

FY 2012-13 First Financial Status Report

1

OFFICE OF THE
CITY ADMINISTRATIVE OFFICER



November 13, 2012

Moving Forward with Adopted Budget

2

- Adopted Budget removed 209 regular positions. Only restored these positions with unfunded temporary positions (6 months).
- One position transferred as part of Human Resources Consolidation, leaving 208 on displacement list (see Addendum to FSR).
- Of 208, only 185 are filled. Departments may further reduce this number due to attrition and vacancies in other positions. The potential number of displacements may now only be 112.
- Current deficit of \$16.6 million assumes these positions are no longer filled as of January 1, 2013.
- Keeping these positions filled will increase shortfalls and add to the uncertainties City already faces in 2012-13 with regard to budgeted revenues (CRA & Emergency Medical)
- Keeping these positions increases deficit for FY 2013-14 to \$232 million.

Summary of Four Year Budget Outlook

3

Four Year Budget Outlook (July 2012)

		(\$Millions)		
Fiscal Year	2013-14	2014-15	2015-16	2016-17
Budget Gap	\$ (216)	\$ (327)	\$ (297)	\$ (265)

- 1) The current Four Year Budget Outlook assumes the 209 positions have been eliminated and vacated.
- 2) Four Year Budget Outlook currently does not include requested increased funding for Fire Services.
- 3) Four Year Budget Outlook currently does not include replacement funding for Street Services Pavement Preservation Program due to loss of Prop 1B and ARRA.

Summary of Four Year Budget Outlook

4

Four Year Budget Outlook

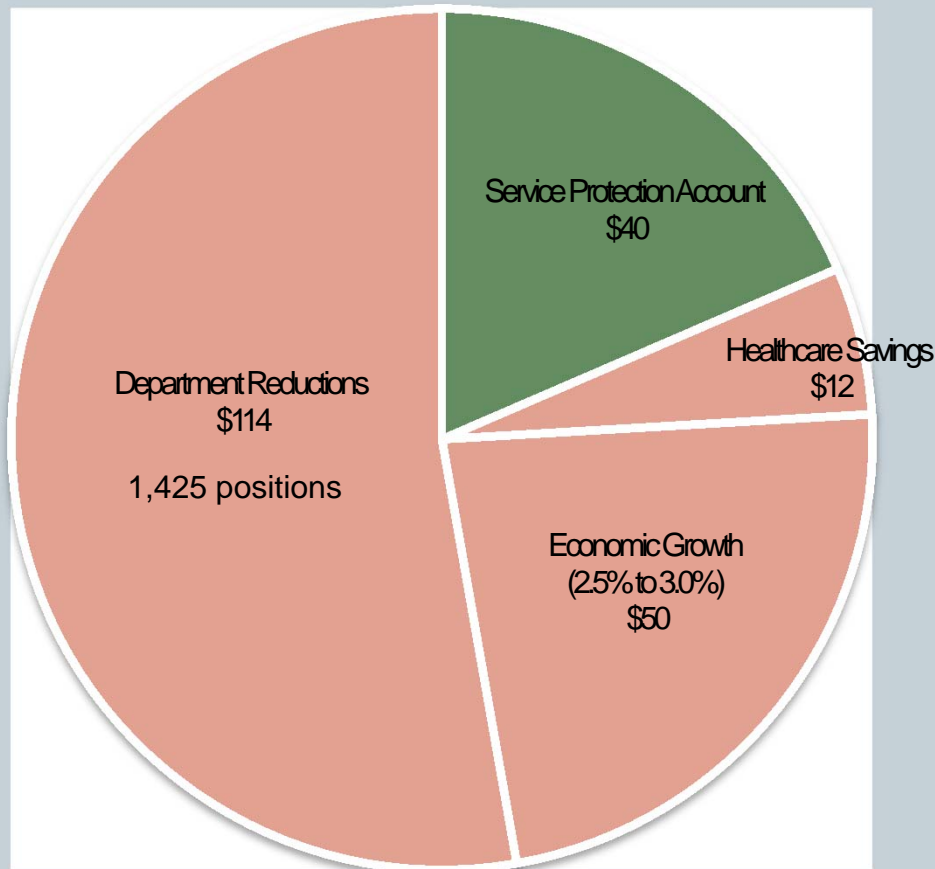
		(\$Millions)		
Fiscal Year	2013-14	2014-15	2015-16	2016-17
Budget Gap	\$ (232)	\$ (347)	\$ (313)	\$ (281)

- 1) Adding back the 209 positions will increase deficits for 2013-14 and beyond as shown since salaries and benefits are ongoing costs.
- 2) Four Year Budget Outlook currently does not include requested increased funding for Fire Services.
- 3) Four Year Budget Outlook currently does not include replacement funding for Street Services Pavement Preservation Program due to loss of Prop 1B and ARRA.

Potential Solutions for FY 2013-14

5

June 2012 Projected Deficit \$216 Million

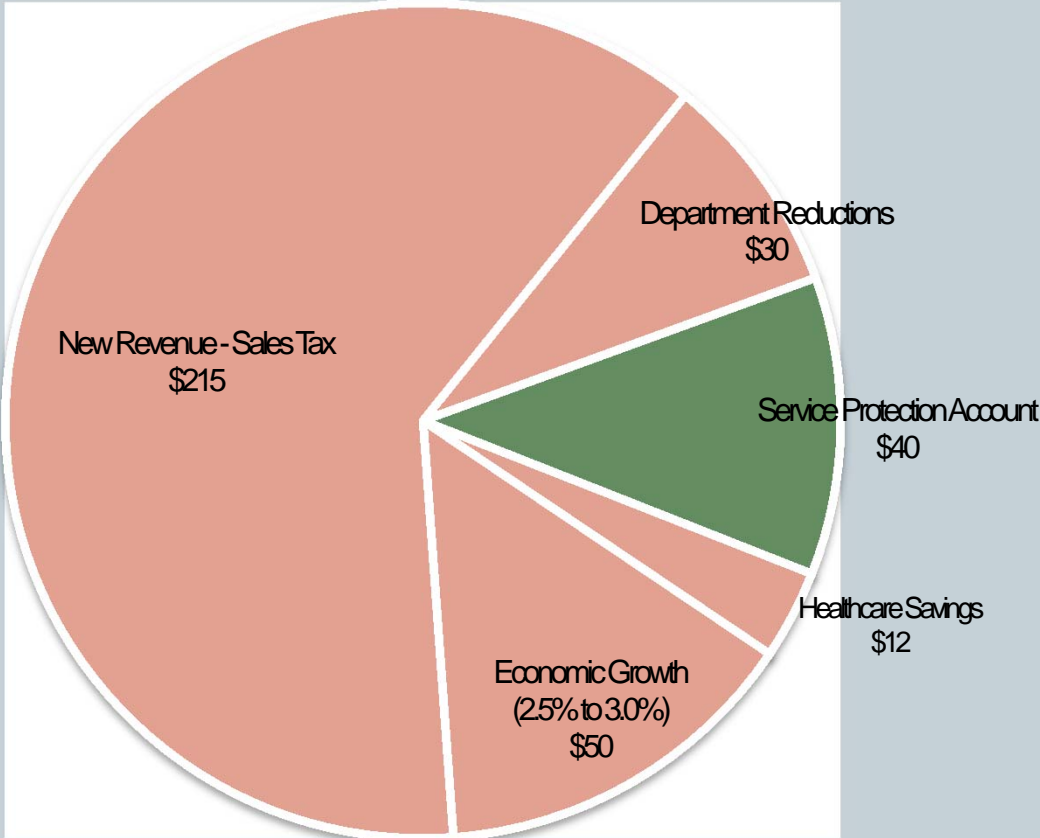


- Estimated cost to maintain Street Program (\$40 million)
- Maintenance of Existing Fire Services (\$20+ million)
- Other Unknowns
 - Ardon Case
 - Federal Sequestration

Potential Solutions for FY 2014-15

6

Projected Deficit \$347 Million



Comparison of FY 2012-13 MOU Terms for City Attorneys

7

City Attorneys (MOU 29)

- Not paying additional 4% toward retiree healthcare
- 4.04% COLA in 2012-13
- 2.75% Salary Adjustment
- 1.75% Cash Payment
- No contribution towards healthcare premiums
- 34 Furloughs

Management Attorneys (MOU 32)

- Paying 4% toward retiree healthcare
- 0% COLA in 2012-13
- No Salary Adjustment*
- No Cash Payment
- 5% toward healthcare premiums
- 7 unpaid holidays

*2.75% deferred adjustment on 6/29/12.

Eliminated additional salary adjustments (5.5%) for new appointments and new members

Summary of Recommended Actions

8

- Bring the Reserve Fund back in compliance with the 5 percent policy by mid-year. Currently at 4.94 percent.
- Halt furloughs on City Attorneys represented by MOU 29 **and** proceed with the elimination of the 50 positions identified to offset the lost furlough savings. This will also convert one-time savings to ongoing savings and **reduce the structural deficit by close to \$10 million** (direct/indirect costs).
- Instruct the Personnel Department to report back on the final results of the displacement process on the “209 positions.” **No action by Council required to initiate displacement procedures.**
- Create a Service Protection Account within the Budget Stabilization Fund and set as a goal increasing the account to **\$40 million** by year-end.

Urgent FSR Transactions Required

9

- ***SPRF-Hollywood Highland:*** SPRF payment related to Hollywood & Highland needs to be made by October 31st. CAO negotiated the base amount plus interest totaling \$2,413,986.03 which assumes payment by October 31st. This amount increases by \$462.96 for every day thereafter that it remains unpaid.
- ***White Point Landslide :*** The \$1.4 million for White Point is an urgent transaction. The Bureau of engineering plans to award the contract on November 1 and have the contractors start working on stabilizing the landslide area/slope before the rainy season starts.
- ***Street Services:*** Street Services Transfer of \$662,500 from the Bureau's Salaries As-Needed account to the Bureau's Hiring Hall Salaries (\$500,000) and the Benefits Hiring Hall (\$162,500). BSS has advised that they will not have sufficient funds to cover Pay Period 8 payroll. Also, depending on when the FSR is actually approved, they may not have sufficient funds in the Hiring Hall accounts to cover Pay Period 9 payroll.
- ***Operation Healthy Streets:*** Reimbursement to special funds that incurred costs must be made to comply with legal requirements of special funds and to ensure that special funds can continued their budgeted work programs.