Fiscal Year 2006-2007

BUDGET SUMMARY

AS PRESENTED BY
Mayor Antonio R. Villaraigosa

CITY OF LOS ANGELES

Tough Choices for a Brighter Future
On the day that I took office, I challenged Angelenos to start thinking big again, and I promised to be a mayor willing to confront our biggest challenges.

As I present my first budget, I have come to realize that there may be no greater challenge than developing a financial plan for Los Angeles that balances our immediate needs against our long-term aspirations.

In the end, this is the same dilemma that confronts every family in our City every single day: it’s about making hard choices and facing hard truths. And it’s about recognizing that we can’t do the big things if we stick to the same policies that have brought us to this point.

Our City stands at a crossroads. Together we face an inherited structural deficit that we can no longer mask with one-time fixes and fiscal gimmicks. We have to face our future decisively and directly.

In my budget for Fiscal Year 2006-2007, I have proposed addressing the inherited deficit head-on by making the tough decisions necessary to put Los Angeles on a new path for the coming years, one that will lead to genuine fiscal accountability and truth in budgeting.

These decisions are grounded in the reality of the City’s fiscal condition, a condition which, if left unchecked, will severely limit our ability to provide even the most essential services in years to come. More importantly, our financial plan reflects the larger value that says we need to make our public institutions more accountable, more transparent and more customer-oriented.

That means taking the first steps to eliminate the structural deficit while investing in critical services and in those programs that have proven to yield the best outcomes. To achieve the goal of eliminating the inherited deficit in five years, I have called for slowing the growth of our expenditures by eliminating vacant positions, actively managing to reduce costs in workers’ compensation and refraining from expanding services or adding new services that are not essential to the operation of the City. My focus is on increasing effectiveness, efficiency and accountability in our current services and operations.
Ultimately, a budget is a statement of values. On July 1, I shared my dreams with you of making Los Angeles the Venice of the 21st Century. I asked you to join me in leading LA’s transformation into:

- A Los Angeles of Boundless Opportunity for All of Our Children
- A Safer City
- The Greenest Big City in America
- A Commuter-Friendly Community
- A Place Families Can Afford to Live
- The Leading Economic and Cultural Center of the World

These are tall goals, but I believe that our first budget makes the hard choices and the necessary investments to maintain City services and lay the groundwork for the LA of our dreams. My proposed budget includes a number of strategic new investments in Education, Youth and Families, Public Safety, Energy and Environment, Transportation and Infrastructure, Housing and Economic Development.

**Education, Youth and Families**

While we work to transform our public schools into a high-performing system, the City of LA must work aggressively to better coordinate services with our schools. Moreover, we need to invest directly in programs focused on improving the conditions necessary for learning and addressing the social conditions contributing to youth participation in gangs and criminal activity. These investments include adding funding to expand employment opportunities for youth year-round through the Learn & Earn program, continuing support for the LA’s BEST and LA Bridges programs and dedicating funds for the Gang Reduction Program, which applies a comprehensive, collaborative strategy in targeted neighborhoods to both prevent youth gang activity and intervene positively in the lives of kids.

**Public Safety and Homeland Security**

A successful public safety program revolves around reducing crime while maintaining the highest level of diversity, civil liberties and community trust. To that end, my FY2006-07 proposed budget focuses on improving the City’s ability to reduce crime and upholding a commitment to diversity and tolerance within and between our public safety departments and the public.

The cornerstone of this year’s budget is our strategic plan to recruit, hire and train 650 new police officers in FY2006-07. This target represents the continuation of a five-year hiring plan to bring the LAPD up to full force. It includes investment in an expanded and redesigned recruitment program and funding in critical areas within the police and fire departments that handle complaint investigations, disciplinary process and civil rights enforcement.
The ongoing threat of global terror makes it urgent that we improve our City’s counter-terrorism and disaster preparedness capabilities. As such, my proposed budget includes resources for new positions in the Police, Fire and Emergency Preparedness Departments to accomplish the following key goals: 1) enhance counter-terrorism information sharing; 2) protect our critical assets; 3) prepare our communities for a terrorist attack or natural disaster; and 4) save lives by bolstering emergency planning efforts.

Energy and Environment

Protecting the quality of the water we drink and the air we breathe is critical for the well-being of all Angelenos. I am challenging Angelenos to take a national leadership role in conservation and recycling and to move Los Angeles toward the goal of being the “greenest” big city in America. My proposed budget reflects this goal by launching the Million Trees Initiative, creating a planning and development team in the Department of Recreation and Parks to assess community needs, develop park master plans and assess adequacy of open space in our urban areas and plans for land acquisitions. In the coming year, I propose to pursue alternative technologies to trash disposal and provide our Environmental Affairs Department with the management resources to drive my green agenda forward.

Transportation and Infrastructure

Los Angeles needs a comprehensive transportation strategy that aims to provide safe, efficient and environmentally responsible movement of people and goods in the City. In my proposed budget, I have laid the foundation of a bold transportation agenda that will reduce traffic congestion and better connect communities to each other by investing in transportation improvements such as traffic signal synchronization, more investment in public transportation and common sense traffic plans. Similarly, I have added resources that will help Los Angeles grow smarter by providing resources to the Planning Department at a level that will ensure community area plans are updated.

Economic Development

To transform Los Angeles into the leading economic and cultural capital of the Pacific Rim, I am directing the Los Angeles World Airports and Harbor Department to position themselves as the hubs for lucrative trade flows. We are committed to growing and greening our ports, not only to increase the quantity and quality of jobs by stimulating the economy, but also to improve the quality of life around the region.

We won’t reach our dreams if we’re not willing to make the tough choices now. Let’s join together and ensure a brighter future for all Angelenos.

Very Truly Yours,

Antonio R. Villaraigosa
Reading the Budget Summary

The budget summary presents a highlight of the services that I propose to fund in FY2006-07 within the following five focus areas:

- Education, Youth and Families
- Public Safety and Homeland Security
- Energy and Environment
- Transportation and Infrastructure
- Housing
- Economic Development

To provide context as to how my proposed budget was developed I have also included the following sections:

1. The Neighborhood Council Budget Process:
   This section provides a brief overview of how neighborhood councils have been engaged in the development of the budget and presents their budget priorities.

2. Addressing the Inherited Structural Deficit:
   This section provides a description of the Inherited Deficit, how it came to be and the actions that I am taking to begin the elimination of the Inherited Deficit in five years.

3. Police Hiring Plan:
   This section presents my plan to build and finance a full force in the Los Angeles Police Department, the cornerstone of my proposed budget.

4. Financial Overview:
   This section describes the projected revenue that is anticipated to fund my proposed budget and discusses trends in major revenue categories.
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Neighborhood Councils and the Budget Process

Since 2002, the City’s neighborhood councils have provided important input in the development of the City budget. This year, the Mayor’s office convened two hundred neighborhood council representatives in City Hall on October 1, 2005, to discuss the budget. A survey was distributed to gain neighborhood council input on how the City’s budget could best serve the people of Los Angeles. The issues presented were difficult and real – the same issues the Mayor was confronted with in developing the budget.

Survey results were received from over six hundred elected neighborhood council leaders and compiled on a regional and citywide basis and presented to neighborhood councils for further discussion. The budget priorities identified, the first of seven key questions, are presented below.

Mayor’s Budget Survey for FY2006–2007: Ranking of Budget Priorities

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<th>Central</th>
<th>East</th>
<th>Harbor</th>
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<th>South Valley</th>
<th>South</th>
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<td>and Sidewalk Repair</td>
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<td>1</td>
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<td>Parking Enforcement, Signal</td>
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<td>Homeland Security and Public</td>
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The Mayor’s office then developed a budget poster explaining the budget and process on one side and the survey results on the other. In January, neighborhood councils selected one hundred-plus representatives to analyze the budget survey results by planning area. At the end of this session, neighborhood council participants selected two budget representatives from each of the seven planning areas. In February, the Mayor met with these fourteen representatives to discuss the budget priorities of their respective regions in greater detail. This combined input provided valuable information and insights.

As the proposed budget moves forward to the City Council for its consideration, neighborhood councils are encouraged to continue their participation in the Council’s budget hearings. A final session on this year’s budget and a conversation on next year’s budget input process will be convened by the Mayor’s office at the upcoming June 17th Neighborhood Congress.
Building the Budget: Engaging Neighborhood Councils

It takes ten months to build the City’s budget and to finalize its approval. Neighborhood councils have been involved in this process from early on. The budget development process began formally in September 2005 with the Mayor’s initial budget instructions to general managers, and will continue until the Council adopts a budget for FY2006-07.

### September

**Mayor’s budget policy letter released**

### October 1

Community Budget Day introduced the community to the FY2006-2007 budget process and sought neighborhood council perspectives via the budget survey

### October – December

Neighborhood councils reviewed and completed surveys and deliberated on regional budget priorities

### December 15

Neighborhood council surveys were due to Mayor’s office

### January 21

Neighborhood council budget representatives met to review survey results and discuss regional budget priorities

### February 25

Mayor’s meeting with regional budget representatives to discuss citywide and regional budget priorities

### April 20

Mayor’s FY2006-07 proposed budget is released

### May – June

City Council consideration of proposed budget and final budget adopted

### June 17

Neighborhood Congress session on this year’s and next year’s neighborhood council budget input and process
Addressing the Inherited Structural Deficit

According to the City Charter, the City must adopt a balanced budget each year. When I took office on July 1st, I inherited a budget that had been balanced using temporary fixes. The FY2005-06 adopted budget included $3.95 billion in expenditures from the General Fund, but only $3.66 billion in projected revenue. To present the appearance of a balanced budget, the City had to dip into its “savings account,” called the Reserve Fund, to make up the difference. The $295 million that was used to balance the budget last year is the structural deficit inherited on July 1st, which I committed to eliminating in five years.

What Is A Structural Deficit?

A structural deficit is caused when you continually spend and save more money than you earn. When a budget is balanced correctly, program expenditures (spending) plus reserves (savings) are less than or equal to revenue. It’s a simple equation, but one which due to unforeseen impacts on revenue as well as ever-escalating costs of providing services, has grown out-of-balance. The imbalance has resulted in the City increasingly relying on one-time solutions and short-term fixes to present the appearance of a balanced budget.

The budget equation should work like this:

\[
\text{Revenue} = \text{Program Expenditures} + \text{Reserves}
\]

(What you earn = What you spend + Savings)

Unfortunately, it’s been working like this:

\[
\text{Revenue} + \text{Reserve Fund Transfer} = \text{Program Expenditures} + \text{Reserves}
\]

(What you earn + Transfer from Savings = What you spend + Savings)

Why Can’t We Rely On the Reserve Fund to Balance Our Budget Every Year?

Any revenue the City is counting on receiving in a year should be based on actual trends and economic conditions and forecasts. The City cannot depend on the Reserve Fund every year to balance its budget because much of the Reserve Fund comes from unanticipated and one-time revenue. While the one-time solution of a Reserve Fund transfer has helped balance the budget in the past few years, continuing with this practice will create a structural deficit that will grow to $450 million in just five years. It is highly improbable that the City will have enough funds in the Reserve Fund to help close this huge gap.
History of the Structural Deficit

Prior to FY2001-02, the City’s expenditures and revenues were fairly well balanced. Each year the City spent about the same amount of money that it received in taxes, fees and grants. Sometimes the City had to rely on relatively small transfers from the Reserve Fund to balance the budget.

ANNUAL RESERVE FUND TRANSFER
FY1996-97 THROUGH FY2000-01

ANNUAL RESERVE FUND TRANSFER
FY2001-02 THROUGH FY2005-06

What Caused the Structural Deficit?

In FY2001-02, the City experienced a financial “perfect storm” that strained its budget and caused a serious imbalance between expenses and revenue. This financial “perfect storm” was generated by a series of unforeseen events that impacted our economy and the City’s ability to meet its projected revenue:

- The dot.com industry collapsed and events that had been booked at the LA Convention Center were cancelled. The projected convention/tourism and hotel revenue for the City nearly vanished.
- The dot.com industry collapse caused lower-than-expected returns from the stock market, resulting in the City’s Pensions and Retirement System accounts to lose value dramatically. The City had to contribute more toward Pensions/Retirement to make up for the lost value in the stock portfolio.
- The horrific 9-11 terrorist attacks caused travel-related business and tourism to decline dramatically here as elsewhere in the United States.
- The impacts on the State Budget as a result of these same events caused the State to balance its budget by taking money from cities, counties and redevelopment agencies.
- LAPD’s Rampart scandal triggered a Consent Decree in FY2001-02. Compliance with the Consent Decree has added $110 million in General Fund costs over the last four years.

In addition to the dot.com, stock market and State budget impacts, medical costs increased rapidly. The City’s health insurance and workers’ compensation costs rose 102% from FY2001-02 to FY2005-06. Costs rose from $214 million per year to $432 million per year – a $218 million increase over four years.
How Much Reserve Fund Money is Available to Help Balance the FY2006-07 Budget?

The Mayor is committed to changing course, beginning the hard work of eliminating the structural deficit over the next five years. While the City is currently not in a financial position to completely eliminate the need for a Reserve Fund Transfer in FY2006-07, this budget takes the first significant steps in that direction.

The proposed budget includes a Reserve Fund Transfer of $248 million to help balance the FY2006-07 budget. This transfer is $47 million less than the transfer made in FY2005-06. Of the $248 million transfer, approximately $159 million represents higher than expected revenue in the current year. The budget also anticipates about $65 million in departmental funds left over (reversions) on June 30, 2006, based on historical patterns.

How Will the Structural Deficit Be Solved?

It will take several years for the City to work its way out of the structural deficit. The City’s Financial Policies provide a solid direction for achieving this goal of fiscal responsibility. These policies mandate numerous actions that should be taken while budgeting and throughout the course of the year including using ongoing revenues to fund ongoing expenses and only using one-time revenues for one-time expenditures. However, unless there is steadfast courage by the City’s leaders to adhere to these policies, our fiscal condition will worsen.

The Mayor’s proposed budget relies on departmental efficiencies and reductions to help slow the growth of our expenditures. Reductions include eliminating vacant positions in departments and decreasing funding for equipment, travel and contractual services. Furthermore, as departmental audits by the City Controller have shown, many departments are not doing enough to collect the revenue that is rightfully owed to the City. As such, the Mayor has pushed departments to do all they can to meet the realistic targets that this proposed budget sets. These targets will be closely monitored by the Mayor’s Office and the City Administrative Officer. Also, where necessary, this budget proposes the adjustment of existing fees to ensure that the City is recovering the costs associated with providing services.

Demanding Performance for Every Taxpayer Dollar

In order to eliminate the structural deficit over time, it will be necessary to continually identify savings and to demand better service for each and every taxpayer dollar. Accordingly, this budget proposes the creation of a Performance Management Unit (PMU) in the Mayor’s Office. Patterned after a successful, innovative unit developed in Prime Minister Tony Blair’s administration in the United Kingdom, the Mayor’s PMU will develop and implement management systems and processes both to measure progress towards City goals and to hold General Managers and their respective departments directly accountable for effective and efficient service delivery. The PMU’s mandate will be maximum service and efficiency. Working closely with department leaders, the PMU will scour the City for operational efficiencies and budgetary savings on an ongoing basis. Over time, it will serve as a mechanism to build much-needed middle management capacity and department accountability.

The unit will be staffed in part with current City employees through a new “Mayor’s City Fellows” Program. General managers will be asked to nominate one of their “best and brightest” to join this unit. Six to eight City employees will be chosen from among those nominated. The Fellows program will allow the PMU to take advantage of the talent of existing City employees, and combine their line experience with the expertise of individuals from other sectors who have utilized performance-based systems to drive accountability and improve services.

Showing We Can Improve Service and Cut the Deficit

While reducing the deficit, this proposed budget makes investments necessary to build the economic base of the City. These investments include fixing our streets to allow for the improved movement of goods and people, funding more affordable housing opportunities, expanding the number of law enforcement officers on the street and improving the quality and speed of our building plan check and inspection functions.

These are a handful of actions that the Mayor has initiated to begin to solve the structural deficit. The solutions will not be easy. They will continue to evolve over time, and will be given greater shape and definition as the Mayor’s PMU helps the City’s departments achieve meaningful results. The Mayor is committed to restoring fiscal accountability and improving the quality of government service for all Angelenos, and we look forward to the day when the structural deficit is a thing of LA’s past.
Building a Full Force in LAPD

With only 25 police officers for every 10,000 residents, the Los Angeles Police Department (LAPD) remains significantly understaffed compared to other large cities across the country. Despite this lack of resources, Chief William Bratton has provided the leadership required to maintain LAPD’s position as a world-class law enforcement agency. The City of Los Angeles deserves a police department with the resources necessary to handle the challenges of a modern urban city. To truly improve our ability to reduce crime and protect our residents, the LAPD needs additional police officers. To meet this challenge, we will begin this year to provide the funding and support necessary to build a full force within the LAPD by setting forth a plan to hire 1,000 police officers by FY2009-10.

Beginning this year, the City will commit to a strategic five-year plan that calls for the hiring of 650 police officers in FY2006-07 and 780 officers in each of the three years thereafter. Due to the large number of officers retiring over the next five years as a result of the Delayed Retirement Option Plan (DROP) and the addition of new officer positions, this level of hiring is needed to ensure that the department expands with an additional 1,000 new officers.

Expansion of the LAPD will be a collaborative effort between the Police Department and Personnel Department. Thus, my proposed budget identifies resources in both departments to improve the recruitment and selection processes for police officers. These resources will allow both departments to significantly improve the recruitment process, attract highly-qualified applicants and streamline the hiring process.

I am confident this hiring plan will create a stronger LAPD and a safer City.

Financing a Full Force in LAPD

The benefits of a staffing increase for any department must be weighed against the significant deficit facing our City. Available revenues are not adequate to support expanding our police force. To pay for new police officers, the FY2006-07 proposed budget includes new ongoing revenue from a multi-year Sanitation Equipment Charge (SEC) increase that will allow us to hire more officers and expand select, essential City services.

The City of Los Angeles currently pays over $274 million a year to dispose of household trash. Currently, a single-family dwelling pays $11 per month for trash collection, 35 percent of the total cost. The remaining cost is paid from the City’s General Fund and special funds. The multi-year SEC adjustment included in the FY2006-07 proposed budget increases the SEC monthly fee by $7 in FY2006-07 bringing the total monthly SEC to $18 for a single-family dwelling. In FY2009-10, the SEC for a single-family dwelling will increase to $28 per month. The new SEC fee will not fully offset the cost of trash disposal in the City, but it will provide the additional ongoing revenue necessary to fully implement the police hiring plan. Moreover, I remain committed to seeking efficiencies in every department, including the Police Department, which will further assist in expanding our police force.
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<th>FISCAL YEAR</th>
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<td>607</td>
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<tr>
<td>Retirements and Departures</td>
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<td>Net Additional Officers</td>
<td>173</td>
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(Hiring Plan minus Retirements and Departures)

**Impact of Net Additional Officers:**

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**Cumulative City Cost**

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**Cumulative City Cost**

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**Cumulative City Cost**

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**Cumulative City Cost**

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**Cumulative City Cost**

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</tbody>
</table>

Monthly SFD Cost

<table>
<thead>
<tr>
<th></th>
<th>$0.0</th>
<th>$26.3</th>
<th>$82.5</th>
<th>$112.5</th>
<th>$127.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative New City Revenue*</td>
<td>$0.0</td>
<td>$26.3</td>
<td>$82.5</td>
<td>$112.5</td>
<td>$127.5</td>
</tr>
</tbody>
</table>

Cumulative New City Revenue*

*$ in millions

SEC = Sanitation Equipment Charge
SFD = Single Family Dwelling

“I am confident this hiring plan will create a stronger LAPD and a safer City.”

– Mayor Villaraigosa
City of Los Angeles
2006-2007 BUDGET SUMMARY
AS PRESENTED BY Mayor Antonio R. Villaraigosa
FINANCIAL OVERVIEW
Los Angeles is home to film, television and recording industries and the nation’s largest center of international trade. The City’s diverse economic base also includes tourism, technology and business and professional services. As part of the greater Los Angeles region, the City and its residents benefit from nearly one-half million manufacturing jobs in areas such as apparels, computers, electronics, transportation, fabricated metals, food products and furniture, making the City a global center for both commerce and culture.

The City has continued to experience significant economic growth in the past five years. Since 2002, regional statistics show a six-percent average annual increase in taxable sales. For FY2006-07, local economists and industry experts forecast continued economic growth for the local economy.
The health of the local economy is the single-most important determinant of City revenue. Both the University of California, Los Angeles Anderson Forecast for California (UCLA) and the Los Angeles Economic Development Corporation (LAEDC) expect continued economic expansion through FY2006-07 but also foresee the rate of economic growth to slow in large part due to the decline of real estate transactions. However, while economists and industry experts believe that real estate transactions will decline, they also estimate that the strength in other areas will offset declining real estate revenues.

Overall growth in the seven major economy-sensitive revenues is expected to be more than five percent. The seven major economy-sensitive revenues include Property Tax, Utility Users’ Tax, Business Tax, Sales Tax, Documentary Transfer Tax, Transient Occupancy Tax and Vehicle License Fee (VLF).

These seven revenue sources account for 73 percent of all General Fund revenue. The property-related taxes alone account for more than 36 percent of General Fund revenue. The sales, business and transient occupancy taxes account for 22 percent and the utility users’ taxes account for 15 percent.

Although the composite growth in economy-sensitive revenues nearly equals the projected Los Angeles-area economic growth, the actual change in the individual accounts varies widely as a result of policy changes and some economic factors that affect only specific revenues.

The outlook for each revenue source is presented below:

<table>
<thead>
<tr>
<th>REVENUE SOURCES FY2006-07 PERCENTAGE CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
</tr>
<tr>
<td>Utility Users’ Tax</td>
</tr>
<tr>
<td>Business Tax</td>
</tr>
<tr>
<td>Sales Tax</td>
</tr>
<tr>
<td>Vehicle License Fee</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
</tr>
<tr>
<td>Documentary Transfer Tax</td>
</tr>
<tr>
<td>Weighted Average</td>
</tr>
</tbody>
</table>
Employment in Los Angeles

Employment is the primary measure of local economic health. Indices of employment generally focus on non-farm employment.

Employment in Los Angeles County has fluctuated over the last nine years, growing by 1.8 percent annually between 1997 and 2000, and then falling by 1.1 percent in 2002 and 2003. This fall was followed by minimal growth of less than one percent in 2004 and 2005.

For 2006 and 2007, economists forecast continued employment growth. LAEDC projects average employment expansion in Los Angeles County by about one percent in 2006 and 2007, and UCLA projects statewide growth in non-farm employment by 1.5 percent in 2006 and one percent in 2007. Growth in statewide employment typically exceeds Los Angeles area employment growth.

Growth experienced in employment coupled with a decline in the unemployment rate provides a basis for economic optimism. The unemployment rate achieved its lowest level since 1990, falling into the five percent range during calendar years 2000 and 2001 and averaged about seven percent between 2002 and 2004. The rate is projected to fall again to 5.4 percent in 2005. LAEDC forecasts Los Angeles County to achieve a rate of 5.3 percent for both 2006 and 2007.

Personal Income

Change in personal income is another important measure of the local economy, indicating consumer ability to purchase goods and services. Personal income change is an important driver of the City’s diversified tax base. In 2000 and 2001, Los Angeles County personal income grew by an average of 5.6 percent, slowing to 1.9 percent in 2002. The rate of growth increased to 3.7 percent in 2003, then averaged six percent in 2004 and 2005. LAEDC anticipates growth of about six percent in 2006 and 2007, and UCLA projects expansion of Californians’ personal income by five percent in 2006 and 4.7 percent in 2007.

Business Tax Reform

The City’s business tax reform efforts will continue through FY2006-07. During FY2005-06, an exemption for businesses with gross annual receipts below $50,000 was implemented. The exemption ceiling will be raised to $100,000 in FY2006-07. Exemptions for creative artists and motion picture producers were also enacted. The business tax code was also modified to eliminate the tax burden associated with uncollectible receivables. Higher business tax receipts in FY2004-05 triggered a 3.1 percent permanent tax-rate reduction for all tax payers. Depending on the amount of FY2005-06 business tax receipts, the tax rate may be reduced permanently by an additional three percent.

These tax reform measures are part of a continuing commitment to make Los Angeles more business-friendly.
**Taxable Sales**

Employment growth and increases to personal income equate to increases in consumer purchases and taxable sales. In FY1999-00 and FY2000-01, City taxable sales grew by an average of eight percent each year but declined by two percent in FY2001-02. From FY2002-03 to FY2004-05, taxable sales expanded by an average of four percent each year. Based on actual receipts, taxable sales are projected to grow by 7.8 percent in FY2005-06. A five-percent growth is anticipated for FY2006-07, a consensus shared by LAEDC and UCLA.

**Real Estate**

Property tax is the largest source of General Fund revenue, accounting for approximately 32 percent of all receipts. Complex factors stemming from Proposition 13 determine the amount of property taxes the City receives. These factors include a limit on the amount of annual assessments, a control on the rate of inflation and restorations to the tax rolls. Net revenue-producing valuations in the City grew by 7.9 percent in FY2004-05 and 9.9 percent in FY2005-06. The County Assessor anticipates growth of 10.1 percent in FY2006-07.

Another important source of General Fund revenue is the documentary transfer tax, which is based on the dollar value of a transaction as opposed to an assessed property value. In FY2005-06, the documentary transfer tax is expected to achieve an all-time high, then expected to slow by ten percent in FY2006-07.

**Inflation**

Many of the City’s economy-sensitive revenues, such as sales, business and transient occupancy taxes, are affected by the volume of consumer price index, purchases and prices. Inflation, as measured by the local consumer price index was below two percent between 1994 and 1998, averaged three percent between 1999 and 2004 and—reflecting housing and energy volatility—increased to 4.5 percent in 2005. LAEDC forecasts a 4.3 percent inflation rate in 2006 and a 3.5 percent rate in 2007. UCLA forecasts a three percent rate in 2006 and a 2.1 percent rate in 2007.

The forecasted growth of five to six percent in the City’s economy-sensitive revenues coupled with the three to four percent projected growth in the inflation rate suggests continued real economic growth of one to two percent.

**State Fiscal Action**

Overwhelming voter approval of Proposition 1A on the November 2004 statewide ballot has restored predictability to the City’s funding streams used for police, fire and other essential local services. This State Constitutional Amendment prohibits the State of California from taking revenue sources from cities and counties to balance its budget as was done in previous years. In the City’s FY2006-07 budget, $48 million that had been taken by the State in FY2004-05 and FY2005-06 is recognized.
Property Tax

Property tax receipts comprise the largest source of the City’s General Fund revenue, accounting for approximately 32 percent of total receipts. Prior to FY2004-05, property tax receipts typically equaled 20 percent of the General Fund. Total property tax receipts are expected to increase by 13 percent in FY2006-07.

Levies on secured and unsecured property are limited to one percent of the valuation. The City’s normal share of these taxes is about 27 cents on each dollar collected for parcels within City limits; the balance goes to the County of Los Angeles and to schools. The City’s assessed valuations have been growing in recent years by approximately eight percent each year from FY2002-03 through FY2005-06, with growth expected to exceed ten percent in FY2006-07. The active local housing market accounts for most of the valuation increase.

In FY2004-05 the State of California asserted authority over local revenues to help balance the State budget by taking portions of the City’s sales tax and Vehicle License Fee (VLF) receipts. To offset the local revenue loss, the State also redirected additional property taxes to the City. As a result, sales tax and VLF receipts are a smaller share of the budget total while property tax comprises a larger percent.

To restrict future state impacts on local revenues, voters approved Proposition 1A in the November 2004 statewide election, thereby limiting the State’s authority to balance its budget with local revenues. Also, beginning in FY2006-07, more than $48 million in City property tax revenue redirected by the State to finance school obligations in prior years will be returned to the City. The return of this money, coupled with the anticipated ten percent increase in valuations, accounts for the projected 13 percent property tax revenue increase.
Utility Users’ Taxes

The utility users’ tax revenue category includes taxes received from users of electric, gas and telephone services. These are collectively budgeted as the utility users’ tax and constitute 14 percent of General Fund revenue, the second largest source.

Utility users’ tax receipts are expected to grow by less than one percent in FY2006-07 after experiencing three percent growth in FY2005-06 and two percent growth in FY2004-05. Growth in prior years is primarily related to the dramatic increase in natural gas prices.

— Telephone Users’ Tax

Projected revenue in FY2006-07 is $270 million, about the same as in FY2005-06, a change from the one-percent per year increase in receipts since FY2003-04. Changing technologies in the telephone marketplace, such as an increased reliance on wireless telephone and voice-over-internet services, have created uncertainties about this revenue source. Pending legal challenges and possible federal and state legislation to limit local control of this long-term local revenue threaten the City’s ability to collect this revenue in future years beginning as early as FY2007-08. The Mayor has created a communications tax equity task force charged with evaluating options and making recommendations for modernizing the City’s communications-related taxes and fees. Protection of the City’s telephone users’ tax is an important component of a sustainable long-term City revenue base.

— Electric Users’ Tax

Projected revenue in FY2006-07 from this source is $247 million, and accounts for about six percent of General Fund revenue. Almost all electric users’ tax is received from the Department of Water and Power billings, which are directly tied to power sales in the City. Power sales and City receipts are expected to grow by more than one percent, which is consistent with the growth during the last five years.

— Gas Users’ Tax

Projected revenue in FY2006-07 from this source is $97 million, the same as in FY2005-06. This estimate is based on the Southern California Gas Company’s forecast of the natural gas market, long considered the best forecast of natural gas prices. The average price of natural gas during FY2006-07 is expected to remain constant from the FY2005-06 price, but the actual price of natural gas and related tax revenue will continue to be unstable as in recent years.
License, Permits and Fees

The sources that contribute to this revenue include fees collected by various departments for services, such as animal registrations and ambulance services. Additionally, more than one-half of this revenue comes from reimbursements from special funds and proprietary departments for services paid for by the General Fund, such as health insurance. Modest growth in this revenue source is expected.

In FY2006-07, revenues attributed to ambulance services and reimbursements for services provided to the propriety departments, including the Los Angeles World Airports (primarily due to police overtime), the Harbor Department and the Department of Water and Power for implementation of State-mandated laws, will increase. Among other special fund reimbursements, the General Fund will receive Building and Safety Enterprise Fund seed funding and reimbursements related to the Sanitation Equipment Charge. Revenues in this category have declined for overhead reimbursements from the Stormwater Special Fund, Gas Tax Special Fund and block grant special funds.

Sales Tax

Sales tax is the City’s most volatile economy-sensitive revenue. Most economists predict continued economic growth in FY2006-07, slower than the growth rate experienced in FY2005-06. City taxable sales typically grow at a slower rate than statewide sales. During the last ten years, City taxable sales trailed statewide activity by 1.5 percent. This is due in part to the greater availability of undeveloped land outside the City, which limits the opportunity for retail growth in the City. Forecasts of growth in statewide taxable sales for FY2006-07 range from 4.9 to 8.9 percent. The average is 6.1 percent, suggesting citywide growth of 4.6 percent. The budget forecast anticipates five percent growth in local taxable sales, which is attributed to the LAEDC forecast of 6.2 percent growth.

The State economic recovery bond measure approved by the electorate in March 2004 temporarily decreased the City sales tax rate from one percent to 0.75 percent beginning July 1, 2004. This sales tax reduction is tied to a tax swap that now redirects additional property tax revenues to the City in an amount equal to the sales tax reduction. Total combined sales tax and replacement property tax revenue is anticipated to be $450.8 million.
Business Tax

The FY2006-07 revenue estimate for business tax is based on economic growth of five percent with adjustments to account for non-recurring items, tax discovery, other compliance measures and revenue decreases associated with business tax reform. Reform measures include a business tax exemption for businesses with gross receipts below $100,000. In addition, a four percent cut to the tax rate is projected in FY2006-07 and factored into this estimate.

A 3.1 percent permanent tax rate reduction occurred in FY2005-06 due to business tax revenue exceeding the FY2004-05 revenue threshold established by ordinance. If actual FY2005-06 revenue exceeds the baseline amount of $401 million by one percent, an additional permanent business tax reduction to all business taxpayers would be triggered beginning in FY2006-07. The actual amount of the tax rate reduction in FY2006-07 would equal the percentage increase in FY2005-06 above the baseline amount of $401 million, but not to exceed four percent. The Office of Finance currently projects that the full four percent tax rate reduction will be triggered. Coupled with the earlier permanent tax cuts, the total permanent tax rate cut to businesses in the City over the last two years will be 7.1 percent.

State Motor Vehicle License Fees

The Vehicle License Fee (VLF) is an “ad valorem” tax and is based on the value of all registered vehicles in the State. The VLF is traditional local revenue and has been collected as unsecured property tax. In the 1930s, the State began collecting this local revenue and distributing receipts to local governments in lieu of property taxes. In 1999, the State began reducing the amount of the VLF from two percent to 0.68 percent. The total amount of the VLF available for distribution to local governments was proportionately reduced.

As a result of these actions, a small amount if this revenue is available for distribution to the City. In FY2002-03, the City’s portion of VLF revenue was $224 million. In FY2006-07, the City’s portion of VLF revenue is anticipated to be about one-tenth of that amount. However, the lost VLF revenue is scheduled to be offset by additional property taxes. Together, the VLF revenue and additional property tax revenue for FY2006-07 is anticipated to be $294 million – close to the same amount the City would have received under the traditional VLF system.
General Fund Revenue Changes, CONTINUED

**Transient Occupancy Tax**

City hotel tax revenue declined 13 percent in FY2001-02, largely due to the combined effects of an economic downturn from post-September 11 changes in travel patterns and fewer-than-expected convention bookings. Revenue continued to decline by one percent in FY2002-03 but increased by six and ten percent in FY2003-04 and FY2004-05, respectively. Revenue is projected to decline by four percent in FY2005-06, but actual taxable hotel sales are projected to increase by 12 percent. As a result of increased hotel sales and an increased audit penetration rate, this revenue source is projected to increase in FY2006-07 by nine percent above the FY2005-06 level.

**Documentary Transfer Tax**

The Southern California real estate market has recorded double-digit increases to median home prices from FY2002-03 through FY2005-06. The market is expected to slow in the coming years as signaled by the fact that the rate of price appreciation has slowed recently and the volume of transactions has dropped steadily. Estimates for FY2006-07 documentary transfer taxes are premised on a declining volume of real estate activity and a slower rate of home price increases. Due to declining volume and more stable prices, the forecast for FY2006-07 anticipates a ten percent decline in City revenue from the FY2005-06 level.
Other Significant Revenue Issues

Transfers from the Department of Water and Power

In FY2006-07, the Department of Water and Power will continue the water revenue transfer at five percent of the Department’s revenue and the power revenue transfer at seven percent. According to the Department of Water and Power’s General Manager, water and power transfer amounts will equal $31.6 million and $174.2 million, respectively.

Interest Income

General Fund interest income in FY2006-07 is anticipated to be $43.1 million. This amount is $4.9 million more than the FY2005-06 estimate. Interest rates and the cash balances available for investment are projected to increase. As in recent years, additional interest income is anticipated to be generated with temporarily idle funds from the sale of tax revenue anticipation notes (TRANS), which are used to meet the City’s short-term cash flow needs. TRANS-related net benefit are expected to amount to $8.9 million.

Parking Fines

Parking fine revenue is projected to increase by eight percent to $121.5 million reflecting the addition of 64 traffic officers in FY2005-06 and FY2006-07. The increase also reflects the partial-year impact of implementing a parking fine increase of $5 on parking citations and late payment penalty.
### EXHIBIT 1: Summary of Receipts

<table>
<thead>
<tr>
<th>General Revenues</th>
<th>ADOPTED BUDGET FY 2005-06</th>
<th>ESTIMATED BUDGET FY 2005-06</th>
<th>BUDGET FY 2006-07</th>
<th>PERCENT CHANGE FROM ESTIMATED BUDGET 10 FY 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Tax</strong></td>
<td>$1,100,262,000</td>
<td>$1,114,955,000</td>
<td>$1,298,371,000</td>
<td>15%</td>
</tr>
<tr>
<td>Utility Users’ Tax</td>
<td>588,394,000</td>
<td>610,340,000</td>
<td>613,448,000</td>
<td>1%</td>
</tr>
<tr>
<td>Licenses, Permits, Fees and Fines (2)</td>
<td>438,924,415</td>
<td>482,162,000</td>
<td>516,288,000</td>
<td>7%</td>
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<tr>
<td>Business Tax</td>
<td>385,145,000</td>
<td>420,220,000</td>
<td>421,720,000</td>
<td>0%</td>
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<tr>
<td>Sales Tax</td>
<td>310,986,000</td>
<td>321,977,000</td>
<td>338,807,000</td>
<td>5%</td>
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<tr>
<td>Documentary Transfer Tax</td>
<td>156,000,000</td>
<td>213,946,000</td>
<td>192,500,000</td>
<td>-10%</td>
</tr>
<tr>
<td>Power Revenue Transfer</td>
<td>160,000,000</td>
<td>157,894,000</td>
<td>174,200,000</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$5,985,274,079</td>
<td>$5,997,313,913</td>
<td>$6,672,047,645</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Special Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Special Purpose Funds</strong></td>
<td>$1,693,039,606</td>
<td>$1,840,602,913</td>
<td>$1,865,102,941</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Special Revenues</strong></td>
<td>$4,156,711,000</td>
<td>$4,336,732,092</td>
<td></td>
<td>65%</td>
</tr>
<tr>
<td><strong>Transfer from Reserve Fund</strong></td>
<td>295,265,091</td>
<td>295,265,000</td>
<td>248,099,092</td>
<td>-16%</td>
</tr>
</tbody>
</table>

#### Total General Fund

- **Total General Fund**: $3,947,094,506
- **Total General Fund**: $4,156,711,000
- **Total General Fund**: $4,336,732,092
- **Percent Change**: 4%
- **Percent Out of Total Revenue**: 65%

#### Special Revenues

- **Sewer Construction and Maintenance Fund**: $643,737,762
- **Bond Redemption and Interest**: 163,430,450
- **Building and Safety Enterprise Fund**: 104,630,456
- **Solid Waste Resources Revenue Fund**: 85,888,000
- **Proposition A Local Transit Assistance Fund**: 99,893,000
- **Special Gas Tax Street Improvement Fund**: 88,353,103
- **Prop. C Anti-Griddlock Transit Improvement Fund**: 62,866,000
- **City Employees’ Retirement Fund**: 43,705,000
- **Street Lighting Maintenance Assessment Fund**: 47,902,790
- **Local Public Safety Fund**: 34,000,000
- **Special Parking Revenue Fund**: 33,650,055
- **Stormwater Pollution Abatement Fund**: 31,030,022
- **Code Enforcement Trust Fund**: 21,938,876
- **Community Development Trust Fund**: 31,303,426
- **Affordable Housing Trust Fund**: 17,500,000
- **Convention Center Revenue Fund**: 22,715,000
- **Police Comm/211 System Tax Fund**: 21,761,757
- **Zoo Enterprise Fund**: 17,592,066
- **Fines–State Vehicle Code**: 17,500,000
- **Citywide Recycling Fund**: 15,317,000
- **Allocations from other sources**: 10,380,093
- **Workforce Investment Act**: 12,936,299
- **Rental Stabilization Trust Fund**: 8,981,555
- **Arts and Cultural Facilities and Services Fund**: 8,890,000
- **L. A. Convention and Visitors Bureau Fund**: 8,605,000
- **HOME Investment Partnerships Program Fund**: 7,471,500
- **Neighborhood Empowerment Fund**: 8,545,878
- **Supplemental Law Enforcement Services**: 5,800,000
- **Landfill Maintenance Special Fund**: 2,426,000
- **Mobile Source Air Pollution Reduction Fund**: 4,550,000
- **Tax Reform Fund**: (4,853,050)
- **Telecommunications Development Account**: 7,379,422
- **El Pueblo Revenue Fund**: 3,427,518
- **Staples Arena Special Fund**: 3,350,000
- **City Employees' Ridesharing Fund**: 2,593,844
- **Park and Recreational Sites and Facilities Fund**: 1,800,000
- **Local Transportation Fund**: 2,301,000
- **City Ethics Commission Fund**: 2,166,152
- **Community Services Administration Grant**: 1,976,468
- **Municipal Housing Finance Fund**: 4,197,792
- **Major Projects Review Trust Fund**: 2,917,000
- **Household Hazardous Waste Special Fund**: 1,815,000
- **Efficiency and Police Hiring Trust Fund**: 4,414,000
- **Older Americans Act Fund**: 1,585,000
- **Street Damage Restoration Fee Fund**: 1,130,000
- **Arts Development Fee Trust Fund**: 1,375,000
- **Housing Opportunities for Persons with AIDS**: 339,357
- **Procurement Reengineering Trust Fund**: 286,300
- **Local Law Enforcement Block Grant Fund**: 75,800
- **VLF Gap Loan Financing Proceeds Fund**: 3,371,381
- **Forfeited Assets Trust Fund**: 2,563,104
- **Fire Safety & Paramedic Comm. Eq. Tax Fund**: (652,405)
- **Disaster Assistance Trust Fund**: (21,225,597)

#### Total Special Purpose Funds

- **Total Special Purpose Funds**: $1,693,039,606
- **Total Special Purpose Funds**: $1,840,602,913
- **Total Special Purpose Funds**: $1,865,102,941
- **Percent Change**: 1%
- **Percent Out of Total Revenue**: 28%

#### Total Available Balances

- **Total Available Balances**: $345,139,967
- **Total Available Balances**: $470,212,612
- **Percent Out of Total Revenue**: 7%

#### Total Receipts

- **Total Receipts**: $5,985,274,079
- **Total Receipts**: $5,997,313,913
- **Total Receipts**: $6,672,047,645
- **Percent Out of Total Revenue**: 100%
<table>
<thead>
<tr>
<th>Department</th>
<th>SALARIES</th>
<th>EXPENSE</th>
<th>EQUIPMENT</th>
<th>SPECIAL</th>
<th>TOTAL PROPOSED FY 2005-06</th>
<th>ADOPTED FY 2006-07</th>
<th>CHANGE</th>
<th>PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$2,780,595,786</td>
<td>$485,443,928</td>
<td>$26,542,172</td>
<td>$3,379,465,759</td>
<td>$6,672,047,645</td>
<td>$5,885,274,079</td>
<td>$786,773,566</td>
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<tr>
<td>Appropriations to Library Fund</td>
<td>–</td>
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<td>Appropriations to Recreation and Parks Fund</td>
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<tr>
<td>Appropriation to City Employees' Retirement</td>
<td>–</td>
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<tr>
<td>Appropriations to Fire &amp; Police Pension Fund</td>
<td>–</td>
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<tr>
<td>CIEP - Municipal Facilities</td>
<td>–</td>
<td>–</td>
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<td>–</td>
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<td>CIEP - Physical Plant</td>
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<td>CIEP - Wastewater</td>
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<td>General City Purposes</td>
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<td>Special Parking Revenue Fund</td>
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<td>Water and Electricity</td>
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<td>Other Special Purpose Funds</td>
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<td>$5,885,274,079</td>
<td>$786,773,566</td>
<td>11.5%</td>
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</tbody>
</table>
Education, Youth and Families

**OUR ASPIRATION:** Los Angeles children and their families are safe and healthy and they flourish in every neighborhood, enjoying an array of enriching activities in which to participate. Youngsters attend world-class public schools that support their individual achievement and opportunity.

**Focus Area Overview**

The future of our City is inextricably entwined with the quality of our public schools. I fervently believe that every child can learn and achieve at high levels and that access to the opportunities a world-class education offers is the right of every youngster in our City and the responsibility of our City's leaders to provide. Los Angeles will not recognize its potential as a great global engine of innovation and promise if children in all neighborhoods do not have the skills and horizons to recognize their own dreams and potential. The stakes for these young people, for their families and for Los Angeles, California and our nation are enormous.

For its part, city government's role is to support and improve the conditions for learning. Underlying my proposed budget is a call for leadership and collaboration. I am seeking an intensified focus of resources to support children and families, through unique strategies that expand, integrate and create synergy among City departments and commissions, and between the City of Los Angeles, the Los Angeles Unified School District, the County of Los Angeles and nonprofit organizations serving young people and their families. Historically, the City has implemented a variety of programs to address the needs of children outside the schoolhouse – at parks and libraries through recreation, community and cultural centers, youth centers, by the police and fire departments and by hundreds of community-based organizations receiving City funding and support. However, the needs of children and youth are addressed by several City departments and the services provided have often been fragmented and thus inefficient and not wholly effective. In the coming year and beyond, City department leaders need to take steps to collaborate more effectively with one another and community partners in promoting the well-being of our children and youth. Each City department shares in the collective responsibility to improve the community conditions necessary for learning.

**Key Outcomes**

- Improve the conditions necessary for learning
- Ameliorate the social conditions that contribute to youth participation in criminal activity
- Engage the greater Los Angeles community in the educational system and plans for change
Funding Education, Youth and Families Needs

My FY2006-07 budget creates a new Los Angeles Safe Havens’ Network to systematically connect City facilities and programs to youth all around the City. Also included is an increase in the number of hours at all 63 community libraries – to be open six days and 52 hours per week – with operations at the nine regional libraries (including the Richard J. Riordan Central Library) to be open seven days and 60 hours per week. Other measures in the budget expand upon a promising program, Learn & Earn, to grow and connect employment and educational options for eleventh and twelfth graders in Los Angeles. The budget continues funding for after-school programs including LA’s BEST, building upon the $7 million in philanthropic support I was proud to help raise, which enabled 17 new sites to open.

Investments are made in gang-diversion initiatives as well as neighborhood facilities and programs to both prevent youth gang activity and intervene in youths’ lives to provide positive alternatives to gang life.

My budget also proposes that entrance to all municipal pools be free, with the admittance pass being a current library card. Because schools should be the center of communities, I propose dedicating new resources to foster, speed up and generate joint-use projects between the City of Los Angeles and the Los Angeles Unified School District, leveraging $80 million in voter-approved funds to create community accesses to new pools, athletic fields, gymnasiums and auditoriums.

Key Services Funded

<table>
<thead>
<tr>
<th>Key Service</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>Youth Employment Program</td>
<td>General City Purposes Fund</td>
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<tr>
<td>Learn &amp; Earn</td>
<td>General City Purposes Fund</td>
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<tr>
<td>LA’s BEST</td>
<td>General City Purposes Fund</td>
</tr>
<tr>
<td>LA Bridges I and II</td>
<td>General City Purposes Fund</td>
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<tr>
<td>Library Services</td>
<td>Library Department</td>
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<td>Library Books and Materials</td>
<td>Library Department</td>
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<tr>
<td>Library Technology Enhancements</td>
<td>Library Department</td>
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<tr>
<td>Operation Bright Future</td>
<td>City Attorney</td>
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<tr>
<td>Griffith Park Observatory</td>
<td>Department of Recreation and Parks</td>
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<tr>
<td>Recreational Programs</td>
<td>Department of Recreation and Parks</td>
</tr>
<tr>
<td>Planning and Development</td>
<td>Department of Recreation and Parks</td>
</tr>
</tbody>
</table>
**KEY OUTCOME:**

*Improve the Conditions Necessary For Learning*

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**Los Angeles Safe Havens’ Network**

Improving the conditions necessary for learning begins with providing children a safe learning environment. Initiated in the proposed budget is the development of a Los Angeles Safe Havens’ Network, connecting our public facilities and youth programs to create a citywide system of locations and passages where children feel and are safe. Network locations and passages will include City parks, libraries, community and cultural centers, youth centers, City-funded community-based organizations, fire and police stations and the routes leading to and from school.

Under the Mayor’s leadership, a team of dedicated staff from the Commission for Children, Youth and Their Families (CCYF), Department of Recreation and Parks, Community Development Department, Library Department and the Office of the City Attorney will develop the Los Angeles Safe Havens’ Network. CCYF and staff from the City Attorney’s Kidwatch program will reach out to communities and schools to successfully recruit volunteers and implement the network.

Safe Havens will provide places where children can gather—particularly during after-school hours — and access programs, including technology centers and youth development and recreational programs. They will be identified by the international symbol for ‘Safe Houses,’ which will be made visible in windows and doors of these sites.

<table>
<thead>
<tr>
<th>FUNDING HIGHLIGHTS</th>
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</thead>
<tbody>
<tr>
<td><strong>COMMISSION FOR CHILDREN, YOUTH AND THEIR FAMILIES</strong></td>
</tr>
<tr>
<td><strong>DEPARTMENT OF RECREATION AND PARKS:</strong></td>
</tr>
<tr>
<td>• YOUTH SERVICES AND INTERVENTION PROGRAMMING</td>
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<tr>
<td><strong>CITY ATTORNEY:</strong></td>
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<tr>
<td>• KIDWATCH PROGRAM</td>
</tr>
</tbody>
</table>

**Expanding Library Resources**

New and renovated community libraries must be well stocked and accessible. Libraries provide educational opportunities for learning for all patrons and safe havens for young people. The proposed budget adds $3 million for new books and materials.

<table>
<thead>
<tr>
<th>FUNDING HIGHLIGHTS</th>
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<tbody>
<tr>
<td><strong>LIBRARY DEPARTMENT:</strong></td>
</tr>
<tr>
<td>• ADDITIONAL BOOKS AND MATERIALS</td>
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</table>

**Bridging the Digital Divide**

In many Los Angeles neighborhoods, the library is the only option available to children and their families to access computers. Computers have become an integral library service and are available free of charge at any branch location. Funding is provided to purchase 215 new library patron-use computers, 31 new patron-use printers, ten servers and to extend the bandwidth at community and branch libraries.

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<tr>
<th>FUNDING HIGHLIGHTS</th>
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<tbody>
<tr>
<td><strong>LIBRARY DEPARTMENT:</strong></td>
</tr>
<tr>
<td>• LIBRARY TECHNOLOGY ENHANCEMENTS</td>
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</tbody>
</table>

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“Dream with me of a Los Angeles where kids can walk to school in safety and where they receive an education that gives them a genuine opportunity to pursue their own dreams.”

– Mayor Villaraigosa

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City of Los Angeles Budget Summary
Crisis Response Assistance to LAUSD and Prevention Services

Working closely with the LAUSD Office of Youth Relations, the Human Relations Commission provides crisis response assistance at school sites. Commission staff offer crisis counseling and facilitates focus groups for teachers, parents, students and community members to identify the root cause of incidents and help prevent and resolve them. The Commission also works with the LAUSD Office of Intergroup Relations to identify schools that are potential “hot spots” for tension or incidents and to conduct assessments and offer programs, including Peer Mediation Training, Conflict Management, Human Relations Awareness Training, Civic Engagement and Life Management Training.

FUNDING HIGHLIGHTS

HUMAN RELATIONS COMMISSION:
• LOS ANGELES UNIFIED DISTRICT SUPPORT $0.4 MILLION

Expanding Library Services and Operations

Los Angeles libraries provide a myriad of resources and learning opportunities for all Angelenos. Their resources help children learn to read, give youth an alternative to gangs and crime and provide students with the tools they need to succeed in school. The proposed budget increases the number of hours community libraries operate, with all 63 community libraries expanding to serve six days and 52 hours per week, and nine regional libraries (including the Richard J. Riordan Central Library) open seven days and 60 hours per week.

The completion of construction and renovation projects undertaken by the Library Department represents the largest public library building program in the nation, on time and under budget, with 64 new libraries opening using voter-approved bond funds, 32 of which have opened in the last three years. Utilizing project savings, the Library Department this year will break ground on two new libraries in Exposition Park and in Silver Lake and open a new library in Harbor City. Funding is provided in the Capital Improvement Expenditure Program for the design and construction of the new libraries in Exposition Park and in Silver Lake.

FUNDING HIGHLIGHTS

LIBRARY DEPARTMENT:
• ADDITIONAL HOURS FOR COMMUNITY LIBRARY BRANCHES $1.2 MILLION
• CENTRAL AND BRANCH LIBRARIES $52.5 MILLION
• CHILDREN’S AND TEEN SERVICES $0.8 MILLION
• ELECTRONIC INFORMATION ACCESS PROGRAM $5.6 MILLION

CAPITAL IMPROVEMENT EXPENDITURE PROGRAM:
• EXPOSITION PARK LIBRARY $4.9 MILLION
• SILVER LAKE LIBRARY $3.6 MILLION
Reaching for the Stars

Over the years, Griffith Observatory has offered children and their families one of the most effective local resources for informal science education in Southern California. In October 2006, the Griffith Observatory will once again be open to the public after a four-year renovation. The renovation of the observatory will showcase a new Universarium Mark IX Zeiss projector—one of three such models currently available in the United States. In addition to the new projector and an upgraded planetarium theater, a second theater, the Leonard Nimoy Event Horizon, will open for special lectures and events. The Griffith Observatory has expanded its space from its original 5,000 square feet to 16,000 square feet, while preserving the iconic existing dome and building. With the reopening of the Griffith Observatory, children of all ages will once again be able to explore the stars.

FUNDING HIGHLIGHTS

DEPARTMENT OF RECREATION AND PARKS:

- GRIFFITH OBSERVATORY $5.0 MILLION

Recreational Programs

The proposed budget provides for City recreation programs to provide healthy options for people of all ages year-round through sports, the arts and educational programs. City pools will serve approximately 2.1 million swimmers in 47 year-round and seasonal pools. More than 20,000 residents will play tennis on the City’s 400 tennis courts, and 27 Senior Citizen and Multipurpose Centers will serve 600,000 seniors. More than 170,000 toddlers and youth will take part in pre-school and after-school programs, and almost 400,000 children and adults will participate in sports leagues, LA Kids recreation programs and summer day camps. More than 1.1 million golf rounds will be played at 13 City courses.

FUNDING HIGHLIGHTS

DEPARTMENT OF RECREATION AND PARKS:

- AQUATICS, CAMPS, GOLF, TENNIS, SENIOR CENTERS, SPECIAL RECREATION CENTERS AND CHILD CARE $48.4 MILLION
Youth Employment Program

The Youth Employment Program provides minimum wage employment to youths ages 14-19 during non-school hours. An estimated 1,400 young people will be placed in City departments where they will receive training and work experience. This program is administered by the Community Development Department’s Youth Opportunity One-Source System.

FUNDING HIGHLIGHTS
GENERAL CITY PURPOSES:
• YOUTH EMPLOYMENT PROGRAM $2.0 MILLION

Learn & Earn

Initiated by the Mayor’s office, the Learn & Earn summer youth employment program will hire 1,400 eleventh and twelfth grade students who will go to school in the morning and an employment site in the afternoon, from Monday through Friday for six weeks.

The educational component of the Learn & Earn program will focus its classroom curriculum on preparing the high school students to pass the California High School Exit Exam (CAHSEE). The Learn & Earn program will partner with LAUSD, LAUSD Adult Division, Community Development Department and local Skills and Occupational Centers to implement the program citywide.

FUNDING HIGHLIGHTS
GENERAL CITY PURPOSES:
• LEARN & EARN $2.0 MILLION

L.A. Bridges Gang Prevention Program (LAB I)

A gang prevention program, LAB I is aimed at youth between the ages of ten to 14 who are at risk of gang involvement. Multifaceted in its approach, the program staff work simultaneously with the youth and his or her family, school and neighborhood. For those youth at the highest risk, case management (including individual and family counseling), is provided which includes the development of plans to prevent gang affiliation and monitor individual school performance, anger management, after school activity and parental participation. LAB I currently operates citywide in 27 middle schools.

FUNDING HIGHLIGHTS
GENERAL CITY PURPOSES:
• LA BRIDGES I AND II $12.6 MILLION

COMMUNITY DEVELOPMENT DEPARTMENT:
• LA BRIDGES ADMINISTRATION $2.0 MILLION

Operation Bright Future

Funding is provided to continue Operation Bright Future (OBF), a truancy deterrent program targeting middle school students, which is provided by a partnership between the Los Angeles City Attorney’s Office and the LAUSD. The program helps keep children in school by teaching parents their legal responsibilities, refers parents of truant students to parenting programs and in conjunction with the schools, offers programs to help ensure a child’s attendance.

FUNDING HIGHLIGHTS
CITY ATTORNEY:
• OPERATION BRIGHT FUTURE $0.1 MILLION
LA's BEST

Since 1988, LA's BEST has been providing a safe and supervised education, enrichment and recreation program every day after school, to children ages five to 12, from Los Angeles’ most economically challenged neighborhoods – at no cost to parents. LA’s BEST currently operates in 147 elementary schools throughout the City of Los Angeles serving more than 24,000 students daily with an on-site staff of 1,700 supplemented by more than 1,500 volunteers. Each of the LA’s BEST sites creates a safe haven for children every day, providing a nutritious snack, homework assistance and enrichment activities that include but are not limited to: Drill Team/Dance, Seasonal Sports, Arts & Crafts, Theater & Visual Arts, Science, Math & Computer Clubs, Reading for Recreation, Music and Field Trips. LA’s BEST is a 501(c)(3) non-profit organization, which operates through a unique partnership including the Mayor’s office, the City of Los Angeles, the Los Angeles Unified School District and the private sector.

The General City Purposes funds for FY2006-07 will allow LA’s BEST to continue at 48 sites in 15 council districts, fund central office positions providing direct program support for all 147 LA’s BEST sites, provide resources for an independent evaluation and expand the research based Kidzlit Literacy program to additional LA’s BEST sites.

FUNDING HIGHLIGHTS

GENERAL CITY PURPOSES:
- LA’S BEST $2.3 MILLION

LA’s BEST Works!

A four-year study conducted by UCLA’s National Center for Research on Evaluation, Standards and Student Testing (CRESST) showed students who attend LA’s BEST after school enrichment program are 20 percent less likely to drop out of school. The study looked at nearly 6,000 students who attended LA’s BEST for up to three years and compared them with 6,000 similar Los Angeles Unified School District students who did not attend the program. The findings showed that LA’s BEST had the greatest impact on keeping African-American and Hispanic students in school.

According to the CRESST study, LA’s BEST after-school programs benefit students by providing supervision during high-risk times, providing experiences that may benefit students’ social skills and work habits and by helping improve academic achievement through tutoring and enrichment activities. The study’s findings support the results of UCLA Evaluation reports in 2000 and 2004 which documented that participation in LA’s BEST had increased school attendance and improved academic performance in math and reading.
17 New LA’s BEST Sites Opened at These LAUSD Elementary Schools in 2005-06:

1. Clifford
2. Crescent Heights
3. Bakewell P.C.
4. Gault
5. Glenfeliz Blvd.
6. Harvard
7. Hooper New P.C.
8. Jefferson New #1
9. Jefferson New #7
10. Kingsley
11. Los Angeles
12. Maurice Sendak
13. Monroe New #2
14. N.E.W. Academy
15. Noble
16. Farmland
17. Wilson New #1

LA’s Best Expanded Site (Total: 17)

Source: Finance and Performance Management, Office of the Mayor
KEY OUTCOME:

Engage the Greater Los Angeles Community in the Educational System and Plans for Change

Leveraging our Resources

Joint-use projects between the City of Los Angeles and the Los Angeles Unified School District can help the City and the District leverage $80 million in voter-approved bond proceeds to transform schools into community centers for parents, children and their neighbors to utilize and enjoy. The Mayor’s office has been directly involved in designing and negotiating joint-use projects with LAUSD to accomplish this task. Funding to expand the planning and development team within the Department of Recreation and Parks will provide additional resources needed to negotiate and prepare all necessary documentation for the execution of Joint Use Agreements with LAUSD.

FUNDING HIGHLIGHTS

DEPARTMENT OF RECREATION AND PARKS:
- PLANNING AND DEVELOPMENT $1.0 MILLION
Joint-Use Projects Negotiated (Since July 1, 2001)

1) East Valley Area High School #1B
   5525 Vineland Ave.
   North Hollywood CA 91601
   Council District 4
   • Pool and Athletic Fields
   • Mayor’s Office, Department of Recreation and Parks

2) Central Los Angeles
   New Learning Center #1 (Ambassador)
   3400 Wilshire Blvd.
   Los Angeles, CA 90010
   Council District 10
   • Public Park and Athletic Fields
   • Mayor’s Office, Community
     Redevelopment Agency
     and Wilshire Business Improvement District

3) Short Elementary School
   12814 Maxella Ave.
   Los Angeles, CA 90066
   Council District 11
   • Playground
   • Mayor’s Office,
     Boys & Girls Club of Venice

4) South Region High School #12
   Corner of San Pedro Street
   and 88th Place
   Los Angeles, CA 90003
   Council District 9
   • Pool, Tennis Courts
     and Athletic Fields
   • Mayor’s Office, Department
     of Recreation and Parks

Source: Finance and Performance Management, Office of the Mayor
Public Safety and Homeland Security

OUR ASPIRATION: To transition Los Angeles into a world-class model for crime prevention, counter-terrorism and emergency preparedness, while moving the Los Angeles Police Department and Los Angeles Fire Department to reflect the highest commitment to diversity, civil liberties and community trust.

Focus Area Overview

One of my top priorities as mayor is to make LA a safer city, where we confidently grow our businesses, where our children walk to school without fear, where we need not worry about safety of our elders; a city where tourists continue to flock to enjoy the impressive, diverse array of our educational, cultural and natural resources.

While Los Angeles has made tremendous strides in reducing overall crime during the last several years, a striking exception is the rise in gang violence. Our city has 463 known gangs and over 39,000 gang members that are responsible for nearly 20 percent of all violent crime in the city. Gang members are committing violent property, weapons and drug offenses at dramatically higher rates. Our police force is outmanned by gang members by a ratio of over four-to-one. While adding $2 million for gang prevention and intervention efforts, my budget confronts the challenges of crime and gangs by funding 650 new officers and an invigorated officer recruitment program for the coming year, anticipating continued recruitment, training and deployment of 1,000 new officers in the years ahead.

I have seen first-hand the dedication, professionalism and deep courage of the men and women of the LAPD and LAFD who work day-in and day-out on the frontlines to ensure public safety. My proposed budget provides for their ongoing and increased support for training, improved technology, tools and community partnerships. The budget also invests in continuing efforts to ensure accountability, transparency, fairness and responsiveness of both departments.

Keeping Los Angeles safe from a terrorist attack and providing effective emergency preparedness and response is an urgent focus for this year and for those ahead. A comprehensive, unified homeland security will better leverage funding and improve operational capacity and prove vital in our work to make Los Angeles the safest big city in the nation. My proposed budget provides an innovative, focused effort to improve the emergency preparedness and response capacity of the municipal government and to broaden and deepen collaboration with individuals, neighborhood organizations, schools, businesses and unions.

Key Outcomes

- Improve the City’s ability to reduce crime
- Address the social conditions that contribute to youth participation in criminal activity
- Uphold a commitment to diversity and tolerance
- Increase trust between the community and the LAPD/LAFD
- Improve City and residents’ capacity to respond to an emergency
- Improve prevention and deterrence of terrorism
Funding Public Safety and Homeland Security Needs

In my proposed budget for FY2006-07, I challenge our public safety departments to improve the City’s ability to reduce crime and to protect lives and property; to uphold a commitment to diversity and tolerance; and to improve the City’s counter-terrorism, disaster preparedness and response capabilities. Because I believe that a balance of prevention and intervention efforts must be part of the public safety equation, I have also directed these departments to work closely with other municipal government entities and community-based agencies to address the social conditions that contribute to youth participation in criminal activity. In short, we have to be both tough on crime and tough on the causes of crime. To support significant progress toward these goals, my proposed budget commits resources to these departments to enable our City’s transformation into a world-class model for crime prevention, counter-terrorism and emergency preparedness.

Key Services For Police, Fire and Emergency Preparedness Departments

<table>
<thead>
<tr>
<th>KEY SERVICE</th>
<th>DEPARTMENT</th>
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<td>Police Recruitment - 650 New Officers</td>
<td>Los Angeles Police Department</td>
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<td>Civil Rights Integrity Division</td>
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<td>Audit Division</td>
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<td>Safer Cities Initiative</td>
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<td>Gang Reduction Program</td>
<td>Unappropriated Balance</td>
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<td>Community Law Enforcement and Recovery</td>
<td>Los Angeles Police Department &amp; City Attorney</td>
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<tr>
<td>Vehicles</td>
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<td>Complaint Resolution Office</td>
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<td>LAFD Human Resources Division</td>
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<td>Recruit Training Program</td>
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<tr>
<td>Technology</td>
<td>Police and Fire Departments</td>
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<td>Emergency Preparedness Enhancements</td>
<td>Emergency Preparedness Department</td>
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<tr>
<td>Homeland Security and Disaster Preparedness Package Phases I and II</td>
<td>LAPD/LAFD/EPD</td>
</tr>
</tbody>
</table>
Police Recruitment –
Expand the LAPD by Hiring 650 New Officers

With only 25 police officers for every 10,000 residents, the Los Angeles Police Department (LAPD) remains significantly understaffed compared to other large cities across the country. In FY2006-07, it is anticipated that more than 200 experienced officers will retire from the Department and intensify the need for effective recruiting efforts. In the proposed budget, an aggressive police officer hiring plan is proposed, one that calls for recruiting 650 new police officers to join the ranks of the LAPD. This target represents the continuation of a five-year hiring plan to ultimately add 1,000 net new police officers to the LAPD.

To achieve this hiring goal, resources are provided for the LAPD and Personnel Department to improve the recruitment and selection processes for new police officers. This funding will enable each department to work together and to be accountable for attracting additional qualified applicants and streamlining the currently cumbersome hiring process for the LAPD.

FUNDING HIGHLIGHTS

LOS ANGELES POLICE DEPARTMENT:
• HIRING OF 650 OFFICERS $33.4 MILLION
• POLICE RECRUIT EQUIPMENT $0.3 MILLION
• POLYGRAPH EXAMINATION $0.2 MILLION

PERSONNEL DEPARTMENT:
• POLICE RECRUITMENT AND HIRING PROCESS IMPROVEMENTS $3.0 MILLION

KEY OUTCOME:

Improve the City’s Ability to Reduce Crime

<table>
<thead>
<tr>
<th>NET EFFECT OF POLICE HIRING AND ATTRITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2001-02 TO FY2006-07</td>
</tr>
<tr>
<td>Fiscal Year</td>
</tr>
<tr>
<td>Officers</td>
</tr>
<tr>
<td>2001-02 (50)</td>
</tr>
<tr>
<td>2002-03 (200)</td>
</tr>
<tr>
<td>2003-04 (100)</td>
</tr>
<tr>
<td>2004-05 (75)</td>
</tr>
<tr>
<td>Projected 2005-06 (150)</td>
</tr>
<tr>
<td>Proposed 2006-07 (150)</td>
</tr>
</tbody>
</table>
Building Capacity

As the City increases the size of the LAPD force, it must also build the infrastructure that supports the police officers. In the proposed budget, resources are provided to continue the Police Department’s vehicle replacement program and to authorize the replacement of two helicopters used to support police officers during critical incidents. In addition, the proposed budget includes funding for new and upgraded technology used by officers in the field to enable more effective and efficient communication.

FUNDING HIGHLIGHTS

<table>
<thead>
<tr>
<th>LOS ANGELES POLICE DEPARTMENT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• VEHICLE REPLACEMENT                                             $15.5 MILLION</td>
</tr>
<tr>
<td>• HELICOPTER REPLACEMENT                                          $5.2 MILLION</td>
</tr>
<tr>
<td>• TECHNOLOGY                                                      $4.4 MILLION</td>
</tr>
</tbody>
</table>

Photo Red Light

There are nearly 4,300 traffic signals in operation throughout the City. Without police resources to patrol each one, investments in technology have proven to be among the most effective ways of enhancing public safety and staff productivity. Since the implementation of the City’s program, traffic collisions at participating intersections have decreased by 18%.

Funding is allocated to the Police Department and the Department of Transportation to provide the positions necessary for the operation of the City’s photo red light program. These departments will jointly select those intersections throughout the City for inclusion in the program with the highest incidence of red light violations and traffic collisions.

FUNDING HIGHLIGHTS

<table>
<thead>
<tr>
<th>DEPARTMENT OF TRANSPORTATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PHOTO RED LIGHT PROGRAM                                         $1.1 MILLION</td>
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</table>

<table>
<thead>
<tr>
<th>LOS ANGELES POLICE DEPARTMENT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PHOTO RED LIGHT PROGRAM                                         $1.0 MILLION</td>
</tr>
</tbody>
</table>
Safer Cities Initiative

To reduce crime, the Safer Cities strategy seeks to build partnerships and collaborations among businesses, criminal justice agencies, community groups, private organizations and City departments to reduce crime using the “broken windows” approach to law enforcement. This theory encourages a focus on minor “quality of life” issues, which enhances the environment of a neighborhood and makes it less accommodating for criminal activity. The implementation strategy uses a three-pronged approach including: heightened enforcement of laws for both serious and minor crimes with an increased LAPD presence; enhancement of community infrastructure through beautification efforts such as trimming trees, filling potholes and increasing street lighting; and engaging community members in oversight of the initiative from the outset and through its ongoing implementation.

Additional resources for the Safer Cities Initiative will allow for expansion or continuation of sites in Downtown/Skid Row, MacArthur Park, Hollywood, Baldwin Village, Mission Area/Pacoima and Ramona Gardens.

FUNDING HIGHLIGHTS
GENERAL CITY PURPOSES:
• SAFER CITIES $0.3 MILLION

Gang Reduction Program

The City’s long history with gangs and the devastation that they wreak upon communities has shown that an effective anti-gang strategy requires a comprehensive and collaborative approach. The City must begin to address the full range of issues that ultimately lead youth to gang activity and sustain their participation. In the proposed budget funding is provided to expand the effective Gang Reduction Program and deepen the City’s investment in reducing gang crime and violence.

The Gang Reduction Program (GRP) provides gang prevention, intervention and reentry services, primarily focused on at-risk youth between seven and 14 years old. However, unlike prior anti-gang efforts, GRP has integrated these services with law enforcement to develop a coordinated approach. By operating in partnership, each component leverages the program’s collective resources and produces an outcome that is more than the sum of its parts.

FUNDING HIGHLIGHTS
UNAPPROPRIATED BALANCE:
• GANG REDUCTION PROGRAM $2.0 MILLION

KEY OUTCOME:

Address the Social Conditions That Contribute to Youth Participation in Criminal Activity
Community Law Enforcement and Recovery

The City’s comprehensive approach to gang reduction includes the selective and strategic application of law enforcement. The Community Law Enforcement and Recovery (CLEAR) program has been the most effective model for this type of policing. One million dollars is allocated to ensure its’ ongoing operation.

CLEAR suppresses gang activity through targeted policing and prosecutorial efforts, seeking the most dangerous and influential gang members and applying sentencing enhancements. Each CLEAR site is led by an Operational Team with representatives from the Los Angeles Police Department, City Attorney’s Office, Los Angeles County Sheriff’s Department, Department of Corrections, District Attorney’s Office and Probation Department. The immediate availability and coordination of personnel from these agencies has been the key to CLEAR’s success and has led to increased demand for injunctions and aggressive prosecutions. Funding is provided to continue all staff positions supporting the City Attorney’s Gang Enforcement teams.

FUNDING HIGHLIGHTS

<table>
<thead>
<tr>
<th>CITY ATTORNEY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLEAR</td>
</tr>
<tr>
<td>GANG UNIT</td>
</tr>
</tbody>
</table>

L.A. Bridges Gang Intervention Program (LAB II)

The LAB II program provides gang-related crisis intervention to defuse potential violence between gangs. After a gang-related incident, gang intervention workers are dispatched to minimize retaliation, acting as buffers between rival gang members and working with them to find peaceful means for resolving conflicts. Although this strategy is not meant to solve the long-term problem of gang violence, it is an effective tool for reducing retaliatory gang violence.

As gang intervention workers create relationships with gang members, they identify those who are ready to change their lives. They refer these prospects for additional assistance, including guidance from case managers, who then work with these young people to develop and carry out a plan to change their lives. Mentoring, career guidance, educational opportunities and links to other helpful resources are part of the continuum of assistance. The proposed budget allocates sufficient resources to maintain this program.

FUNDING HIGHLIGHTS

<table>
<thead>
<tr>
<th>GENERAL CITY PURPOSES:</th>
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</thead>
<tbody>
<tr>
<td>LA BRIDGES I AND II</td>
</tr>
</tbody>
</table>

COMMUNITY DEVELOPMENT DEPARTMENT:

| LA BRIDGES ADMINISTRATION | $2.0 MILLION |
**KEY OUTCOME:**

*Uphold a Commitment to Diversity and Tolerance*

“The women and men of the fire department who work on the frontlines provide heroic and exemplary service to our City residents each and every day. They deserve the most effective internal management and accountability structures.”

– Mayor Villaraigosa

**Fire Department Training and Reform**

In response to recent recommendations in audits conducted by the City Controller and the Personnel Department, the Fire Department is working to increase both the ethnic and gender diversity among recruits, and to improve administrative procedures relating to complaint investigations and disciplinary processes. The Board of Fire Commissioners is working diligently with the Fire Department’s management to address these issues. This year, funding is provided for the Fire Department’s recruiting and training programs, and to enhance the training experience for the expected 250 new firefighter recruits.

Funding and continued staffing also are allocated to ensure the Fire Department’s Human Resources Division is properly staffed.

The proposed budget also provides resources for six positions to staff the Fire Department’s Complaint Resolution Office. These funds are placed in the Unappropriated Balance and will be requested when the Fire Department sufficiently responds to the recent audit recommendations and this plan has been thoroughly evaluated and approved.

**FUNDING HIGHLIGHTS**

<table>
<thead>
<tr>
<th>LOS ANGELES FIRE DEPARTMENT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RECRUIT TRAINING PROGRAM</td>
<td>$13.0 MILLION</td>
</tr>
<tr>
<td>HUMAN RESOURCES DIVISION</td>
<td>$0.4 MILLION</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNAPPROPRIATED BALANCE:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPLAINT RESOLUTION/INVESTIGATION</td>
<td>$0.4 MILLION</td>
</tr>
</tbody>
</table>
Implementation of Reform Measures

The Civil Rights Consent Decree, entered into by the City and the United States Department of Justice in 2001, marked a turning point for the City. Residents were rightly outraged and saddened to learn of the egregious civil rights violations committed by a few police officers who thought they were above the law. A positive result has been the adoption of important reform measures that have guided the LAPD in its efforts to build an open, fair and transparent department that protects the civil rights of all Angelenos.

The City must be committed to achieving full compliance with the provisions of the Consent Decree and to institutionalizing these reform measures. As thorough civilian oversight is key to institutionalizing reform, additional staff resources are provided for the Office of the Inspector General. This will not only enable the Department to work toward full compliance with the Consent Decree, but will ensure that the reform will be long lasting and can set the standard for policing throughout the nation. Additionally, funding is provided to other critical areas within the Police Department, including the Civil Rights Integrity, Audit and the Force Investigation Divisions to ensure the Police Department’s goals of successfully meeting the Consent Decree mandates and institutionalizing its reform are achieved.

In support of the City’s commitment to increasing transparency within the Police Department, funding is provided for the installation of video cameras in marked police vehicles in two LAPD Divisions. This effort will raise officer accountability, ensure the highest levels of integrity among police officers and provide concrete evidence for investigations into alleged misconduct.

**FUNDING HIGHLIGHTS**

**LOS ANGELES POLICE DEPARTMENT:**

- **INSPECTOR GENERAL STAFFING** $1.0 MILLION
- **CIVIL RIGHTS INTEGRITY DIVISION AND AUDIT DIVISION** $0.2 MILLION
- **FORCE INVESTIGATION DIVISION** $0.4 MILLION
- **IN-CAR VIDEO CAMERAS** $2.5 MILLION

**KEY OUTCOME:**

*Increase Trust Between the Community and the LAPD/LAFD*
**KEY OUTCOME:**

**Improve City and Residents’ Capacity to Respond to an Emergency**

**Emergency Preparedness**

The City of Los Angeles has significant experience in responding to disasters, such as earthquakes, floods and fires. It has been 12 years since the Northridge Earthquake, and the City must ensure a continued and increasingly sophisticated level of preparation for natural or human-made disasters. In light of this pressing demand, the proposed budget includes a restructuring of the Emergency Preparedness Department to create a new Emergency Management Division as part of the Phase II implementation of the comprehensive Homeland Security and Disaster Preparedness program.

Among the most innovative portions of this proposal is the creation of a Community Emergency Management Division, with Emergency Preparedness Coordinators (EPC) assigned to specific geographic regions of the City. These EPCs will work directly with neighborhood groups, businesses and local law and fire personnel, to ensure community preparedness.

Immediately following Hurricane Katrina, the City of Los Angeles developed the Katrina Resettlement Plan, preparing to welcome thousands of evacuees. The destruction wrought by the hurricane demonstrated that the City must redouble its efforts in preparing for a large-scale disaster. In the proposed budget, additional resources are committed to Police, Fire and the Emergency Preparedness Departments to revamp the City’s existing emergency plans. The Fire Department will expand its Mass Disaster Planning and Tactical Training Units with 33 additional personnel. The Police Department will also increase its Special Operations Support Division, Planning Section with five additional staff.

Hurricane Katrina also highlighted the need for cities to be prepared to protect their most vulnerable populations in an emergency. Thus, resources are committed for a dedicated Special Needs EPC in the new Emergency Management Division. This EPC will work with the City’s first responder agencies, the Department of Aging, the Department of Disability and community groups to ensure that the City is prepared to assist these populations in an emergency.

**FUNDING HIGHLIGHTS**

**EMERGENCY PREPAREDNESS DEPARTMENT:**
- **EMERGENCY MANAGEMENT DIVISION $1.0 MILLION**

**LOS ANGELES FIRE DEPARTMENT:**
- **DISASTER PREPAREDNESS $3.6 MILLION**

**Using Technology to Optimize Emergency Response**

The Fire Department’s emergency response capabilities can be improved through the use of cutting-edge technology. Currently, deployment of life-saving personnel and equipment to emergency situations is determined by the location of the closest fire station to the incident. This year funding is allocated to establish a pilot program utilizing global positioning devices to locate and dispatch the nearest Fire Department response unit to an emergency in order to reduce response times.

Funding is also provided for communication systems upgrades for the Fire and Police Departments. These enhancements will allow each department to provide real-time alerts to field personnel, enabling them to respond to incoming dispatch calls in a timely manner. Additionally, the proposed budget will upgrade the networking capability at the City’s community fire stations to provide high-speed Internet access to enable more efficient communication.

**FUNDING HIGHLIGHTS**

**INFORMATION TECHNOLOGY AGENCY:**
- **GLOBAL POSITIONING SYSTEM FOR FIRE APPARATUS $0.1 MILLION**
- **DISPATCH COMMUNICATIONS NETWORK $0.4 MILLION**
- **POLICE EMERGENCY COMMAND COMMUNICATIONS SYSTEM $0.5 MILLION**
- **LAFD T-1 LINES $1.2 MILLION**
Homeland Security Program

Since the tragedy of September 11th, large American cities have assumed a greater responsibility for the detection, analysis and preparation for a possible terrorist event. While recognizing the paramount importance of keeping Los Angeles safe from a terrorist attack, the City must also assume primary responsibility for the preparation for a mass disaster.

Several recent events reinforce the importance of homeland security and disaster preparedness efforts – the July 7th London transit bombings, the release of an Al Qaeda video specifically naming Los Angeles as a target, the devastation wrought by Hurricanes Katrina and Rita, and the indictment of a home-grown terrorist cell in the Los Angeles region.

In FY2005-2006, a comprehensive Homeland Security and Disaster Preparedness program was implemented, providing significant resources for counter-terrorism intelligence gathering and analysis. The FY2006-2007 proposed budget continues that investment with funding for intelligence analysts for the new Joint Regional Intelligence Center (JRIC) which co-locates intelligence staff from federal, state and local agencies, and provides intake, analysis and dissemination of critical information. The proposed budget provides funding for 12 new and 54 continuing intelligence analysts and support staff for the JRIC and LAPD’s Counter-Terrorism and Critical Incident Bureau.

Developing relationships and opening lines of communication with key sectors in Los Angeles is critical to receiving vital information for the City’s counter-terrorism efforts. The FY2006-2007 budget funds ten new Counter-Terrorism Information Officers that will work with other intelligence officials and directly with the airport, port, public utilities, transportation, entertainment, religious, cultural and financial industries to trade valuable intelligence and train vital employees in terrorism prevention tactics.

LAPD’s Operation Archangel is a national model for protecting critical infrastructure. Archangel officers identify critical sites, conduct security assessments and download important building information into a secure web-based database easily accessible to field responders. The program is supported by a $3 million U.S. Department of Homeland Security grant; this grant is restrictive in terms of funding sworn officer salaries. The program is at a critical juncture in which it must evaluate hundreds of critical assets, develop protection measures and response plans for each asset, and communicate with other jurisdictions throughout the nation. The proposed budget enhances the City’s commitment to protecting its resources by adding ten new positions to expand Archangel’s capabilities, as well as continued funding for 14 existing officers.

Los Angeles is an incubator of new and creative ideas. Operation Archangel is one such example of a program unique to Los Angeles that is being replicated nationwide. Building on the success of Operation Archangel, funding is allocated for the operation of an innovative Critical Infrastructure Protection Task Force, consisting of 23 specially trained, highly mobile officers utilized for detecting terrorist attacks during the planning phase, and as rapid responders to protect critical sites during periods of increased threats or actual terrorist attacks. In order to leverage the investment in the Critical Infrastructure Protection Task Force, the City will utilize homeland security grant funds to equip and train these officers.

**FUNDING HIGHLIGHTS**

**LOS ANGELES POLICE DEPARTMENT:**
- **HOMELAND SECURITY PROGRAM** $3.2 MILLION
Energy and Environment

OUR ASPIRATION:
Make Los Angeles environmentally sustainable and the cleanest, greenest big city in the nation.

Focus Area Overview

The most important outcome of transforming Los Angeles into the greenest, cleanest city in the world is the improvement of public health for City residents. A green, clean and environmentally sustainable city will rely upon resources dedicated to decreasing pollutants, enhancing the environment and taking stewardship of our air, water and land. Efforts to decrease emissions and rely on cleaner energy sources at the Port of Los Angeles will continue to be a central part of my agenda to enhance the environment.

Besides mitigating harmful contaminants to our environment, I am dedicated to "unpaving paradise" by increasing green spaces for residents to live and play. My One Million Trees initiative will green Los Angeles and improve air quality while beautifying our neighborhoods and streetscapes. In addition to focusing on air quality, my initiatives and programs address improving water quality by reducing sewage spills and runoff. Our City's focus on revitalizing the Los Angeles River will help restore ecosystems that once flourished and create new opportunities for innovative planning and civic engagement.

The capstone of my clean and green agenda is to promote environmental stewardship in the City and among Los Angeles residents. This will be accomplished by embarking on a phased approach to greater reliance on renewable energy — 20% by the year 2010 — by retrofitting power plants to reduce emissions, and by encouraging all who live and work here to step up recycling efforts. This and future budgets will include resources for education about how best to reduce, reuse, recycle and compost. My proposed budget moves the City in the right direction for a healthier environment, which I hope inspires City residents to embrace and support my efforts that bolster the health and well-being of our surroundings.

Key Outcomes

- Improve public health by enhancing the environment
- "Unpave paradise" by increasing green space
- Promote environmental stewardship by the City of Los Angeles and Angelenos
Funding Environmental Needs

The City of Los Angeles has pursued and obtained a variety of special funds and grant funds to finance some of its environmental programs. The City collects approximately $4 million annually in its Mobile Source Air Pollution Reduction Trust Fund from a State fee imposed on motor vehicles to be used for programs that reduce air pollution. The City has also received grant funds from the California Integrated Waste Management Board to assist in its permitting, inspection and enforcement efforts of solid waste facilities. As a leader in promoting environmental stewardship, the City has been successful in competing for grant funds to implement specific community and environmental initiatives and will continue to apply for additional grant funds to support environmental programs.

Adding to the resources available for the environmental needs of the City are the Port of Los Angeles and the Department of Water and Power. In the coming fiscal year, the Port of Los Angeles and the Department of Water and Power will continue several landmark initiatives that underscore their commitment to a cleaner environment and more community-friendly economic growth.

### Key Services Funded

<table>
<thead>
<tr>
<th>KEY SERVICE</th>
<th>DEPARTMENT</th>
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</thead>
<tbody>
<tr>
<td>One Million Trees</td>
<td>General City Purposes</td>
</tr>
<tr>
<td>Clean and Green</td>
<td>General City Purpose</td>
</tr>
<tr>
<td>Office of Community Beautification</td>
<td>Board of Public Works</td>
</tr>
<tr>
<td>Alternative Fuel Program</td>
<td>Bureau of Sanitation</td>
</tr>
<tr>
<td>Environmental Affairs Management Resources</td>
<td>Environmental Affairs Department</td>
</tr>
<tr>
<td>Multi-family Recycling</td>
<td>Bureau of Sanitation</td>
</tr>
<tr>
<td>Los Angeles River Master Plan</td>
<td>Department of Water and Power</td>
</tr>
<tr>
<td>Catch Basin and Insert Coverings</td>
<td>Bureau of Sanitation</td>
</tr>
<tr>
<td>Bikepaths and Bike Bridge</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Stormwater Runoff Inspections</td>
<td>Department of Building and Safety</td>
</tr>
<tr>
<td>Stormwater Basin Inspection and Maintenance</td>
<td>General Services Department</td>
</tr>
<tr>
<td>Collection System Settlement</td>
<td>Various</td>
</tr>
<tr>
<td>Total Maximum Daily Load (TMDL) Best Management Practices</td>
<td>Bureau of Sanitation</td>
</tr>
<tr>
<td>Storm Damage Restoration</td>
<td>Bureau of Engineering</td>
</tr>
</tbody>
</table>
**KEY OUTCOME:**

*Improve Public Health by Enhancing the Environment*

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**One Million Trees Initiative**

The benefits of planting trees are that they alleviate air pollution, lower air temperatures, reduce water pollution and conserve rainwater. Trees also beautify, adding character to residential and business districts. Resources are directed in the proposed budget toward a multi-year program to engage community participation and plant and maintain one million trees throughout Los Angeles.

Assisting in the effort to plant one million trees is the Los Angeles Conservation Corps (LACC). The organization recruits and hires junior and senior high school students during the year to plant trees and increase greenery citywide.

**FUNDING HIGHLIGHTS**

**GENERAL CITY PURPOSES:**
- **ONE MILLION TREES** $0.2 MILLION
- **LOS ANGELES CONSERVATION CORPS** $0.5 MILLION

**Clean City**

A clean city includes neighborhoods free from graffiti and litter. Funding is allocated to provide additional resources to the Board of Public Works: Office of Community Beautification to aggressively target graffiti abatement.

**FUNDING HIGHLIGHTS**

**BOARD OF PUBLIC WORKS:**
- **OFFICE OF COMMUNITY BEAUTIFICATION** $0.3 MILLION
- **GRAFFITI ABATEMENT** $0.5 MILLION

**Alternative Fuel**

Emissions from conventional gasoline-powered vehicles are responsible for more than 50% of all air pollution, which result in smog, respiratory problems and amplified levels of greenhouse gases in the atmosphere. The City has been on the forefront of implementing programs to reduce emissions from mobile sources by developing and supporting alternative or clean fuels in City vehicles and fleets. To date, the City has converted 37% of its refuse collection vehicles as well as converting nearly 46% of sedans to alternative fuel vehicles.

To achieve improved air quality, the City will continue to convert its fleets from conventional vehicles to alternative fuel vehicles. Many of these vehicles use Liquefied Natural Gas (LNG). Due to the volatile nature of LNG, fueling these types of vehicles requires specialized training, knowledge and handling. This fiscal year, the South Los Angeles District Yard’s alternative fuel fleet will be operational. To provide the fuelers necessary for this new fleet, funding for six new positions is provided.

**FUNDING HIGHLIGHTS**

**BUREAU OF SANITATION:**
- **ALTERNATIVE FUEL** $0.3 MILLION

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“I am committed to making Los Angeles the cleanest and greenest big city in America.”

– Mayor Villaraigosa
Green Space Planning and Development

The City of Los Angeles needs more open green space. The proposed budget allocates resources to the Los Angeles Neighborhood Land Trust to increase green space for City residents to live and play. The Los Angeles Neighborhood Land Trust provides technical assistance to community groups in areas such as landscape architecture, real estate transactions, outreach and community organization, and fund-raising. It will engage in efforts to raise money from both public and private sources for green and public space creation, and then will seek to permanently maintain the land and/or manage as public open space.

FUNDING HIGHLIGHTS

GENERAL CITY PURPOSES:
- LOS ANGELES NEIGHBORHOOD LAND TRUST $0.1 MILLION

Los Angeles River

The location of the Pueblo of Los Angeles — where our City was founded 225 years ago — was chosen because of its proximity to the Los Angeles River. While the Los Angeles River is one of the City’s greatest natural assets, public enjoyment of the river has been hampered by a lack of useable green space and limited access throughout the years. We have an opportunity to “unpave paradise” by investing in a long-term plan to restore the Los Angeles River. Our goal is to identify opportunities to encourage the development of green space and destination points for all Angelenos. To accomplish that goal, several projects have already been launched and completed, including the installation of trash-capturing devices in the Pacoima, Van Nuys and Canoga areas of the Upper Los Angeles River; construction of a three-level parking structure in the Studio City area; installation of emergency response signs along portions of the L.A. River Walk; and improvements to recreational facilities along various portions of the river. These projects are part of a $13.4 million investment toward river revitalization. In the coming years, we will continue to revitalize the L.A. River by initiating the L.A. River Revitalization Master Plan, restoring 32 miles of river ecosystem waterways, installing catch basin screens to reduce trash entering the L.A. River and the Ballona Creek and continuing the development of the L.A. River Bikepath and the Taylor Yard Bike Bridge and Path.

FUNDING HIGHLIGHTS

DEPARTMENT OF WATER AND POWER:
- L.A. RIVER MASTER PLAN $1.8 MILLION

BUREAU OF SANITATION:
- CATCH BASIN AND INSERT COVERINGS PROGRAM – PHASE I $1.6 MILLION

DEPARTMENT OF TRANSPORTATION:
- BIKEPATHS AND BIKE BRIDGE $1.7 MILLION
Driving the Green Agenda

With tremendous economic vitality and growth in the City comes the need to ensure that growth is accomplished in a manner that is clean and green. One of the anchors of the City’s green agenda is to support green building and green building practices. The Mayor has directed the Environmental Affairs Department to take the lead on this green agenda. The proposed budget authorizes the addition of an Assistant General Manager to provide better oversight and control over this initiative as well as providing additional staffing support and funding.

The City will also explore and capitalize on opportunities to encourage green building practices by ensuring that existing Silver LEED (Leadership in Energy and Environmental Design) standards for all new City buildings are met and expediting plan checks and fee waivers for new development using LEED standards.

FUNDING HIGHLIGHTS
ENVIRONMENTAL AFFAIRS DEPARTMENT:
• MANAGEMENT RESOURCES $0.1 MILLION
• GREEN AGENDA $0.2 MILLION

Recycling

The Mayor has set an ambitious goal of diverting 70% of refuse from landfills by 2015. Increased recycling in Los Angeles is an important strategy, one in which everyone can participate, as the City currently generates approximately 9.3 million tons of trash each year. The proposed budget supports a Contamination Reduction Program. Currently, single-family dwellings and apartments with four units or less are provided containers to separate green waste and recyclables from the rest of the waste stream. Contamination occurs when trash, green waste and recyclables are disposed into inappropriate containers. The Contamination Reduction Program will focus on reducing contamination in these containers through various approaches, including field inspections and enforcement of non-collection policies for those who are out of compliance. This approach will provide a cleaner recyclable stream, increasing the value of the sale of recyclables. To supplement this program, the budget implements a Targeted Neighborhood Education program to educate residents about the City’s recycling programs. This program will target high contamination areas, beginning with outreach in the Los Angeles Unified School District to students who are great “environmental messengers.” They will learn the value of recycling and will be encouraged to practice recycling at school and at home.

Forty-four percent of all housing in the City are multi-family dwellings, but the City currently provides curbside pickup of trash and recyclables only to single-family dwellings and small apartment buildings, while contractors are hired to haul away trash generated from multi-family dwellings. The Multi-Family Recycling Program was recently established as a pilot program to divert more recyclables away from trash and landfills. This goal was accomplished by enlisting the participation of private haulers hired by owners of multi-family dwellings. The success of the program was encouraging, and the proposed budget adds additional resources for outreach efforts encouraging recycling by these residents.

FUNDING HIGHLIGHTS
BUREAU OF SANITATION:
• CONTAMINATION REDUCTION/TARGETED NEIGHBORHOOD EDUCATION $2.5 MILLION
BOARD OF PUBLIC WORKS:
• MULTI-FAMILY RECYCLING $0.1 MILLION
Stormwater Runoff

The City’s storm drain system is a vast network of underground pipes and open channels designed to prevent flooding. Water from rain storms, sprinklers and garden hoses that drains from streets, parking lots and lawns forms the runoff that flows into the ocean through the storm drain system without treatment or filtering process. As runoff flows toward the ocean, it carries along trash and other toxins that are dumped into gutters and eventually discharged into the ocean, creating serious health risks to those who swim or fish in these areas. Myriad marine plants and animals living in the Santa Monica and San Pedro Bays become sick or die from contact with stormwater pollution. Los Angeles drains approximately 100 million gallons of contaminated water and debris each dry day, which can increase to 10 billion gallons on a rainy day. In recognition of this impact, Total Maximum Daily Loads (TMDL) regulations were established to limit the amount of pollutants that enter our stormdrains and sewers. In 2004, voters passed Measure O — a $500 million bond measure — to improve storm drain systems, control pollution at its source and increase and improve local water supplies. The proposed budget reflects new positions and additional funding and resources to ensure that the City remains in compliance with TMDL and other regulations and will to go further to protect our water supply, the ocean and marine wildlife.

FUNDING HIGHLIGHTS

DEPARTMENT OF BUILDING AND SAFETY:
• STORMWATER RUNOFF INSPECTIONS $0.2 MILLION

GENERAL SERVICES DEPARTMENT:
• STORMWATER BASIN INSPECTION AND MAINTENANCE $0.3 MILLION

COLLECTION SYSTEM SETTLEMENT:
• PUBLIC WORKS: CONTRACT ADMINISTRATION $2.3 MILLION
• PUBLIC WORKS: BUREAU OF SANITATION $0.1 MILLION
• PUBLIC WORKS: BUREAU OF ENGINEERING $0.4 MILLION

BUREAU OF SANITATION:
• TMDL BEST MANAGEMENT PRACTICES $0.2 MILLION
• TMDL MONITORING AND DATA MANAGEMENT $0.1 MILLION
• GROUNDWATER DISCHARGE AGREEMENTS $0.1 MILLION

BUREAU OF ENGINEERING:
• STORM DAMAGE RESTORATION $0.6 MILLION

Alternative Technology

In FY2004-05, the City began the first of three phases to find alternative solid waste disposal technologies to address the municipal waste stream. This resulted in a study of all the available technologies and their viability and suitability for addressing this issue. In FY2005-06, the second phase was implemented, identifying and ranking potential conversion sites in the City, issuing a Request for Proposal and determining the costs of the conversion facility. The FY2006-07 budget funds the last phase of this project to support the final implementation of an alternative solid waste disposal facility.

FUNDING HIGHLIGHTS

BUREAU OF SANITATION: $0.1 MILLION
• UNAPPROPRIATED BALANCE $2.0 MILLION
20% Renewable Energy by 2010
The Department of Water and Power (DWP) will be aggressively pursuing a renewable portfolio standard by the year 2010 to ensure that 20% of the DWP’s retail energy sales are generated from renewable sources. Additionally, the DWP will aggressively pursue energy efficiency and demand side management efforts as part of base load procurement activities.

Drinking Water
The DWP will take steps during the upcoming year to comply with stringent water quality regulations, improve infrastructure reliability and address water security needs in this post 9/11 era.

Owens Valley
The DWP owns a significant amount of property in the Owens Valley. With this ownership comes a responsibility for the land and to the residents of that area. The DWP has begun the Lower Owens River Project (LORP), which will be the most ambitious and largest river restoration in the United States. The LORP involves returning a steady flow of water from the Los Angeles Aqueduct to the Owens River below Big Pine and down to the Delta of Owens Lake. Additional water will spread into basins at Blackrock and the Owens Lake Delta to create hundreds of acres of wetlands habitat and maintain off-river lakes and ponds for waterfowl, shore birds and fisheries.

The Department will aggressively pursue options for mitigating damage caused by past policies, using the best available scientifically proven methods.

Greening the Port of Los Angeles
With over 43% of all goods in the U.S. entering the Ports of Los Angeles and Long Beach, the Ports are major economic engines for the region. The Port of Los Angeles generates two times more annual revenue than the motion picture industry in the City of LA. However, the Port must be a model of green and clean economic growth. We will make sure that today’s decisions meet tomorrow’s needs and that all decisions are made mindful of the following goals:

• BEING GREEN... in that we demand that policy decisions and investments maintain the environmental integrity and public health of our communities.

• BEING FAST... in that the most efficient means to achieve uninterrupted flow of goods are utilized.

• BEING SAFE... in that security at the Port is strengthened and steadfast in a post 9/11 era.

In collaboration with the Port of Los Angeles, measures will be implemented to encourage the use of cleaner burning fuels on ships and Port equipment, through the Port of Los Angeles Clean Air Program. Over $20 million will be invested by the Port to focus on the introduction of alternative power plants for trucks with high emissions, as well as developing the infrastructure to facilitate shore-side electrical power for ships that are at berth.
Transportation and Infrastructure

OUR ASPIRATION: To increase reliability, safety and mobility in Los Angeles’ transportation system

Focus Area Overview

Transportation plays a critical part in the daily lives of every Angeleno. Our economy, environment and our quality of life are directly affected by our ability to move safely and efficiently through our city and its neighborhoods – to get to work or school, to visit our families and friends, to enjoy a movie. Unfortunately, our current transportation infrastructure lacks the capacity to handle our great demand. On average, each of us spends about 93 hours a year stuck in traffic. Traffic jams slow the movement of goods, which dents our economy and diminishes opportunities to grow new jobs here. Moreover, the number of vehicles and the time they spend on the road contribute to mobile source emissions which account for 87% of all air pollutants.

Los Angeles needs a comprehensive transportation strategy that aims to provide safe, efficient and environmentally responsible movement of people and goods in the City. It is essential to maintain and enhance the transportation infrastructure crucial to the economic vitality and quality of life of all Angelenos. In addition, we must manage our transportation demand by focusing on a variety of methods to reduce congestion. In my proposed budget, I have laid out the foundation of a bold transportation strategy that will move our City forward.

From riding the rail to more swiftly clearing the roads of construction, my budget allocates funding for key initiatives to increase the flow of traffic on our City streets. Among these are increased signal synchronization, left-hand turn signals and red-light cameras at key intersections.

Fifteen additional traffic officers are also included, adding to the 50 we deployed just a few months ago. At the busiest intersections in the City during the busiest times of day, I have also included resources for 461 crossing guards.

My budget provides for increased transit options and ridership, including the expansion of the popular, affordable DASH service to Sylmar/San Fernando and Van Nuys/Whitsett, support for the Exposition Line, and continued experimentation with environmentally friendly technology in our Commuter Express buses.

To improve the conditions of our streets, I propose to repair 500 miles of streets, maintaining the level of last year despite tremendous increases in the cost of materials. In the coming year, our departments will continue their aggressive campaign to swiftly fill potholes and step up programs to pave alleys. To increase neighborhood safety and livability, I have also reinstated a successful pilot of several years ago to smooth uplifted sidewalks, expanded the popular 50/50 Sidewalk Repair Program and launched a multi-year, cost-effective, streetlight replacement program.

Key Outcomes

- Make roadways more efficient and safe
- Increase availability and use of public transportation
- Improve mobility across the City of Los Angeles
Funding Transportation and Infrastructure Needs

Various funding sources contribute to the programs and services that make up our transportation system. These funding sources include:

- **Local Transit Funds**, consisting of Proposition A (Local Transit Assistance Fund) and Proposition C (Anti-Gridlock Transit Improvement Fund). These programs fund a variety of transit, transportation and educational programs as well as capital improvement projects.

- **Special Parking Revenue Fund**, which is used for the purchasing, leasing, installation, maintenance, operation, regulation and policy-setting for parking meters and metered spaces; receipts from parking meters fund this program.

- **Traffic Safety Fund**, which is used for traffic signs, signals and other traffic control and safety devices; traffic law enforcement and accident prevention; and the maintenance, improvement or construction of public streets and bridges within the City.

- **Surface Transportation Program (STP) Fund**, a Federal source of funding that can only be spent on upgrades to the larger and more heavily traveled arterial streets.

- **Special Gas Tax Improvement Fund**, which is used for various projects that improve the public streets and infrastructure.

These funding sources, along with General Fund dollars, are invested in a transportation strategy aimed at increasing the availability and use of public transportation and making roadways more efficient and safe.

### Key Services Funded

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TRANSPORTATION & INFRASTRUCTURE

City of Los Angeles Budget Summary

Signal Synchronization and Left-Turn Arrows

In the car capital of the world, the City must find new ways to reduce traffic congestion on city streets. Having a keen understanding of traffic operations is key to figuring out how to improve mobility. Traffic operation tools such as the Automated Traffic Surveillance and Control (ATSAC) and the Adaptive Traffic Control System (ATCS) are innovative ways to keep traffic moving. The ATSAC/ATCS system enables the Department of Transportation to use real-time data to adjust traffic signal timing and reduce congestion thereby moving traffic.

In FY2006-07, funds have been provided for the Department of Transportation to analyze the strategic intersections in the City and use ATSAC/ATCS to improve signal timing and traffic flow. Additionally, as part of these operational improvements, $16 million are included for Signal Synchronization and $1.8 million out of the ATSAC/ATCS program will be dedicated to the City’s Left-Hand Signal Arrows Program. The goal is to allow cars and buses to move through city streets with the fewest stops at intersections, while minimizing delay in side surface streets.

FUNDING HIGHLIGHTS

PROPOSITION C TRANSIT IMPROVEMENT FUND:

- ATSAC/ATCS GOLDEN STATE/SAN DIEGO FWY – PHASE 11 $6.1 MILLION
- ATSAC/ATCS HYDE PARK WEST $0.8 MILLION
- ATSAC/ATCS EAGLE ROCK $0.8 MILLION
- ATCS EXPOSITION PARK $4.4 MILLION
- ATCS WESTCHESTER $2.5 MILLION
- ATSAC/ATCS HARBOR/WILMINGTON $0.9 MILLION
- ATSAC/ATCS RESEDA $0.4 MILLION
- ATSAC/ATCS SIGNAL SYNCHRONIZATION (TOTAL) $16.0 MILLION

Street Infrastructure

The City of Los Angeles has 6,500 miles of streets, many of which are in dire need of repair. With the cost of concrete and asphalt at record highs, the City’s cost for repairing the same miles of streets as in the prior years has significantly increased. However, repairing streets is critical for the growth and stability of neighborhoods and businesses. Moreover, to fulfill the needs of a highly mobile population and provide desirable standards of safety, appearance and convenience, street reconstruction and slurry seal projects must be funded at a level that will address some of the most pressing problem-streets in the City. The City cannot afford to create a larger backlog of street projects.

The proposed budget directs resources to the Bureau of Street Services to repair 500 miles of streets (200 miles of reconstruction and 300 miles of slurry seal). Reconstruction entails removal of the top layer of asphalt and the base layer and placing new materials down for the entire length of the identified area. In contrast, slurry seal is a preventative measure that is used on older streets in need of maintenance and a new surface, but does not necessitate complete reconstruction. This level of street repair maintains the FY2005-06 level of mileage for both street reconstruction and slurry seal. Despite the significant increases in cost to perform such services, they are essential investments for the City.

FUNDING HIGHLIGHT

PUBLIC WORKS–BUREAU OF STREET SERVICES:

- STREET RECONSTRUCTION $28.8 MILLION
- SLURRY SEAL $5.6 MILLION

“Signal synchronization, part of our comprehensive strategy to reduce traffic congestion in the City, will reduce travel times by 12-15 percent.”

– Mayor Villaraigosa

Make Roadways More Efficient And Safe

KEY OUTCOME:
Sidewalk Repairs: 50/50 Program

With the growing need for sidewalk repair, the waiting period for this service has extended. A number of City homeowners did not find this acceptable and were fixed on immediately addressing the need in their neighborhood. As a result, the 50/50 Sidewalk Repair Program was implemented, where residents that shouldered 50% of the costs to repair their sidewalks received higher priority for sidewalk repair. Due to the success and high demand from City residents, the proposed budget expands the 50/50 Sidewalk Repair Program with an addition of 52 miles for a grand total of 90 miles.

FUNDING HIGHLIGHT
PUBLIC WORKS–BUREAU OF STREET SERVICES $3.9 MILLION

Sidewalk Repairs: Saw Cut Program

Over time, sidewalks may sustain some damage. When sidewalks crack, some of these cracks result in “uplifts,” the term applied when the pavement splits and the sides are compressed upward. Evening out the sidewalks helps prevent injury to City residents, workers and visitors. A successful pilot program was launched in FY2004-05, in which these uplifts were carved down to a flat surface by using mechanical saws. This method is more cost-effective than total reconstruction of the sidewalk. The proposed budget reinstates this program and expands it in FY2006-07. Two crews will horizontally cut concrete sidewalks to eliminate sidewalk uplifts, thereby helping to reduce the potential for pedestrian injuries. The sidewalk saw cut program is expected to address 18,000 uplifts, which will reduce the City’s liability from pedestrian trips and falls over sidewalks and the City’s public rights-of-way.

FUNDING HIGHLIGHT
PUBLIC WORKS–BUREAU OF STREET SERVICES $5.5 MILLION

Unimproved Streets and Alleys

Funds are allocated for ten positions. Employees will pave 12 miles of unimproved streets and alleys in the City. This will be the first phase of a three-year program to complete the remaining 35 miles of the City’s unimproved streets and alleys. The remaining miles include very narrow pathways that will be more difficult to maneuver trucks and equipment, resulting in more complex and time-consuming procedures to complete.

FUNDING HIGHLIGHT
PUBLIC WORKS–BUREAU OF STREET SERVICES $1.8 MILLION

Access Ramps

Currently there is a need to construct 21,000 additional curb ramps in the City to accommodate the disabled population. As part of a new Access Ramp Program, a staff of 12 will continue in FY2006-07 to construct 700 additional access ramps throughout the City that are ADA-compliant.

FUNDING HIGHLIGHT
PUBLIC WORKS–BUREAU OF STREET SERVICES $1.0 MILLION

Street Lighting Efficiencies

In prior years, the Department of Water and Power (DWP) was responsible for street light maintenance. Recently it was discovered that the DWP performed the work at a cost of approximately $3 million per year, while the Bureau of Street Lighting is able to perform the same task at a cost of $1 million per year. This proposed budget directs the Department of Public Works – Bureau of Street Lighting to work with the DWP to transition this function to the Bureau of Street Lighting. Funding is provided for this transfer to occur in addition to the one-time purchase of equipment by the General Services Department. The successful transfer of this function will make the DWP more efficient and assist in its ability to provide more cost-effective water and power services.

FUNDING HIGHLIGHT
PUBLIC WORKS–BUREAU OF STREET LIGHTING $1.0 MILLION
DEPARTMENT OF GENERAL SERVICE $0.7 MILLION
**Stolen Vehicle Recovery Expansion Program**

Since December 2004, the Los Angeles Department of Transportation (LADOT) has managed the Stolen Vehicle Pilot Program (recovery of non-felony warrant stolen vehicles) within the LAPD’s Southern and Valley traffic division boundaries. The pilot program utilizes LADOT’s Traffic Officers to recover non-felony warrant stolen vehicles.

In the first seven months of the program, LADOT Traffic Officers recovered 2,785 vehicles, which according to the LAPD, amounted to an estimated sworn police officer salary savings of $16,259, or 1,193 Police Officer hours. (These savings were due to the wage differential between Police Officers and Traffic Officers performing and accomplishing the same tasks.)

**Light Emitting Diodes**

With technology such as Light Emitting Diodes (LED), most incandescent traffic lights will be completely replaced within the next five years along the hundreds of miles of streets and highways in the City. LEDs will allow traffic bulbs to last almost three times the life of the incandescent bulb, while still retaining high visibility for drivers or pedestrians. The phased-in approach over a five-year period allows the City to meet these objectives in a fiscally prudent manner.

**Traffic Safety Education**

To promote safe travel by bicyclists and pedestrians, the Watch the Road campaign educates the public about the 10 worst behaviors associated with traffic incidents. This initiative was implemented in FY2004-05 and was funded by a California Office of Traffic Study Grant. The goal of the program is to reduce crashes, deaths, injuries and traffic congestion by reminding drivers and pedestrians of essential safety tips. The program includes a public education marketing component, stringent monitoring and coordinated enforcement with the Police Department. Currently, 125 agencies and organizations have partnered with Watch the Road by displaying and distributing signs within their communities.

**Crossing Guards**

Crossing Guards are assigned to 461 intersections near schools throughout the City, to provide child safety on busy streets and provide necessary adult guidance to assist students. The placement of Crossing Guards is based on traffic volume, vehicular movement, the number of children using crosswalks, traffic accident history and roadway characteristics. The proposed budget provides funding to continue the assignment of crossing guards to these 461 intersections.
DASH Services

DASH services provide affordable and efficient access to major activity centers within Los Angeles and are efficiently coordinated by the LADOT and the Los Angeles County Metropolitan Transportation Authority (LAMTA) and other bus service providers. DASH also connects passengers to regional transit and rail services to ease traffic congestion and increase mobility. With a fleet of 200 City-owned, clean-fueled buses, the City’s DASH services make possible more than 28 million annual passenger trips to be taken each year. The City operates 27 local community bus services and six additional weekday DASH lines in downtown. In FY2006-07, the City’s fleet will expand with the inclusion of two new DASH routes: Van Nuys/Whitsett (CD 2/5) and DASH Sylmar/San Fernando (CD7).

Exposition Light Rail Extension

Light rail trains are electric-powered vehicles that primarily run on exclusive rights-of-way. This system is a convenient source of transportation and avoids traffic congestion through right-of-way separation and traffic signal priority.

Funds are provided in support of the Exposition Light Rail Extension that was proposed after the LAMTA completed its study on the Mid-City/Westside Transit Corridor in 1999. The extension will add an additional 7.7 miles (9 stations) to the existing 62-station Metro Rail system from the 7th/Metro Center in downtown Los Angeles to Washington/National in Culver City.

The new extension will increase mobility, reduce traffic congestion throughout the City, while helping to reduce air pollution.

Bus Pad and Bus Stop Improvements

Patrons of the City’s public transit system must have safe and accessible areas to wait and board LADOT and LAMTA buses. The proposed budget continues funding for 11 positions to staff construction and renovation of bus landings, bus stops and access ramps.

KEY OUTCOME:

Increase Availability and Use of Public Transportation
**KEY OUTCOME:**

Improve Mobility Across the City of Los Angeles

**Capital Improvements**

Through innovative strategies to improve mobility in our neighborhoods, a joint effort of the LADOT and the Department of Public Works will launch the following capital improvement projects in FY2006-07:

- **Valley Grade Separation** $29.0 million
- **Sepulveda Intersection Improvements Wilshire to Skirball** $9.0 million
- **Overland Bridge Widening Over the I-10 Freeway** $6.0 million
- **Sepulveda Widening Centinela to Lincoln** $4.3 million
- **First Street Approach Widening and Historical Rail Replacement** $3.5 million

**Busiest Intersection Congestion Relief Expansion**

Congestion relief at the City’s busiest intersections is an important strategy contained in the proposed budget. According to the 2005 Urban Mobility Report, the Los Angeles area experiences the worst traffic congestion in the country. In 1982, traffic congestion caused the average traveler in the southern California region to be delayed 47 hours per year during peak travel periods. By 2003, the delay had grown to 93 hours.

While traffic congestion may never be eliminated, existing congestion can be lessened in some instances. Early in his administration, the Mayor directed the deployment of 50 Traffic Officers to help direct traffic at the City’s 38 busiest intersections during the morning and evening commute hours. The FY2006-07 budget provides an additional 15 Traffic Officers to expand the existing busiest intersection congestion relief program. The additional resources will address the most congested intersections in the City and help to alleviate current traffic problems.

**Gridlock Parking Enforcement Strike Team**

Directing motorists during peak commute hours is an important part of the equation to abate traffic congestion. In FY2005-06, the Mayor created the Parking Enforcement Strike Team to ticket violators of peak hour curb lane parking restrictions on the City’s busiest streets and highest ridership bus corridors. Ticketed vehicles are immediately towed by Official Police Garage tow trucks. The goal is to reduce traffic congestion by keeping the City’s busiest streets at full capacity and maximum speed during morning and evening rush hour commutes. It also improves bus transit travel time and reduces operating costs for the LAMTA and LADOT transit services. The FY2006-07 budget continues this program as a means to ensure smooth traffic flow during critical commute hours.

**Traffic Officers Radios**

Communication equipment is an important tool to help ensure effective communication among Traffic Officers who are tasked with mitigating congestion on the busy streets of Los Angeles. Handheld radios allow supervisors and managers to instantly direct staff in the field to meet immediate, critical needs regarding citation issuance, traffic-related activities and other transportation-related activities. The Central Communications Center in North Hollywood handles all radio communications and is in need of replacement equipment to ensure that all radio transmissions remain connected, thereby improving communication between supervisors and traffic officers, while increasing efficiency and response on the field.
Housing

OUR ASPIRATION: To broaden and deepen the continuum of affordable housing opportunities for Angelenos at all income levels as well as ensure the safety and habitability of the City’s existing housing stock.

Focus Area Overview

Today, approximately 88% of Angelenos cannot afford to purchase a home in Los Angeles. Currently, there are over 48,100 homeless individuals each night in the City of Los Angeles. This situation and these realities are unjust and unacceptable. My priority is to create housing opportunities for Angelenos at all income levels. Accomplishing this goal requires focused public investments that leverage additional public and private resources, even as the historic federal role in supporting affordable housing has so diminished and the cost of land has risen. For the present and into the future, additional resources must also be allocated for housing and supportive services for extremely low-income individuals and families throughout Los Angeles.

In my proposed budget, a variety of strategies are supported to continue improving housing opportunities by increasing housing production, providing services that assist the homeless, increasing opportunities for home ownership, preserving rental housing and by enhancing rehabilitation options for owners of small rental properties and low income homeowners. My proposed budget makes investments in City departments (Planning and Building and Safety) for service improvements in the planning and permitting process. The budget also includes programs for moderate income homebuyers, an enhanced code enforcement system for multi-family dwellings, a new unit in the Housing Department to ensure compliance with rent stabilization laws and a novel forward-commitment program for experienced homebuilders to include affordable housing in their projects.

The budget anticipates the utilization of funds from the Affordable Housing Trust Fund. I am proud to have led the effort to bring the Affordable Housing Trust Fund’s funding commitment to $100 million for the first time in the City’s history. Since inception, the Affordable Housing Trust Fund has committed funding to 4,400 units of affordable housing by leveraging nearly $1 billion in public funds and private sector dollars.

Key Outcomes

- Expand the continuum of housing opportunities
- Ensure the safety and habitability of the City’s housing stock
Funding Affordable Housing Needs

The City uses a variety of funds to leverage monies from other city, county, state, federal and private resources to acquire, develop, construct or rehabilitate affordable multi-family residential housing developments. My proposed budget for FY2006-07 includes $8 million in funding towards the Affordable Housing Trust Fund from the General Fund to further the development of decent, safe, secure and affordable housing. Additional funds allocated to the Housing Trust Fund from other sources include $7 million in Community Development Block Grant and Home Investment Partnership Act dollars, $10 million in Community Redevelopment Agency and Department of Water and Power proceeds, for total Affordable Housing Trust Fund resources of $25 million. These resources will then be leveraged with additional off-budget resources from Community Development Block Grant Consolidated Plan funding in the amount of $34 million. This additional leverage allows the Housing Trust Fund to yield $59 million in total available resources.

Key Services Funded

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Affordable Housing Trust Fund
The Affordable Housing Trust Fund leverages the City’s investment in affordable housing with federal, state and private funding to provide critical funding while ensuring construction will proceed in a timely manner and with developers who have a record of proven success. Utilizing $235 million in investments, the Los Angeles Housing Department (LAHD) has successfully leveraged over $750 million in non-City funding (an amount nearly equivalent to $1 billion) for the development of over 4,400 affordable housing units throughout the City of Los Angeles.

Permanent Supportive Housing Initiative
Over the past several years, major cities throughout the nation have found permanent supportive housing to be the most successful strategy to ending chronic homelessness. By providing a combination of housing and critical services—mental health therapy, drug abuse treatment, medical care and employment services, permanent supportive housing keeps at-risk individuals from cycling through temporary shelters, emergency rooms and jails, which all cost significantly more in taxpayer money than providing permanent supportive housing. In October 2005, the Mayor pledged $50 million to a new Permanent Supportive Housing Initiative (PSHI), one of the largest and boldest commitments in decades to reducing homelessness in the City of Los Angeles. This first $50 million investment represents a partnership between the LAHD ($20 million), the Community Redevelopment Agency (CRA) ($10 million), the Department of Water and Power ($10 million) and the Housing Authority of the City of Los Angeles ($10 million). This initiative is meant to work in partnership with the County of Los Angeles.

Year-Round Homeless Shelter Programs
The FY2006-07 proposed budget includes $4.1 million to support year-round operations of the Los Angeles Homeless Services Authority (LAHSA), including the critical winter shelter operations – from December through March – when elements can severely impact those without shelter. This funding will provide 193,450 beds throughout the City. In addition, the Downtown Drop-In Center is funded with $500,000 to provide 32 beds, toilets, showers and laundry services to those in need. This level of funding represents the largest General Fund commitment to assisting the homeless in Los Angeles’ history.

Housing Opportunities for Persons with HIV/AIDS
More than 50,373 people with HIV/AIDS live in Los Angeles County. Emergency hotel/motel and meal vouchers, housing information and referrals and tenant-based rental assistance services are provided through $13.3 million in funding from the Housing Opportunities for Persons with AIDS Grant Fund.
First-Time Homebuyer Programs

To increase the rate of homeownership in the City of Los Angeles, the Mayor directed the LAHD to continue working with its private partners (lenders, realtors, developers and community based organizations) to develop homeownership programs and to leverage homeownership funds.

LAHD’s Low and Moderate Income Purchase Assistance and Purchase Assistance with Rehabilitation Programs provide second Deed of Trust loans to help cover the difference between the amount of a first mortgage and the purchase price of the home. LAHD also provides funds to assist homebuyers make necessary repairs to their homes upon purchase. The low-income Purchase Assistance Program provides up to $90,000 in funds and up to $115,000 if the property requires rehabilitation.

Because homeownership opportunities are out of reach for even the City’s moderate income earning individuals and families, LAHD has created the first ever moderate-income homebuyer program in City history. This program assists individuals and families making between 80% and 120% of area median income (AMI) reach the goal of homeownership by offering loans of up to $75,000 to fill the affordability gap between a family’s income and the purchase price. Homebuyers earning 121%-150% of AMI can benefit from up to $50,000 in Purchase Assistance.

LAHD’s Purchase Assistance and Purchase Assistance with Rehabilitation Programs require no monthly payments and contain zero percent (0%) interest. The loan is due at sale or transfer of the property, or at the end of the loan term (30-40 years) as a balloon payment. This type of lending gives homebuyers increased opportunities without having to front large sums of money to purchase their home. First-time homebuyer loans contain a Shared Appreciation provision in which homebuyers are required to pay to the City a percentage of the property’s appreciation. The City’s share of appreciation is based on the amount of the City’s Purchase Assistance to the sales price of the home.

Additional Homeownership Opportunities

Prospective City of Los Angeles homebuyers can also utilize other LAHD homeownership programs, such as the Mortgage Revenue Bond Program, Mortgage Credit Certificate Program, American Dream Downpayment Initiative Program, and homeownership grant funds LAHD has obtained from the State of California, such as the Building Equity and Growth in Neighborhoods (BEGIN) and CalHome Purchase Assistance Programs.

Forward Commitments to Homebuilders

Part of the equation to address the City’s housing crisis is to partner with developers who have the capacity to develop housing opportunities. To encourage such development, the City will provide forward commitments — up-front funding — for experienced developers who commit to setting aside at least 15 homeownership units for moderate-income individuals and families. Developers can use these forward commitments to help obtain construction financing from banks. Once the homes are built, the City’s commitment will translate into purchase assistance mortgages for the moderate-income home purchasers. The Forward Commitment Program is funded through the Municipal Housing Finance Fund.
**KEY OUTCOME:**

Ensure the Safety and Habitability of the City’s Housing Stock

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**The Systematic Code Enforcement Program**

The Systematic Code Enforcement Program (SCEP) is responsible for inspection of multi-family rental housing in the City. These inspections are crucial to ensuring the health, safety and habitability standards of rental units throughout Los Angeles. The Assistant Inspector Program frees more seasoned Inspectors to complete more complicated inspections. In addition, the introduction of computer automation will allow for a four-year cycle of apartment housing inspections in place of the current five-year one. This program is fully funded through annual fees collected from multi-family dwelling owners.

**The Code and Rent Information System**

LAHD has improved its inspections programs through the use of more efficient technology to provide fast, efficient and accurate services with the use of limited resources. LAHD has updated its Code and Rent Information System (CRIS), consolidating information for its code enforcement and rent systems. The CRIS program combines all information collected about a property and SCEP and rent billing stabilization, which has eliminated confusion for property owners and improved the City’s revenue collection abilities. To date, an additional $2 million in revenue collected by the LAHD is directly attributable to the use of CRIS. The proposed budget invests in this system to help the City improve its rent and code enforcement programs.

**Rehabilitation Assistance to Low-Income Homeowners**

Often low-income homeowners, especially senior citizens, do not have adequate resources to maintain their homes. They need assistance to replace a roof, re-plumb the home, re-wire the electrical system or replace a furnace. Therefore, the City has introduced a Comprehensive Rehabilitation Program to assist low-income homeowners to repair their homes. This program provides low-interest loans for the purpose of making significant repairs and replacing major systems. It also provides grants for the removal of lead-based paint. The proposed budget includes $5.8 million in Home Investment Partnership Act (HIPA) and Community Development Block Grant funds to provide these comprehensive rehabilitation services.

**Rehabilitation of Small Apartment Buildings**

Code Enforcement inspectors often cite small multi-family buildings that are owned by low-income senior citizens. Often times, these owners want to fix up their buildings but lack sufficient resources to do so. Therefore, LAHD has designed a rehabilitation loan program for small rental properties. This program provides up to $55,000 per unit for buildings with four or fewer units or up to $35,000 per unit for buildings with five to 28 units. The loans do not require any payments during the term of the loan, but are charged a low rate of interest. The FY2006-07 proposed budget includes $5 million in HIPA and Community Development Block Grant funds to assist with rehabilitation of these small rental properties.
Rehabilitation Programs for Low-Income Seniors and Disabled Persons

The Handyworker Program improves living conditions for low-income senior citizens and disabled persons by providing free minor home repairs, such as the installation of wheelchair ramps and grab bars, and can assist with "patch and paint" repairs. The FY2006-07 proposed budget provides $3.7 million in Community Development Block Grant funding for this program.

The HOMESECURE Program presently administered by the Department of Aging will be transferred to the LAHD on July 1, 2006. The program provides safety modifications to senior and disabled homeowners and renters.

Compliance with Safety and Rent Stabilization Standards

LAHD completed the final step of its reorganization by creating a new Compliance Division, which is essential to the enforcement of the City’s rent stabilization and housing code regulatory agendas. The creation of this division ensures that services are integrated and coordinated to achieve maximum compliance with LAHD’s rent stabilization and housing code laws. The division also allows for independent verification of compliance with due process. Moreover, the new division enables a focused query on the missing elements of a comprehensive regulatory process that will result in new civil enforcement agendas, including receiverships, injunctive relief and unfair business practices litigation, to ensure compliance with the laws that preserve affordable and habitable rental housing in the City of Los Angeles.

The Urgent Repair Program

Ensuring the repair of housing units that are in life-threatening condition is critical to providing safe living conditions for Los Angeles residents. The Urgent Repair Program gives a property owner a 48-hour notice to comply with life-threatening conditions. If the violations are not corrected in a timely manner, the LAHD authorizes the repair and charges the owner for the related expenses. The program protects more than 5,000 residents by correcting unsafe conditions, ensuring continued tenancy, and preventing homelessness. The FY2006-07 proposed budget provides for the administration of $0.5 million in Community Development Block Grant funding for this service.

Preservation of Low-Income Housing in Residential Hotels

In a coordinated effort to prevent the deterioration of very low-income housing, residential hotels have been placed on an inspection cycle to achieve compliance and habitability achievements like those achieved in SCEP. The active caseload for the Inter-Agency Housing Task Force will more than double while maintaining the same staffing levels.
City of Los Angeles
2006-2007 BUDGET SUMMARY
AS PRESENTED BY Mayor Antonio R. Villaraigosa
ECONOMIC DEVELOPMENT
Economic Development

**OUR ASPIRATION:** To provide leadership to Los Angeles by facilitating catalytic economic development projects, capitalizing on international trade opportunities, fostering growth in competitive business sectors and making strategic investments in local human capital.

Focus Area Overview

According to the Los Angeles Economic Development Corporation, Los Angeles County is the largest consumer and business-to-business market in the nation, the 16th largest economy in the world, home to more individuals with Ph.D.s than any other region in the country, a place that houses the country’s largest labor force, leads the nation in producing college graduates and has the highest concentration of design-based industries in the U.S. The City of Los Angeles represents 40% of LA County’s population and as such, benefits from one of the most sophisticated and creative talent pools of human capital in the nation and in the world. The City of Los Angeles enjoys a strong real estate market and an equally strong business climate reflected today by vacancy rates for commercial and industrial buildings at all time lows.

At the same time, both worrisome and positive economic trends demand our attention and response: Los Angeles is a poverty capital, with growing disparities between rich and poor and the fraying of the middle class. Aggressive changes in the global marketplace present both opportunity and threat to the City’s diverse businesses and entrepreneurs. With tightening federal monetary policies and the lack of local affordable housing and a high-performing public school system, the City must be nimble, tactical and a good partner in its approach to maintaining and growing economic prosperity and opportunity in the local economy.

Key Outcomes

- Support completion of catalytic development projects
- Position Los Angeles as a hub for international trade
- Increase number and quality of jobs through development of strategic sectors, workforce development and minority business development
Funding Economic Development Needs

My economic development priorities focus on facilitating catalytic projects that revitalize entire neighborhoods; utilizing diversity to our advantage in establishing Los Angeles as a center for lucrative trade flows; creating sector-specific development initiatives in leading competitive industries; and making investments in the City’s local workforce.

These priorities build upon promising recent economic trends, including increases in local construction, tourism and international commerce. Some 4.5 million TEUs (twenty-foot equivalent units) passed through the Port of Los Angeles from July 2005 through January 2006, representing billions of dollars in global commerce, and bringing 16,000 local, 259,000 regional and 1 million jobs to the nation’s economy. Buoyed by airport services, the region also realized a record-breaking year for tourism with just under 25 million visitors whose spending infused $12.7 billion into the local economy.

Changes in the City’s tax policy resulted in a $92 million business tax relief package last year, including an across-the-board rate reduction with specific incentives for small businesses, creative artists and motion picture, television and radio producers.

Key Services Funded

<table>
<thead>
<tr>
<th>KEY SERVICE</th>
<th>DEPARTMENT</th>
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<tbody>
<tr>
<td>High-Rise Plan Check and Inspection</td>
<td>Department of Building and Safety</td>
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<tr>
<td>Expedited Case Processing</td>
<td>Department of City Planning</td>
</tr>
<tr>
<td>Office of International Trade</td>
<td>General City Purposes Fund</td>
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<tr>
<td>Sector-Based Employment Training</td>
<td>Various</td>
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<tr>
<td>Los Angeles Minority Business Opportunity Center</td>
<td>Office of the Mayor</td>
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</table>
ECONOMIC DEVELOPMENT

LA Development Projects

Since July 1, 2005, ten new high-rise plan check applications (buildings 10 stories and over) were filed with the City’s Department of Building and Safety, representing over $600 million of new investment in Los Angeles. Over the same period, the Department of City Planning has seen over 4,000 cases filed, of which over 66% are considered “major cases” (cases that require significant time to review and process). The City’s development departments must be adequately equipped to provide services needed to facilitate development.

Catalytic projects such as the Biotech Park in East LA, Marlton Square in South LA, LA Live in Downtown, Valley Plaza in the East Valley, Topanga Shopping Center in the West Valley and Century City Shopping Center in West LA and the Hollywood/Vine project in Hollywood are especially important because they bring substantial community and economic benefits that stimulate LA’s environment for future growth.

The City of Los Angeles must continue to maintain a comprehensive forward looking plan that encompasses smart growth principles for modern cities of the future. This living vision should define the City’s goals around: sustainable development that optimally integrates our natural environment with our built environment, stylish density around transit hubs and major commercial corridors; and effective planning that fuses land use with the communal needs of all Angelenos throughout the City.

High-Rise Plan Check and Inspection

As of late March 2006, the Department of Building and Safety reported 60 proposed new high-rise buildings in the pre-approval process, meaning significant workload demands for the City’s plan check review and inspection staff. Special expertise is needed in reviewing high-rise development projects to ensure every element of the building meets structural soundness and compliance with safety regulations. The FY2006-07 proposed budget will add 39 new positions to provide needed support, including the establishment of a High-Rise Engineering Unit and a High-Rise Inspection Section in the Department of Building and Safety.

Plan Check and Inspection

With a strong local real estate market over the last several years, construction activity has risen dramatically. However, over time, the Department of Building and Safety has realized attritional deficiencies in staff. This has caused delays in plan check and inspection. To elevate efficiency and responsiveness, the proposed FY2006-07 budget will continue 102 positions to address the backlog in the development pipeline.

FUNDING HIGHLIGHTS

LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY:

- HIGH-RISE PLAN CHECK AND INSPECTION $0.8 MILLION
- PLAN CHECK AND INSPECTION $10.0 MILLION

KEY OUTCOME:

Strategically Select and Support Completion of Catalytic Development Projects
Office of Historic Resources

This Office provides a singular focus on historic preservation efforts and ensures clear public access to City historic resource services. This Office also serves as a citywide clearinghouse for information and incentives for preservation activities. The FY2006-07 proposed budget authorizes the continuation of two positions and the addition of three new positions for the Office of Historic Resources.

Historic Preservation Overlay Zones (HPOZs)

The Department processes a large number of cases arising from existing HPOZs. The FY2006-07 proposed budget authorizes two new staff positions to supplement resources for HPOZ-related case processing, as well as help handle the processing of new HPOZ plans.

Expedited Case Processing

For several years, the Planning Department has operated a small Expedited Case Unit that processes case work and discretionary actions for applicants of housing developments willing to pay additional fees. This unit has been a great success, expanding its scope to take on a number of different types of land use applications. The FY2006-07 proposed budget continues 37 positions as well as adding seven new positions to perform these expedited reviews. Additional staffing will be utilized to expand the number and type of cases that are accepted for expediting, such as commercial and industrial development projects.

Funding Highlights

Los Angeles Department of City Planning:

- Expedited Case Processing $1.1 Million

Planning Case Tracking System

The Department uses the Planning Case Tracking System (PCTS) to process approximately 6,000 entitlement cases annually. The FY2006-07 proposed budget provides additional funding for the continued maintenance and enhancement of this system to maintain the pace of case processing in the City.

Community Plan Updates

Updates to Community Plans are an integral part of long term planning in the City because the Plans provide a template for future growth. Therefore, the FY2006-07 proposed budget authorizes funding for five new positions to augment the ongoing efforts in making our Community Plans viable and relevant in our evolving City and its diverse neighborhoods.

Geographical Informational System Technology

In order to ensure the effective integration of GIS and systems technologies and the delivery of accurate information to customers, the FY2006-07 proposed budget adds funding for one GIS Chief for data support and one GIS Supervisor I for web/GIS coordination. The GIS Chief will provide management and technical oversight for automation and maintenance of GIS data, mapping service and tools required to facilitate the City’s effort in setting citywide growth and development policies. The GIS Supervisor I will coordinate, develop and manage the Department of City Planning’s Web Site.
Housing Development Central

Affordable housing and homeownership opportunities are the foundation for a strong and sustainable community. The FY2006-07 proposed budget authorizes two new staff positions to facilitate home ownership and rental housing development, with an emphasis on City-owned surplus sites.

Website Maintenance

Information regarding the City General Plan, zoning, historic preservation, entitlement and California Environmental Quality Act (CEQA) processes and City and Area Planning Commission agendas are made available to the public through the Department’s website. In order to maintain and update this flow of information to the public, the FY2006-07 proposed budget authorizes one new staff position.

Zone Information and Map Access System

Recognizing the importance of updating and maintaining data integrity in the Zone Information and Map Access System (ZIMAS) database as well as the coordination of data sharing with other City departments, the FY2006-07 proposed budget adds four new positions to support this service, as well as enhancing the Aerial Imagery Management System, the ArcSDE Database Synchronization, the ZIMAS Backup Data Center, and the Mobile GIS Pilot.
International Trade

Over the last century, Los Angeles invested in a world-class seaport and airport, and as a result, our City has become the trade gateway between North America and the Pacific Rim. Today, international trade employs over 400,000 people in the Los Angeles area and last year, approximately $294 billion worth of trade passed through the San Pedro Bay ports and more than two million tons of goods were handled by the Los Angeles International Airport (LAX).

Los Angeles is already a hub of international trade, an asset of the City on which to build greater strength and competitiveness. Cargo traffic at the Port of Los Angeles and LAX is expected to balloon over the next several years, creating a significant opportunity for the City to capitalize on the sheer volume of economic activity through commerce and new job opportunities for qualified residents in Los Angeles. The City will need to invest in infrastructure and its local workforce to realize intensification of economic activity and to foster growth in job opportunities within the logistics industry.

The FY2006-07 proposed budget creates an Office of International Trade to help establish Los Angeles as the premier hub for international trade and affairs. The new office will complement and enhance the efforts of existing trade organizations to facilitate the development of LA's trade-based economy. By championing international trade, encouraging foreign direct investment, equipping local businesses to engage on a global stage and linking these opportunities to local jobs, we can capture the benefits of globalization for Angelenos.

**FUNDING HIGHLIGHTS**

CREATE MAYOR’S OFFICE OF INTERNATIONAL TRADE  $0.4 MILLION
KEY OUTCOME:

Increase Number and Quality of Jobs Through Strategic Sector Development, Workforce Development & Minority Business Development

“We need to imagine a future in which LA is the Venice of the 21st Century. The global commercial capital linking the manufacturing economies of the East with the emerging markets of the South.”

– Mayor Villaraigosa

Strategically Targeted Sector Development

Business sectors such as Biomedical Technology, Entertainment, International Trade and Tourism are chosen by their ability to retain and create sustainable employment opportunities that develop Los Angeles’ domestic and international competitive advantage in the evolving 21st century economy as well as provide good wages and benefits. Consequently, sector strategies are being designed and implemented in coordination with small- and medium-sized business development programs, workforce development initiatives as well as international trade initiatives.

Workforce Development: Adult and Youth

The FY2006-07 proposed budget revitalizes the City’s workforce development strategy through the Workforce Investment Board, the Community Development Department and in close coordination with the private sector and unions to help more low-income workers get training for jobs with living wages, benefits, and upward career mobility across the City with particular focus placed on economically isolated neighborhoods.

Local and national leaders in business, labor, education and social justice agree that industry sector-oriented, demand-driven training programs offer the best strategy to fill business demand for a trained workforce, help workers get living wages, benefits and upward career mobility and connect workforce and economic development. Initial targets for industry sector programs include: goods movement and logistics, transportation, health care, biotechnology, education and early child care, construction and green technology, private security officers, hospitality workers and the public sector.

A world-class public education is fundamental to the ability of our City and our young people to compete, to succeed and to reach their dreams. A dramatic reform of the City’s public school system must go forward in order to retain and attract businesses with a locally skilled pool of potential employees. This must be a long-term, sustained effort.

Current research estimates 93,000 out-of-school, out-of-work youth in Los Angeles. Connecting these young people with educational and economic opportunities is our best hope of fighting back against gangs and for creating opportunity. Special programs are being designed and funded to help these youth succeed in school while connecting them to job opportunities.

FUNDING HIGHLIGHTS

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding</th>
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<tbody>
<tr>
<td>SUMMER YOUTH EMPLOYMENT AND EDUCATION PROGRAM</td>
<td>$4.0 MILLION</td>
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<tr>
<td>REGIONAL AIRPORT EMPLOYMENT PROGRAM</td>
<td>$3.0 MILLION</td>
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<tr>
<td>SECTOR-BASED TRAINING</td>
<td>$2.5 MILLION</td>
</tr>
<tr>
<td>GRAND AVENUE PARTNERSHIP WORKFORCE DEVELOPMENT PROGRAM</td>
<td>$0.5 MILLION</td>
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Minority Business Development

With over 100,000 minority-owned businesses in the Los Angeles area, the FY2006-07 proposed budget reflects a commitment to fostering the growth and strengthening the pool of minority businesses. Recently, the Mayor’s Office of Housing and Economic Development was awarded a $600,000 contract from the U.S. Department of Commerce to cover a two-year operation for managing a Los Angeles Minority Business Opportunity Center (LAMBOC). The purpose of LAMBOC is to provide minority, women and all other-owned business enterprises (M/W/OBEs) with contracting and financing opportunities.

**FUNDING HIGHLIGHTS**

**LOS ANGELES MINORITY BUSINESS OPPORTUNITY CENTER**  $0.6 MILLION
PHOTO: Angel Gomez, City Employees Club of Los Angeles
Los Angeles World Airports

LOS ANGELES WORLD AIRPORTS

OVERVIEW

The Los Angeles World Airports (LAWA) proposed FY2006-07 operating budget represents management’s ongoing commitment to operate and maintain the City’s system of four airports in a fiscally sound manner and in accordance with the guidelines, policies and direction set forth by the Mayor and the Board of Airport Commissioners.

The focus of the proposed operating budget is to fulfill LAWA's mission statement: to set the global airport standard for customer satisfaction and security, regional economic leadership and organizational performance. Some of the strategic goals of the FY2006-07 budget include implementation of regional air transportation initiatives, increasing public safety at all of our airports, improvement of passenger services and facilities, continuing to support the regional economy through LAWA’s operations, responsiveness to airport community issues and concerns and improved organizational efficiencies. In addition Mayor Villaraigosa’s appointees to the Board of Airport Commissioners (BOAC) have created an Office of Ethics and Business Conduct to establish new ethical standards for LAWA and oversee all complaints of suspected misconduct. The commissioners directed LAWA to establish and maintain an Office of Ethics and Business Conduct to create and oversee a code of ethics at the City’s airports department while providing a confidential means for employees, contractors, consultants and others to report instances of suspected misconduct, without fear of reprisal.

AIRLINE TRENDS IMPACTING LAWA

The aviation industry has undergone significant structural and economic changes which have adversely affected passenger traffic growth at LAWA. Despite these global changes, travel growth has been stimulated by lower fares, additional world trade and service improvements stemming from increased flight frequencies and airline competition. At the end of 2005, passenger traffic at the Los Angeles International Airport (LAX)--LAWA’s main commercial airport--was approximately 9% below the pre-September 11, 2001, level, and cargo volume was about 1.4% below the peak year in 2000. Ontario International Airport (ONT) passed a milestone in 2005 with over seven million annual passenger arrivals and departures.

PROPOSED FISCAL YEAR 2006-07 OPERATING BUDGET

LAWA is presenting a preliminary FY2006-07 budget of $1.2 billion. Operating revenues are projected to increase by 6.6% over FY2005-06 to approximately $650 million in FY2006-07 from an estimated $609 million in FY2005-06. Operating expenses are projected to increase by 14.7% to $543.3 million from the estimated $473.7 million in FY2005-06. LAWA's resulting preliminary income from operations before depreciation of approximately $106 million will be offset by a refund to the airlines at ONT due to the residual operating nature of the airport. The FY2006-07 budget represents an increase of 9.4% over the previous year's adopted budget, reflecting implementation of expenditures for the capital program. Schedule 2 details the gross maintenance and operations expense for LAWA. A portion of these expenses are reimbursed using receipts from Passenger Facility Charges which are detailed in Schedule 3 (Maintenance and Operations Expense – Passenger Facilities Charge Funded Expense). As in previous years, PFC, Grant and Revenue Funded Capital Expenditures are estimated based upon the capital expenditures projected over the course of the fiscal year. Finally, ongoing Reserves for Maintenance and Operations and the Insurance Trust will be budgeted for under Total Reserves.

Operating Revenues

Two primary income components, Aviation and Concessions, drive operating revenues at LAWA.

- Aviation Revenue is projected to increase by 5.6% or approximately $20.2 million from the estimated FY2005-06 figure, fueled primarily by Landing Fees, Building Rentals and Land Rentals.
- Concession Revenue is projected to increase by 8.3% or $20.0 million from FY2005-06 as LAWA looks to implement its Concessions Master Plan. The Concessions component of LAWA’s revenues include revenues from Auto Parking, Rental Cars, Food and Beverage sales, Gift and News sales and Duty Free sales.
PROPOSED MAINTENANCE AND OPERATIONS EXPENDITURES

LAWA anticipates Maintenance and Operations Expenses for FY2006-07 to total $543.3 million, representing a $69.7 million increase over estimated FY2005-2006 expenses. The following summarizes LAWA’s gross Maintenance and Operations Expenses for the upcoming fiscal year (detailed in Schedule 2) prior to reimbursement for the PFC-funded expenses detailed in Schedule 3.

• Salaries and Benefits budgeted expense is projected to total $245.5 million, a decrease of $5.6 million or 2.2% over the estimated expenditures for the current fiscal year primarily due to a change in the methodology of budgeting for vacant positions.

• Contractual Services expense is projected to total $180.2 million, about $38.3 million or higher than the estimated expenditures for the current fiscal year. Due to litigation involving the Master Plan, several planned expenditures during FY2005-06 were delayed or deferred. It is expected that some of these expenses will occur during FY2006-07.

• Materials and Supplies expense is projected to increase by $7.9 million over the estimated expenditures for the current fiscal year. Much of this increase is due to deferred maintenance that will take place in next year.

• Utilities expense is expected to increase by $7.4 million over estimated FY2005-06 expenditures due to higher fuel costs and increased usage during construction.

• Advertising and Public Relations expense is projected to increase by $3.9 million over the estimated expenditures for the current fiscal year. A major advertising initiative will focus on promoting air service at ONT to encourage higher utilization by passengers and airlines and to promote better use of LAWA’s regional air system.

NON-OPERATING REVENUES AND EXPENSES

Rising interest rates will positively affect LAWA’s interest income, the largest component of non-operating income. Conversely, interest expense associated with LAX’s outstanding variable rate debt will be negatively impacted.

RESERVES

LAWA’s Operating Reserves continue to contribute to the financial strength of the organization. There is a significant increase in the amount of reserves in FY2006-07 as a result of a prior year’s change in treatment of such reserves.

• The reserve for maintenance and operations is budgeted at $150 million and is maintained at a minimum of 25% of maintenance and operations as required by LAWA’s bond indenture.

• The reserve for insurance trust is maintained for the purpose of supplementing uninsured and under-insured losses for LAWA. The expected increase in reserves during FY2005-06 is due to estimated interest income on the cash. Including expected interest during FY2006-07, reserves for the insurance trust are expected to rise, totaling more than $94.5 million.

• A $3.0 million reserve for litigation expense will be maintained to fund ongoing legal settlement expenses incurred by the Department.

• The Unappropriated Balance of the Airport Revenue Fund is in place to provide an operating budget source for unplanned appropriation requirements of a significant nature during the fiscal year. An Unappropriated Balance of $50 million, an increase of $25 million over the prior year, has been established for this purpose due to the possibility of unexpected increased operational costs from large-scale construction projects being undertaken at LAX.

CAPITAL EXPENDITURES

Total capital expenditures at LAWA are projected to be $301 million. Of this amount approximately $21.6 million relate to vehicles and equipment with the remaining $279.4 million related to capital projects. LAWA-funded capital expenditures are budgeted to be $103.5 million, down from projected expenditures of $121.7 million. This decrease is primarily due to the increased expectations of grant funding for some of the capital projects scheduled for FY2006-07.
OVERVIEW

The Harbor Department operates the Port of Los Angeles (Port), which encompasses 7,500 acres of land and water, with 43 miles of waterfront and 26 major facilities. As the leading container port in the nation, the Port features innovative, environmentally sound technologies and provides a venue for a seamless supply chain that ensures the economic well being of the Southern California region. The Port has also established itself as one of the busiest cruise ports on the U.S. West Coast, which served 1.2 million passengers in calendar year 2005.

With an AA rating by the three major bond-rating agencies, the Port continues to have the highest rating of any port in the nation without taxing authority. The Port’s high rating reflects its excellent competitive position on the U.S. West Coast. The Port’s deep harbor, state-of-the-art facilities, large local service area, and excellent intermodal transportation links to regional and inland markets contribute to this strong competitive position.

Activity at the Port is overseen by Mayor Villaraigosa’s appointees to the Board of Harbor Commissioners, and the Mayor’s new choice for executive director of the Port, Geraldine Knatz. Ms. Knatz’s appointment is historic in that she is the first woman to be appointed Executive Director of the Port of Los Angeles and is the only woman to serve as Director of a major U.S. port. The Mayor’s appointees are working hard to implement the vision that making the Port greener is not only right for surrounding neighborhoods, but also good business for Los Angeles.

As the gateway to the Pacific Rim, the Port of Los Angeles is a critical economic engine for the City, but historically has been a major contributor to pollution. The new leadership at the Port believes that strong economic commerce and a clean environment are not mutually exclusive. Some of the new initiatives at the Port include converting trucks, trains and other vehicles to clean fuels; requiring all new shipping contracts to mandate that visiting ships turn off their diesel engines and use alternative electric power when in the port; requiring the Port to establish a runoff control program to reduce pollutants in harbor waters; and to work in tandem with the communities of San Pedro and Wilmington to develop strong mutually beneficial relationships.

The proposed budget for FY2006-07 reflects the Port’s commitment to the principle of “Grow, Green and Greatness.” To achieve this goal, the Port will focus on a broad range of critical areas that include, but are not limited to:

- Delivering exemplary customer service;
- Completing a strategic plan to guide critical initiatives in the years ahead;
- Continuing to expand our leadership position in the area of environmental responsibility;
- Continuing to provide for facilities and infrastructure utilizing innovative financing and technology;
- Continuing to implant industry-leading security initiatives;
- Fostering and promoting local and international business opportunities for the benefit of companies throughout Los Angeles;
- Pursuing meaningful good-neighbor initiatives and policies;
- Continuing the revitalization of the Los Angeles waterfront in pursuit of creating a harbor environment that is distinctive, recognizable and well maintained;
- Augmenting and strengthening financial sustainability through development of an objective, multi-faceted decision-making process; and,
- Capitalizing on our personnel assets through staff development initiatives that ensure a skilled future workforce.

In the year ahead, the Port also will continue its commitment to improving administrative oversight and transparency in contracts and leases.

FINANCIAL AND BUSINESS PERFORMANCE

The Port moved approximately 7.3 million TEUs in FY2005-06. (TEUs are twenty-foot equivalent units, a standard maritime measurement for cargo containers.) Estimated operating revenue for FY2005-06 is anticipated to reach $385 million. Trade volumes are anticipated to increase in FY2006-07, with operating revenues anticipated to increase by 7%, to $408 million, including net income of approximately $109 million.

The overall proposed FY2006-07 budget includes significant increases in funding for environmental programs, land and property acquisition, salaries and benefits for increased Port Police staffing, and capital projects and equipment. Operating expenses are anticipated to increase by $18 million or 10.8%, to $183 million in FY2006-07.

Capital spending during FY2006-07 is expected to approach $328 million, primarily to support port security and enhancements, Cabrillo Beach cleanup projects, transportation and West Basin terminal improvements, continuing waterfront
development projects, ongoing Main Channel Deepening, and all capital expenditures related to environmental assessments and remediation. This amount also includes $82 million related to land and property acquisition, and for equipment and capital overhead allocation.

The Port’s bonded debt in 2006 will be $705.5 million after full completion of refunding of the Harbor Revenue Bonds of 1996 in November 2006. Total debt service on the bonded debt included in the FY2006-07 budget is $56.0 million. The Port currently has approximately $113.5 million in outstanding short-term commercial paper notes that will continue to be remarketed during FY2006-07 with an anticipated increase of approximately $150 million in new notes, included in the FY2006-07 budget. The Port is currently exploring the possibility of converting its short-term commercial paper notes to long-term debt to take advantage of the favorable interest rate market.

The Port also will fund $6 million for air quality mitigation and $4 million for aesthetic mitigation in FY2006-07, as required by the settlement of a lawsuit between the City and the Natural Resources Defense Council for operation of the Berth 100 container facility (also reflected in the business performance projections).

CLEAN, RESPONSIBLE GROWTH

In the coming fiscal year, the Port of Los Angeles will continue several landmark initiatives that underscore its commitment to a cleaner environment and more community-friendly economic growth.

The initiatives implemented as part of the Port of Los Angeles Clean Air Program eliminated over 1,000 tons of nitrogen oxide (NOx) and 10 tons of diesel particulate matter. The need for the Port’s environmental stewardship, in concert with operations and regional goods movement as a cornerstone to the fastest growing job sector in Southern California, is well recognized. The Port generates significant economic benefits as a result of its operations. Over 350,000 jobs are created state-wide with over $16 billion being generated in wages from these jobs.

Following the 2004 opening of the scenic Cruise Ship Promenade adjacent to the World Cruise Center and the 2005 opening of the Harbor Boulevard Parkway promenade, the Gateway Plaza water feature at the entrance to the World Cruise Center and along the Harbor Boulevard Parkway promenade is slated to open in FY2006-07.

The San Pedro portion of the Los Angeles Waterfront is a proposed 36-year project that will rejuvenate the San Pedro waterfront and its linkages to San Pedro’s interface historical downtown business district. During its development (and subject to the environmental review process currently underway), the project has the potential to create more than 19,000 job opportunities, generating nearly $700 million in wages and $2.5 billion in local business sales. Upon full build-out, San Pedro and the surrounding areas will enjoy nearly $900 million in annual business revenues and more than 8,600 jobs generating annual wages of nearly $260 million. FY2006-07 will see resources devoted to continuing the environmental assessment of the program with construction occurring in subsequent years.

Port revenues, private sector investment and other sources of non-taxpayer revenue, will primarily fund the San Pedro development. The project has already attracted a number of developers who are building and/or renovating properties in or near the downtown San Pedro business district for mixed retail/residential use. In addition to the public access and the aesthetic and economic benefit this major development provides to local communities, the emerging Los Angeles Waterfront will provide a vital boost to regional tourism as it transforms the Port’s northern and western parameter into a regional destination. The Port’s FY2006-07 capital budget also includes funding for city requirements associated with the Cabrillo Marina Phase II.

The planning and the design of the Wilmington segment of the LA Waterfront is now underway based on the Wilmington Preferred Community Alternative, a blueprint is now being detailed out with significant community input through workshops and public meetings. The general plan calls for a large, landscaped, open-space “buffer” area between Harry Bridges Boulevard and C Street, commercial development at the intersection of Harry Bridges and Avalon Boulevards, and a mixture of open space and commercial development along Avalon Boulevard south to the water’s edge at the Banning’s Landing community center. In January 2006 the Board of Harbor Commissioners awarded a $10.8 million contract for the formal planning and design to be initiated for this project. The FY2006-07 budget includes an additional $5.2 million in landscape and community access projects.

A high priority has also been placed on the clean up of the sheltered beach at Inner Cabrillo Beach in San Pedro, site of the Cabrillo Aquarium and the restored Cabrillo Bathhouse. The Port has budgeted $8 million for FY2006-07 to enhance water circulation.
In FY2006-07, the Port also will continue to invest in infrastructure projects that will enable it to maintain its competitive position as America’s leading container port. Vital to this effort is the $222 million Main Channel Deepening Project initiated in 2002 and expected to continue into 2007 upon completion of a supplemental EIS/EIR for the remainder of the work. The project will deepen the Port’s main channel to 53 feet to accommodate the larger classes of container vessels on order and in service by a number of Port customers.

Shoreline electrical power (also known as Alternative Maritime Power or “cold ironing”), the Vessel Speed Reduction Program and dozens of other new environmental measures will be mandated by the Port in FY2006-07 as part of the most extensive environmental program ever undertaken by any port in the world. Included in the proposed budget is construction of shore power stations at the Evergreen Terminal, the World Cruise Center and Phase 2 of the China Shipping Terminal.

The World Cruise Center also will see improvements required to accommodate the newer class of cruise vessels visiting the Port now and in the future. A temporary baggage handling building will be constructed adjacent to the existing terminal building at Berth 92. In addition, studies and design will continue on the options to expand and enhance the Port’s cruise facilities.

TRANSPORTATION PROJECTS

As a result of the continued development of a transportation master plan for the Port, several improvements are planned to commence design during the next year. These projects will improve traffic circulation in and around the Port with the goal of better separation of Port truck traffic from non-truck traffic. In addition, planning and construction of the $50 million Fries Avenue Grade Separation in Wilmington will be initiated in the year ahead. This project will eliminate congestion at two locations by separating main line rail activity on Fries Avenue and relocating an existing container terminal entrance away from a heavily used roadway.

“GROWING GREEN” INITIATIVES

The FY2006-07 Budget underscores the Port’s strong commitment to environmental leadership. Chief among these environmental initiatives is the implementation of the Port’s Clean Air Plan, which will commit more than $20 million in FY2006-07 toward meeting the Port’s goal of eliminating health risk from Port operations. While the focus of the Clean Air Plan is to set performance standards within customer leases to curtail all categories of emission sources, the $20 million – predominately in incentive funding - will focus primarily on fleets of polluting trucks calling at the Port as well as opportunities for the introduction of alternative fueled power plants for that fleet. The Port also will continue its development of infrastructure to facilitate shoreside electrical power for ocean going vessels while at berth. Over the next five years, it is anticipated that the Clean Air Plan could reduce NOx and PM2.5 emissions by as much as 75% and 60%, respectively. Another $3.5 million is allocated to improved air quality monitoring, a new emissions inventory and a Port-wide Health Risk Assessment in order to measure progress toward cleaner air.

Continued improvement in water quality at the Port is supported in the amount of $12.3 million. This includes completion of the Port’s recently introduced Clean Marina Program, which will benefit operations and water quality at the many marina facilities within the Port. The Clean Marina Program also includes a $1 million incentive program to replace older polluting recreational boats. Other water quality programs include advancement of the restoration of the Consolidated Slip (a source of contaminated sediments in the harbor); sediment testing required for maintenance dredging and wharf improvement projects; and participation and development of Total Maximum Daily Load (TMDL) regulations.

The budget also includes $12 million for the protection and cleanup of Port soil and groundwater in order to ensure prompt reutilization of Port properties. Projects within this initiative include the Wilmington and San Pedro Waterfront redevelopments and redevelopment and cost recovery of Berths 171-173 for bulk cargo. Funding is also included for compliance and management audit activities to ensure that further contamination of Port properties does not occur. The Port also will be completing and certifying its award-winning Environmental Management System at its Construction and Maintenance Facility.

During the FY2006-07, the Port will also be advancing habitat restoration opportunities in the Harbor District and at a new L.A. County location, the Ballona Wetlands. Up to $30 million in funding will be allocated as necessary to advance local mitigation opportunities. The Port leads the state in reproductive success of the California least tern, with over 1,300 nests accounted for on the Pier 400 habitat site in 2005. The success of this program demonstrates the Port’s commitment to an active and cooperative approach toward environmental preservation of this endangered California native bird.
SAFETY AND SECURITY

While the Port continues to work closely with federal officials to increase awareness of the need for more federal security funding, in 2006 the Port will move forward with the implementation of several grant-funded homeland security projects. These projects include initiating the $2.5 million design phase of a future Joint Container Inspection Facility on Terminal Island, which would be utilized by both the Port of Los Angeles and Port of Long Beach; finalizing plans to create a $8 million Port-wide surveillance system; and implementing an additional $22.6 million in federally-funded security deterrents to further protect Port waterways, individual vessels at berth and the World Cruise Center.

Key improvements to the Port’s emergency preparedness planned for FY2006-07 include emergency plan updates, emergency response training and exercise, business recovery, and enhancements to the Department Operations Center. Security initiatives include a Port-wide identification and access control system, waterside security surveillance, facility security enhancements, passenger complex vehicle screening and perimeter security, and a waterborne perimeter security barrier.

The Port’s security budget also supports a continued effort to increase the security of the supply chain that moves an estimated $144 billion worth of goods through Southern California gateway ports. Through the Secure Corridor program, the Port is seeking adoption of supply chain security measures throughout the maritime industry. This effort will include partnerships with other ports, shippers, terminal operator, security technology companies and the federal government.

Port Police operations revolve around a 24-hour, daily patrol of the Port and its surrounding perimeter. The required budget supports the basic areas of emergency preparedness and response, crime prevention, counter terrorism, traffic control, and environmental investigation.

The Port’s FY2006-07 budget supports 28 additional sworn and civilian positions to provide increased presence. The Port plans to initiate construction of a new state-of-the-art Port Police headquarters designed to accommodate the increased Port Police force. The $40 million facility will be adjacent to the existing Harbor Department administration building.

COMMUNITY OUTREACH

The FY2006-07 budget includes programming to further broaden the awareness of the Port across all constituent segments of the local community and the City at large. In particular, the Speakers Bureau program, Port-funded educational curricula, business networking, legislative advocacy, and involvement of management staff in various business and community organizations will continue to be enhanced in FY2006-07. These efforts are in support of the Port’s ongoing mission to cooperate with opinion leaders, business groups and the general public in order to foster dialogue, promote awareness of the Port and strengthen constituent relationships.

Community outreach initiatives targeting all City Council districts serve as the vital platform for promoting the Port’s environmental initiatives and providing reassurances about the Port’s industry leading security standards. These initiatives also provide the platform for discussing vital infrastructure needs in concert with the regional economic benefits of maritime trade and goods movement.

ADMINISTRATIVE IMPROVEMENTS

The FY2006-07 budget also funds the creation of an internal management and performance audit function. The function will provide an assessment to management on policies and procedures necessary to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations and compliance with the ethical standards set for the organization.

To support the Port’s goal of a stronger focus on economic analysis and development, the FY2006-07 budget funds the hiring of an in-house economist. This newly created position within the Port’s Planning Division will significantly help the Port analyze and quantify in a timely manner the economic impacts of Port-related projects, such as job creation and sales/tax revenue generation.

In addition to hiring an in-house economist, a goods movement specialist position also is proposed to act as a team lead on transportation agency interaction, develop policy positions on various goods movement programs, devise financing strategies for vital projects and generally represent the Port in all matters related to goods movement.

Lastly, one of the Port’s goals in the year ahead is to serve as a more prominent economic resource to the surrounding communities and businesses throughout Los Angeles. To that end, the Port will develop business outreach programs aimed at fostering opportunities for City-based companies to engage and participate in the broad arena of regional and international business opportunities anchored by the Port.
DEPARTMENT OF WATER AND POWER

OVERVIEW

For over 100 years the Department of Water and Power (DWP) has been the exclusive provider of reliable, low-cost water and electricity for the people of Los Angeles. Although in the recent past other regional utilities have had significant operational and financial challenges, DWP has continued to provide a reliable supply of low-cost water and electricity. At the behest of Mayor Villaraigosa and a new Board of Commissioners, DWP has embarked upon a historic new chapter, one whose central focus is on making Los Angeles a cleaner and greener city, while providing reliable and cost-efficient water and power to more than 3.9 million customers.

In August 2000, the City Council approved the Integrated Resource Plan (IRP), which meets DWP’s objective of providing reliable low-cost power and reduces environmental impacts to the residents of Los Angeles and the region. In addition, to further mitigate the potential environmental impacts of generating electricity, the Board of Water and Power Commissioners has taken steps to enact one of the Mayor’s top environmental initiatives by directing DWP to adopt an accelerated goal of generating 20% of total customer energy from renewable resources by 2010. To meet this goal, DWP is finalizing a Renewable Portfolio Standard (RPS), which may include large capital investments and/or additional Purchase Power Agreements (PPAs) for the FY2006-07 and forward.

Another step being taken to achieve the Mayor’s goal is a partnership DWP entered into with the City of Los Angeles, the Imperial Irrigation District (IID) and the non-profit Citizens Energy, in which DWP will construct a major transmission line to deliver “green” renewable energy to Los Angeles from the Salton Sea.

Named the “Green Path” project, this transmission line when complete, will deliver clean, renewable energy to Los Angeles, while also generating funds to help low-income residents. It will also increase the capacity of California’s transmission grid, reduce costs for electric consumers, and provide access to geothermal and other clean renewable energy. The project will benefit residents and businesses throughout Southern California.

DWP’s proposed FY2006-07 budget includes estimated transfers to the City totaling $206.2 million. The estimated Power System transfer is $175.0 million and the estimated Water System transfer is $31.2 million. These amounts are based on seven percent and five percent, respectively, of the projected FY2005-06 revenues of the Power and Water Systems.

THE POWER SYSTEM

POWER SYSTEM REVENUES

Revenues from the sale of electricity during FY2006-07 are projected to be $2.41 billion based on normal weather patterns and conservative assumptions for wholesale revenue. This projection is roughly $10 million lower than the estimated FY2005-06 revenue amount due to $60 million lower in projected wholesale revenues, offset by increased retail revenue of $50 million (from load growth and Energy Cost Adjustment Factor (ECAF) revenues).

POWER SYSTEM EXPENDITURES

Estimated gross appropriations for the FY2006-07 total $3.25 billion. The net of receipts from the Water System, individuals and companies and other miscellaneous sources, appropriations are $2.87 billion. This amount is approximately $170 million more than the estimate for the FY2005-06.

The most significant increase to estimated appropriations for FY2006-07 is $179 million ($84 million more than the FY2005-06 estimate) funding for the 120 Megawatt (MW) Pine Tree Wind Farm Project near Mojave, California. The Pine Tree Wind Farm Project consists of eighty 1.5MW wind turbines that will power approximately 70,000 homes for a year with zero emissions. This project will be the first large capital investment of the DWP’s RPS plan.
GOALS AND OBJECTIVES

For the upcoming fiscal year, the DWP will continue to take steps to reduce costs, mitigate impacts to the environment and maintain sufficient capacity to serve all retail customers. To accomplish these goals, the DWP will focus on:

- Controlling Natural Gas costs
- Implementing the Integrated Resource Plan
- Implementing the accelerated Renewable Portfolio Standard plan
- Improving system reliability
- Improving operational efficiency

The most significant financial pressure faced by the Power System is a rise in natural gas costs. To contain these costs, DWP has implemented programs that have and are projected to save our customers over $200 million annually, including:

- Improve Water System security
- Improve infrastructure reliability

The Water System’s most pressing challenge continues to be complying with newly implemented water quality regulations. These regulations are causing DWP to plan for costly water quality capital investments to comply with these federal regulations. This will ensure that DWP continues to provide a safe and dependable water supply that meets all drinking water regulations and customer expectations. Water quality projects include improvements to reservoirs, trunk-line replacements and conversion to newer disinfection processes.

Since September 2001, Water System security has become a top priority. The Water System has increased security presence at the reservoirs and other critical locations, as well as the frequency of air patrols of water system facilities. Furthermore, significant security capital investments are being made to ensure a safe and reliable drinking water supply, including a sophisticated monitoring alarm system and construction of barriers to prevent unauthorized entry into Water System property.

In addition, DWP is making significant investments to the water delivery system infrastructure. These investments are focused on improving reliability to our customers, and include water regulator stations, water pump stations, and installation of modern control systems.

Looking to the future, DWP will continue to aggressively implement water conservation programs to help meet the growth needs of the City of Los Angeles.

THE WATER SYSTEM

WATER SYSTEM REVENUES

Projected water revenues for FY2006-07 total $641.8 million, an estimated $22 million increase from the FY2005-06 projection. This projection includes a revenue increase of 3.8 percent (as identified in the FY2005-06 Approved Budget) starting in October 2006. This revenue increase is necessary for the Water System to continue meeting its financial planning goals.

WATER SYSTEM EXPENDITURES

Estimated total gross appropriations for FY2006-07 total $1.1 billion. The net of receipts from the Power System, individuals and companies, contributions in aid of construction, customer deposits, and other miscellaneous sources and appropriations totals $882 million. This amount is approximately $30 million more than the estimate for FY2005-06. The increase is mainly due to water quality improvement projects, additional security-related expenditures and the trunk-line replacement program. The trunk-line replacement program will be used to meet the requirements of water quality regulations and will improve the reliability of the water system infrastructure.

GOALS AND OBJECTIVES

For FY2006-07, the Water System will take steps to:

- Meet more stringent, newly implemented Water Quality Regulations, including:
  - The Long term II Surface Water Treatment Rule
  - The Stage 2A Disinfectant By Product Rule

- Improve Water System security
- Improve infrastructure reliability

In addition to the Pine Tree Wind Farm Project, DWP is budgeting for additional capital investments and/or PPAs in future years to meet the goals of the accelerated RPS. DWP is currently evaluating a number of proposals to generate energy from renewable sources. These should be finalized shortly.

DWP is also evaluating potential capital investment programs in infrastructure to increase system reliability. These programs will be driven by the recommendations of the recent EPRI Solutions Distribution Reliability Assessment.

a financial hedging program, more efficient combined cycle power plants (by over 30%), and the purchase of natural gas fields. However, as a result of these record natural gas market prices, full mitigation of these increased costs may not be possible without increased revenues.
Community Redevelopment Agency

COMMUNITY REDEVELOPMENT AGENCY

OVERVIEW
The Community Redevelopment Agency/Los Angeles (CRA/LA) is dedicated to revitalizing, refurbishing and renewing economically underserved areas of Los Angeles. Since its creation in 1948, CRA/LA's main task has been to lend a hand to investors willing to take risks for a more vibrant city, to neighborhood residents with renewed aspirations for their communities and to those in need who strive to take part in the City's growing prosperity. CRA/LA's mandate is to eliminate blight, revitalize older neighborhoods, build low- and moderate-income housing, encourage economic development, create and retain employment opportunities, support the best in architecture, urban design and the arts and ensure broad community participation. CRA/LA helps:

- Increase the supply of housing for low- and moderate-income families.
- Provide the infrastructure for commercial and industrial development.
- Create jobs necessary to maintain employment with fair and reasonable wages.

CRA/LA also makes sure that citizens are engaged in the decision-making process every step of the way.

FY2006-07 BUDGET HIGHLIGHTS
CRA/LA's FY2006-07 Proposed Budget, overseen by its seven-member Board of Commissioners, reflects a balanced, comprehensive work program that addresses the priorities of residents and businesses in 32 active redevelopment project areas, including three revitalization areas and other areas throughout Los Angeles in need of specialized resources—such as abandoned, idled or under-used Brownfields sites; properties damaged physically or economically by the Northridge Earthquake; civil unrest Redevelopment Recovery Areas; and affordable housing and community revitalization activities covered by the Neighborhood Block Grant (formerly Targeted Neighborhood Initiative) program.

As a part of Mayor Villaraigosa's housing strategy, CRA/LA uses innovative public – private partnerships to create market-rate and workforce housing along with the construction of units that are affordable to very low-, low- and middle-income individuals and families.

In FY2006-07, CRA/LA will strengthen its affordable housing initiative to require developers of large projects to construct additional affordable units in combination with their market-rate units. In addition to its project area housing programs CRA/LA will continue to contribute five percent of its resources to the City's Affordable Housing Trust Fund.

Additionally, CRA/LA is one of the major partners in the Mayor's historic $50 million Permanent Supportive Housing Initiative. This commitment lays a solid foundation for increased production of affordable housing in addressing the housing crisis for Los Angeles' most vulnerable residents. In the coming year, the CRA/LA also intends to create a CRA/LA Agency-Wide First Time Home Buyer (FTHB) Program and further greater Housing Quality Standards (HQS) Habitability Inspections, Code Compliance and Enforcement.

Revenues
CRA/LA's revenues are derived primarily from property tax increment generated from the redevelopment project areas, bond proceeds, grants and other general revenues. Funds available from prior years will be approximately $263.1 million. New resources (tax increment, bonds and grants) will be approximately $176.3 million (before allocations to pass-throughs, housing trust funds and debt service).

Expenditures
Forecasted expenditures for the Agency's multi-year capital work program in the FY2006-07 will be approximately $439.4 million with a targeted staff level of 242. Contractual expenses are expected to remain relatively constant as CRA/LA continues to work on housing production, community development, economic development and public improvement projects.
**RECENT BUSINESS ACTIVITIES**

In downtown Los Angeles, CRA/LA is continuing an ambitious program to foster adaptive re-use of historic vacant office buildings for live-work, residential and e-commerce uses. Projects include the re-use of several buildings in the Downtown Historic Core, along with additional housing and a supermarket in the South Park residential community. In addition, CRA/LA is working with the City and County on the development of a number of under-utilized parcels in the vicinity of the Walt Disney Concert Hall on Bunker Hill.


The synergy of the North Hollywood Arts District (NoHo) has been instrumental in attracting renewed developer interest to that community. In November 2003, NoHo Commons broke ground on the first phase of a mixed residential, office and retail project that connects the arts and existing commercial areas to the MTA transit hub. During the coming year, CRA/LA expects NoHo Commons to be completed.

Maintaining and enhancing Chinatown, Koreatown, and Little Tokyo as local points of commerce and culture remain important priorities. Community Development Block Grant, MTA and other funds have also been identified to develop a mixed-use project with a parking structure and pedestrian linkage between the core of Chinatown and the new Gold Line Pasadena Light Rail Line station serving Chinatown, to create major mixed-use developments at the Wilshire-Vermont and Wilshire-Western Metro Rail stations in Koreatown, and to foster a new residential/mixed-use and cultural complex in Little Tokyo.

Throughout much of South and Southwest Los Angeles, the thrust of the work program is focused on improving the economic viability of the area. Many of the redevelopment projects in these areas were adopted in response to the 1992 civil disturbance and have limited revenues of their own. Thus, programs emphasize the leveraging of grant and other funds for delivery of consumer services through the creation of new shopping districts, rehabilitation of existing commercial and industrial areas and introduction of new housing. Both community shopping centers and larger sub-regional power centers are planned in the Broadway/Manchester, Crenshaw, Mid-City and Council District Nine project areas. These complexes will generate much-needed commercial tenants, such as drugstores, supermarkets, restaurants and nationally known retailers.

In the Harbor region, mixed-use and transit-oriented improvements are critical components to revitalization. In the Beacon Street project regional area, a new residential/mixed-use development is under construction in the re-emerging Downtown San Pedro business core, supporting prior investment in the San Pedro Sheraton Hotel, Warner Grand Theater and other projects in this community. Concurrently, efforts are under way in cooperation with the Port of Los Angeles to plan and implement improved access to the Harbor Waterfront.

CRA/LA will continue to aggressively pursue industrial development in a number of locations to provide long-term job growth, including the Goodyear Tract, for which considerable federal dollars have been secured, and the former Crown Coach site, the City’s first Brownfields Demonstration project.

Finally, integral to the delivery of commercial services is the creation of “community equity” in the form of living wage jobs, first source hiring programs, assistance to small businesses and the creation of community facilities as part of the development program.
Tough Choices for a Brighter Future

Fiscal Year 2006-2007
BUDGET SUMMARY

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