

Mayor's Budget Survey



January 2012

Mayor's Budget Survey, City of Los Angeles



Message from Mayor Antonio R. Villaraigosa

Dear Neighborhood Council Members and Community Stakeholders,

While the City of Los Angeles continues to face significant financial challenges, primarily as a result of the most serious economic downturn since World War II, we have been afforded an unprecedented opportunity to reshape and improve our great municipality.

In each of the last six years, my office has facilitated a structured process to ensure that all neighborhood councils and community stakeholders are informed about the City budget and all have an opportunity to submit timely input. As part of this process, I release a budget survey which serves as the primary community input tool. This year my staff has worked with the Neighborhood Council Budget Advocates to develop a simplified budget survey that we hope to be completed by all 95 certified Neighborhood Councils as well as other interested community members and stakeholders.

Your input and participation in the budget survey is critical to the adoption of a spending plan that reflects the needs and priorities of our communities.

Very truly yours,

ANTONIO R. VILLARAIGOSA
Mayor



Budget Overview and Survey Instructions

BUDGET OVERVIEW

The City of Los Angeles has an operating budget of approximately \$6.9 billion, consisting of a General Fund budget of \$4.3 billion and special funds of \$2.6 billion. This survey will focus on the City's General Fund where there is some discretion to prioritize our services.

The General Fund supports basic municipal services such as police protection, fire services, parks, libraries, transit services, sidewalk repair, public works services, and a variety of other essential services. For next fiscal year the City Administrative Officer (CAO) projects a \$200 million to \$250 million General Fund shortfall as a result of stagnant revenues and escalating operating costs.

Please see the attached handout (City of Los Angeles – Budget Background) for more information on the City's budget.

SURVEY INSTRUCTIONS

The Mayor's Community Budget Survey for fiscal year 2012-13 is intended to provide neighborhood council members and community stakeholders with an opportunity to submit comments, ideas and suggestions to the Mayor regarding City budget and financial matters. This community input will assist the Mayor's Office in the development of the fiscal year 2012-13 proposed budget.

The survey consists of a series of questions related to general budget priorities, service reductions, public private partnerships, measures for a sustainable workforce and new / enhanced revenue opportunities. Each question also includes open-ended response fields to allow for additional budget input.

Survey responses will be collected by February 22nd, analyzed by the Mayor's Office in cooperation with Neighborhood Council Budget Advocates, and presented to community stakeholders and the Mayor in March. The Mayor and the City Council will review the survey results for consideration in the development of the FY 2012-13 Budget.

Budget survey results will be posted on <http://mayor.lacity.org/balancedbudget> in March 2012.



Demographic Information

1. Please provide your name, neighborhood council affiliation, zip code and email address below. Your responses will be kept anonymous and will only be used for analyzing regional trends.

I am a Neighborhood Council Board Member: Yes No

Neighborhood Council Affiliation:

Zip Code:

Name (optional):

City of Los Angeles Employee (optional): Yes No

Email Address (optional):



Budget Priorities

2. Rank the budget priority areas that reflect your own vision for the City of Los Angeles. Choose one area as your number one priority, another area as your number two priority, and so on. (Please Note: The City of Los Angeles is a full-service city, but is not responsible for all local government services such as K-12 education, health and human services, and highway construction and maintenance.)

	High	-----	Low						
	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Priority 6			
Economic Development and Private Sector Job Creation <i>(Includes Business Assistance, Code Enforcement, City Planning, Job Training, Affordable Housing, and Homeless Services)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
Fire Services <i>(Includes Rescue and Emergency Medical Services, Fire Prevention, and Arson Investigation)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
Fiscal Sustainability <i>(Includes Stable Reserve Fund, Streamlined Central Administration Functions, Alternative Service Delivery Models, Consolidation of Services, and Reform of Employee Compensation, Pension and Benefits)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
Improved Infrastructure <i>(Includes Pubic Transit, Signal Synchronization, Parking Enforcement, Sidewalk Repair and Street Improvements)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
Livable Neighborhoods <i>(Includes Library Services, Recreation Services, Gang Reduction and Youth Development, Senior Services, Sanitation, and Environmental Sustainability Efforts)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
Police Services <i>(Includes Crime Prevention, Crime Investigation, Patrol Services, and Traffic Enforcement)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			

Other (please specify and indicate priority):



Areas for Potential Service Reductions

Over the past four years, the City has implemented significant service and position reductions to address declining revenues and growing costs. This year, reductions will once again be a necessary budget balancing tool.

3. Please indicate whether you would find the following reductions to be completely acceptable, somewhat acceptable, or not acceptable as a measure to help the City balance its budget. (Options are listed in no particular order.)

	Completely Acceptable	Somewhat Acceptable	Not Acceptable	Not Sure
Reduce operational hours of select recreational facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce police deployment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce fire prevention and suppression services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce emergency ambulance services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce general administration and support (i.e. building maintenance, human resources, information technology, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce pothole repair and street repaving services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce parking enforcement and traffic control	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce gang reduction and youth development services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce funding and support for elected officials' offices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(Note: Each of the above reductions could result in staffing cuts.)

Other than those listed above, which municipal services should be reduced to help balance the City's budget?

4. Should funding be increased for any services? If so, please indicate which services should receive additional funding. (Please note that it will be very challenging for the City to provide funding increases to discretionary programs and services.)



Sustainable Workforce

The City's primary cost drivers are employee compensation, pensions and benefits. The Mayor will continue to pursue initiatives to address these cost drivers in order to maintain a sustainable workforce.

5. Please indicate whether you would support the following initiatives to help contain growing workforce costs.

	Definitely Yes	Lean Yes	Lean No	Definitely No	Not Sure
Employee Pension Reforms* <i>(Including but not limited to increasing the retirement age, eliminating pension spiking, increasing employee contributions, and/or exploring 401(k)-type pension options)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase employee contributions toward health care costs*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Freeze employee salaries at the current level until City's financial health is restored*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Layoff Employees <i>(which would reduce city services)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce all City employees salary by 5%*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**subject to labor negotiations*

Other than those listed above, what changes to employee compensation, pension and/or benefits should be made to maintain a sustainable workforce?



New and Enhanced Revenue Opportunities

Many governmental entities have addressed their financial challenges through a balanced approach of spending reductions and increased revenues. Given that the City has primarily focused on spending reductions to balance its budget in recent years, the Mayor would like input on a handful of new and increased revenue options, most of which would be placed on an upcoming ballot for voter approval.

6. Please indicate whether you would support the following revenue generating options to help ensure the City's fiscal sustainability.

	Definitely Yes	Lean Yes	Lean No	Definitely No	Not Sure
Invest resources to further improve revenue collection <i>(i.e. new billing and collection technology)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establish a parcel tax to maintain & enhance fire and paramedic services* <i>A parcel tax is a special tax assessment on real estate that would be imposed on property owners in addition to the property tax. It can be structured as a flat assessment per parcel or as an assessment based on parcel lot square footage.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establish a parcel tax to maintain & enhance recreational and park services* <i>Please see parcel tax description above.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the Documentary Transfer Tax rate* <i>The Documentary Transfer Tax (DTT) is a tax on the sale of real property. Currently, the tax is \$4.50 per \$1,000 of property sale value.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the Parking Occupancy Tax rate* <i>The Parking Occupancy Tax (POT) is a tax on parking fees collected from patrons at parking facilities. Parking operators collect and remit the tax to the City. Currently, the POT rate is 10%.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the Transient Occupancy Tax rate* <i>The Transient Occupancy Tax, also known as a "bed tax", is a tax charged for occupying a room in a hotel, motel, or other lodging accommodation for a period of 30 days or less. Currently, the TOT rate levied by the City is 14% on the rent charged to guests.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**voter approval required & the full impact of these tax measures would not be fully realized next fiscal year*

Other than those listed above, what new and/or enhanced revenue options should be pursued to help ensure the City's fiscal sustainability?



Public-Private Partnerships

A public private-partnership is a collaborative effort with a private organization designed to preserve and improve municipal services while providing the City with fiscal relief.

7. Please indicate whether you would support the City exploring public-private partnerships for the following municipal functions (i.e. agreements between the City and non-profit and/or for-profit entities for the management and/or delivery of select services).

	Definitely Yes	Lean Yes	Lean No	Definitely No	Not Sure
Management of the Los Angeles Zoo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management of the Municipal golf system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management of the Los Angeles Convention Center	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management and/or Operation of City parking structures and lots	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operation of Animal Shelters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(Note: Options above do not include the sale of City assets.)

Other than those listed above, what public private partnerships should be pursued to help preserve and enhance City services?



Improved Financial Management Tools

The City has consistently pursued initiatives to improve financial management and the annual budget process. While these types of initiatives may yield on-going savings and/or efficiencies, they also require dedicated resources to implement and support.

8. Please indicate whether you would support the City investing in resources to implement the following financial management tools to improve the City's financial planning and the cost-effectiveness of City operations.

	Definitely Yes	Lean Yes	Lean No	Definitely No	Not Sure
Implement a Performance-Based Budgeting Process (i.e. Develop and utilize standardized metrics for City operations and services. Data would be used to provide the Mayor and City Council with reliable cost and performance data for the purposes of fiscal decision making.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Implement Multi-Year Budget Plans (i.e. Adopt a multi-year financial plan that would be updated annually and adopted by Mayor and Council as part of the budget process. Currently, the City utilizes an annual incremental budgeting process.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Survey Feedback

9. Please use the space below to share any additional thoughts or comments on the City of LA Budget.

10. How can the Mayor's budget survey be improved?

Thank you for taking the time to complete the Mayor's Budget Survey.

Survey responses will be collected by February 22nd, analyzed by the Mayor's Office in cooperation with Neighborhood Council Budget Advocates, and presented to community stakeholders and the Mayor in March. Budget survey results will be posted on <http://mayor.lacity.org/balancedbudget> in March 2012.

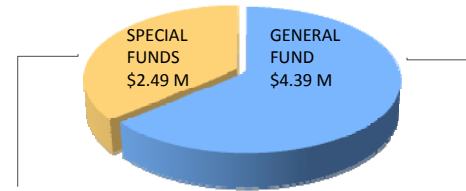
City of Los Angeles – Budget Background

Fiscal Year 2011-12 Budget

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

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

FY 2011-12 ADOPTED BUDGET



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

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

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

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

MAJOR GENERAL FUND REVENUE SOURCES

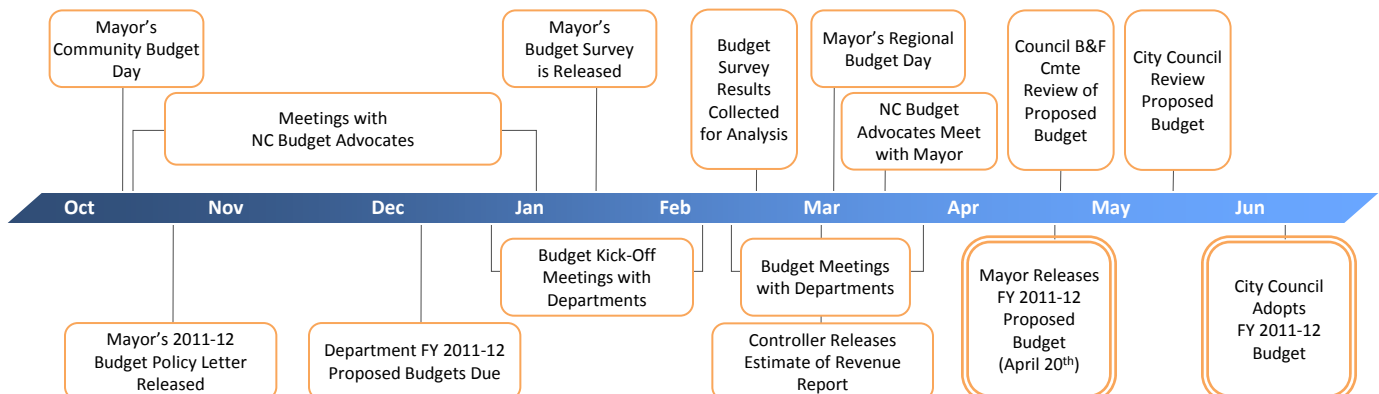
GF REVENUE SOURCE	AMOUNT (\$ Mil)	% OF GF
Property Tax	\$ 1,436	33%
Licenses, Permits, Fees & Fines	\$ 725	17%
Utility Users' Tax	\$ 628	14%
Business Tax	\$ 439	10%
Sales Tax	\$ 306	7%
Power Revenue Transfer	\$ 254	6%
Miscellaneous Revenues	\$ 598	14%
TOTAL	\$4,386	100%

MAJOR GENERAL FUND EXPENDITURES

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

Budget Development Process and Opportunities for Community Input

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



Actions Taken to Address the City's Fiscal Crisis

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

AUSTERITY MEASURES

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

OPERATIONAL EFFICIENCIES

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

REVENUE ENHANCEMENTS

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

RENEGOTIATED LABOR CONTRACTS

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

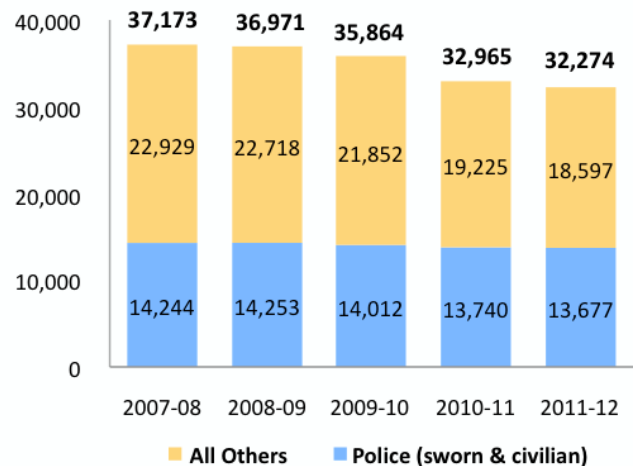
PENSION AND RETIREE HEALTH REFORM

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

WORKFORCE REDUCTIONS

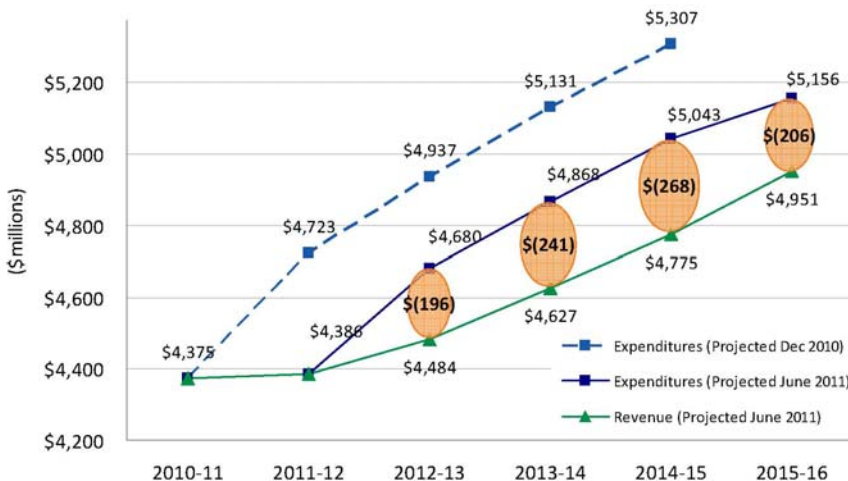
- 4,900 General Fund positions eliminated since FY07-08
 - ▶ Early Retirement Incentive Program (ERIP)
 - ▶ Layoffs and transfers to non-General Fund departments
 - ▶ Vacant position eliminations
- New hiring strictly limited through Managed Hiring Committee

AUTHORIZED CITYWIDE STAFFING



Source: Adopted FY 2011-12 Budget, CAO

Four-Year Fiscal Outlook (General Fund)



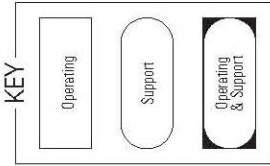
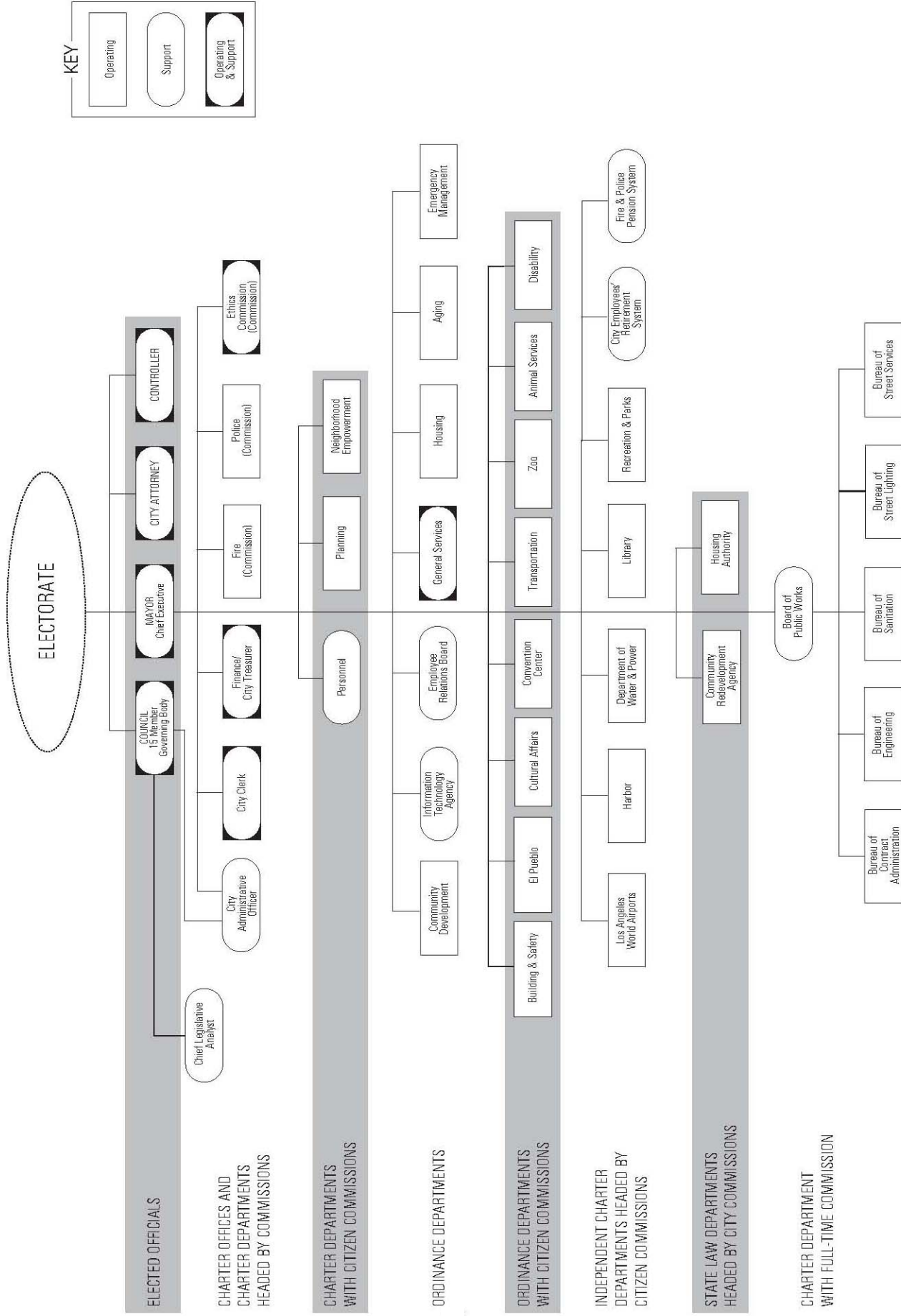
SOURCE: CAO, June 2011

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

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

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

Organization of the City of Los Angeles



Departmental Appropriations and Authorized Positions

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

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

Source: Adopted FY 2011-12 Budget, CAO

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

