had funds specifically marked for recycled water projects. Funding is available through Proposition 84, Integrated Regional Water Management, for implementation projects, including recycled water projects. Low-interest loans are available through the SWRCB for eligible projects.
- MWD Local Resources Program Incentive – The Local Resources Program provides funding for water recycling and groundwater recovery projects that prevent a new demand on MWD or displace an existing demand on MWD. Financial incentives up to \$250 per acre-foot are available dependent upon MWD water rates and projects costs.

4.4.5 RWMP Cost and Funding

The capital cost of expanding the recycled water system to achieve the initial goal of displacing 50,000 AFY of potable water demand was initially estimated at approximately \$1 billion. This cost is being refined as part of the RWMP and is expected to be updated by mid-August 2011.

Unit Cost

Non-potable reuse and GWR projects are diverse, and result in a wide range of costs to implement and sustain. Non-potable reuse projects present numerous challenges, including distance from treatment plant and the associated transmission pipeline construction costs. This is weighed against customer size and recycled water adaptability to a particular commercial site or process. Initial findings of the RWMP have determined the approximate range of cost for water recycling projects to be from \$600 to \$1,500 per acre-foot. This approximation includes capital, operation, and maintenance costs.

Funding

Capital costs for RWMP projects will be covered by the funding sources identified below, as well as other sources as they become available.

4.4.6 Outreach and Agency Coordination

Outreach with key stakeholders and the public, and coordination with agencies is necessary for the success of LADWP's recycled water program.

Stakeholder Process

To encourage input as recycled water strategies are developed over the next few years in conjunction with the RWMP,

LADWP has initiated an extensive outreach process. LADWP has developed two formats for participation of key stakeholders in the Recycled Water Advisory Group (RWAG), and for public participation in the Recycled Water Forums.

The more than 200 stakeholders invited to participate in the RWAG represent broad interests across the City, including community groups, environmental groups, neighborhood councils, homeowners' associations, and others. Approximately 65 stakeholders are participating in the process. The RWAG first met in 2009 and will have approximately five workshops per year over the next few years. Through the RWAG, stakeholders are provided the opportunity to represent their respective organizations, share input with LADWP and BOS, and convey information back to their organizations. Two main roles of the RWAG are:

1. Allow stakeholders to provide input on recycled water options from technical, environmental, financial, and social viewpoints.
2. Consider key project issues and discuss implementation challenges and acceptability.

Recycled Water Forums provide the general public an opportunity to learn

about the LADWP Recycled Water Program and submit comments that will be considered before the RWMP is adopted.

Agency Coordination

To maximize recycled water use and move forward with RWMP efforts, LADWP closely coordinated with agencies at the local and state levels. Coordination is necessary to ensure adequate funding, identification of end-users, adequate availability of supplies, permitting and regulatory approvals, and regional cooperation. If Federal funding opportunities become available, LADWP will also coordinate with the applicable Federal agencies. Exhibit 4R provides a summary list of agencies LADWP is currently coordinating with to maximize recycled water use.

Financial Incentives

LADWP also coordinates recycled water end use with potential customers by assisting with facility retrofits and public education. Recycled water is provided to customers at a cost less than potable water. LADWP is also considering implementing a new incentive program designed to assist with onsite retrofits to convert customers to the use of recycled water.

Exhibit 4R
Recycled Water Agency Coordination

Burbank Water and Power ¹	Los Angeles County Department of Public Works ¹
Central Basin Municipal Water District ¹	Metropolitan Water District of Southern California ¹
Glendale Water and Power ¹	Pasadena Water and Power ¹
Los Angeles County Sanitation Districts ¹	Water Replenishment District of Southern California ¹
Long Beach Water Department ¹	West Basin Municipal Water District ¹
Las Virgenes Municipal Water District ¹	Los Angeles Regional Water Quality Control Board
State Water Resources Control Board	Los Angeles County Department of Public Health
City of Los Angeles Department of Public Works, Bureau of Sanitation, Watershed Protection Division	City of Los Angeles Department of Public Works, Bureau of Sanitation
California Department of Public Health	

1. Met with agencies individually to discuss potential regional recycled water use.



4.4.7 Recycled Water Quality

All recycled water provided by LADWP meets, at minimum, Title 22 standards. Title 22, Chapter 4, of the California Code of Regulations establishes water quality standards and treatment reliability criteria for water recycling to ensure public safety as discussed in Section 4.1. Title 22 standards are achieved with tertiary treatment and disinfection.

Advanced wastewater treatment is currently provided for the Dominguez Gap Seawater Barrier at the TIWRP by the AWTF. The AWTF has advanced treatment that includes microfiltration and reverse osmosis, which removes many of the impurities remaining after tertiary treatment and disinfection. This treatment will be implemented for the planned groundwater replenishment project being developed through the RWMP. Purified DCT effluent used to

recharge the San Fernando Basin will undergo additional treatment, including microfiltration, reverse osmosis, and advanced oxidation. Exhibit 4C, located in Section 4.2, summarizes the level of treatment provided by each of the City's water reclamation plants.

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *PJH
PW*

Reference: Please explain the additional position requests you made in your letter which you said were not realized as part of the HR consolidation report, specifically the additional two positions you will need from Sanitation.

Subject: **PERSONNEL DEPARTMENT – HUMAN RESOURCES CONSOLIDATION**

As instructed, the Personnel Department consulted respective departments about twelve additional positions inadvertently omitted from the Proposed Budget relative to HR consolidation, as outlined in the Personnel Department's letter to the Budget and Finance Committee. The end result is contained in the table below, a net increase of six positions.

**HR CONSOLIDATION POSITIONS INADVERTENTLY OMITTED FROM THE
MAYOR'S FY2012-13 PROPOSED BUDGET**

DEPT	POSITION	PROPOSED BUDGET	ADDITIONAL TRANSFER	NOTE
PHASE 1				
GSD	Sr. Clerk Typist	2	2	Restore one deleted position in GSD, then transfer two to Personnel
Planning	Sr. Clerk Typist	1	0	
PW Engineering	Sr. Clerk Typist	2	0	
PW Engineering	Clerk Typist	1	0	
PW Sanitation	Sr. Personnel Analyst I	2	1	
PW Street Lighting ¹	Clerk Typist	1	0	
PW Street Services	Sr. Clerk Typist	1	1	
PHASE 2				
Building and Safety	Sr. Clerk Typist	1	1	Clerk Typist as opposed to Senior Clerk Typist
CDD	Sr. Clerk Typist	1	1	Restore one Personnel Analyst II, then transfer to Personnel (as opposed to Sr Clerk Typist). ²

¹ In addition, restore one Clerk Typist included in Proposed Budget

² Funding in the amount of \$75,140 for six months of direct (\$58,155) and indirect (\$16,985) costs is available from various grants.

MAS:MHA:pg

Question No.269

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Request from the Budget and Finance Committee dated May 1, 2012 to report back on the CRA/LA positions proposed to be transferred to the Planning Department and potential funding sources for the positions

Subject: **PLANNING DEPARTMENT – CRA RESPONSIBILITIES AND POSITIONS**

Your Committee requested this Office to report back on Community Redevelopment Agency (CRA/LA) positions proposed to be transferred to the Planning Department (DCP) and potential funding sources for the positions.

Assembly Bill 1x26 (AB 1x26) dissolved all redevelopment agencies as of February 2, 2012. Consequently, Council (C.F. 11-0086, Amending Motion 57D, attached) instructed the Planning Department to prepare an ordinance that would transfer/preserve the land-use powers of the CRA/LA through a policy adopted by the City.

In response to the Council's direction, DCP transmitted a report (C.F. 11-0086-S4) to the Planning and Land Use Management Committee (PLUM) dated February 21, 2012 and subsequently revised on March 30, 2012 to absorb responsibility for the planning, land use and zoning activities now managed by the CRA/LA. The report was heard in PLUM and then referred to the Budget and Finance and Personnel Committees. The PLUM Committee also directed this Office to prepare a report on the fiscal impact on the land-use authority transfer.

This Office will prepare a separate report to Council as soon as additional information is provided that will assist us in completing an analysis of the request.

In the March 2012 DCP report, which is attached, the Department identified the following three redevelopment categories that may require future action by the CRA/LA successor agency until the 31 Redevelopment Area Plans expire between now and 2033:

1. **Redevelopment Plan Land-Use Provisions**

The Redevelopment Plans need review and approval with a level of authority that ensures development proposals are consistent with the Plans. The CRA/LA and DCP need to determine who would provide this sign-off authority once the successor agency takes over.

2. **Zoning Code References to Redevelopment**

The Los Angeles Municipal Code (LAMC) contains hundreds of references to the CRA/LA and refers to Redevelopment Plan boundaries. These references will need to be updated.

3. Development Rights Conferred by Redevelopment

City zoning ordinances have granted oversight of density controls to the CRA/LA. In some Redevelopment Areas, the CRA/LA Board must take action to allow developers to maximize property rights. Continued oversight would ensure that property owners have a legal mechanism to maximize development rights. The CRA/LA and DCP need to determine who would provide that oversight once the successor agency takes over.

The March 2012 Planning report also includes three scenarios to transition from the CRA/LA to Planning:

1. Develop a limited transition ordinance to address references in the LAMC and the Zoning Code that would shift decision authority from CRA/LA to the Director of Planning and the Planning Commission. This scenario does not address or implement Redevelopment Plan land use regulations. Under this option, there would be no fiscal impact to DCP.
2. In addition to Number 1, develop an ordinance to transition all Redevelopment Plan land use permit review authority from the CRA/LA to the Director of Planning. This scenario addresses Zoning Code inconsistencies and implements Redevelopment Plan land use regulations. This option includes the addition of staff to the Planning Department and could include a fiscal impact of approximately \$1.4 million.
3. In addition to Number 2, adopt transition ordinances for each Redevelopment Plan to integrate CRA/LA regulations and data into the DCP regulations and data. This scenario would take place over time and would not have an immediate fiscal impact on DCP.

Transition scenario Number 1 is the least expensive option and would have no fiscal impact to Planning. However, if DCP takes over the CRA/LA planning and land use responsibilities, then Planning would recommend the implementation of transition scenario Number 2, which contains the addition of 11 positions to perform the anticipated increase in workload as part of the transition. As shown in the table below, the cost of the 11 positions would be approximately \$1.4 million annually including related costs.

Proposed Staff for Planning for CRA/LA Planning and Land-Use Responsibilities

	Number	Annual Salary	Subtotal	Related Costs	Total
Senior City Planner	1	\$122,607	\$122,607	\$42,033	\$164,640
City Planner	2	103,750	207,500	74,397	281,897
City Planning Associate	6	88,406	530,436	199,586	730,022
Architectural Associate III	1	91,000	91,000	33,929	124,929
GIS Information Systems Supervisor I	1	89,930	89,930	33,655	123,585
Total	11		\$1,041,473	\$383,601	\$1,425,074

Funding for these positions has not been allocated in the 2012-13 Proposed Budget, and the anticipated CRA/LA Tax Increment has been incorporated as general revenue in the Budget. The Department states that while Planning Case Processing fees would not be able to support CRA/LA work, it may be possible to establish new fees to support CRA/LA functions. To determine whether or not the fees are legal and to estimate how much the fees would cost, Planning would need to complete a fee study, which would take about six months and cost between \$50,000 and \$100,000. If found to be legal and feasible, the new fees would be phased in during 2012-13 and would not be available immediately to support the new staff positions.

The CRA/LA anticipates that as of July 1, 2012, when CRA/LA staff will have been reduced, two of their ten to 15 Planners will remain at the public counters to review and approve applications and permits. It is not certain how long the two planners will be employed at the successor agency, and according to CRA/LA staff, they will not be able to perform the kind of in-depth reviews that take place currently.

As previously reported by this Office on January 31, 2012 (C.F. 12-0049), "Consistent with advice from the City Attorney, it is clear that the language in the Retention of Existing Benefits Article in the CRA/LA MOU's does not require that any employees be included when a function is transferred from the CRA/LA. The City is free to employ or not employ CRA/LA employees, but that freedom is constrained by the City's Charter, Administrative Code and labor contracts." It should be noted that union representation, where applicable, will be under existing City bargaining unit representation.

The Planning Department meets regularly with CRA/LA staff to identify options to transition the planning responsibilities from the CRA/LA to DCP. One of the major issues is that the AB 1x26 legislation does not specify which organization can direct DCP to take over CRA/LA planning functions. Therefore, the Planning Department does not yet have the legal authority to perform CRA/LA work.

This Office requires the following information to complete an analysis of the 11 positions that could be added to the Planning Department, presuming that DCP does take over the CRA/LA planning, land use and zoning functions:

- A decision about which organization has the power to authorize Planning to absorb and perform the CRA/LA land use and planning reviews and an estimate when that a decision might be made.
- A description of the potential fiscal and planning impacts to the City if the Planning Department does not take over the CRA/LA land use responsibilities.
- Position descriptions and organization charts for the proposed 11 new positions.
- Identification of realistic funding sources, such as a new fee, that do not include the CRA Tax Increment or the General Fund.
- A plan to transfer the data, files, related materials, equipment, processes and training to Planning.
- A staffing plan and schedule for the first year of the transition that identifies the approximate start dates for each of the 11 proposed positions.

- A description of the future options funding sources for the proposed new staff as the Redevelopment Plans expire over time and the those employees are no longer needed to work specifically on CRA/LA assignments and the relevant fees are no longer being collected.
- A plan to integrate the systems and Geographic Information Systems (GIS) data from the CRA/LA with DCP's systems.
- A plan to update existing ordinances or to create new ordinances to incorporate CRA/LA regulations into the City's Zoning Code.

The Planning Department also submitted a response to this question, which is attached.

MAS:MMR:02120123

Question No. 155

Attachments

**CITY OF LOS ANGELES
CALIFORNIA**



ANTONIO R. VILLARAIGOSA
MAYOR

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

SHANNON HOPPE
Council and Public Services
Division

www.cityclerk.lacity.org

When making inquiries relative to
this matter, please refer to the
Council File No. 11-0086-S4

April 30, 2012

Miguel A. Santana
City Administrative Officer

At its meeting held on February 28, 2012, the Planning and Land Use Management (PLUM) Committee considered a report from the City Planning Department relative to policy options to transition land-use authority of the Community Redevelopment Agency, Los Angeles. The Committee directed your office to prepare a report on the fiscal impact on the land-use authority transfer.

Please prepare as a response as requested by the PLUM Committee. When this matter is scheduled for Committee consideration, your attendance, or that of your designee, is respectfully requested.

Sincerely,

Sharon Gin, Committee Clerk
Planning and Land Use Management Committee
213.978.1074
Sharon.Gin@lacity.org

110086.4.doc

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CITY OF LOS ANGELES
CALIFORNIA

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer



ANTONIO R. VILLARAIGOSA
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Los Angeles, CA 90012
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Fax: (213) 978-1040

www.cityclerk.lacity.org

MARCH 10, 2011

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file
No. 11-0086, at its meeting held March 8, 2011.

A handwritten signature in cursive script, appearing to read 'June Lagmay', is written in black ink.

City Clerk
srb

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2011 MAR -9 AM 9:15
CITY OF LOS ANGELES

FORTHWITH

City Clerk's Time Stamp
CITY CLERK'S OFFICE
2011 MAR -9 AM 9:12
CITY CLERK
BY _____
DEPUTY

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 11-0086

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE March 8, 2011

RE: COOPERATIVE AGREEMENT WITH THE CITY OF LOS ANGELES FOR PAYMENT OF PROXIMATELY \$930,000,000 FOR COSTS ASSOCIATED WITH CERTAIN CRA FUNDED CAPITAL IMPROVEMENT, PUBLIC IMPROVEMENT AND AFFORDABLE HOUSING PROJECTS LOCATED WITHIN THE CURRENTLY DESIGNATED 31 REDEVELOPMENT PROJECT AREA

LAST DAY FOR MAYOR TO ACT MAR 21 2011
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

✓

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL 3/9/11

E. G. [Signature]
MAYOR

ACTING

Steno/110086.ml
05

BY _____
CITY CLERK
DEPUTY

2011 MAR -9 PM 1:21

CITY CLERK'S OFFICE

MOTION

I HEREBY MOVE that Council APPROVE the following recommendations of the Community Redevelopment Agency (Item #57, Council file 11-0086) relative to a cooperative agreement with the City of Los Angeles for payment of approximately \$930,000,000 for costs associated with certain CRA funded capital improvement, public improvement and affordable housing projects located within the currently designated 31 redevelopment project areas:

1. AUTHORIZE the CRA Chief Executive Officer (CEO), or designee, to negotiate, execute, and take any action to carry out a cooperation agreement (Agreement) in an amount up to \$930,000,000 with the City of Los Angeles (the City) for the implementation of capital and public improvements, affordable housing projects, and other redevelopment projects, all of which are listed in the consolidated list (Attachment A of the CRA report dated March 3, 2011), (including program delivery costs) in the currently designated CRA redevelopment project areas, subject to the review and approval as to form by the City Attorney.
2. AUTHORIZE the Chair of the CRA Board of Commissioners to negotiate, on behalf of the CRA, provisions within the Agreement or other document(s) regarding the designation of a successor entity to implement the City's obligations under the Agreement on behalf of the City upon the conclusion of the CRA's statutory authority, which successor entity may be either a non-profit organization or development corporation approved by or established by the City Council and the CRA Board of Commissioners.
3. ACKNOWLEDGE and AFFIRM the previous adoption by the CRA Board of certain findings required by California Health and Safety Code Sections 33421.1 and 33445.
4. AUTHORIZE the appropriate City departments to take all necessary action to execute and implement all of the forgoing documents and recommendations

PRESENTED BY _____
HERB WESSON
Councilmember, 10th District

PRESENTED BY _____
BILL ROSENDAHL
Councilmember, 11th District

March 8, 2011
CF 11-0086

ADOPTED
* AS AMENDED
MAR 08 2011
SEE MOTION
LOS ANGELES CITY COUNCIL
TO THE MAYOR FORTHWITH

MOTION

Governor Jerry Brown has proposed eliminating redevelopment agencies as part of his Fiscal Year 2011-12 California State Budget proposal. If the Governor's proposed Budget is approved, the Community Redevelopment Agency of Los Angeles ("CRA") would cease to exist as of July 1, 2011.

The City of Los Angeles ("City") has adopted a number of ordinances that give the CRA authority over certain aspects of the land use planning process within redevelopment areas. For example, the CRA decides the maximum floor area allowable in Hollywood and whether mixed use development is allowed on commercial zoned property in Chinatown. The City's zoning would be affected if the CRA is dissolved.

I THEREFORE MOVE that the City Council **INSTRUCT** the Planning Department, in coordination with the City Attorney, to prepare an ordinance within 30 days that would transfer/preserve the land use powers currently held by the Community Redevelopment Agency through policy adopted by the City in the event that the CRA is dissolved pursuant to State law.

PRESENTED BY: *Herb Wesson, Jr.*
HERB WESSON, JR.
Councilmember, 10th District

SECONDED BY: *Ed Reyes*

ORIGINAL

MAR 8 2011

ADOPTED
MAR 08 2011
LOS ANGELES CITY COUNCIL
TO THE MAYOR FORTHWITH

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401
CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
REGINA M. FREER
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BARBARA ROMERO
MICHAEL K. WOOD
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271

ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272

EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273

VACANT
DEPUTY DIRECTOR
(213) 978-1274

FAX: (213) 978-1275

INFORMATION
www.planning.lacity.org

May 4, 2012

Honorable Members of the City Council
Budget and Finance Committee
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Attention: Erika Pulst, Legislative Assistant

BUDGET REPORT BACK REGARDING THE CRA POSITIONS PROPOSED TO BE TRANSFERRED TO THE DEPARTMENT OF CITY PLANNING AND POTENTIAL FUNDING SOURCES FOR THE POSITIONS (QUESTION NO. 155)

In its discussion of the Department of City Planning's Fiscal Year (FY) 2012-13 Budget, the Council Budget and Finance Committee on May 1, 2012 requested a report back on the Community Redevelopment Agency of Los Angeles (CRA/LA) positions proposed to be transferred to the Department of City Planning, and potential funding sources for these positions.

BACKGROUND

The CRA/LA has been dissolved as of February 1, 2012 and has now transitioned to become a "Designated Local Authority" (DLA) under the jurisdiction of the State with a three-member governing board appointed by the Governor. However, the operating assumption of the City of Los Angeles and other cities around California has been that the adopted Redevelopment Plans associated with the former CRA/LA all remain in effect; in the City of Los Angeles, there are 31 active Redevelopment Plans. These plans continue to exist as legal expressions of public policy, adopted by the City Council, and the land-use designations and authorities granted in the Plans remain effective until each Plan's expiration dates, many of which extend for 20 years or more.

Most of the 31 Redevelopment Plans specify that permits cannot be issued without some level of signoff ensuring that development proposals are consistent with the Plans. Redevelopment land use approvals are therefore essential to allow property owners and applicants to utilize their full development rights, as well as to ensure community protection through careful review of design, signage, use restrictions, historic preservation and other local priorities in some of the City's most sensitive and economically disadvantaged communities.

While CRA/LA staff remains in place and continues to perform land-use reviews under the Redevelopment Plans during this interim period, at least 75% of this staff is likely to depart as of July 1, 2012, leaving little or no available staffing to perform these essential land use reviews.

The Department of City Planning is not seeking to take on additional responsibility and workload, but has alerted the City Council, as the City's policymakers, that much is at stake. Last year, the City of Los Angeles saw \$793 million in valuation of building permit activity within these 31 redevelopment project areas, representing nearly one-quarter of Los Angeles' \$3.3 billion in construction from the entire city.

To sustain and facilitate these projects requires dedicated staffing to prepare written staff recommendations to decision-making bodies on those land-use cases and to perform day-to-day signoffs on permits. Without some solution to staffing this function, development in these areas remains shrouded in uncertainty.

STAFFING LEVELS

The Department of City Planning worked closely with CRA/LA to estimate the full-time-equivalent (FTE) staff positions solely devoted to land-use reviews. Implementing all Redevelopment Plan land use controls would require 11 positions in the Planning Department, with a cost of \$1.049 million. These positions, addressing only the land-use components of the CRA/LA's former work program, represent a small percentage of the CRA/LA's 190 staff positions. The land-use reviews for the 31 Redevelopment Plans would be overseen by a Senior City Planner, with two City Planners, six City Planning Associates, one Architectural Associate (to conduct historic preservation reviews as required under several Redevelopment Plans), and one Geographic Information Systems (GIS) Supervisor II. The Office of the City Attorney may also require additional funding and staffing to perform legal reviews of conformance with existing Redevelopment Plans and reviews of CRA/LA land-use controls to minimize any potential legal liability to the City.

The duties of each position are summarized below:

City Planning Associates (6): City Planning Associates directly review applications, projects, and permits for consistency with the adopted Redevelopment Plans for the 31 redevelopment areas. Each City Planning Associate would be the lead planner for multiple (approximately five) geographic redevelopment areas and serve as the main point of contact for applicants and community input.

City Planner (2): Each City Planner supervises the work of approximately three City Planning Associates. City Planners assign responsibilities and manage the workflow of each unit, while also reviewing necessary project entitlement materials.

Senior Planner (1): The Senior City Planner manages the workflow of the division and manages the overall project approvals and staff recommendations as to consistency with the Redevelopment Plans. The Senior City Planner directly supervises the two managing City Planners, and gives guidance and interprets plans and code language as needed.

Architectural Associate III (1): The Architectural Associate III oversees all required historic preservation review at the project level for those properties within the 31 Redevelopment Plan areas. This includes reviewing permit applications for demolition, addition, or modifications to historic resources within each Redevelopment Area.

GIS Supervisor II (1): The GIS Supervisor II maintains the geographic information system database for all parcel level data regarding adopted Redevelopment Plan areas, and is responsible for creating new required tracking systems and integrating spatial databases from the CRA into the City's zoning database.

FUNDING SOURCES

In its February 21, 2012 and March 30, 2012 transmittals to the Council Planning and Land Use Management Committee (PLUM), the Department proposed funding the additional positions by utilizing a small portion of the anticipated increase in General Fund dollars through the redistribution of tax increment, estimated at \$17.9 million for 2012-2013, and \$20.2 million for 2013-2014. However, because these redistributed tax increment funds have been committed to help close the City's General Fund shortfall, the Department has been requested to explore additional funding options in partnership with the CAO and the CRA/LA. It is important to note that the CRA/LA and the current DLA does not charge fees for the reviews.

The Department is open to exploring the support of this work through the imposition of new Redevelopment Plan conformance review fees, to the extent feasible within these economically disadvantaged communities. These fees will need to be phased in during Fiscal Year 2012-13 and would not be available immediately to support the new staff positions. The Department will first need to establish the legal basis for these fees through additional refinements to its recent Fee Study, ensuring that the new fees fully reflect the cost of providing this service.

For further information on this transmittal, please contact Ken Bernstein, Principal City Planner, at 978-1181.

Sincerely,



Michael J. LoGrande
Director of Planning

cc: Madeleine Rackley, CAO

Attachment – PLUM Transmittal (March 30, 2012)

DEPARTMENT OF
CITY PLANNING
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
AND
6262 VAN NUYS BLVD., SUITE 351
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

WILLIAM ROSCHEN
PRESIDENT
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MICHAEL K. WOO
JAMES WILLIAMS
COMMISSION EXECUTIVE ASSISTANT II
(213) 978-1300

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE OFFICES

MICHAEL J. LOGRANDE
DIRECTOR
(213) 978-1271
ALAN BELL, AICP
DEPUTY DIRECTOR
(213) 978-1272
EVA YUAN-MCDANIEL
DEPUTY DIRECTOR
(213) 978-1273
VACANT
DEPUTY DIRECTOR
(213) 978-1274
FAX: (213) 978-1275
INFORMATION
www.planning.lacity.org

March 30, 2012

Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Attention: Planning and Land Use Management Committee

**REVISED TRANSMITTAL:
REPORT ON POLICY OPTIONS TO TRANSITION LAND-USE AUTHORITY OF THE
COMMUNITY REDEVELOPMENT AGENCY, LOS ANGELES (CRA/LA)**

Dear Councilmembers:

This report is a revision of the Department of City Planning's February 21, 2012 transmittal on redevelopment land use authority, expanded to include additional data on p. 2 addressing the economic impacts of development projects in redevelopment project areas.

The dissolution of the Community Redevelopment Agency of Los Angeles (CRA/LA) under AB1x-26 took effect on February 1, 2012. In the immediate aftermath of the California Supreme Court decision on redevelopment, the City Council elected in January not to become the Successor Agency to CRA/LA, and the CRA/LA has now transitioned to become a "Designated Local Authority" (DLA) under the jurisdiction of the State: a three-member governing board has now been appointed by the Governor.

The Council's previous consideration of successor agency status focused heavily on fiscal issues, and did not include a significant discussion of potential land-use impacts of the CRA/LA dissolution. Considerable uncertainty therefore remains within the development community and among City officials and community stakeholders as to how the CRA/LA's land-use controls and incentives will be implemented in the future.

To address these issues, a Council motion (Wesson-Reyes) instructed the Planning Department to prepare an ordinance that would transfer/preserve the land-use powers of

the CRA/LA through policy adopted by the City. Because many of the options in pursuing such a transfer would require additional staffing and resources, the Department is seeking policy guidance from the Planning and Land Use Management (PLUM) Committee.

BACKGROUND

Under California Redevelopment Law, Redevelopment Plans of the former CRA/LA contained significant authority to regulate land use and development within redevelopment project areas, going beyond that of the Department of City Planning. It is important to underscore that while AB1x-26 dissolved redevelopment agencies and thereby eliminated redevelopment's economic development and financing tools, it did not abolish the City's 31 existing Redevelopment Project Areas or eliminate the Redevelopment Plans.

These plans continue to exist as legal expressions of public policy, adopted by the City Council, and the land-use designations and authorities granted in the Plans remain effective until each Plan's expiration date. Under AB1x-26, CRA/LA staff remains in place for a 120-day period following the creation of the new DLA, and this staff is continuing to perform land-use reviews under the Redevelopment Plans during this interim period.

AB1x-26 did not provide clear guidance on how these activities were to be transitioned after the first 120 days. Because the legislation forbids amendment to or termination of the Plans, Department of City Planning staff has been meeting regularly with CRA/LA staff and representatives of the Office of the City Attorney through a Land Use Working Group to review options for future administration of these provisions.

ECONOMIC IMPACTS

The continued uncertainty surrounding the transition of redevelopment land-use authority could have a major impact on continued economic development and investment in Los Angeles, which translates into significant fiscal and job impacts to the City. The Department of City Planning worked with CRA/LA staff to calculate the total valuation of all building permits that were reviewed for Redevelopment Plan conformance in each year since 2005.

2005	\$514 million
2006	\$965 million
2007	\$506 million
2008	\$654 million
2009	data not available
2010	\$250 million
2011	\$793 million

Average: \$614 million

The average annual investment of over \$600 million into the Los Angeles economy represents a significant source of tax revenue and job creation throughout the city, targeted to some of Los Angeles' most under-served neighborhoods. In 2011, for example, the \$793 million in valuation of building permit activity within these 31 redevelopment project areas represented nearly one-quarter of Los Angeles' \$3.3 billion in construction from the entire city.

CATEGORIES OF REDEVELOPMENT LAND-USE REQUIREMENTS

The Land Use Working Group has identified three categories of redevelopment-related land-use requirements that may require future action:

1) Redevelopment Plan Land-Use Provisions

The Department of City Planning administers special land use overlays and specific plans that have provided more tailored land-use requirements for many of Los Angeles' unique neighborhoods. Most of the 31 Redevelopment Plans specify that permits cannot be issued without some level of signoff ensuring that development proposals are consistent with the Plans.

Redevelopment Plans and land use review provide important protections for neighborhoods in regards to development scale, use, density, intensity, parking, design, and historic preservation. These land use tools provide standards for development in many of the City's most economically disadvantaged neighborhoods, in addition to large sections of Downtown Los Angeles, Hollywood, and other employment hubs.

- *Example: South Los Angeles*
South Los Angeles' commercial corridors have land use controls regulating auto related uses, design review of new construction, and preserving employment land uses. Such review may no longer be implemented.
- *Example: Downtown Los Angeles*
Many of Downtown's Historic Core neighborhoods receive design review protection and historic preservation review by CRA/LA. While Broadway has a Community Design Overlay (CDO) adopted through the Department of City Planning, all of the adjacent downtown corridors, including Main Street, Spring Street, and Hill Streets relied upon CRA/LA design review and historic preservation review, which may no longer be implemented.
- *Example: North Hollywood*
All development within North Hollywood underwent design review by CRA/LA to ensure appropriate scale, pedestrian orientation, and uses. There is no design review currently by DCP for most projects in this area.
- *Example: Pico Union*
In Pico Union, the Redevelopment Plans provides for detailed permit review for land-use conformance, height and density limitations, and parking requirements, and an adopted "Design for Development" contains tailored limitations on billboards and signage.

2) Zoning Code References to Redevelopment

The Los Angeles Municipal Code contains hundreds of references to the CRA/LA and uses Redevelopment Plan boundaries for reference.

- *Examples: Parking Requirements and Superstore Ordinance*

The Municipal Code provides for lower parking requirements in certain redevelopment areas. In addition, the City's superstore ordinance currently requires CRA to conduct economic impact analyses when proposed in redevelopment areas.

3) **Development Rights Conferred by Redevelopment**

Zoning ordinances in key redevelopment areas have granted oversight of density (floor area ratio) controls to CRA/LA. In some redevelopment areas, the CRA/LA Board must take action in order to allow developers to maximize property rights. Continued oversight will be needed to ensure that property owners have a legal mechanism to maximize their development rights.

- *Examples: Chinatown and Little Tokyo*
"D" limitations were applied to zoning designations in these areas, incorporating a requirement that CRA approve all projects that seek to exceed a base level of density and seek approval for higher density, up to 6:1 Floor Area Ratio (FAR)

As a result of AB1x-26, it is unclear how such regulations will continue to be implemented. The Redevelopment Plans remain in effect, and have been adopted by City ordinance. If the City Council wishes to continue enforcing these review processes and local protections, the Department of City Planning is the logical department with the expertise to do so. Also, consolidating all such land use review into the Department of City Planning provides an opportunity to align the Department's land-use regulations with long-standing City revitalization goals. It also eliminates duplicative review and continued uncertainty for the development community, advancing development reform and land use permitting efficiency.

OPTIONS

The Department of City Planning has prepared for three transition scenarios:

- #1 Develop a limited transition ordinance, addressing Municipal Code references to redevelopment, and zoning code references to redevelopment to shift decision making authority from CRA/LA to the Director of Planning and the Planning Commission.

No fiscal impact to Department of City Planning. Addresses Zoning Code inconsistencies, but does not address or implement Redevelopment Plan land use regulations.

- #2 In addition to #1, develop an ordinance to incorporate all Redevelopment Plan land use permit review authority for existing Redevelopment Plans, and shift authority for implementing land use review from CRA/LA to Director of Planning.

Annual fiscal impact estimate to fund additional staff positions in the Department of City Planning. Addresses both Zoning Code inconsistencies and implements Redevelopment Plan land use regulations.

- #3 In addition to #2, adopt transition ordinances for each Redevelopment Plan to fully integrate land use regulatory controls into the Department of City Planning's overlays, specific plans, and code regulations.

No immediate fiscal impact: the Department of City Planning would integrate the projected costs for developing these plans and overlays into future budget requests for work on Community Plans and other policy plans.

IMPLEMENTATION AND FUNDING

It is logical to consider centralizing all land use plans into the Department of City Planning at this time. As a direct outcome of the dissolution of CRA/LA, continuing to fund the implementation of adopted Redevelopment Plan land use controls would provide neighborhood protection and create a predictable, consistent and orderly regulatory environment. Funding could be secured from the anticipated increase in General Fund net tax increment resulting from the termination of the redevelopment agency.

At its meeting of February 16, 2012, members of the new Governing Board of the CRA/LA Designated Local Authority (DLA) expressed support for centralizing land-use review functions in the Department of City Planning. The Board members stated that it has been cumbersome to have separate, sometimes duplicative review processes in CRA and Planning, and that the current transition presents an opportunity to streamline the development review process.

Based on a full-time-equivalent staffing model prepared by CRA/LA and reviewed by Department of City Planning staff, implementing all Redevelopment Plan land use controls (Option #2 above) would require 11 new planning staff positions, with a DCP cost of \$1.049 million. These positions, addressing only the land-use components of the CRA/LA's former work program, represent a small percentage of the CRA/LA's 190 staff positions. The land-use reviews for the 31 Redevelopment Plans would be overseen by a Senior City Planner, with two City Planners, six City Planning Associates, one Architectural Associate (to conduct historic preservation reviews as required under several Redevelopment Plans), and one Geographic Information Systems (GIS) Supervisor. The Office of the City Attorney may also require additional funding and staffing to perform legal reviews of conformance with existing redevelopment plans and reviews of CRA/LA land-use controls to minimize any potential legal liability to the City.

The January 10, 2012 CLA/CAO report projects an anticipated increase in General Fund tax increment of \$17.9 million for 2012-2013, and \$20.2 million for 2013-2014. The cost of implementing Redevelopment Plan land use controls (Option 2) would utilize less than 10% of these revenues.

ACTION

Functioning now as a Designated Local Authority, it may be necessary for the DLA to delegate responsibility for the implementation of Redevelopment Plan land use controls to the Department of City Planning (DCP).

DCP requests that the City Council direct the Department to prepare transition ordinances under any of the three alternatives above, and identify and allocate the necessary funding and staff positions. DCP also requests that the Council ensure no transition of land-use review authority shall become effective until the associated funding and staffing is secured.

Sincerely,



MICHAEL J. LoGRANDE
Director of Planning

ATTACHMENTS

Summary of Redevelopment Plan Land-Use Controls
Map of 31 Redevelopment Plans in the City of Los Angeles
Staffing Summary

Summary of CRA/LA Land Use Powers by Project Area

CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
<u>Downtown Region</u>						
Bunker Hill (2012)	1	1/1/2013	9	Central City	Permit Review for Land Use Conformance; Maximum Lot coverage; Limit on number of residential units; FAR limits; reduced parking	Specific Plan in process; DFD Downtown Design Guide and Street Standards (City adopted April 24, 2009)
Central Business District (2010)	1	Expired	9, 14	Central City	Expired	Potential pending TFAR approvals on projects with DDAs or OPAs; South Park Open Space Maintenance Fee; D4D Downtown Design Guide and Street Standards (City adopted April 24, 2009)
Central Industrial	2	11/15/2032	9, 14	Central City, Central City North	Permit Review for Land Use Conformance	DFD Development and Design Controls for Recycling Centers and Pallet Yards; draft Design Guidelines
Chinatown	2	1/23/2021	1	Central City North, Central City	Permit Review for Land Use Conformance; Limit on number of residential units	Historic Chinatown Signage Guidelines for East and Central Plazas (May 2010 draft); Historic Survey 1980.
City Center	1	5/15/2032	9, 14	Central City	Permit Review for Land Use Conformance; TFAR Approvals; FAR limitations; Limit on number of residential units	DFD Downtown Design Guide and Street Standards; • DFD Billboards and Signs; • Downtown Design Guide (City adopted April 24, 2009). • Broadway Theater and Entertainment District Design Guide (City adopted 10-26-09). • Broadway Streetscape Master Plan (June 2010 draft). • Glass block Restoration Plan • CCE Vision & Action Plan (working draft). • Fashion District Plan DFD / Specific Plan (in-process). • Downtown Open Space Master Plan (grant, not yet started). • LASED Master Plan (greater area than City Specific Plan).
Council District 9 Corridors South of the Santa Monica Freeway	2	12/13/2026	9	Southeast LA, South LA	Permit Review for Land Use Conformance; Prohibited Uses	DFD Billboards and Signs; draft Design Guidelines

Summary of CRA/LA Land Use Powers by Project Area

CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
Little Tokyo (2013)	1	2/24/2013	9	Central City	Permit Review for Land Use Conformance	DFD Planning and Design Guidelines; East First Street Facades Design Guidelines (not adopted by CRA/LA Board); DFD Downtown Design Guide and Street Standards
Proposed Cornfield Arroyo Seco	2	n/a		Central City North, Northeast LA	n/a	n/a
<u>Hollywood & Central Region</u>						
East Hollywood/Beverly Normandie	2	12/14/2017	4, 13	Hollywood, Wilshire	None	
Hollywood	1	5/7/2027	4, 13	Hollywood	Permit Review for Land Use Conformance; Historic rehabs to standards of Interior Secretary; Overall FAR Limits; Increased FAR possible with Development Agreement; Limit on number of residential units	• Hollywood Boulevard / Franklin Avenue District Urban Design Plan [Dec. 15, 2011 Board forwarded to City Planning Commission for review and comment.] • Sunset Boulevard/Civic Center Urban Design Plan [Dec. 15, 2011, Board approved forwarded to City Planning Commission for review and comment.] • Hollywood Historic Survey Update [2011]. Information to be forwarded to OHR for inclusion in SurveyLA for the Hollywood Community Plan Area.
Mid City Corridors	3	5/10/2027	10	Wilshire, West Adams-Baldwin Hills, South LA	Permit Review for Land Use Conformance; Discretionary Action required for Residential Uses on Commercial Land	DFD Billboard and Signs
Pico Union 1	1	2/27/2013	1	Westlake	Permit review for land use conformance; height and far limitations; parking and loading requirements	DFD Billboards and Signs; draft Design Guidelines
Pico Union 2	2	11/24/2017	1	Westlake, South LA	Permit review for land use conformance; height limits	DFD Billboards and Signs; draft Design Guidelines
Proposed NELA River Corridor	2	N/A		Northeast LA, Silver Lake-Echo Park	n/a	Grant funds to support zoning refinement and street standards revisions

Summary of CRA/LA Land Use Powers by Project Area

CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
Westlake	2	5/12/2029	1, 13	Westlake, Wilshire	Permit review for land use conformance; limit on the number of buildings and dwelling units; "special consideration" for structures of historical significance.	DFD Billboards and Signs; draft Design Guidelines; Historic Survey 2009
Wilshire Center/Koreatown	1	5/13/2025	1, 4, 10, 13	Wilshire	Permit Review for Land Use Conformance	DFD Billboards and Signs; Historic Survey 2009
<u>Eastside Region</u>						
Adelante Eastside	2	3/24/2030	1, 14	Boyle Heights, Northeast LA	Permit Review for Land Use Conformance	DFD Billboards and Signs; DFD Wireless Facilities; Historic Survey 2009
Monterey Hills (2014)	1	7/29/2014	14	Northeast LA	Limit on number of residential units across Plan area (exceeded)	None
<u>South Los Angeles Region</u>						
Broadway/Manchester	2	12/13/2025	8, 9	Southeast LA, South LA	Permit Review for Land Use Conformance; Restricted Commercial/Industrial Uses; Parking standards; Commercial FAR limits; Historic Building controls	Billboards & Signs DFD
Crenshaw	1	5/9/2025 (orig); 5/9/2024 and 12/6/2025 (amend)	8	West Adams-Baldwin Hills	Permit Review for Land Use Conformance; Regional Center requirements; Parking standards; Historic Building controls	Billboards & Signs DFD; City's Adopted Crenshaw Corridor Specific Plan
Crenshaw/Slauson	1	10/10/2026	8	West Adams-Baldwin Hills	Permit Review for Land Use Conformance; Parking standards; Historic Building controls	Billboards & Signs DFD

Summary of CRA/LA Land Use Powers by Project Area

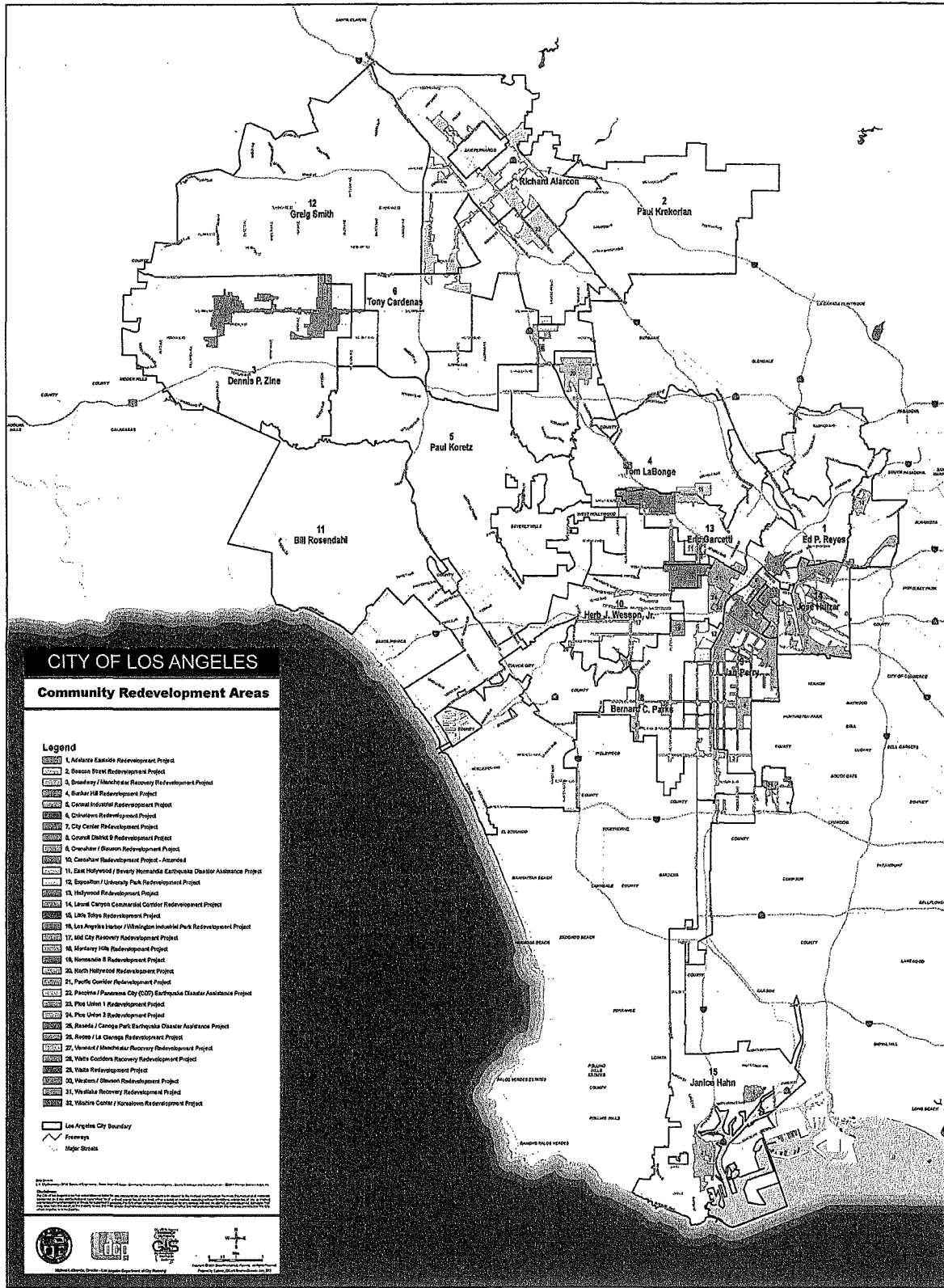
CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
Exposition/University Park (2013, 2030)	2	11/11/2026 (amend 4); 5/12/2029 (amend 5)	8, 9	South LA, Southeast LA	Permit Review for Land Use Conformance; Set-back requirements; Parking and loading requirements; Residential density bonus; Historic Building controls; USC Campus controls; Neighborhood Commercial Center requirements	Billboard DFD in Expanded Area (4th Amendment)
Normandie 5 (2013)	1	10/7/2013	1, 8, 10	South LA	Permit Review for Land Use Conformance; Historic Building controls; Specific Residential Land Use controls; New Construction controls; Sign standards; Commercial Development controls	Billboards & Signs DFD
Vermont/Manchester	2	5/10/2027	8	South LA, Southeast LA	Permit Review for Land Use Conformance; Restricted Commercial Uses; Alternate Use allowances; Parking & Loading standards; Historic Building controls	Billboards & Signs DFD
Watts	1	1/1/2013	15	Southeast LA	Permit Review for Land Use Conformance; Set-back requirements; Lot coverage and FAR limits; Parking and loading requirements; Lighting and landscaping requirements; Historic Building controls	Billboards & Signs DFD

Summary of CRA/LA Land Use Powers by Project Area

CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
Watts Corridors	1	11/15/2026	15	Southeast LA	Permit Review for Land Use Conformance; Restricted Commercial/Industrial Uses; Alternate Uses allowances; Parking & Loading standards; Historic Building controls	Billboards & Signs DFD
Western/Slauson	1	11/10/2026	8	South LA	Permit Review for Land Use Conformance; Parking & Loading standards; Historic Building controls	None
<u>East Valley Region</u>						
Laurel Canyon	1	12/9/2028	2	North Hollywood-Valley Village	The Plan was amended in 2009 and allows for permit review for land use conformance	None
North Hollywood	1	2/21/2021	4	North Hollywood-Valley Village	Permit Review for Land Use Conformance; Discretionary land uses require Owner Participation Agreement	Commercial Core Urban Design Guidelines [DFD adopted September 2007]
Pacoima/Panorama City	7	12/31/2015	2, 6, 7	Sylmar, Arleta-Pacoima, Sunland-Tujunga, Sun Valley-La Tuna Canyon, North Hollywood-Valley Village, Mission Hills-Panorama City, Reseda-West Van Nuys	None	None
<u>West Valley Region</u>						

Summary of CRA/LA Land Use Powers by Project Area

CRA Project Area (Exp.)	# of Plan Areas	Plan Expiration Date	Council District	Community Plan(s)	Redevelopment Plan Land Use Powers	Adopted Land Use Controls
Reseda/Canoga Park	2	12/13/2015	3, 12	Canoga Park-Winnetka, Reseda-West Van Nuys	None	None
<i>L.A. Harbor Region</i>						
Beacon Street (2012)	1	12/13/2015	15	San Pedro	Permit Review for Land Use Conformance; Lot coverage restrictions. Redevelopment Plan controls (lot coverage, FAR, building height, parking standards, • land use vision for sub-areas (ie. "...small shops in a park-like setting"), • signs ("only those signs necessary for identificaiton of buildings, premises, and uses"))	None
L.A. Harbor Industrial Center (2017)	1	7/18/2017	15	Wilmington-Harbor City	Permit Review for Land Use Conformance; Detailed development regulations in the Redevelopment Plan including land use, FAR, building height, setbacks, circulation and parking, landscaping, and building material	Design Guidelines DFD; Billboard and Pole Sign DFD
Pacific Corridor (2032)	1	5/1/2032	15	San Pedro	Permit Review for Land Use Conformance	Pacific Corridor Design Guidelines (adopted 2005). Appointed Design Advisory Panel



STAFFING ATTACHMENT

Redevelopment Plan Land Use Review
Department of City Planning
Feb 21, 2012

<u>Position</u>	<u>Estimated Salary (Step V)</u>
Senior City Planner	\$122,138
City Planner	\$103,750
City Planner	\$103,750
City Planning Associate	\$88,067
City Planning Associate	\$88,067
City Planning Associate	\$88,067
City Planning Associate	\$88,067
City Planning Associate	\$88,067
City Planning Associate	\$88,067
Architectural Associate III	\$101,046
GIS Info Sys Supervisor II	\$89,586
<i>Total DCP Salary Cost</i>	<i>\$1,048,674</i>

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 193

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MA*

Reference: Report back on the elimination of communications electricians and the impacts on the dispatch centers. Work with Police and Fire.

Subject: **INFORMATION TECHNOLOGY AGENCY – COMMUNICATION ELECTRICIANS**

Your Committee requested the Information Technology Agency (ITA) to report back regarding the impacts of the proposed deletion of three Communication Electrician (CE) positions. The Department's response is attached. Due to the priority associated with the City's dispatch centers, ITA indicates it will reassign CEs to the dispatch centers to continue to provide two CEs per shift. However, the Department indicates that there may be delays associated with services provided for the City's phone and data networks, as CEs will likely be reassigned from this function to the dispatch centers.

MAS:MAF:11120025c

Question No.88

City of Los Angeles

California

INFORMATION TECHNOLOGY
AGENCY

RANDI LEVIN
GENERAL MANAGER
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF
Executive Officer

ASSISTANT GENERAL MANAGERS
Beverly Dembo
Greg Steinmehl, Interim



ROOM 1400, CITY HALL EAST
200 NORTH MAIN STREET
LOS ANGELES, CA 90012
(213) 978-3311
FAX (213) 978-3310

ita.lacity.org

ANTONIO R. VILLARAIGOSA
MAYOR

May 8, 2012

REF: ASB-094-12

Honorable Paul Krekorian, Chair
Budget and Finance Committee
Room 395, City Hall
Los Angeles, CA 90012

Subject: **BUDGET AND FINANCE REPORTBACK #88**
IMPACT OF COMMUNICATION ELECTRICIAN POSITIONS ELIMINATION

Dear Councilmember Krekorian:

At the Budget and Finance Committee meeting of April 30, 2012, ITA was asked to report back on the Department's plan to manage the elimination of three filled Communication Electrician (CE) positions and how it would affect the LAPD and LAFD 24/7 Dispatch Centers. The elimination of CE positions in the proposed budget will result in 3 layoffs, and the loss of the Department's one vacant CE position. All 3 layoffs will come from the LAPD dispatch centers as this is the area for which we have most recently hired.

Recognizing the criticality of the 24/7 public safety function performed by our CEs in these centers, ITA intends to transfer CEs from other sections in the Department in order to preserve the already minimal staffing levels for the dispatch centers. The challenge in doing this reassignment to minimize the impact on public safety is that nearly every one of our 94 CEs performs a function that directly or indirectly touches public safety.

Over 75% of our CEs perform functions directly related to public safety including radio and mobile data terminal installation in LAPD/LAFD vehicles, remote fire station communications support, Mt Lee monitoring, maintenance of the microwave communication network, communications equipment installation for LAPD/LAFD helicopters, and command posts. A handful of employees support Council audio and citywide alarms. The remaining CEs install and maintain the City's data and phone networks of 40 PBXs and 400 switches. This infrastructure supports Citywide phone and data network service which also support LAFD voice and data network operations and therefore services in this arena will be delayed.

To meet the requirements for adequate dispatch center coverage, ITA will reassign CEs from the phone network to work in the dispatch centers. In addition to the abovementioned impact to the City's phone and data networks used by all City



An Equal Employment Opportunity – Affirmative Action Employer

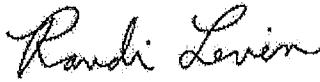


employees, there will be initial impact in the LAPD dispatch centers while these employees are trained. Although they are in the CE classification, the work they presently do in phone and data network is substantially different and we anticipate a 3-6 month training phase.

Additionally, the City may experience other service degradation due to the fact that 64% of the CEs are over 50, many are eligible to retire and we believe some will retire this calendar year. This will make it difficult to maintain the 24/7 two person per shift staffing model without impacting other areas.

The Department will work with LAPD to insure that the impact during this transition period is as minimal as possible.

Respectfully submitted,




Randi Levin
General Manager

cc: Honorable Mitchell Englander, Budget & Finance
Honorable Tony Cardenas, Budget & Finance
Honorable Paul Koretz, Budget & Finance
Honorable Bill Rosendahl, Budget & Finance
Neil Guglielmo, Mayor's Office
Miguel Santana, CAO
Melissa Fleming, CAO

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on revisiting the fees associated with the lobbyist and client registration fees, given new requirements and responsibilities. Also, the feasibility of imposing fees to the Los Angeles Unified School District for services rendered, and the possibility of fees on new committees.

Subject: **CITY ETHICS COMMISSION – ASSOCIATED FEES FOR DEPARTMENTAL SERVICES RENDERED**

The Budget and Finance Committee requested a report back on revisiting the fees associated with the following: 1) lobbyist and client registration fees, given the new requirements and responsibilities; 2) the feasibility of imposing fees to the Los Angeles Unified School District for services rendered; and 3) the possibility of fees on new committees.

Attached is the Department's response.

MAS:DMR:04120154c

Question No. 240

Attachment




Los Angeles City Ethics Commission

May 8, 2012

To: The Honorable Budget and Finance Committee

Cc: Dolores Rivera, Analyst, CAO's Office

From: Heather Holt, Executive Director 

Subject: Responses to Committee Questions 240 and 242

During the Ethics Commission's budget hearing, several questions were posed. They were later formalized as committee questions 240, 241, and 242. This is a response to questions 240 and 242. A response to question 241 is provided in a separate document. If we can provide additional information, please let us know.

QUESTION NO. 240

Ethics Commission to report back on re-visiting the fee amounts associated with the lobbyist/client registration fees, given new requirements and responsibilities. Also, include the feasibility of imposing fees on LAUSD for services rendered, and the possibility of fees on new committees.

A. Lobbying Fees

Annual registration fees for lobbying are specified in the Municipal Lobbying Ordinance and are currently set at \$450 per lobbyist, plus \$75 for each client from whom the lobbyist receives \$250 or more in a calendar quarter. The fees are prorated to \$337 per lobbyist and \$56 per client when registrations occur in the fourth quarter of the calendar year.

The lobbying fees must be based on the costs of properly administering the lobbying program. With roughly 400 registered lobbyists and 1,050 registered clients, the current fee structure generates approximately \$250,000 per year. However, that amount does not cover the costs of properly administering the lobbying program. Currently, the program is staffed by just one Management Analyst II, but a properly staffed lobbying program would include an Ethics Officer I position and five Management Analyst II positions (two for compliance assistance, two for compliance audits, and one for enforcement).

The cost of a properly staffed lobbying program would be approximately \$426,000 at first-year salary steps. Clients account for approximately 30 percent of all registration fees, and lobbyists account for 70 percent. Based on those percentages, and rounding to the nearest five dollars, fees of \$745 per lobbyist and \$120 per client would cover the initial salary costs of the program. Another approach is to eliminate client fees altogether, which would result in a registration fee of \$1,065 per lobbyist.

In 2009, the Ethics Commission transmitted a comprehensive set of recommendations to improve the City's lobbying laws. One of the recommendations was to eliminate the reduction in fees for registrations that occur in the fourth quarter of the year. The vast majority of all registrations occur in the first half of the year, and roughly 80 percent occur in the first quarter. Furthermore, the amount of work involved in processing registrations is the same, regardless of when they are received. Therefore, if the administrative lobbying fees are adjusted, we again recommend that the same fee apply to all registrations, without regard to timing.

The City Attorney has advised that a fee study would be required before adjusted fees could be imposed, to ensure that any increase does not exceed actual costs. Such a study should consider both the direct and indirect costs of the program.

B. LAUSD Cost Recovery

The process for recovering the costs associated with campaign filing services provided to the Los Angeles Unified School District (LAUSD) is based on a 1984 contract between the City, LAUSD, and Los Angeles Community College District. The contract calls for cost recovery for all election services that the City Clerk performs for these entities, including the receipt of campaign finance reports for LAUSD candidates. The fee was based on the direct and indirect costs of serviced provided by the City Clerk.

When the Ethics Commission was established, the campaign filings services for LAUSD were transferred to our office. The adoption of Measure L greatly expanded our role in overseeing LAUSD elections. As with City elections, the Charter requires us to provide advice, training, and educational materials and to audit and enforce the applicable campaign finance laws. The Charter also requires us to regulate entities making independent expenditures in LAUSD elections.

In order to properly perform these duties, adequate staffing is required and should now be included as part of the cost recovery for LAUSD. We estimate that a properly staffed LAUSD program would include three Management Analyst II positions (one for compliance assistance, one for compliance audits, and one for enforcement). In the past, we have reached out to LAUSD representatives to discuss the possibility of amending the current contract to include the requirements of Measure L. LAUSD representatives have been reluctant to increase the cost recovery amount, because it is not part of the 1984 contract. We ask that the CAO's office work with LAUSD to either amend the existing contract or establish two new contracts, one with the City Clerk's Office and one with the Ethics Commission, to implement direct and indirect cost recovery for the services we provide to LAUSD elections.

C. Committee Fees

Please see the response to Question No. 242, below.

D. Bidder Fees

Although this issue is not included in the language of Question No. 240, it was raised at the hearing. The City Attorney has advised that the Charter prefers competitively bid contracts and that a fee on bidders might be viewed as anti-competitive. However, that office is unsure whether a court would find such a fee to be anti-competitive. In addition, for certain federally funded contracts, the City might need to seek permission from the appropriate federal agency before imposing a fee.

Assuming the City Attorney's office would support an administrative bidder fee, a fee of \$45 per bid for affected bidders would cover related salary costs. We estimate that one Management Analyst II position is required to properly administer the disclosure required of bidders and underwriting firms as a result of Measure H. The salary range for that position is \$67,401 to \$83,750. We are currently receiving filings at a rate of 150 per month, or 1,800 per year. The maximum salary for a Management Analyst II divided by 1,800 results in the recommended fee of \$45 (rounded to the nearest five dollars) per bid. The City Attorney has advised that a fee study would be required to determine the appropriate fee, which should account for both direct and indirect costs.

E. Matching Funds Fees

This issue was not raised at the budget hearing, but it may be possible for the City to impose a fee on the optional service provided by the Ethics Commission for the voluntary matching funds program. The program incurs substantial costs associated with administering the program and processing claims. An administrative fee of 1-percent on each matching funds claim would help to recoup the costs of the program.

For example, we estimate that we will pay out between \$9.9 million and \$12.6 million in matching funds during the 2013 elections. A 1-percent administrative fee would generate cost recovery in 2013 of \$99,000 to \$126,000. Such a fee would cover most if not all of the as-needed staff required to process matching funds claims within the legal deadline. It would also expand and contrast with the competitiveness of elections, thereby reflecting the amount of additional work required during a specific election cycle. The City Attorney has advised that a fee study would be required to determine the appropriate fee, which should account for both direct and indirect costs.

QUESTION NO. 242

Are there any legal restrictions to implement a registration fee or filing fee for the creation of new committees?

Forming a campaign committee (whether a candidate-controlled committee or an independent committee) involves the exercise of political speech in the process of participating in the electoral process. The City Attorney has advised that governments are generally unable to charge individuals or committees for that participation.


Election officials may not charge fees to candidates or committees for mandatory services. Fees may be charged only for optional services, or there must be an option for the fee to be waived. For example, fees may be imposed on candidates or ballot measure committees to print and distribute statements to voters in the sample ballot, as long as the statement, itself, is not mandatory.

Similarly, election officials may not charge candidates to appear on the ballot. Fees may only be imposed for mandatory election functions if the government provides a no-cost option for candidates and committees. Both candidate-controlled and independent committees are required to file disclosure statements with the Ethics Commission, so it is likely that any mandatory fee associated with those filings would be seen as having a chilling effect on the committee's political speech and be found unconstitutional.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Report back on listing legally required responsibilities vs. other non-obligatory responsibilities. Also, a breakdown of costs associated with providing each legally required responsibility (breakdown cost per number of hours required to complete each responsibility).

Subject: **CITY ETHICS COMMISSION - LEGALLY REQUIRED RESPONSIBILITIES AND ASSOCIATED COSTS**

The Budget and Finance Committee requested a report back on identifying legally required departmental responsibilities, other non-obligatory responsibilities and the breakdown of costs associated with the mandated administrative functions.

Attached is the Department's response.

MAS:DMR:04120155c

Question No. 241

Attachment



Los Angeles City Ethics Commission

May 8, 2012

To: The Honorable Budget and Finance Committee

Cc: Dolores Rivera, Analyst, CAO's Office

From: Heather Holt, Executive Director

Subject: **Response to Committee Question No. 241**

During the Ethics Commission's budget hearing, several questions were posed. They were later formalized as committee questions 240, 241, and 242. This is a response to question 241. Responses to questions 240 and 242 are provided in a separate document. If we can provide additional information, please let us know.

QUESTION NO. 241

Ethics Commission to provide a report listing legally required responsibilities vs. other non-obligatory responsibilities. Also include a breakdown of costs associated with providing each legally required responsibility (breakdown cost per number of hours required to complete each responsibility).

The Ethics Commission is charged with an extensive and weighty list of legally required responsibilities. City Charter § 702 broadly charges us with "the impartial and effective administration and implementation of the provisions of the Charter, statutes and ordinances concerning campaign financing, lobbying, conflicts of interest and governmental ethics." That, alone, is a significant responsibility. But there are many other specific mandates, which are identified below with legal citations.

Our responsibilities cannot easily be reduced to hourly costs. Each situation is unique, and two projects that fall under the same mandate can involve vastly different amounts of time. The best way to quantify our responsibilities is in terms of the personnel required to accomplish them on an ongoing basis. Therefore, for each set of responsibilities below, we are providing information about current staffing levels and estimated staffing needs to properly comply with our mandates.

Due to time constraints in responding to this question, the programs identified below do not include mandatory administrative functions, such as the budget, personnel, payroll, accounts payable and receivable, conducting commission meetings, contracts, records retention, etc. They also do not include the positions of Executive Director, Deputy Executive Director, or a Management Analyst II who performs much of those administrative functions.

GOVERNMENTAL ETHICS PROGRAM

<p>Assist agencies and public officials regarding the governmental ethics laws, such as gifts, travel, revolving door, and outside employment.</p> <ul style="list-style-type: none"> • Provide informal advice to 40,000 City employees in person or via telephone or email. • Provide formal advice. <ul style="list-style-type: none"> – Research prior advice and relevant laws. – Consult with City Attorney when necessary. – Draft written response and provide to requesting party within 21 business days of receiving request. – Post response on web site and maintain database of all advice letters. 	<p>Charter § 702(e) Charter § 705 LAAC § 24.1.1(f)</p>
<p>Advocate understanding of the conflict-of-interests and governmental ethics laws.</p> <ul style="list-style-type: none"> • Familiarize newly elected and appointed officials and candidates with City, state, and federal ethics laws and the importance of ethics to the public's confidence in municipal government. • Provide annual training for top-level officials, to reinforce the importance of complying with the conflict-of-interests and governmental ethics laws and inform them of any changes in the law. • Conduct training for 6,000 City officials every two years. 	<p>Charter § 702(j) Charter § 704(c)(1) Charter § 704(c)(2) LAMC § 49.5.18</p>
<p>Serve as the filing officer for state-mandated statements of economic interests.</p> <ul style="list-style-type: none"> • Notify 6,000 City filers of their filing obligations. • Coordinate with departments to disseminate filing materials. • Maintain a database of all current statements. • Notify filers who fail to file. • Assess or waive fines. • Review 20 percent of all statements. • Refer non-filers to the Fair Political Practices Commission. • Provide public access to statements. • Maintain filings for at least seven years. 	<p>Charter § 702(c) 2 Cal. Code Regs. § 18115 Cal. Gov't Code § 91013</p>
<p>Serve as the filing officer for additional City statements of economic interests for commissioners, board members, agency heads, and elected officials.</p> <ul style="list-style-type: none"> • Notify 350 City filers of their filing obligations. • Create hard-copy and online forms and filing materials. • Coordinate with departments to disseminate filing materials. • Maintain a database of all current statements. • Notify filers who fail to file. • Assess or waive fines. • Provide public access to statements. • Maintain filings for at least seven years. 	<p>Charter § 704(a) Charter § 704(c)(3) LAMC § 49.5.6 LAMC § 49.5.20</p>
<p>Assist agencies in developing their conflict of interests codes.</p> <ul style="list-style-type: none"> • Create the process and materials for developing and revising codes. • Train agencies in how to develop or revise their codes. • Coordinate with the City Attorney's office to review codes. • Transmit proposed and revised codes to the City Council. • Oversee the biennial filing of code status reports with the state. 	<p>Charter § 702(c) Charter § 702(i) Cal. Gov't Code § 87306.5</p>

Conduct pre-confirmation review of statements of economic interests. <ul style="list-style-type: none"> • Solicit pre-confirmation statements from nominees to board, commission, and agency-head positions. • Assist nominees in completing their statements. • Report to the City Council regarding the financial interests disclosed. 	LAMC § 49.5.7
Review commissioner recusals. <ul style="list-style-type: none"> • Educate board and commissions about the requirement to file recusal forms. • Create and disseminate recusal form. • Receive and track recusal forms. • Conduct analysis to determine if conflicts are significant and continuing. • Interact with commissioner and board secretary regarding impact of recusals. • Provide commissioner with advance copy of recommendation and an opportunity to formally respond. • Draft and present recommendation to Ethics commissioners. • Require divestment when financial conflict is significant and continuing. 	Charter § 707 LAMC § 49.5.6(J)

Current staffing: 1 Ethics Officer I
 1 Management Analyst II
 1 Auditor I
 1 Paralegal II

Staffing needs: 1 Ethics Officer I
 3 Management Analyst II
 1 Auditor I
 1 Paralegal II

CAMPAIGN FINANCE PROGRAM

Assist agencies and public officials regarding the campaign finance laws. <ul style="list-style-type: none"> • Provide informal advice to candidates, treasurers, officeholders, ballot measure committees, and independent spending committees in person or via telephone or email. • Provide formal advice. <ul style="list-style-type: none"> – Research prior advice and relevant laws. – Consult with City Attorney when necessary. – Draft written response and provide to requesting party within 21 business days of receiving request. – Post response on web site and maintain database of all advice letters. 	Charter § 702(e) Charter § 705 LAAC § 24.1.1(f)
Advocate understanding of the campaign finance laws. <ul style="list-style-type: none"> • Provide training to City candidates and treasurers before each election. • Provide training to LAUSD candidates and treasurers before each election. 	Charter § 702(j) Charter § 803(g) LAMC § 49.7.9
Receive, process, and house filings from City and LAUSD candidates. <ul style="list-style-type: none"> • Filings include: <ul style="list-style-type: none"> – Declaration of Intent to Solicit and Receive Contributions. – Statement of understanding campaign finance laws. – Statement regarding campaign bank accounts. – Periodic campaign finance disclosure statements. 	Charter § 470(c)(1) Charter § 470(c)(2) Charter § 470(g) Charter § 702(a) Charter § 702(c) Charter § 704(a)

<ul style="list-style-type: none"> - Copies of campaign communications. • Create forms for required disclosure. • Create and maintain electronic filing system for campaign statements. • Provide public access to filings. • Maintain filings for at least seven years (permanently for candidates elected to office). 	Charter § 803(b)(1) Charter § 803(e) LAMC § 49.7.11(C) LAMC § 49.7.26 LAMC § 49.7.11(D)
Receive and process filings from independent spending committees: <ul style="list-style-type: none"> • Filings include: <ul style="list-style-type: none"> - Disclosure statements. - Copies of campaign communications. • Provide public access to filings. • Maintain filings for at least seven years. 	Charter § 803(s) LAMC § 49.7.11(C) LAMC § 49.7.26
Receive and process filings by persons prohibited from making campaign contributions to and engaging in prohibited fundraising for City candidates and officials: <ul style="list-style-type: none"> • Bidders on contracts of \$100,000 or more that are approved by elected officials. • Underwriting firms bidding in noncompetitive sales of revenue bonds. 	Charter § 470(c)(12) Charter § 609(e)
Administer public matching funds program. <ul style="list-style-type: none"> • Educate candidates about the program and its requirements. • Receive filings from candidates who wish to participate. • Determine the sufficiency of the trust fund prior to each election and, if necessary, make adjustments to the amount available to each candidate. • Within 2-day deadline, audit claims for matching funds and verify that public money may be distributed. • Submit verified claims to Controller for payment. • Assess the four-year funding needs of the program prior to a possible reduction in annual appropriations to the trust fund. 	Charter § 471(c) LAAC § 24.5 LAMC §§ 49.7.13— 49.7.23
Create and maintain electronic filing system for matching funds claims.	Not legally required.
Debar from bidding on City contracts those persons who violate the laws that prohibit campaign contributions and engaging in prohibited fundraising.	LAMC § 49.7.30(C) LAMC § 49.7.31(B)(6)

Current staffing: 2 Management Analyst II

Staffing needs: 1 Ethics Officer I
 3 Management Analyst II

LOBBYING PROGRAM

Advocate understanding of the lobbying laws. <ul style="list-style-type: none"> • Provide informal advice to lobbyists, lobbying firms, lobbyist employers, and major filers in person or via telephone or email. • Provide formal advice. <ul style="list-style-type: none"> - Research prior advice and relevant laws. - Consult with City Attorney when necessary. - Draft written response and provide to requesting party within 21 business 	Charter § 702(j) Charter § 705 LAMC § 48.07(I) LAAC § 24.1.1(f)
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days of receiving request. – Post response on web site and maintain database of all advice letters. • Conduct training at least every two years for lobbyists.	
Receive and process filings from lobbying entities. • Filings include: – Registration statements. – Quarterly disclosure reports. – Major filer reports. – Copies of political fundraising solicitations for City candidates. – Political contribution statements. – Political fundraising statements. – Written communications to neighborhood councils. • Create forms for disclosure and bidder certification requirements. • Create and maintain electronic filing system for lobbying statements. • Provide public access to filings. • Maintain filings for at least seven years.	Charter § 702(b) Charter § 704(a) LAMC § 48.06.1 LAMC § 48.08 LAMC § 48.08.5 LAMC § 48.08.6 LAMC § 48.08.7 LAMC § 48.08.8 LAMC § 48.09(H)
Report to the Mayor and the City Council on a quarterly basis regarding the lobbying activities disclosed during the reporting period.	LAMC § 48.10

Current staffing: 1 Management Analyst II

Staffing needs: 1 Ethics Officer I
 2 Management Analyst II

POLICY PROGRAM

Recommend reforms in the campaign financing, lobbying, conflict of interests, and governmental ethics laws. • Follow process identified below. • Respond to City Council motions and ballot measures that would affect relevant City law. • Monitor relevant state law and provide input on proposed changes.	Charter § 702(f)
Report to the City Council every three years regarding the effectiveness of the campaign financing, lobbying, conflict of interests, and governmental ethics laws. • Conduct continuing reviews of relevant City law. • Solicit input from regulated communities, staff, and the public. • Survey similar laws in other jurisdictions. • Consider state and federal laws. • Research controlling case law. • Form staff recommendations; draft and present them to Ethics commissioners. • Draft and present approved recommendations to the City Council. • Educate City officials regarding recommendations.	Charter § 702(f)
Annually adjust limits and disclosure thresholds to reflect changes in CPI. • Research the CPI changes and calculate the necessary adjustment. • Draft and present adjustment to Ethics commissioners. • Draft resolution memorializing adjustment.	Charter § 702(h)

Every four years, assess whether LAUSD contribution limits should be adjusted to reflect changes in CPI. <ul style="list-style-type: none"> • Research the CPI changes and calculate the corresponding adjustment. • Analyze campaign data, jurisdictional issues, and legal considerations. • Draft and present recommendation to Ethics commissioners. • Draft and present approved recommendation to the City Council. 	Charter § 803(c)
Respond to requests made pursuant to the California Public Records Act. <ul style="list-style-type: none"> • Assess request and determine whether responsive records exist. • Consult with the City Attorney's office to determine whether disclosure exemptions exist. • Determine cost of providing non-exempt responsive records. • Draft written response, including a bill for reproduction costs. 	Cal. Gov't Code §§ 6250-6270

Current staffing: 1 Ethics Officer III

Staffing needs: 1 Ethics Officer III
 2 Management Analyst II

EDUCATION AND OUTREACH PROGRAM

Develop an educational program. <ul style="list-style-type: none"> • Prepare paper and online training materials. • Conduct live training sessions for groups and individuals. 	Charter § 704(c)
Create, publish, and update manuals and instructions: <ul style="list-style-type: none"> • For City employees, regarding the governmental ethics laws. • Regarding bookkeeping and recordkeeping requirements. • For City candidates. • For LAUSD candidates. • For independent expenditure committees. • For contributors. • For matching funds candidates. 	Charter § 704(b)
Create and maintain electronic filing systems for campaign financing and lobbying programs, to facilitate public access to disclosure statements. <ul style="list-style-type: none"> • Design and manage databases. • Develop new programs. • Manage distribution of unique identifiers for filers. • Incorporate changes to state and City law. 	LAMC §§ 48.06.1, 49.7.11(D)
Respond to media inquires and draft press releases, to promote understanding of duties and roles.	Functionally but not legally required.
Manage content on web site and web servers, to ensure accurate dissemination of information and laws.	Functionally but not legally required.
Produce regular newsletters and bulletins regarding significant issues, such as impending filing deadlines, changes in the law, frequently asked questions, etc.	Not legally required but very desirable.

Current staffing: 1 Ethics Officer II
 1 Management Analyst I

Staffing needs: 1 Ethics Officer II
 1 Ethics Officer I
 1 Management Analyst II
 1 Management Analyst I

AUDIT PROGRAM

Conduct audits of the following: <ul style="list-style-type: none"> • Reports and statements filed by City officials. • Reports and statements filed by lobbying entities. • Campaign reports and statements filed by City candidates and committees. • Campaign reports and statements filed by LAUSD candidates and committees. • Every candidate receiving public matching funds. • Every candidates who raises or spend \$100,000 or more in an election, and every committee that candidate controls. • Every committee that spend more than \$100,000 to support or oppose an audited candidate. • 20 percent of all candidates for whom audits are not mandated. 	Charter § 470(n)(2) Charter § 702(a) Charter § 702(d) Charter § 803(u)(1) LAMC § 48.09(A) LAAC § 24.6(A) LAAC § 24.6(B)
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Current staffing: 1 Ethics Officer II
 1 Management Analyst II

Staffing needs: 1 Ethics Officer II
 4 Management Analyst II

ENFORCEMENT PROGRAM

Maintain a whistleblower hotline. <ul style="list-style-type: none"> • Receive and track complaints. • Assess complaints and investigate those within Ethics jurisdiction. 	Charter § 702(g)
Investigate reports and statements filed by the following: <ul style="list-style-type: none"> • City officials. • Lobbying entities. • City candidates and committees. • LAUSD candidates and committees. 	Charter § 470(n)(2) Charter § 702(a) Charter § 702(d) Charter § 803(u)(1) LAMC § 48.09(A)
Investigate alleged violations of the conflict-of-interests, governmental ethics, lobbying, and campaign finance laws. <ul style="list-style-type: none"> • Investigate audit findings. • Subpoena witnesses and compel testimony. • Gather and review evidence. • Make preliminary enforcement determination. • Refer to other enforcement agencies where appropriate. 	Charter § 470(n)(2) Charter § 470(n)(3) Charter § 706(a) Charter § 803(u)
Enforce against violations of campaign finance laws in City and LAUSD elections (at least 120 different possible violations, including excess contributions, misuse of campaign funds, and money laundering).	Charter § 470(n)(3) Charter § 706 Charter § 803(u)(2)

<ul style="list-style-type: none"> • Review evidence. • Prepare and serve probable cause report. • Draft rebuttal to written responses to probable cause report. • Participate in probable cause conference to advocate for enforcement. • Issue public accusation if probable cause exists. • Present complainant's case in a public evidentiary hearing. • Conduct discovery and subpoena witnesses. • Draft hearing briefs, motions in limine, etc. • Negotiate, draft, and present settlement agreements. 	LAAC § 24.1.2(d) LAAC § 24.1.2(e)
Enforce against violations of lobbying laws (at least 100 different possible violations, including unregistered and unreported lobbying activity). <ul style="list-style-type: none"> • Review evidence. • Prepare and serve probable cause report. • Draft rebuttal to written responses to probable cause report. • Participate in probable cause conference to advocate for enforcement. • Issue public accusation if probable cause exists. • Present complainant's case in a public evidentiary hearing. • Conduct discovery and subpoena witnesses. • Draft hearing briefs, motions in limine, etc. • Negotiate, draft, and present settlement agreements. 	Charter § 706 LAMC § 48.09(E) LAAC § 24.1.2(d) LAAC § 24.1.2(e)
Enforce against violations of conflict-of-interests and governmental ethics laws (at least 100 different possible violations, including misuse of position, excess gifts, and revolving door restrictions). <ul style="list-style-type: none"> • Review evidence. • Prepare and serve probable cause report. • Draft rebuttal to written responses to probable cause report. • Participate in probable cause conference to advocate for enforcement. • Issue public accusation if probable cause exists. • Present complainant's case in a public evidentiary hearing. • Conduct discovery and subpoena witnesses. • Draft hearing briefs, motions in limine, etc. • Negotiate, draft, and present settlement agreements. 	Charter § 706 LAAC § 24.1.2(d) LAAC § 24.1.2(e)
Assess late filing penalties for campaign finance, lobbying, and governmental ethics disclosure statements.	LAMC § 48.09(F) LAMC § 49.5.20 LAMC § 49.7.35
Notify department heads when money laundering violations have occurred.	LAMC § 49.5.21(E)

- Current staffing: 1 Ethics Officer III
 1 Ethics Officer II
 2 Management Analyst II
- Staffing needs: 1 Ethics Officer III
 1 Ethics Officer II
 1 Ethics Officer I
 5 Management Analyst II

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 8, 2012

To: Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Report back on whether there are any legal restrictions to implement a registration fee or filing fee for the creation of new committees.

Subject: **CITY ETHICS COMMISSION – LEGAL RESTRICTIONS RELATING TO IMPLEMENTING A REGISTRATION FEE FOR THE ESTABLISHMENT OF A NEW COMMITTEE**

The Budget and Finance Committee requested a report back on whether there would be any legal restrictions for implementing a registration or filing fee for the establishment of a new committee.

Attached is the Department's response.

MAS:DMR:04120156c


Question No. 242

Attachment



Los Angeles City Ethics Commission

May 8, 2012

To: The Honorable Budget and Finance Committee
Cc: Dolores Rivera, Analyst, CAO's Office
From: Heather Holt, Executive Director 
Subject: Responses to Committee Questions 240 and 242

During the Ethics Commission's budget hearing, several questions were posed. They were later formalized as committee questions 240, 241, and 242. This is a response to questions 240 and 242. A response to question 241 is provided in a separate document. If we can provide additional information, please let us know.

QUESTION NO. 240

Ethics Commission to report back on re-visiting the fee amounts associated with the lobbyist/client registration fees, given new requirements and responsibilities. Also, include the feasibility of imposing fees on LAUSD for services rendered, and the possibility of fees on new committees.

A. Lobbying Fees

Annual registration fees for lobbying are specified in the Municipal Lobbying Ordinance and are currently set at \$450 per lobbyist, plus \$75 for each client from whom the lobbyist receives \$250 or more in a calendar quarter. The fees are prorated to \$337 per lobbyist and \$56 per client when registrations occur in the fourth quarter of the calendar year.

The lobbying fees must be based on the costs of properly administering the lobbying program. With roughly 400 registered lobbyists and 1,050 registered clients, the current fee structure generates approximately \$250,000 per year. However, that amount does not cover the costs of properly administering the lobbying program. Currently, the program is staffed by just one Management Analyst II, but a properly staffed lobbying program would include an Ethics Officer I position and five Management Analyst II positions (two for compliance assistance, two for compliance audits, and one for enforcement).

The cost of a properly staffed lobbying program would be approximately \$426,000 at first-year salary steps. Clients account for approximately 30 percent of all registration fees, and lobbyists account for 70 percent. Based on those percentages, and rounding to the nearest five dollars, fees of \$745 per lobbyist and \$120 per client would cover the initial salary costs of the program. Another approach is to eliminate client fees altogether, which would result in a registration fee of \$1,065 per lobbyist.

In 2009, the Ethics Commission transmitted a comprehensive set of recommendations to improve the City's lobbying laws. One of the recommendations was to eliminate the reduction in fees for registrations that occur in the fourth quarter of the year. The vast majority of all registrations occur in the first half of the year, and roughly 80 percent occur in the first quarter. Furthermore, the amount of work involved in processing registrations is the same, regardless of when they are received. Therefore, if the administrative lobbying fees are adjusted, we again recommend that the same fee apply to all registrations, without regard to timing.

The City Attorney has advised that a fee study would be required before adjusted fees could be imposed, to ensure that any increase does not exceed actual costs. Such a study should consider both the direct and indirect costs of the program.

B. LAUSD Cost Recovery

The process for recovering the costs associated with campaign filing services provided to the Los Angeles Unified School District (LAUSD) is based on a 1984 contract between the City, LAUSD, and Los Angeles Community College District. The contract calls for cost recovery for all election services that the City Clerk performs for these entities, including the receipt of campaign finance reports for LAUSD candidates. The fee was based on the direct and indirect costs of services provided by the City Clerk.

When the Ethics Commission was established, the campaign filings services for LAUSD were transferred to our office. The adoption of Measure L greatly expanded our role in overseeing LAUSD elections. As with City elections, the Charter requires us to provide advice, training, and educational materials and to audit and enforce the applicable campaign finance laws. The Charter also requires us to regulate entities making independent expenditures in LAUSD elections.

In order to properly perform these duties, adequate staffing is required and should now be included as part of the cost recovery for LAUSD. We estimate that a properly staffed LAUSD program would include three Management Analyst II positions (one for compliance assistance, one for compliance audits, and one for enforcement). In the past, we have reached out to LAUSD representatives to discuss the possibility of amending the current contract to include the requirements of Measure L. LAUSD representatives have been reluctant to increase the cost recovery amount, because it is not part of the 1984 contract. We ask that the CAO's office work with LAUSD to either amend the existing contract or establish two new contracts, one with the City Clerk's Office and one with the Ethics Commission, to implement direct and indirect cost recovery for the services we provide to LAUSD elections.

C. Committee Fees

Please see the response to Question No. 242, below.

D. Bidder Fees

Although this issue is not included in the language of Question No. 240, it was raised at the hearing. The City Attorney has advised that the Charter prefers competitively bid contracts and that a fee on bidders might be viewed as anti-competitive. However, that office is unsure whether a court would find such a fee to be anti-competitive. In addition, for certain federally funded contracts, the City might need to seek permission from the appropriate federal agency before imposing a fee.

Assuming the City Attorney's office would support an administrative bidder fee, a fee of \$45 per bid for affected bidders would cover related salary costs. We estimate that one Management Analyst II position is required to properly administer the disclosure required of bidders and underwriting firms as a result of Measure H. The salary range for that position is \$67,401 to \$83,750. We are currently receiving filings at a rate of 150 per month, or 1,800 per year. The maximum salary for a Management Analyst II divided by 1,800 results in the recommended fee of \$45 (rounded to the nearest five dollars) per bid. The City Attorney has advised that a fee study would be required to determine the appropriate fee, which should account for both direct and indirect costs.

E. Matching Funds Fees

This issue was not raised at the budget hearing, but it may be possible for the City to impose a fee on the optional service provided by the Ethics Commission for the voluntary matching funds program. The program incurs substantial costs associated with administering the program and processing claims. An administrative fee of 1-percent on each matching funds claim would help to recoup the costs of the program.

For example, we estimate that we will pay out between \$9.9 million and \$12.6 million in matching funds during the 2013 elections. A 1-percent administrative fee would generate cost recovery in 2013 of \$99,000 to \$126,000. Such a fee would cover most if not all of the as-needed staff required to process matching funds claims within the legal deadline. It would also expand and contrast with the competitiveness of elections, thereby reflecting the amount of additional work required during a specific election cycle. The City Attorney has advised that a fee study would be required to determine the appropriate fee, which should account for both direct and indirect costs.

QUESTION NO. 242

Are there any legal restrictions to implement a registration fee or filing fee for the creation of new committees?

Forming a campaign committee (whether a candidate-controlled committee or an independent committee) involves the exercise of political speech in the process of participating in the electoral process. The City Attorney has advised that governments are generally unable to charge individuals or committees for that participation.

Election officials may not charge fees to candidates or committees for mandatory services. Fees may be charged only for optional services, or there must be an option for the fee to be waived. For example, fees may be imposed on candidates or ballot measure committees to print and distribute statements to voters in the sample ballot, as long as the statement, itself, is not mandatory.

Similarly, election officials may not charge candidates to appear on the ballot. Fees may only be imposed for mandatory election functions if the government provides a no-cost option for candidates and committees. Both candidate-controlled and independent committees are required to file disclosure statements with the Ethics Commission, so it is likely that any mandatory fee associated with those filings would be seen as having a chilling effect on the committee's political speech and be found unconstitutional.