

Last year, I introduced Priority-Based budgeting, a revolutionary new budgeting process for the City of Los Angeles. Building on last year's success, I am taking Priority-Based budgeting to the next level by funding and highlighting best practices within the City of Los Angeles.

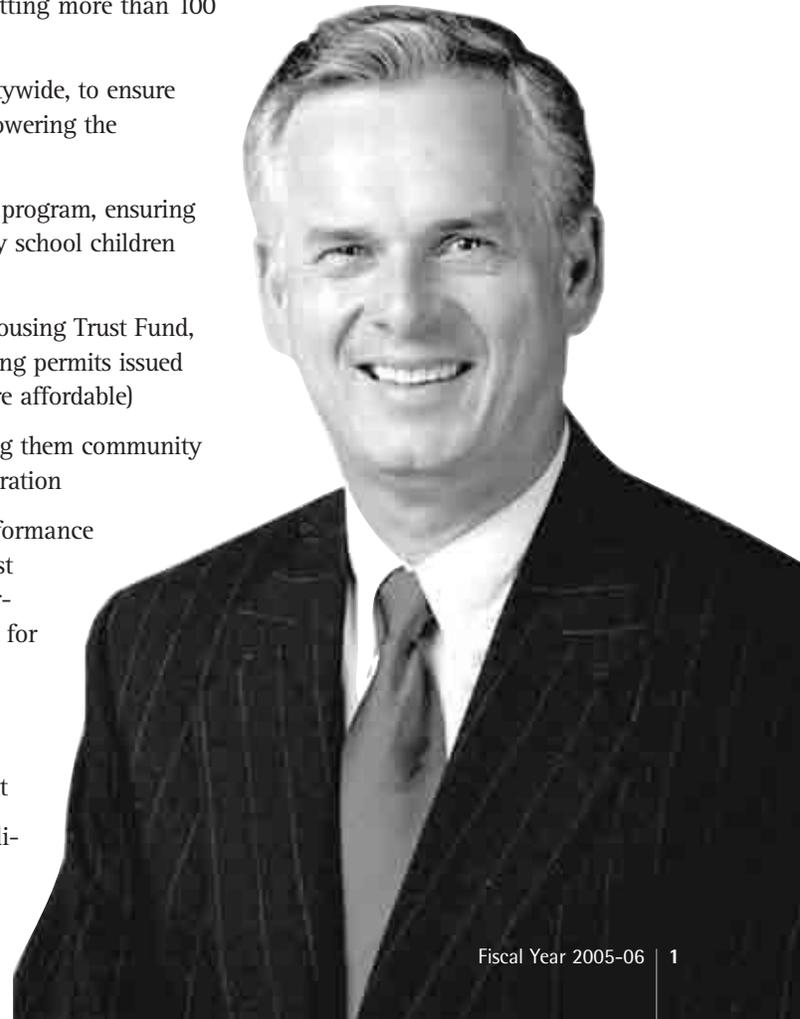
Priority-Based budgeting is reshaping the discussion this City is having with its residents. My proposed fiscal year 2005-06 budget funds best practices, investing in programs and services that best accomplish the results the people of Los Angeles want their city government to achieve.

As the only big city in America to successfully implement Priority-Based budgeting, we transformed a stale exercise in accounting into a dynamic process where residents and neighborhoods all across Los Angeles have a chance to weigh in on how their government should allocate resources. Gone are discussions about funding departments or across-the-board cuts. Instead, we are focusing on funding best practices that achieve our priorities.

Despite tough economic conditions over the past three years—the result of a weakening economy, the State taking City revenue to help balance its budget, changing economic realities resulting from September 11th—the City of Los Angeles found new and innovative ways to budget and respond to the residents and businesses we serve. In focusing our resources on best practices, we have been able to fund cost effective programs that achieve our priorities—making Los Angeles safer, enhancing the quality of life within neighborhoods, improving mobility, spurring economic development, and increasing our housing stock. As a result, our resources are spent efficiently, allowing us to invest in the expansion of important services like police hiring, street maintenance, after school programs and affordable housing.

Some of our best practices over the past three years include:

- Moving Los Angeles police officers from behind desks and into high-priority assignments, effectively putting more than 100 officers back on the streets
- Expanding the number of ambulances Citywide, to ensure an ambulance at every fire station, and lowering the average response time
- Adding more than 50 sites to L.A.'s BEST program, ensuring more than 20,000 Los Angeles elementary school children have a safe place to go after school
- Establishing a \$100-million Affordable Housing Trust Fund, augmenting more than 34,000 new housing permits issued since 2001 (nearly 30 percent of which are affordable)
- Modernizing our City libraries and making them community centers by sustaining longer hours of operation
- Implementing LA STAT, an ongoing performance measurement program, which for the first time requires City departments to set performance goals and be held accountable for reaching them
- Purchasing a new state-of-the-art street repaving machine that results in paving more residential miles of street at less cost
- Spurring economic development by simplifying the City's business tax system, and implementing meaningful tax reform



Funding our budget priorities over the past several years has achieved significant results, making the City of Los Angeles one of the top fiscally managed cities in the country. What we have been able to accomplish in lean budget years is a reflection of our commitment to doing more with less. We must continue to build on this momentum.

In looking ahead to the next fiscal year, my budget continues to aggressively invest in programs and services that will support achieving six priorities:

1 Making Los Angeles the safest big city in America

Together with the City Council and City Attorney, we have identified the resources to recruit and train 720 new police officers in the coming year. This means that for the first time in many years, the Los Angeles Police Department will run full monthly police training classes.

Our Los Angeles Fire Department will continue to expand its capability to respond to medical emergencies by training 48 new paramedics and upgrading eight ambulances within the City to better handle increased demand for more specialized medical services.

Preventing crime before it occurs is significant to our goal of making Los Angeles the safest city in America. Our nationally recognized L.A.'s BEST program, which is currently operating in 130 elementary schools in the City, is one of the best services we provide to keep kids off the streets and out of gangs. This year, my budget calls for \$2.34 million in funding that will enable L.A.'s BEST to expand to an additional 12 schools, and another \$500,000 for a new gang prevention program.

2 Ensuring neighborhoods are good places to live

We need continued investment of our city resources in community centers like parks and libraries and on infrastructure improvements to our streets and sidewalks to ensure neighborhoods are good places to live. Much of this year's revenue growth is being dedicated to investments in our neighborhoods and for ongoing quality of life neighborhood services.

I am proposing a budget for our libraries that continues to keep them open in the evenings and on weekends. Additionally, my budget invests in additional program and maintenance funding to ensure that our new library facilities that have come online in the past few years will provide a high level of service and are well kept for future community use.

New parks and new facilities will open this year to enhance neighborhoods throughout the City. I am committed to ensuring that those facilities are adequately staffed and maintained so that these treasures will continue to improve the quality of life within our neighborhoods.

Neighborhood councils have made positive impacts on our neighborhoods, communities, and the City as a whole. They have used their \$50,000 grants to make needed improvements to our neighborhoods by partnering with the Police Department to install cameras or working with the Recreation and Parks Department to install new playground equipment. While this year we will continue to grant neighborhood councils \$50,000 for these community improvement projects, we will also fund each neighborhood council with \$100,000 in dedicated money for high-priority street reconstruction, resurfacing, and slurry sealing. This allocation is part of my commitment to fund even more street maintenance miles this year.



3 Getting where I want to go safely and reliably

My Proposed Budget includes funding for more than 500 miles of street maintenance, an increase of 65 miles over last year. This year we will also cut down the time it takes to install street markings and speed humps, which improves traffic safety on our residential streets.

Moving traffic within our neighborhoods continues to be a top priority. This budget will fund the City's continued program to fix 25 of the City's worst intersections every year, which saves drivers more than 1,000,000 hours annually. We will also continue to commit the necessary resources to the Street Smart program, which over the next four years will upgrade 35 major streets across the City and improve the flow of traffic, saving Los Angeles drivers more than 30,000 vehicle hours daily.

This budget also provides for City funding to assist in moving the Exposition light rail and Gold Line extension projects forward more quickly by committing \$6 million in Proposition A funds. Our dedication of City resources reflects a commitment to mass transportation projects and our support of regional efforts to get these projects online as quickly as possible.

4 Creating quality jobs, developing a competitive workforce, and enhancing Los Angeles' business climate

The City of Los Angeles has regained its position as an economic powerhouse. In the last four years, the City has witnessed over \$10 billion in private construction, nearly 40,000 new jobs created in the region, and the largest level of housing production in decades. Indeed, economic development policies implemented over the last few years have made the City more attractive for increased business investment, job creation, and housing development and preservation.

Funding is provided to facilitate quality building inspections, expedite permit and case processing, and support the expansion of Business Improvement Districts. In addition, the fiscal year 2005-06 budget includes funding for business tax reform. Specifically, no business earning less than \$50,000 in 2005-06 will pay the business tax, while eliminating "Bad Debt" as a tax liability and provide that taxpayers can report on either a Cash or Accrual basis. And beginning on January 1, 2006 all other businesses will see the beginning of an-across-the-board reduction in their business tax.

The fiscal year 2005-06 Budget also provides resources to target the more than 2.5 million cultural tourists who visited Los Angeles in 2003, which generated a total economic output of \$1.1 billion and supported over 10,500 jobs. In partnership with the County of Los Angeles, \$2 million in funding is provided to support Art+Culture LA—a new effort to market cultural tourism in the City of Los Angeles.

5 Increasing the quality, quantity, and affordability of housing in Los Angeles

This year, we will continue to fund the Affordable Housing Trust Fund with an increased General Fund allocation, keeping our commitment to provide public money as leverage for other resources in order to build much needed housing throughout Los Angeles. We will continue to search for dedicated revenue for the Affordable Housing Trust Fund so that this important priority is not competing for General Fund dollars with other high-priority services.

With the substantial increase in building activity in Los Angeles, the Department of Building and Safety continues to set records in the number of new construction units it inspects each year. This year, my budget will create a building permit enterprise trust fund, allowing the Department increased flexibility in funding additional inspectors as demand for inspection increases. This efficiency will allow the Department of Building and Safety to respond to the needs of its customer more quickly and with a higher level of service.

The issue of homelessness affects Los Angeles, as it does other major cities throughout the country. Last year, my budget provided for shelter beds beyond the winter months, and for the first time providing shelter beds throughout the year. This year we will continue to keep homeless shelters open year round.



6 Supporting a Los Angeles City government that works better and costs less

We have experienced a significant drop in both claims and payouts in worker's compensation, which results in an overall projected decrease in claims and payouts, allowing those funds to be directed to higher priority services like police hiring and street maintenance. Our budget is committed to further pursue policies that result in even more savings in workers' compensation, including working on expanded return-to-work programs for injured workers.

In unveiling 3-1-1 over two years ago, the City has become easier to contact, with a "one call to City Hall." This year, my budget funds the next phase of 3-1-1, with the purchase of technology that will allow 3-1-1 operators to directly solicit and track residents service requests. We will also realize additional savings as we consolidate departmental call centers throughout the City into the centralized and more efficient 3-1-1 call center.

This budget outlines a vision and strategy for how we achieve outcomes and the results the residents of Los Angeles expect from City Hall—a City government dedicated to providing quality services. I want to thank the hundreds of residents and business owners, City-elected officials, City department managers, and staff who assisted me in formulating this budget.

I look forward to working with all of you to help move Los Angeles forward. We must build on the successes of the last three years as we continue to make Los Angeles a safer city and an even better place to live, work, and play.

Very Truly Yours,

James K. Hahn



Reading the Budget Summary

The Budget Summary presents the services that Mayor Hahn proposes to fund to achieve his six budget priorities:

- Safer City
- Livable Neighborhoods
- Improved Mobility
- Economic Development
- Affordable Housing
- Efficient Government

1 **Priority-Based Budgeting Year II: A Focus On Best Practices** presents an overview of the Mayor's Priority-Based Budgeting process, the emphasis on funding "best practices" and the involvement of the neighborhood councils to help establish his budget priorities.

2 **Financial Overview** describes the projected revenue that is anticipated to fund the Proposed Budget and discusses trends in major revenue categories.

3 **Budget Priorities** provides an overview of the six budget priorities, the strategies designed to address the priorities, the accomplishments made in achieving these priorities, and the services to be funded to continue to attain the expected priority outcomes.

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Priority-Based Budgeting—Year II: A Focus on Best Practices

Investing in Los Angeles means funding City services that are important to all Angelenos in order to make their neighborhoods safe and livable, to keep traffic moving, and to build a thriving economy that creates jobs and affordable housing.

Last year Mayor Hahn introduced a new budget process called Priority-Based Budgeting. This process differed from typical bureaucratic incremental budgeting processes in that it:

- Provided for collaboration and participation in the budget process
- Focused on funding services that were important to Los Angeles residents, rather than simply funding departments
- Reviewed what services cost and how they performed to identify how services might be provided more efficiently

In Year II of Priority-Based Budgeting, Mayor Hahn continues his commitment to these concepts and focuses on funding services and efforts to support “best practice” service delivery.

Refining the Neighborhood Council Budget Process

Neighborhood council regional budget representatives have expressed an interest in improving the City's public input process. In response, Mayor Hahn has sought the input of Professor Juliet Musso, an expert in public participation, and staff of the University of Southern California's School of Policy, Planning, and Development to improve the process for soliciting meaningful input and participation from neighborhood councils in helping to formulate the Mayor's budget.

The goals of the improved process are to:

- Provide a more user-friendly survey process
- Consider how regional panels can provide more robust discussion of budget issues
- Improve the feedback to neighborhood councils on the Mayor's response to neighborhood council budget priorities and survey results

Further, the Mayor's Office of Management and Budget will initiate a series of budget workshops at which neighborhood council representatives may learn more about the details of the budget, the budget process, and provide input on budget strategies and approaches.

Seeking Neighborhood Council Input on Budget Priorities

For the second year, this budget process started by asking for input from neighborhood councils.

July 31, 2004	Introduced neighborhood councils to the Fiscal Year 2005–06 budget process and sought their input on budget priorities via a budget priority survey
August–October 2004	Neighborhood councils distributed and compiled survey results for their communities, and appointed regional representatives to discuss and finalize the priorities within the seven Neighborhood Service Areas
October 9, 2004	Neighborhood Congress regional budget representatives met to discuss and finalize the service priorities for the seven Neighborhood Service Areas
October 2004	Budget priorities were shared with all City department heads
February 2, 2005	Regional budget representatives met with Mayor Hahn to discuss their regional service priorities
April 20, 2005	The second Neighborhood Council Budget is produced and released

The results of the fiscal year 2005–06 budget priorities, organized by Neighborhood Service Areas, are summarized on the next page.

Top Neighborhood Council Service Priorities

(Identified by neighborhood councils at the 2004 Neighborhood Congress)

Mayor's Budget Survey 2005-06 Final Regional Rankings	NEIGHBORHOOD COUNCIL REGION							
	Harbor	West	South Valley	North Valley	Central	East	South	Overall (Mean)
SAFER CITY	1	1	1	1	1	1	1	1
Police Services	1	1	1	1	1	1	1	1
Pro-active Crime Prevention Programs and After School Programs for Youth	2	3	3	3	3	3	3	3
Fire Services	3	2	2	2	2	2	2	2
Animal Services	6	5	5	5	6	5	4	5
Maintenance and Repair of Streetlights	4	4	4	4	4	4	5	4
Legal Services	5	6	6	6	5	6	6	6
LIVABLE NEIGHBORHOODS	2	2	3	2	2	2	2	2
Services:								
Library Operations	2	2	2	2	2	2	3	2
Recreation Services	1	1	1	1	3	1	4	1
Neighborhood Council Grant Funding	4	4	3	3	5	5	1	3
Senior Services	3	6	4	4	7	3	2	4
Policy Development and Implementation Relating to Children, Youth, and Their Families	5	3	6	7	6	4	5	5
Policy Development and Implementation Services Relating to Improving the Status of Women	7	9	9	9	9	8	8	9
Protecting Civil/Human Rights (human/civil rights protection services and community dialogue)	6	7	7	6	1	9	7	7
Ensuring Equal Access and Promoting the Rights of People with Disabilities	8	8	8	8	8	6	9	8
Cultural and Arts Services	9	5	5	5	4	7	6	6
Infrastructure:								
Recreational Facility and Park Maintenance	2	3	2	4	2	4	2	3
Tree Trimming on Streets and Parkways	4	5	6	7	7	5	3	4
Graffiti Cleanup Programs	1	2	4	5	3	1	1	1
Street Cleaning	3	6	3	6	4	2	5	6
Sanitation Services	5	1	1	1	1	3	4	2
Street Lighting	6	7	5	2	5	6	6	4
Environmental Policy and Planning	7	4	7	3	6	7	7	7
MOBILITY	3	3	2	3	3	4	4	3
Streets	3	1	1	1	1	1	2	1
Sidewalk Repair	1	5	2	3	3	4	1	2
Traffic Control/Safety	2	2	3	2	2	5	3	2
Public Transit	4	3	4	4	4	2	4	4
Promoting Alternative Transportation Methods	5	4	5	5	5	3	5	5
ECONOMIC DEVELOPMENT/HOUSING	4	4	4	4	4	3	3	4
Housing Assistance/Low Income	2	5	6	4	3	1	1	2
Code Enforcement for Buildings	1	4	2	2	7	6	4	4
Homeless Services	5	2	3	6	1	7	3	5
Business Assistance Services	7	8	5	5	6	3	6	6
Job Training and Development Services	4	3	4	3	5	2	2	3
Building Permits	6	6	8	7	8	8	7	8
City Planning	3	1	1	1	2	4	5	1
Cultural Sites/Event Venues	8	7	7	8	4	5	8	7

Source: Department of Neighborhood Empowerment 2004
Based on survey of neighborhood councils conducted at the October 2004 Neighborhood Congress.

The chart above indicates each region's priorities. Low numbers indicate higher priorities – for example, the “Safer City” budget priority was invariably ranked “1” by each region, which means it is the highest or most important priority.

Mayor Hahn used this input as a guideline for determining various funding priorities for City services.

Identifying the Budget Priorities

The Priority-Based Budgeting process has identified the following six priorities:



Making Los Angeles the safest big city in America

Public safety continues to be the top priority not only of Mayor Hahn, but also of the people of Los Angeles. As evidenced by the input of neighborhood councils to the budget process, funding public safety is what the people of Los Angeles most expect of their city government. In this year's budget, Mayor Hahn is committed to hiring 720 officers, increasing the number of paramedics available to respond to medical emergencies, expanding after school and crime-diversion programs for youth, and enhancing the City's homeland security preparedness for a major disaster. The Mayor's budget will invest in these and other public safety services that contribute to achieving the common goal of making Los Angeles a safer city for all residents, businesses, and visitors.



Ensuring neighborhoods are good places in which to live

Maintaining and increasing the quality of life of Los Angeles residents in every neighborhood of the City has been a priority of Mayor Hahn since he took office in 2001. Funding to open new and renovated parks and libraries is provided. Critical public works needs are funded to ensure our water, rivers, streets, and beaches are clean, and our trash is collected, recycled, or disposed of responsibly.

It is the funding of these services as a budgetary priority that enables the City to keep its promise to its residents of providing basic services at appropriate levels. These basic services contribute to the livability of each and every Los Angeles neighborhood and require the priority funding identified in this budget.



Improving transportation mobility to allow us to get where we want to go safely and reliably

With 6,500 miles of streets throughout the City of Los Angeles, the efficient movement of traffic is a crucial service provided by City government. It is vital to growing our local economy, to improving the quality of life within neighborhoods, to distributing goods and services quickly, and to moving people around town.

Mayor Hahn recognizes the need for investment in our city streets and in public transportation to supplement what is provided countywide through the County Metropolitan Transportation Agency. The fiscal year 2005-06 budget reflects investments in those priority services and functions, such as: street surface maintenance at record levels, traffic signal synchronization, critical intersection improvements, and quality commuter transportation, all of which contribute to the City's ability to move people and goods throughout Los Angeles reliably and safely.

Enhancing Los Angeles's business climate and creating quality jobs

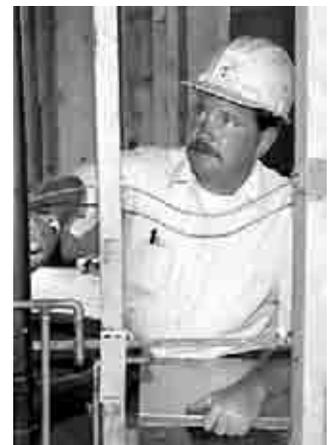
The future and vibrancy of Los Angeles as a first-class world city rests on the City's commitment to economic development, which is bolstered by fostering good jobs and finding people with the right skills to fill those jobs. In this challenging economic climate it is crucial for the City to ensure that the region's workforce is adequately skilled to in order to attract and retain businesses that fuel LA's economic engine.

In this year's budget, Mayor Hahn continues to invest in programs that help Los Angeles's small and local businesses compete for contracts and to assist them in finding opportunities to grow, which in turn leads to the creation of new jobs for LA residents. Furthermore, a substantial investment in workforce training opportunities will assist local businesses by providing a local pool of skilled labor.



Improving the quality, quantity, and affordability of housing

The City of Los Angeles, under the leadership of Mayor Hahn, continues to address the challenge of an inadequate housing supply with the establishment of the Affordable Housing Trust Fund. Last year the City reached its goal of \$100 million to the Affordable Housing Trust Fund. The success of reaching this milestone, particularly in light of the budgetary challenges the City has faced, underscores Mayor Hahn's commitment to this priority. Further, housing efforts are supported through the multi-unit Systematic Code Enforcement Program that has infused \$1.3 billion in private investment towards improving housing conditions throughout the City. This budget places a priority on increasing home ownership opportunities, leveraging the City's resources for housing development and stabilizing rents.



Supporting a Los Angeles city government that works better and costs less

As the second-largest city in America, Los Angeles requires an organization of workers who can effectively implement and provide the priority services that residents expect. In these challenging financial times, it is more important than ever to ensure that the organization of the City government is operating efficiently and effectively.

This year's budget reflects significant savings in workers' compensation reform costs, dramatic proposed reforms to the City's ethics policies, and a strong commitment to fiscal integrity through effective oversight through audits, LA STAT (the Mayor's performance management program), and the City Improvement Team. Through the use of technology, Mayor Hahn proposes to improve service delivery via a new 3-1-1 Service-Request System, and enhance financial management with the replacement of the City's decades-old legacy Financial Management Information System. This budget also funds the City's leading-edge clean-fuel fleet and citywide recycling programs. Lastly, it establishes a municipal marketing program, an innovative method of using public/private partnerships for the City's fiscal and operational benefit.



Creating a Strong Fiscal Environment: A Budgetary Best Practice

After repeated years of closing daunting budgetary deficits, the City has become accustomed to exercising prudent fiscal discipline. This management practice can be credited with creating a strong fiscal environment for fiscal year 2005-06. Additionally, the adverse economic impacts following post-September 11 appear to have finally taken their toll, and economic conditions are turning around for the better. As a result, the 2005-06 fiscal year budget assumes a Reserve Fund carryover of \$280 million. This significant carryover is the result of: 2004-05 revenue coming in stronger than originally forecast, continued revenue strength anticipated for 2005-06, and cost savings generated by fiscal discipline in the 2004-05 fiscal year.

Moreover, the City is making prudent use of one-time revenues, matching them (as per the City's proposed financial policy) with one-time expenditures.

"Our fiscal discipline over the past year has been invaluable to meeting the needs of this budget. I am grateful to the general managers for their vigilance and to the City Council for working with us to hold down spending."

– Mayor Jim Hahn

Use of One-Time Revenue

There is always sensitivity in using one-time revenue sources to support continuing operations. The City has established a financial policy whereby one-time revenue should be dedicated to one-time expenditures. While the Proposed Budget utilizes a large Reserve Fund carryover to balance the budget, it should be noted that most of the additional revenue in the carryover is from ongoing revenue or annual expenditure adjustments.

One-time revenue can include:

- Bond funds restricted to one-time capital investments
 - Funds from the sale of capital assets
 - Accelerated collection schedules
 - Sales of receivables
 - Funds from federal and state grants
 - Peaks in economically driven revenue sources
-

Comparison of One-Time Revenues with One-Time Expenditures

<u>One-Time Revenues</u>	(\$ millions)
Excess Reserve Fund rollover *	\$35.70
Police Grants	5.00
Deferred Property Tax	14.00
VLF Loan Proceeds	23.85
Total One-Time Revenues	<u>\$77.55</u>

<u>One-Time Expenditures</u>	(\$ millions)
Financial Management System Replacement	\$4.33
Business Tax System modifications	2.93
Solid Waste Disposal Studies	2.45
3-1-1 System Enhancements	3.85
Art+Culture LA	2.00
Payroll System modifications	2.82
Groupwise E-mail Consolidation Phase II	0.57
Animal Services New Facility costs	0.71
Building and Safety Technology Projects	0.16
Technology Upgrades for City Clerk systems	0.32
Building Management System	1.13
El Pueblo Parking Lot Improvements	0.26
Information Technology Agency equipment	2.67
Supply Management System upgrade	0.98
Harbor Gateway Library Branch opening	0.76
Library materials and technology equipment	1.00
Los Angeles Regional Crime Laboratory	0.67
Technology equipment for Personnel	0.08
Police replacement vehicles	13.52
Technology equipment for Police	3.72
Police Universal ID System	0.30
Technology equipment for Fire	0.27
Planning case/ document management systems	0.56
Recreation and Parks Equipment	1.00
Griffith Park Observatory Opening	1.17
Photo Red Light Program infrastructure	0.30
Traffic Signal Replacement	2.16
Facility improvements at the Zoo	0.15
Subtotal	\$50.82

Expenditures Modifiable From Year to Year

All Unappropriated Balance items except those above	17.68
Street maintenance, slurry seal	4.76
Street resurfacing increase	8.81
Paving unimproved streets	4.15
Sidewalk repair	3.78
Neighborhood Matching Funds	0.85
Capital Improvement Expenditure Program	11.13
Subtotal	\$51.15

Total One-Time Expenditures **\$101.97**

*Adjusted by average rollover of \$60 million and ongoing revenue of \$184 million.

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Future Direction: Maintaining a Strong Fiscal Environment

Policies such as the City's, dedicating one-time revenues to one-time expenditures, can help prevent the dilemma faced by the state and other governmental agencies. The City's diversified revenue sources can lead to revenue increases or decreases in a given fiscal year, and provides the City the ability to accommodate changes from year to year. Typically, the City budget includes some level of one-time funding; however, the City allocates one-time revenues to one-time expenditures, such as equipment purchases or projects with limited duration.

The Mayor's Office of Management and Budget, in concert with the City Administrative Officer and City departments, will use the LA STAT process, Mayor's Hahn's performance management program, to monitor departmental performance and adherence to expenditure and revenue plans. In cooperation with the City Council and the Council's Budget and Finance Committee, and the Audit and Governmental Efficiency Committee as well as the Controller's Office, the Mayor's Office will work diligently to pursue opportunities to keep our budget balanced. Particular attention will continue to be given to:

- Continuing to reduce workers' compensation costs
- Pursuing revenue opportunities to enhance services
- Reviewing fees for services to ensure residents can obtain the best service for the right price
- Identifying programs that may be duplicated across City departments and exploring the benefits of continued consolidation to reduce costs

These actions will sustain a strong fiscal environment well into the future.



Best Practices LA

Financial Overview

Economic Outlook

OUTLOOK

Economic Outlook

The City of Los Angeles's economy is one of the most diverse and productive in the country and is the economic engine for Los Angeles County. The County has both the largest major manufacturing and the largest international trade center in the country, and much of the economic activity resides within the boundaries of the City of Los Angeles. The top five leading industries in the area are direct international trade, tourism, motion picture/television production, wholesale trade, and technology. The last sector, technology, is making rapid advances in both the creative arts and bio-technology. The Los Angeles economy is showing strength and vitality in a variety of areas.



Economic Outlook, continued

Local economists and industry experts, the UCLA Anderson Forecast for California (UCLA) and the Los Angeles Economic Development Corporation (LAEDC), see continued solid economic growth during fiscal year 2005–06.

- **Taxable Sales Growth:** While encouraging growth is projected, it is substantially below the double-digit growth of the late 1990s.
 - UCLA projects growth in statewide taxable retail sales, during the City's 2005-06 budget year, of about five-percent.
 - LAEDC anticipates growth in California taxable retail sales of about six-percent.
- **Employment:** UCLA and LAEDC expect employment to grow in the one-to-two percent range, which is substantially below the 3.5 percent growth rate seen before the recession of 2001 and 2002.
- **Trade:** International trade grew at nearly a rate of 10 percent in 2003 and is estimated to have grown by 13.5 percent in 2004. Imports through local ports comprise about two-thirds of California international trade. Similar growth is projected during the City's 2005-06 budget year.
- **Housing Market:** Home prices have risen substantially reflecting the tight housing market, relatively low interest rates and rising personal income. Because real estate sustains the City's single largest General Fund revenue, there is concern that the very high volume of recent activity and rapid price appreciation may result in a market correction that could directly affect the local economy and City revenue during the budget year. This concern is reflected in the Proposed Budget's revenue estimates.

Economic Outlook, continued

State Fiscal Actions

State fiscal actions will continue to impact City revenue. In 2005-06 state action will continue to shift City property tax revenue to the schools. This amounts to a \$48 million decrease in 2005-06, from the normal revenue level. Overwhelming voter approval of Proposition 1A on the November 2004 statewide ballot will protect the City from future raids on its basic revenue sources. This constitutional amendment will restore predictability to the funding needed for police, fire-fighting and other essential local services.

Business Tax Reform

Los Angeles tax reform initiatives stimulate the Los Angeles economy. In fiscal year 2004-05, Mayor Hahn worked with the Business Tax Advisory Committee and the City Council to spearhead tax reform measures to provide tax relief to small companies, allow existing companies to expand and invite new businesses to move into the City. This revolutionary tax reform:

- Eliminated the business tax for small businesses with income below \$100,000 and provided across the board tax relief to all businesses. This resulted in \$12 million in taxpayer savings.
- Eliminated the tax burden on uncollected receivables (bad debt), which will provide \$3 million in savings to businesses.
- Provided for across-the-board tax rate decreases in future years. Based on early fiscal year 2004-05 tax receipts, there is considerable optimism that the across the board tax rate reduction “trigger” will be realized and automatic business tax rate cuts will be made in fiscal year 2005-06.

These long-awaited business tax reforms are a vital component to the continued health of the Los Angeles economy.

Employment in Los Angeles

Employment is an indicator of economic health. Indices of employment reveal:

- Employment in Los Angeles County grew by 1.8 percent annually between 1997 and 2000.
- Employment declined by an average rate of one-percent annually between 2002 and 2003, but grew by 0.6 percent in 2004.
- The LAEDC anticipates 1.8 percent growth in local employment during fiscal year 2005-06.
- The UCLA Anderson Forecast estimate for statewide growth in employment during 2005 is slightly higher, at 1.9 percent.

The local unemployment rate provides a different perspective. The unemployment rate:

- Dropped into the 5.5 percent range during calendar years 2000 and 2001, the lowest level in a decade.
- Climbed to nearly seven-percent in 2002 and remained at that level through 2003.
- Declined slightly in 2004 to 6.3 percent.

LAEDC expects it to decline a little more in 2005 to 6.1 percent. The unemployment rate of 6.1 percent suggests modest improvement over the past two years, yet a complete change in productivity from the 8.9 percent unemployment rate experienced during the prolonged local recession from 1991 through 1996.

Personal Income

Another indicator of the local economy is the change in personal income. This assists in measuring consumer ability to purchase goods and services, the most significant driver of the City's diversified tax base.

- In 2000, Los Angeles County personal income grew by nearly six-percent, slightly higher than the average growth rate from 1995-00.
- Between 2001 and 2002, personal income growth slowed, hitting a low point of 2.5 percent in 2002.
- Since 2002, personal income has grown steadily, moving up to 5.5 percent in 2004-05 and is projected to reach six-percent in 2005-06, according to the LAEDC.

Inflation

LAEDC anticipates that inflation, as measured by the local consumer price index, will be in the three-percent range during fiscal 2005-06, about the same level as recent experience. Many of the City's economy-sensitive revenues, such as the sales, business, and transient occupancy taxes, are affected both by the volume of consumer purchases and by price. The growth forecast for the City's economy-sensitive revenues, in the four to five-percent range, coupled with an inflation rate of three-percent, suggests continued real growth of one to two-percent.

Taxable Sales

Because employment is the primary determinant of income, and income determines the ability of consumers to make purchases, a major factor for increased growth in local taxable sales is the ability of the local economy to add jobs. Reflecting the gradual recovery, much of the gain in personal income is driven by inflation as well as modest job growth.

- Between 1990-00 and 2000-01, City sales tax revenue grew by eight-percent per year as a result of strong local job growth, but the recession caused taxable sales to decline by nearly two-percent in fiscal years 2001-02.
- In both 2002-03 and 2003-04, City taxable sales grew nearly four-percent and have modestly increased to 4.5 percent for fiscal year 2004-05 and 2005-06.

As a result of state law changes, the City's share of the sales tax is reduced from one percent to .75 percent. While the tax paid by consumers will not be reduced, the state will redirect .25 percent of the local sales tax to finance its recently issued economic recovery bonds. Because the City will receive additional property tax in an amount equal to the lost sales tax, the City's beneficial sales tax rate will remain unchanged.

Economic Outlook, continued

Real Estate

Property tax is the largest General Fund revenue, accounting for approximately 20 percent of all receipts. Complex Proposition 13 related factors determine the amount of property taxes received, including: a limit on the amount of annual assessments, inflation, the real estate market, new construction activity, assessment appeals, and restorations to the tax rolls.

Assessed values in the City have been growing at an average rate of seven-percent in the last four years and the County Assessor anticipates growth closer to eight-percent in the 2005-06 budget year.

Although this valuation accurately reflects the strength of the local real estate market, the City's benefit will be limited in fiscal year 2005-06 as the local government revenue protections of Proposition 1A do not apply to previously approved state action that reduces City property taxes by \$48 million in 2005-06. The Proposition 1A protections will apply beginning in the City's fiscal year 2006-07.

Another real estate related revenue is the documentary transfer tax, which is based on the dollar value of transactions instead of assessed values. This tax is expected to post its second-highest level of receipts ever in fiscal year 2005-06. While that forecast reflects the continuing strength in the local real estate market, projected receipts are tied to volume of real estate transactions, which are expected to decline. Documentary tax revenue is expected to be 15 percent less than the level of fiscal year 2004-05.



Key Revenue Trends

Seventy percent of General Fund revenue comes from seven economically sensitive sources (property, sales, business, utility users', documentary transfer, and transient occupancy taxes and vehicle license fees).

Collectively, these seven key revenues have shown the following trends:

- Ten-percent revenue growth in 2000-01
- One-percent decline during the recession-affected 2001-02 fiscal year
- Five and six-percent growth in fiscal years 2002-03 and 2003-04
- Seven-percent growth in fiscal year 2004-05

Although the underlying economic factors remain strong, overall growth in the economy-sensitive accounts is limited to two percent in fiscal year 2005-06 due to elimination of one-time accelerated revenues, stabilizing real estate activity and prices, and the revenue consequences of business tax reform.

The current fiscal outlook for these seven major revenue sources is as follows:

- **Property Tax Up Seven-Percent:** The City's largest single revenue is the property tax. In fiscal year 2005-06, the property tax will benefit from the continuing effects of the very active real estate market and increase in assessed value, growing by more than seven-percent.
- **Documentary Transfer Tax Down 15 Percent:** The City's other property-related revenue, the Documentary Transfer Tax, is based only on market activity in the budget year. The documentary transfer is expected to decline by 15 percent from the record level achieved in fiscal year 2004-05, reflecting this anticipated slower real estate market. Nevertheless, fiscal year 2005-06 is anticipated to be the second-highest year in the history of the Documentary Transfer Tax, following the current year of 2004-05.
- **Utility Users' Tax Stays Level:** While the Utility Users' Tax was up two-percent in 2004-05, it is anticipated to remain flat in 2005-06. The Utility Users' Tax is not anticipated to increase significantly since natural gas prices are projected to stabilize at the historically-high 2004-05 levels and continued growth in wireless telephone sales is projected to be offset by declining taxable sales from traditional land-line telephone providers.
- **Sales and Business Taxes Up Four-Percent:** Sales and Business taxes, reflective of local economic growth are anticipated to grow at about four-percent (before adjustments related to state actions).
- **Hotel Tax Up Six-Percent:** The Transient Occupancy Tax, or Hotel Tax, is projected to grow at a six-percent rate.
- **Vehicle License Fees:** A substantial portion of Vehicle License Fees will be replaced with property tax receipts as provided in recent state law changes.

The underlying forecast for economy-related factors, before adjustments for accounting practices and law changes is consistent with the recommendations of leading local economists and industry experts. More detailed descriptions of these revenues are found in the following pages.

General Fund Revenue Changes



General Fund Revenue Changes

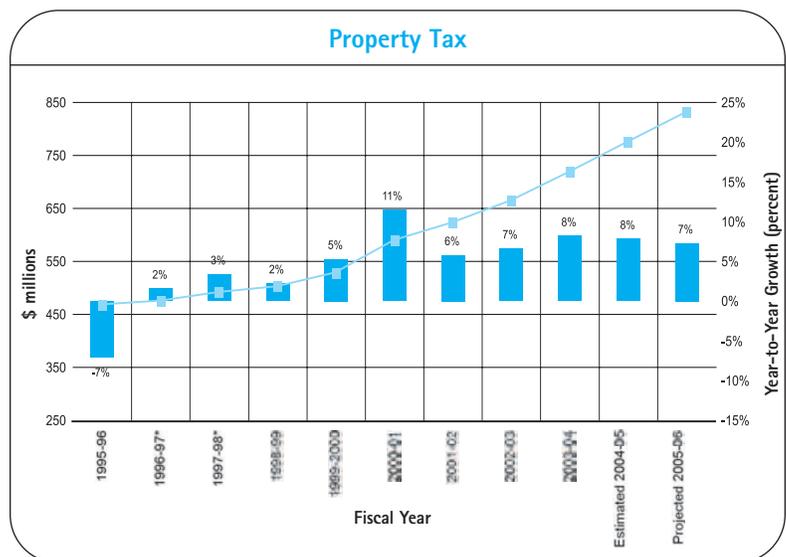
Property Tax (Base)

\$830 million

Property tax receipts have been increasing in the six to eight-percent range since fiscal year 2001-02. The County Assessor expects continued growth in assessed valuation in fiscal year 2005-06. Growth in City-secured valuation has closely tracked countywide secured valuation growth. The City property tax estimate for fiscal year 2005-06 is slightly lower than the projected growth in countywide valuation because only ninety percent of City property tax receipts are linked directly to the secured tax roll. The other ten percent of property tax receipts consists of unsecured taxes, state reimbursement of the homeowner exemption, revenues from redemptions and penalties, supplemental assessments and various other adjustments.

These categories are driven by factors other than the secured roll and are expected to grow at a slower rate in fiscal year 2005-06. Even so, projected property tax receipts in fiscal year 2005-06 are 7.3 percent above fiscal year 2004-05 receipts.

The Proposed Budget revenue estimates distinguish between the normal property tax and special property tax distributions, which offset state action shifting portions of vehicle license fees and sales tax receipts to the state. This segregation of property tax by type facilitates year-to-year comparisons and allows accurate accounting of the numerous state revenue shifts. In fiscal year 2005-06 an estimated \$240 million in revenue previously received as vehicle license fees is being shifted to property tax. Another \$103 million in sales tax revenue is also being similarly shifted. These two shifts are intended to be revenue neutral to the City. Finally, the state has reduced fiscal year 2005-06 property tax receipts by \$48 million to help balance the state budget. This reduction is also separately identified. Previous state action in the early 1990s reduced City property tax revenue by \$175 million annually. The \$48 million reduction will increase that loss in fiscal year 2005-06 to \$223 million.



Utility User's Taxes

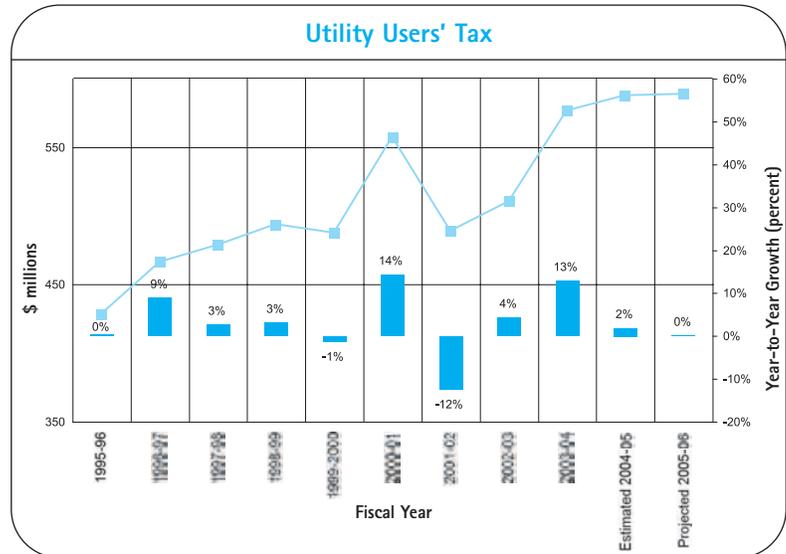
\$588 million

The Utility Users' Tax revenue category includes taxes received on the use of electricity, natural gas and telephone services. These are collectively budgeted as the utility users' tax and constitute the second largest source of General Fund revenue.

Utility Users' Tax receipts are expected to be unchanged in fiscal year 2005-06 after experiencing two-percent growth in fiscal year 2004-05 and 13 percent in fiscal year 2003-04.

– Telephone User's Tax

After declining by two-percent in fiscal year 2001-02 and experiencing no change in fiscal year 2002-03, receipts in 2003-04 increased by 17 percent. Tax remittances from wireless telephone providers increased by nearly 100% in that year although declining remittances from almost all local and long-distance providers offset much of this gain. The surge in cellular telephone users' tax receipts was primarily due to the Mobile Sourcing Telecommunications Act, which made possible fair enforcement of the tax. An additional \$5 million was received from settlement of a claim for back taxes from a major telecommunications provider. Growth in fiscal year 2004-05 was limited to three-percent as 15 percent growth in wireless telephone revenue was offset by continuing declines in traditional telephone service revenue. For fiscal year 2005-06, although tax remittances from wireless providers are expected to grow, the gain will be more than offset by the declining remittances from traditional landline providers of local and long-distance services.



– Gas User's Tax

Until fiscal year 2000-01, gas users' tax receipts were generally stable. Receipts were in the \$50- to \$55- million range since 1985-86 and varied based only on weather conditions. In fiscal year 2000-01, the tax generated nearly \$83 million as a result of the unexpected increase in natural gas prices. Since then, the natural gas market has been very unstable and as a result economic projections are very difficult in the current market. For example, City receipts jumped from \$52 million in 1999-00 to \$83 million in 2000-01 and then fell to \$44 million in 2001-02 (partly as a result of residential rate relief, which reduced revenue by \$9 million), then increased to \$62 million in 2002-03 and jumped again to \$73 million in fiscal year 2003-04. The price of natural gas again increased sharply during fiscal year 2004-05 resulting in anticipated gas users' tax collections of \$84 million. For fiscal year 2005-06, the gas users' tax estimate is the same, \$84 million. This estimate is based on information provided by a Gas Company representative and a review of the forward market (futures market) for natural gas prices.

– Electric Users' Tax

Electric users' tax receipts grew by 10 percent in fiscal year 2000-01, but declined by six-percent in 2001-02 due, in part, to declining power sales related to the post-September 11-economy. Electric users' tax receipts were flat in fiscal year 2002-03 and grew by four-percent in fiscal year 2003-04. Power sales and City receipts are expected to grow by about two-percent in fiscal years 2004-05 and 2005-06.

General Fund Revenue Changes, continued

Licenses, Permits and Fees

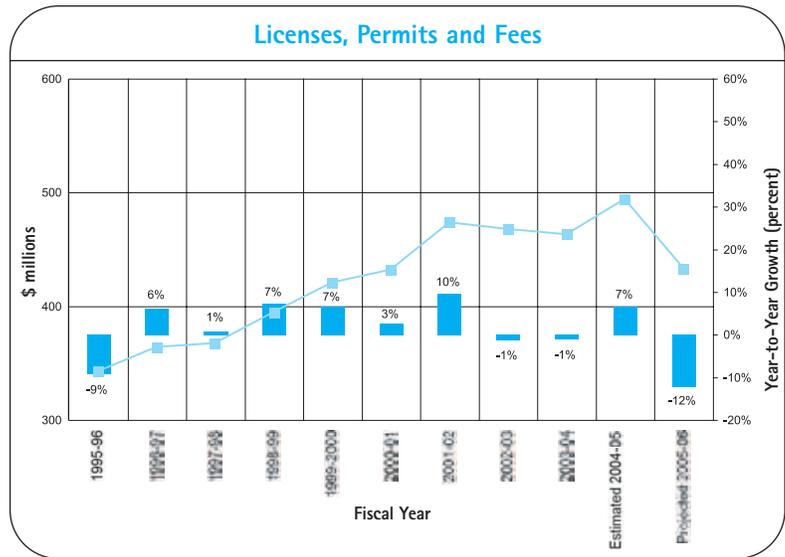
\$433 million

While this account includes animal registration, ambulance service and other fees, more than one half of the revenue represents reimbursements from special funds and proprietary departments for services such as health insurance covered by the General Fund.

Modest growth in the economy-sensitive areas, such as animal services revenue, is expected. Additional revenue from indirect costs associated with sewer construction/maintenance overhead reimbursements is reflected in this estimate. Certain areas in this account will decline due to reduced police-related overtime reimbursements from the airports, reduced Sanitation Equipment Charge reimbursements, and reduced election-related revenue.

Noteworthy is a shift in the handling of revenue associated with building permits. As a result of this shift, revenue in this account is projected to decline by \$66 million from the fiscal year 2004-05 revised level, as revenue normally credited to the Department of Building and Safety is proposed to be deposited into a special fund. There will be an offsetting decrease in General Fund expense. This change will help ensure the matching of building permit fees and expenses.

Another change adds \$6 million to this account. Revenue from non-parking fines will be recorded separately within the licenses, permit, fees, and fines account beginning in fiscal year 2005-06. This will permit parking-fine revenue to be recorded separately and allow greater visibility to that function.



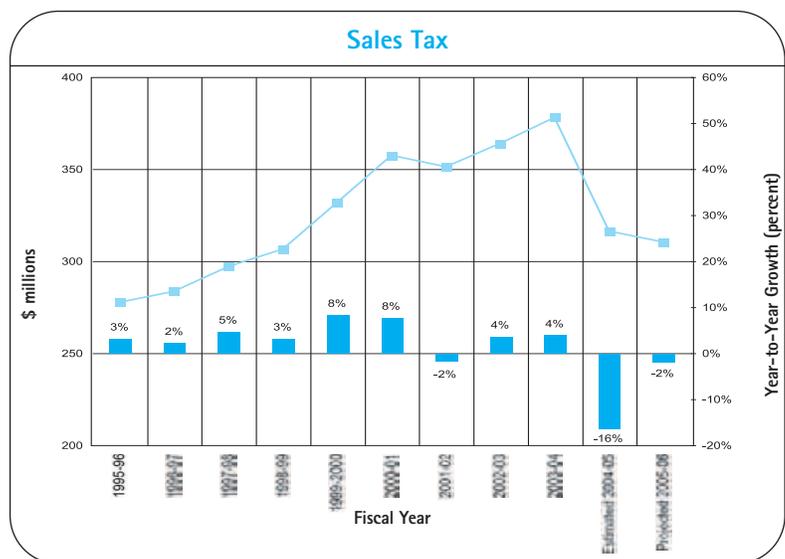
Sales Tax

\$310 million

While the Governor's budget anticipates 5.7 percent growth in statewide taxable sales, UCLA forecasts 4.8 percent growth. The City estimate is 4 percent growth, which is consistent with our long-term experience that Los Angeles City taxable sales typically grow at a slower pace than statewide and Los Angeles countywide sales. 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.

Until April 1956, the sales tax was collected locally. At that time, in the interest of uniformity, the state began collecting the locally imposed sales tax on behalf of the City and other municipalities. The local sales tax was never a state tax.

Nevertheless, the state economic recovery bond measure approved by the electorate on the March 2004 ballot temporarily decreased the City sales tax rate by 0.25 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 \$413.6 million.



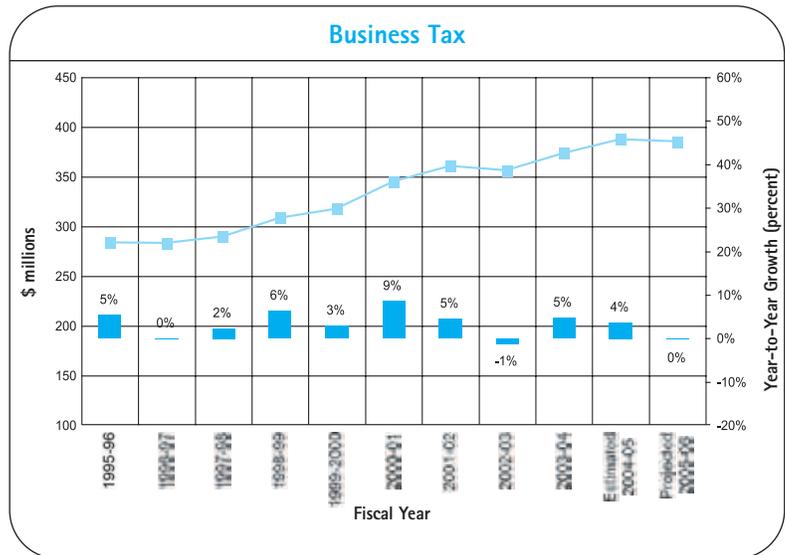
Business Tax

\$385 million

The fiscal year 2005-06 estimate is based on economic growth of 4 percent. Allowances are then made for non-recurring items and \$18 million in tax reform measures. The estimate also includes revenue related to the “AB 63” information exchange (tax discovery) program with the State Franchise Tax Board.

If actual fiscal year 2004-05 revenue exceeds by one percent the baseline amount established by ordinance of \$385 million, a permanent business tax reduction to all taxpayers would be triggered beginning in fiscal year 2005-06. The percentage amount of the tax rate reduction in fiscal year 2005-06 would equal the percentage increase in fiscal year 2004-05 above the baseline amount.

Recent information from the Office of Finance suggests that because of strong business tax receipts in fiscal year 2004-05, a rate reduction is very likely in fiscal year 2005-06. Accordingly, the Proposed Budget does not increase the 2004-05 estimate as would normally be done. Instead, the Proposed Budget anticipates that any fiscal year 2004-05 business tax receipts above the original budget estimate be impounded in the Reserve Fund at the end of the 2004-05 fiscal year to offset the revenue consequences of triggered tax rate reductions in fiscal year 2005-06.

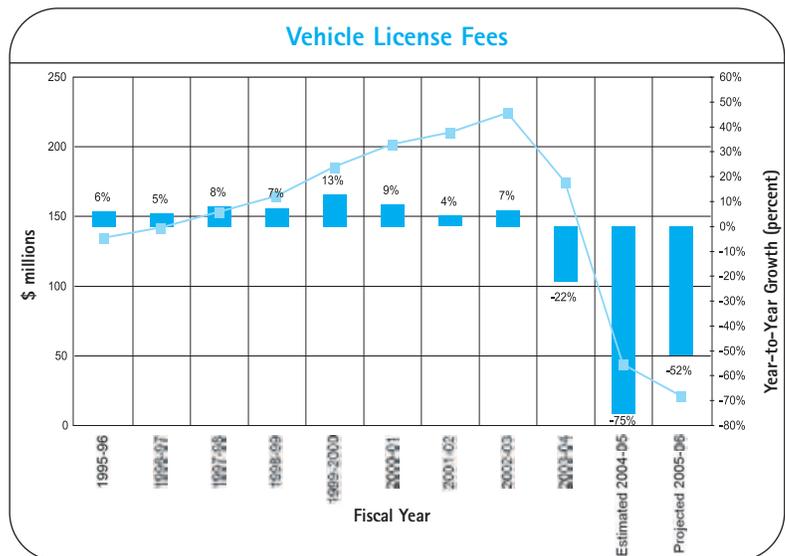


Vehicle License Fees

\$21 million

This revenue is an “ad valorem” tax, meaning that it is based on the value of all registered vehicles in the state. Vehicle license fees have been traditionally assessed and collected as local revenue. In the past, these were collected as unsecured property tax. In the 1930’s, the state began collecting this local revenue and distributing receipts to local governments in lieu of property taxes.

Recently the state reduced by 66 percent the amount of vehicle license fees paid by the public. The total amount of fees available for distribution was proportionately reduced. After various disbursements are made from vehicle license fees as required by law, very little of this traditional revenue is available for distribution to local governments.



City vehicle license fee receipts were \$224 million in fiscal year 2002-03; these receipts are anticipated to be less than one tenth of that amount in fiscal year 2005-06. The lost vehicle license fee revenue is scheduled to be made up with additional property taxes. Total vehicle license fee and swapped property tax revenue for fiscal year 2005-06 is anticipated to be \$261 million, about the amount that would have been received under the old vehicle license fee.

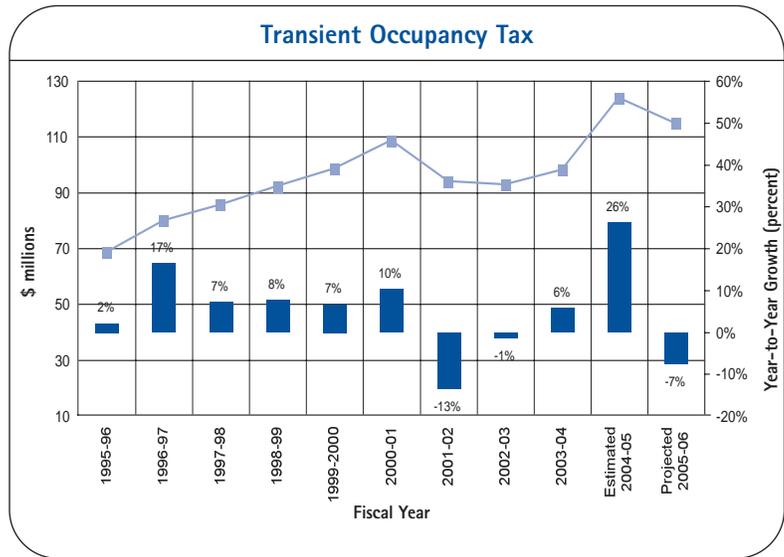
The fiscal year 2004-05 estimate has been based on the slight decrease in new car sales and assumes that the state will honor its commitment not to encroach on this traditional local revenue or the swapped property taxes promised to the City.

General Fund Revenue Changes, continued

Transient Occupancy Tax

\$114 million

City Hotel Tax revenue declined 13 percent in fiscal 2001-02 due to the combined effects of the recession and post-September 11th changes in travel patterns, which caused lower-than-projected convention bookings. Another one-percent revenue decline continued in 2002-03. Taxable hotel sales then resumed growth at six-percent in fiscal year 2003-04 and are on track to grow by ten-percent in fiscal year 2004-05. Returning growth in travel and the tourism sector of the local economy is encouraging and taxable hotel sales in fiscal year 2005-06 are finally expected surpass the 2000-01 level.

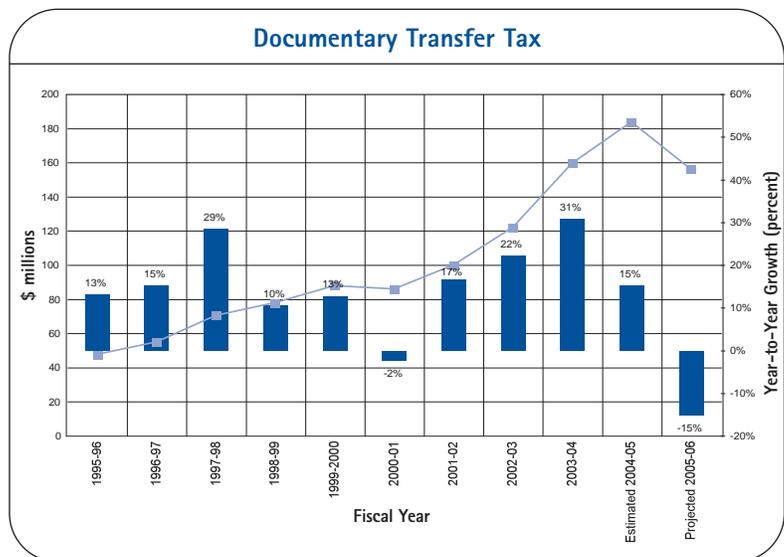


Fiscal year 2004-05 benefited with an additional \$16 million in one-time accelerated revenue reflecting a change in the date of hotel operator tax remittance. This one-time revenue effect will not recur in fiscal year 2005-06. In 2004-05 the City clarified the definition of operator of a hotel to include third party Internet companies that also book hotel rooms. This is a tax equity matter, as all patrons of hotels should be assessed the same rate. This issue is now pending litigation, and because the City Attorney does not expect settlement during fiscal year 2005-06, no additional revenue is expected from this source.

Documentary Transfer Tax

\$156 million

The documentary transfer tax is similar to a 0.45-percent sales tax on real estate transactions. The Southern California real estate market continued to record double-digit increases to median home prices during fiscal year 2004-05. Revenues grew by 22 percent in fiscal year 2002-03 and by 30 percent in fiscal year 2003-04, reflecting a very active market and a rising price level, thereby pushing up the documentary transfer tax revenue as well. Prices are now rising at a slower rate and volume of transactions is declining.



Key assumptions are that the volume of real estate activity will decline from the present level and that any price increases will be at a much slower rate. Due to declining volume and more stable prices, the forecast for fiscal year 2005-06 anticipates a 15 percent decline in documentary transfer tax revenue from fiscal year 2004-05.

Other Significant Revenue Issues

Police Grant Revenue (new grant)

In 1998, the City was awarded a \$133 million federal grant for the COPS HIRE program to hire 710 new officers, based upon a modified employment level in the Police Department of 8,126 officers. In fiscal year 2002-03, the City met its hiring goal. The City utilized the maximum amount of grant funds available for fiscal year 2003-04, and will have used most of the remaining funding available for fiscal year 2004-05. The remaining balance will be drawn down in fiscal year 2005-06. Approximately \$4 million of a new \$21 million hiring grant, subject to stricter matching requirements, will be drawn down in fiscal year 2005-06. In addition, grant reimbursements for community law enforcement and disaster reimbursements are available to finance the budget.

Transfers From The Department of Water and Power

In fiscal year 2005-06, the Department of Water and Power will continue the water revenue transfer at the level of five-percent of revenue. The power transfer will continue at seven-percent of power revenue. According to the Department of Water and Power's general manager, the transfer from the power system will be \$160 million and the transfer from the water system will be \$30 million.

Interest Income

General Fund Interest income is anticipated to be \$31 million, up \$4 million from the fiscal year 2004-05 revised estimate. Both interest rates and the cash balances available for investment are projected to increase, resulting in a \$2 million increase in revenue earnings. As has been the practice in recent years, the sale of tax revenue anticipation notes (TRANS) will be used to meet the City's short-term cash flow needs. A higher earning interest rate is available on the temporarily idle funds (set asides) associated with the TRANS, resulting in a \$2 million increase in revenue.

Parking Fines

The fiscal year 2005-06 estimate includes the effect of a second-late-penalty charge to be implemented in October 2005 and additional revenue associated with the hiring of new officers. Approximately \$6 million in revenue formerly included in this account comes from the courts for various municipal code and state law violations. To facilitate tracking of parking fines, this non-parking revenue from fines associated with municipal code violations is included in the licenses, permits, fees, and fines estimate.

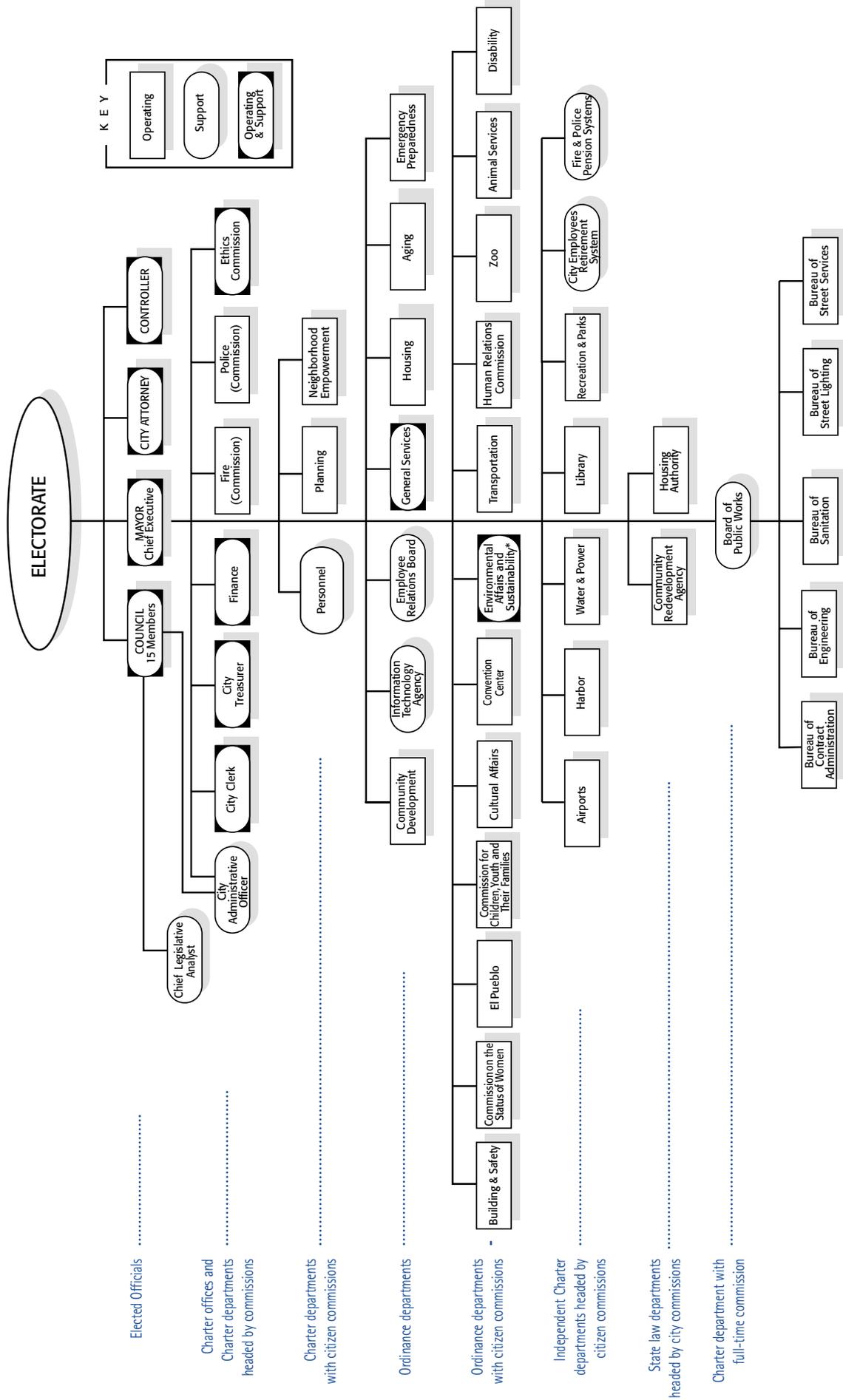
EXHIBIT 1: Summary of Receipts

	ADOPTED BUDGET FY 2004-05	ESTIMATED RECEIPTS FY 2004-05	BUDGET FY 2005-06	PERCENT CHANGE FROM ESTIMATED FY 2004-05 TO FY 2005-06	PERCENT OF TOTAL FY 2005-06 REVENUE
General Revenues					
Property Tax	\$ 711,158,000	\$ 1,025,306,000	\$ 1,139,777,000	11%	19%
Utility Users' Tax	569,726,000	587,340,000	588,394,000	0%	10%
Licenses, Permits, Fees and Fines	449,451,228	494,014,000	433,120,000	-12%	7%
Business Tax	386,895,000	386,895,000	385,145,000	0%	6%
Sales Tax	394,000,000	316,171,000	310,200,000	-2%	5%
Power Revenue Transfer	159,400,000	159,400,000	160,000,000	0%	3%
Power Revenue Transfer Supplemental	60,000,000	60,000,000	-	-100%	0%
Documentary Transfer Tax	138,100,000	183,606,000	156,000,000	-	3%
Transient Occupancy Tax	118,685,000	123,717,000	114,470,000	-7%	2%
Parking Fines	114,000,000	116,000,000	113,000,000	-3%	2%
Parking Users' Tax	65,222,000	66,693,000	70,800,000	6%	1%
Franchise Income	39,828,000	46,053,000	46,850,000	2%	1%
Interest	11,500,000	26,910,000	31,110,000	16%	1%
Water Revenue Transfer	29,400,000	29,400,000	29,800,000	1%	1%
Vehicle License Fees	236,200,000	43,214,000	20,900,000	-52%	0%
Grants Receipts	47,695,000	63,400,000	16,100,000	-75%	0%
Tobacco Settlement	10,114,000	10,114,000	10,280,000	2%	0%
Residential Development Tax	2,160,000	3,157,000	3,358,000	6%	0%
Transfer from Tax Reform Fund	-	-	15,250,000	100%	0%
Transfer from Telecommunications Dev. Account	4,701,000	4,701,000	1,471,000	-69%	0%
Transfer from Reserve Fund	122,871,472	122,872,000	280,383,993	128%	5%
Total General Fund	\$ 3,671,106,700	\$ 3,868,963,000	\$ 3,926,408,993	1%	66%
Special Revenues					
Sewer Construction and Maintenance Fund	\$ 585,430,338	\$ 576,494,000	\$ 643,737,762	12%	11%
Bond Redemption and Interest	133,703,900	133,704,000	163,420,450	22%	3%
Proposition A Local Transit Assistance Fund	78,545,000	90,039,000	99,893,000	11%	2%
Building and Safety Enterprise Fund	-	10,000,000	89,950,000	800%	2%
Special Gas Tax Street Improvement Fund	84,431,323	85,910,000	88,353,103	3%	1%
Sanitation Equipment Charge Revenue Fund	82,446,000	81,629,000	85,888,000	5%	1%
Prop. C Anti-Gridlock Transit Improvement Fund	56,805,000	61,832,000	62,866,000	2%	1%
Street Lighting Maintenance Assessment Fund	47,992,600	47,320,000	47,902,700	1%	1%
City Employees' Retirement Fund	27,996,002	27,996,000	43,705,507	56%	1%
Local Public Safety Fund	31,946,000	32,099,938	34,000,000	6%	1%
Special Parking Revenue Fund	31,720,812	33,932,055	33,650,055	-1%	1%
Community Development Trust Fund	31,953,847	38,296,000	31,303,426	-18%	1%
Stormwater Pollution Abatement Fund	30,970,500	31,676,700	31,030,622	-2%	1%
Convention Center Revenue Fund	20,605,000	24,453,000	22,715,000	-7%	0%
Special Police Comm./911 System Tax Fund	18,149,918	18,360,214	21,700,757	18%	0%
Code Enforcement Trust Fund	23,635,000	21,225,000	21,157,251	0%	0%
Zoo Enterprise Fund	17,230,291	19,692,261	17,592,066	-11%	0%
Fines—State Vehicle Code	15,000,000	17,000,000	17,500,000	3%	0%
Citywide Recycling Fund	12,189,000	15,317,000	15,317,000	0%	0%
Workforce Investment Act	12,477,761	12,449,000	12,936,299	4%	0%
Allocations from other sources	8,442,896	13,893,000	10,380,094	-25%	0%
Rent Stabilization Trust Fund	11,426,000	12,650,000	9,363,000	-26%	0%
Arts and Cultural Facilities and Services Fund	9,180,000	9,567,000	8,890,000	-7%	0%
Affordable Housing Trust Fund	5,250,000	26,844,980	8,887,500	-67%	0%
L.A. Convention and Visitors Bureau Fund	9,130,000	9,517,000	8,805,000	-7%	0%
Neighborhood Empowerment Fund	7,911,956	7,822,000	8,545,678	9%	0%
Telecommunications Development Account	3,943,552	4,550,623	7,379,422	62%	0%
HOME Investment Partnerships Program Fund	5,198,556	5,333,000	7,304,846	37%	0%
Supplemental Law Enforcement Services	4,417,405	5,843,526	5,800,000	-1%	0%
Efficiency and Police Hires Fund	-	3,961,000	5,180,000	31%	0%
Mobile Source Air Pollution Reduction Fund	4,750,000	4,550,000	4,550,000	0%	0%
Municipal Housing Finance Fund	2,371,139	3,939,155	4,197,752	7%	0%
El Pueblo Revenue Fund	3,068,633	3,627,000	3,427,518	-5%	0%
Staples Arena Special Fund	3,234,790	3,350,000	3,350,000	0%	0%
Major Projects Review Trust Fund	2,865,040	2,955,000	2,917,000	-1%	0%
City Employees Ridesharing Fund	2,612,691	2,613,630	2,693,844	3%	0%
Landfill Maintenance Special Fund	2,082,000	2,271,000	2,426,000	7%	0%
Local Transportation Fund	1,979,654	2,104,000	2,301,000	9%	0%
City Ethics Commission Fund	2,105,009	2,105,000	2,166,152	3%	0%
Community Services Administration Grant	1,817,620	1,820,000	1,976,468	9%	0%
Household Hazardous Waste Special Fund	1,818,000	1,815,000	1,815,000	0%	0%
Older Americans Act Fund	1,477,031	1,477,000	1,585,730	7%	0%
Arts Development Fee Trust Fund	2,203,000	1,405,000	1,375,000	-2%	0%
Park and Recreational Sites and Facilities Fund	1,440,000	1,667,000	1,333,000	-20%	0%
Street Damage Restoration Fee Fund	1,132,000	1,630,000	1,130,000	-31%	0%
Housing Opportunities for Persons with AIDS	314,672	284,000	339,357	19%	0%
Procurement Reengineering Trust Fund	172,041	261,000	260,300	0%	0%
Local Law Enforcement Block Grant Fund	3,588,000	2,159,878	75,000	-97%	0%
Building and Safety Systems Dev. Fund	4,700,000	5,650,000	20,000	-100%	0%
VLF Gap Loan Financing Proceeds Fund	-	60,638,056	-	-100%	0%
Forfeited Assets Trust Fund	-	2,079,000	-	-100%	0%
Fire Safety & Paramedic Comm. Eq. Tax Fund	(4,699,105)	(5,449,879)	-	-100%	0%
Tax Reform Fund	7,196,000	7,320,000	(4,583,050)	-163%	0%
Disaster Assistance Trust Fund	(37,740,805)	1,643,321	(21,225,597)	-1392%	0%
Total Special Purpose Funds	\$ 1,416,616,067	\$ 1,591,321,458	\$ 1,677,285,012	5%	28%
Total Available Balances	\$ 300,713,742	-	\$350,898,967	-	6%
Total Receipts	\$ 5,388,436,509	\$ 5,460,284,458	\$ 5,954,592,972	9%	100%

EXHIBIT 2: Summary of Appropriations

	SALARIES	EXPENSE	EQUIPMENT	SPECIAL	TOTAL PROPOSED FY 2005-06	ADOPTED FY 2004-05	CHANGE	PERCENT CHANGE
Aging	\$3,365,293	\$111,162	-	-	\$3,476,455	\$3,354,360	\$122,095	3.6%
Animal Services	17,768,178	1,878,442	\$36,880	-	19,683,500	15,691,249	3,992,251	25.4%
Building and Safety	62,361,595	3,440,342	27,547	-	65,829,484	61,883,310	3,946,174	6.4%
City Administrative Officer	11,582,718	807,166	-	-	12,389,884	12,028,475	361,409	3.0%
City Attorney	86,395,327	6,519,597	18,800	-	92,933,724	86,786,088	6,147,636	7.1%
City Clerk	9,378,806	1,171,287	-	-	10,550,093	23,973,130	(13,423,037)	-56.0%
Commission for Children, Youth & Their Families	1,152,675	325,525	-	-	1,478,200	1,476,343	1,857	0.1%
Commission on the Status of Women	457,456	57,716	-	-	515,172	515,172	-	0.0%
Community Development	21,208,517	1,952,847	-	-	23,161,364	22,422,323	739,041	3.3%
Controller	14,326,654	2,125,865	103,800	-	16,556,319	14,554,153	2,002,166	13.8%
Convention Center	13,566,922	6,866,048	-	556,200	20,989,170	21,608,518	(619,348)	-2.9%
Council	21,037,446	1,425,339	175,000	-	22,637,785	21,788,347	849,438	3.9%
Cultural Affairs	4,289,213	705,923	-	4,593,884	9,589,020	9,465,997	123,023	1.3%
Department on Disability	1,413,113	375,821	-	50,000	1,838,934	1,782,201	56,733	3.2%
El Pueblo de Los Angeles	1,440,381	490,576	-	-	1,930,957	1,431,501	499,456	34.9%
Emergency Preparedness	1,377,409	41,140	-	-	1,418,549	1,129,790	288,759	25.6%
Employee Relations Board	251,532	90,700	2,000	-	344,232	336,383	7,849	2.3%
Environmental Affairs and Sustainability	3,085,329	205,369	-	-	3,290,698	2,959,777	330,921	11.2%
Ethics Commission	2,000,790	376,883	3,855	-	2,381,528	2,089,757	291,771	14.0%
Finance	21,359,040	1,991,783	10,825	-	23,361,648	24,099,862	(738,214)	-3.1%
Fire	456,654,710	20,246,980	421,675	3,370	477,326,735	445,517,527	31,809,208	7.1%
General Services	126,927,554	99,619,954	904,954	4,715,224	232,167,686	200,845,707	31,321,979	15.6%
Housing Department	34,558,368	5,362,833	5,140	500,000	40,426,341	39,614,883	811,458	2.0%
Human Relations Commission	907,074	101,500	-	-	1,008,574	852,436	156,138	18.3%
Information Technology Agency	63,584,230	22,385,762	2,246,314	21,689,861	109,906,167	100,291,199	9,614,968	9.6%
Mayor	6,186,365	516,001	28,324	-	6,730,690	6,729,090	1,600	0.0%
Neighborhood Empowerment	3,419,184	874,767	-	13,475	4,307,426	4,304,994	2,432	0.1%
Personnel	34,684,670	23,953,197	60,675	1,637,076	60,335,618	51,504,562	8,831,056	17.1%
Planning	20,109,430	2,334,681	161,050	-	22,605,161	20,343,982	2,261,179	11.1%
Police	1,051,033,727	43,763,789	23,995,339	-	1,118,792,855	1,029,051,009	89,741,846	8.7%
Board of Public Works	10,515,965	9,136,312	5,463	-	19,657,740	18,094,658	1,563,082	8.6%
Bureau of Contract Administration	22,582,869	1,137,116	-	-	23,719,985	25,884,958	(2,164,973)	-8.4%
Bureau of Engineering	75,524,572	3,266,096	-	-	78,790,668	74,795,167	3,995,501	5.3%
Bureau of Sanitation	172,229,167	54,265,063	87,863	-	226,582,093	219,256,450	7,325,643	3.3%
Bureau of Street Lighting	14,424,603	869,535	103,283	3,238,359	18,635,780	18,128,198	507,582	2.8%
Bureau of Street Services	82,467,037	71,384,793	-	-	153,851,830	130,556,790	23,295,040	17.8%
Transportation	101,225,119	27,160,366	31,800	-	128,417,285	117,371,818	11,045,467	9.4%
Treasurer	2,551,273	2,194,034	-	-	4,745,307	4,693,813	51,494	1.1%
Zoo	14,300,897	3,179,269	57,500	207,000	17,744,666	17,230,291	514,375	3.0%
Subtotal Budgetary Departments	\$2,591,705,208	\$422,711,579	\$28,488,087	\$37,204,449	\$3,080,109,323	\$2,854,444,268	\$225,665,055	
Appropriations to Library Fund	-	-	-	60,673,673	60,673,673	60,773,771	(100,098)	0.2%
Appropriations to Recreation and Parks Fund	-	-	-	125,555,665	125,555,665	104,280,688	21,274,977	20.4%
Appropriation to City Employees' Retirement	-	-	-	43,705,507	43,705,507	27,996,002	15,709,505	56.1%
Appropriations to Fire & Police Pension Fund	-	-	-	500,000	500,000	500,000	-	0.0%
Total Departmental	-	-	-	230,434,845	230,434,845	193,550,461	36,884,384	
2005 Tax & Revenue Anticipation Notes	-	-	-	441,108,110	441,108,110	353,679,785	87,428,325	24.7%
Bond Redemption and Interest	-	-	-	163,420,450	163,420,450	133,703,900	29,716,550	22.2%
Capital Finance Administration Fund	-	-	-	153,992,006	153,992,006	151,646,332	2,345,674	1.5%
CIEP - Municipal Facilities	-	-	-	12,684,449	12,684,449	7,530,000	5,154,449	68.5%
CIEP - Physical Plant	-	-	-	31,060,977	31,060,977	28,575,662	2,485,315	8.7%
CIEP - Wastewater	-	-	-	230,800,000	230,800,000	245,040,000	(14,240,000)	-5.8%
General City Purposes	-	-	-	90,927,891	90,927,891	85,114,381	5,813,510	6.8%
Human Resources Benefits	-	-	-	433,063,051	433,063,051	423,562,534	9,500,517	2.2%
Judgement Obligation Bonds Debt Service Fund	-	-	-	7,885,121	7,885,121	8,181,984	(296,863)	-3.6%
Liability Claims	-	-	-	41,000,000	41,000,000	45,435,972	(4,435,972)	-9.8%
Proposition A Local Transit Assistance Fund	-	-	-	149,377,245	149,377,245	125,200,166	24,177,079	19.3%
Prop. C Anti-Gridlock Transit Improvement Fund	-	-	-	55,321,785	55,321,785	48,877,112	6,444,673	13.2%
Special Parking Revenue Fund	-	-	-	32,364,055	32,364,055	31,004,812	1,359,243	4.4%
Unappropriated Balance	-	-	-	25,868,413	25,868,413	23,679,012	2,189,401	9.2%
Wastewater Special Purpose Fund	-	-	-	340,048,308	340,048,308	315,011,151	25,037,157	7.9%
Water and Electricity	-	-	-	36,797,370	36,797,370	35,493,072	1,304,298	3.7%
Other Special Purpose Funds	-	-	-	398,329,573	398,329,573	278,705,905	119,623,668	42.9%
Total Nondepartmental	-	-	-	\$2,644,048,804	\$2,644,048,804	\$2,340,441,780	\$303,607,024	
Total	\$2,591,705,208	\$422,711,579	\$28,488,087	\$2,911,688,098	\$5,954,592,972	\$5,388,436,509	\$566,156,463	10.5%

Organization of the City of Los Angeles



* Formerly known as the Environmental Affairs Department.

BUDGET PRIORITIES

City of Los Angeles
BUDGET SUMMARY
AS PROPOSED BY Mayor James K. Hahn





Best Practices LA

Safer City

Safer City

Ensure that residents, businesses, and visitors of the City of Los Angeles are safe and secure, and receive timely and efficient emergency response services.

Priority Overview

Making Los Angeles the safest big city in America is not only a vision, but is becoming a reality. With a significant investment of resources over the past three years, we have made substantial improvements in bringing down crime, improving response time, expanding our emergency medical services, and offering our youth positive alternatives to crime.

The cornerstone of Mayor Hahn's plan to improve public safety is growing the ranks of the Los Angeles Police Department (LAPD) from 8,900 officers to more than 9,200 officers today. That momentum will continue in the upcoming year with funding in the budget to recruit 720 new police officers.



For LAPD to adequately do its job, Mayor Hahn understands that the City must provide resources to improve the quality of life within neighborhoods. From libraries to after-school programs to streetlights, these resources are linked to the city's crime-prevention efforts. That is why in this year's budget there is a continued investment in neighborhood services.

Being a safer city also means having the resources to answer all emergency calls. Our fire department spends increasingly more of its time assisting Los Angeles residents with medical emergencies. Recognizing this workload shift, Mayor Hahn has funded substantial expansion of the paramedic program throughout the City. The Mayor's efforts have resulted in a drastic increase in the number of ambulances available and a steady decrease in paramedic response times.

BUDGET STRATEGIES

This year we will continue the momentum of the past three years. The Mayor's budget will fund existing programs and services and invest in new services that best achieve the four strategies outlined to achieve the City's public-safety priorities:

- 1) Reduce crime in Los Angeles by providing proactive crime-prevention programs
- 2) Provide timely and appropriate emergency response
- 3) Save lives by preparing Los Angeles for any natural disaster or terrorist incident
- 4) Provide a safe and clean neighborhood environment

OVERVIEW

Funding Public Safety

Funding public safety includes providing resources for programs and services beyond police officers and firefighters. It includes funding after-school programs, gang-diversion and intervention programs, and neighborhood facilities like parks and libraries, which offer alternatives to crime.

The following chart highlights key accomplishments and services to be funded that will result in achieving the public-safety priorities:



Key Accomplishments

- Drafted and implemented policies that shortened the time it takes to hire a new police officer from almost one year to less than 120 days
- Grew the ranks of the LAPD from 8,922 officers to 9,241 in fiscal year 2004-05
- Increased the number of paramedics in the fire department by more than 45 percent from 501 in 2001 to 730 in 2005
- Expanded the number of ambulances in the City from 83 in 2001 to 128 in 2005, ensuring every fire station is provided with an ambulance
- Improved police response time from 10.3 minutes to 6.5 minutes
- Moved more than 100 officers from administrative posts behind desks to high-priority crime-fighting assignments in neighborhoods.
- Opened the new Mission Division Police Station, the first new police area since 1977
- Built and staffed two new state-of-the-art 9-1-1 facilities—one in the Valley and one in downtown—to handle increased emergency call loads
- Expanded LA's BEST after-school program to 130 schools, providing more than 20,000 elementary school children with a safe place when school ends each day
- Installed 16 cameras throughout the City, giving police additional tools to combat crime in parks and in dense commercial neighborhoods like Hollywood Boulevard
- Secured \$187 million in Homeland Security funding

Key Services Funded

- Recruitment of 720 New Police Officers (Los Angeles Police Department)
- Police Patrol (Los Angeles Police Department)
- Crime Investigation (Los Angeles Police Department)
- Criminal Prosecution (City Attorney)
- Gang Prosecution Expansion (City Attorney)
- Training for 48 New Paramedics (Los Angeles Fire Department)
- Recruit and Training of 120 Firefighters (Los Angeles Fire Department)
- Emergency Ambulance Service (Los Angeles Fire Department)
- Fire Suppression (Los Angeles Fire Department)
- Brush Clearance (Los Angeles Fire Department)
- 9-1-1 Call Center and Dispatch (Los Angeles Police Department)
- LA BEST AfterSchool Program (General City Purposes Fund)
- Los Angeles Project for Violence Prevention (General City Purposes Fund)
- LA Bridges I and II (General City Purposes Fund)
- Emergency Readiness and Recovery (Emergency Preparedness Department)
- Animal Services Field Operation (Department of Animal Services)
- Youth Services and Intervention Programs (Recreation and Parks Department)

Services Funded To Meet Our Public-Safety Strategies

STRATEGY

Reduce Crime in Los Angeles by Providing Proactive Crime Prevention Programs

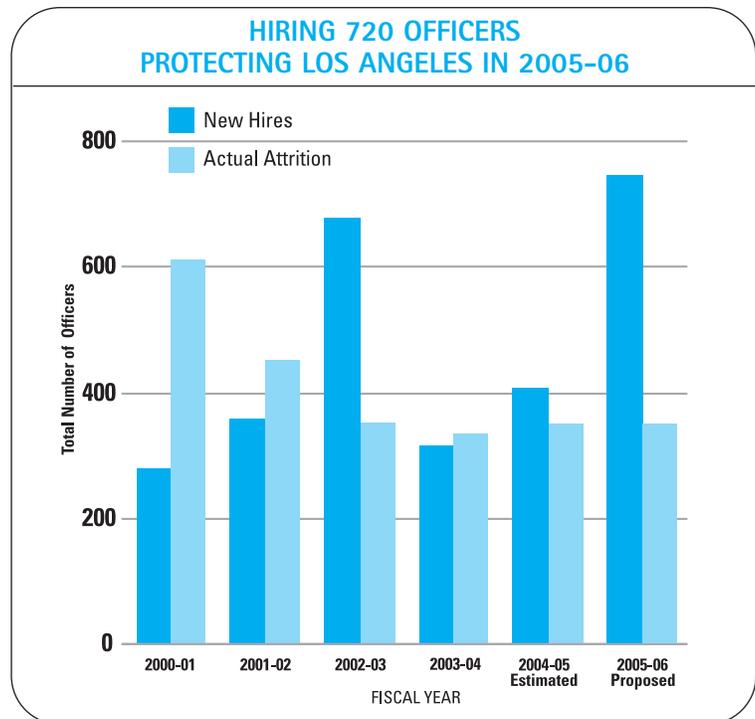
Police Recruitment Classes With 720 New Officers

Putting more officers on our streets continues to be Mayor Hahn’s top public-safety priority. As a result of Mayor Hahn’s aggressive leadership and the implementation of meaningful reforms, the LAPD is once again recognized as a premier law-enforcement agency. Officers who once fled this department in droves are now seeking work in its ranks, resulting in an LAPD that, under Mayor Hahn, has grown from 8,922 officers at its low to more than 9,200 officers today.

During this fiscal year, the Los Angeles Police Department will fill its recruitment and training classes to maximum capacity each month. For the first time in many years, the LAPD will have the funding to train 60 new officers a month, resulting in the annual recruitment of 720 officers. The Mayor is also providing additional funding to the Personnel Department to handle the increased workload of processing and hiring applicants.

With the police department already receiving funding to reach maximum capacity for recruiting and training of new officers in fiscal year 2005-06, Mayor Hahn is proposing an investment of \$5 million, for a total of \$9.1 million, in the Efficiency Projects and Police Hire Fund to pay for police hiring in future fiscal years. Funding the Efficiency Projects and Police Hire Fund will allow the LAPD to build upon the momentum that has been created over the past three years in hiring more officers, and underscores the Mayor’s continued commitment to build the ranks of the police department.

FUNDING	
LOS ANGELES POLICE DEPARTMENT	TOTAL SERVICE FUNDING
INCREASED POLICE RECRUITMENT & HIRING	\$25.05 MILLION
EFFICIENCY PROJECT AND POLICE HIRING	\$9.14 MILLION



SOURCE: LAPD





Focus on Crime Reduction

The LAPD has made crime reduction the department's top goal. Since Mayor Hahn hired new leadership at LAPD in 2002, crime throughout the City decreased sharply, as measured by a 20 percent decrease in homicides and an 18 percent decrease in violent crimes for a 2-year period ending in 2004.

The residents and neighborhoods of Los Angeles are benefiting from this reduction in crime. As the department continues to grow its ranks and implement new efficiencies, more officers will be available to patrol city streets, target specific areas where crime occurs, and work with neighborhoods to improve overall community safety.

FUNDING	
LOS ANGELES POLICE DEPARTMENT	TOTAL SERVICE FUNDING
SPECIALIZED CRIME SUPPRESSION AND INVESTIGATION	\$158.56 MILLION

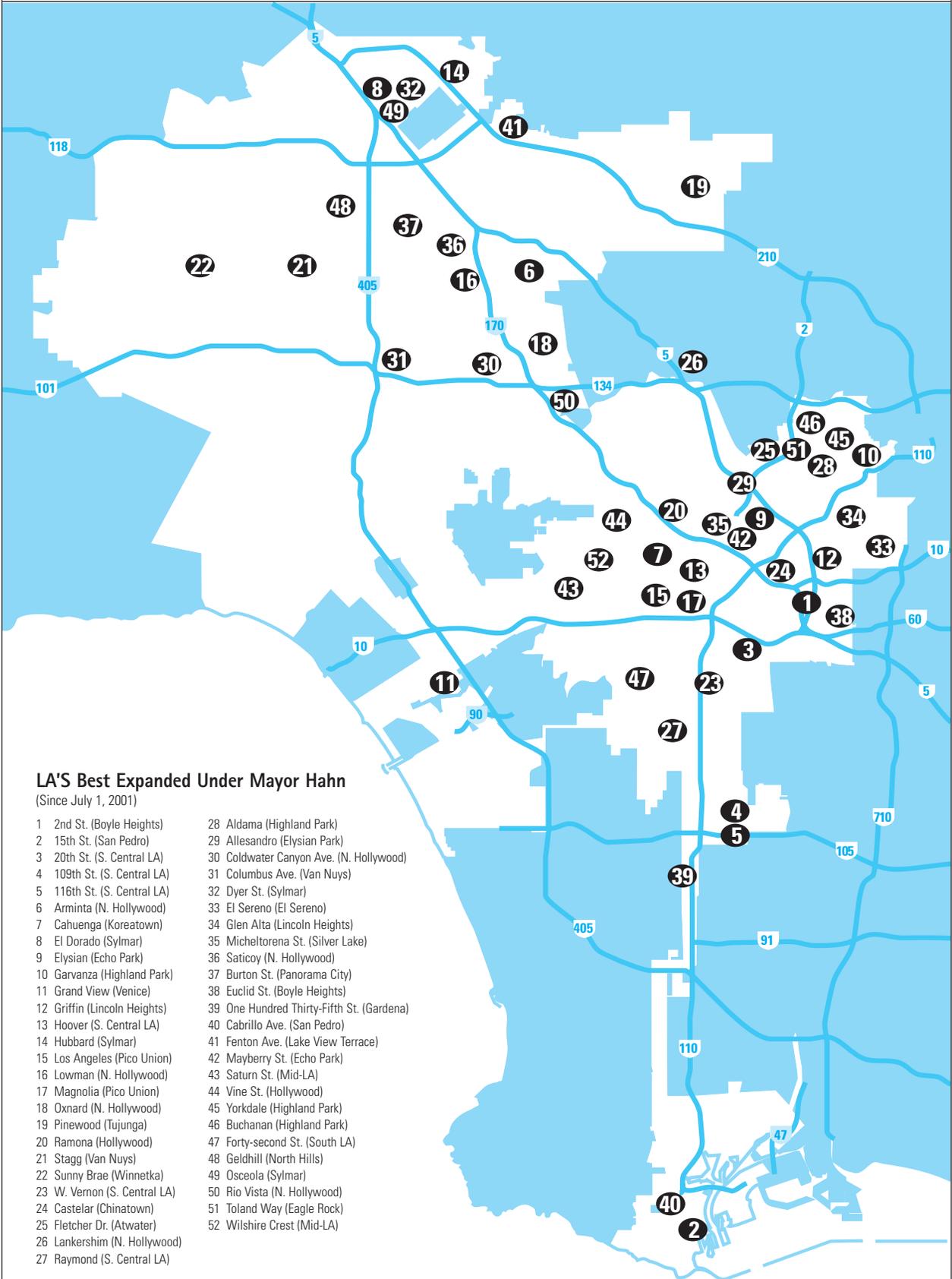
Give Kids After-School Enrichment in a Safe Environment

Mayor Hahn strongly believes there is no better way to improve the safety of our neighborhoods over the long term than to invest in our children and provide them with the skills and opportunities to succeed in life. The City's nationally recognized LA's BEST program provides a safe and supervised after-school education, enrichment, and recreation program for elementary-school children, ages 5 to 12, in the City of Los Angeles between the crucial hours of 3 pm and 6 pm, when statistics show juvenile crime is most likely to occur. Children who participate in the LA's BEST program report feeling safer after school, and they demonstrate higher attendance rates and improvement on standardized tests in reading, math, and language arts.

Since taking office in July 2001, Mayor Hahn has made expanding LA's BEST a top priority. In three years, LA's BEST has expanded to 130 elementary schools throughout Los Angeles, serving 21,000 children, up from 13,500 just three years ago. This year, the Mayor is investing \$2.34 million to expand LA's BEST into 8 additional schools and fund 500 more students at existing sites. The Mayor is committing this increased level of funding through fiscal year 2007-08.

FUNDING	
GENERAL CITY PURPOSES	TOTAL SERVICE FUNDING
LA'S BEST	\$2.34 MILLION

LA'S BEST EXPANDED SITES UNDER MAYOR HAHN



LA'S Best Expanded Under Mayor Hahn
(Since July 1, 2001)

- | | |
|------------------------------|---|
| 1 2nd St. (Boyle Heights) | 28 Aldama (Highland Park) |
| 2 15th St. (San Pedro) | 29 Allesandro (Elysian Park) |
| 3 20th St. (S. Central LA) | 30 Coldwater Canyon Ave. (N. Hollywood) |
| 4 109th St. (S. Central LA) | 31 Columbus Ave. (Van Nuys) |
| 5 116th St. (S. Central LA) | 32 Dyer St. (Sylmar) |
| 6 Arminta (N. Hollywood) | 33 El Sereno (El Sereno) |
| 7 Cahuenga (Koreatown) | 34 Glen Alta (Lincoln Heights) |
| 8 El Dorado (Sylmar) | 35 Micheltorena St. (Silver Lake) |
| 9 Elysian (Echo Park) | 36 Saticoy (N. Hollywood) |
| 10 Garvanza (Highland Park) | 37 Burton St. (Panorama City) |
| 11 Grand View (Venice) | 38 Euclid St. (Boyle Heights) |
| 12 Griffin (Lincoln Heights) | 39 One Hundred Thirty-Fifth St. (Gardena) |
| 13 Hoover (S. Central LA) | 40 Cabrillo Ave. (San Pedro) |
| 14 Hubbard (Sylmar) | 41 Fenton Ave. (Lake View Terrace) |
| 15 Los Angeles (Pico Union) | 42 Mayberry St. (Echo Park) |
| 16 Lowman (N. Hollywood) | 43 Saturn St. (Mid-LA) |
| 17 Magnolia (Pico Union) | 44 Vine St. (Hollywood) |
| 18 Oxnard (N. Hollywood) | 45 Yorkdale (Highland Park) |
| 19 Pinewood (Tujunga) | 46 Buchanan (Highland Park) |
| 20 Ramona (Hollywood) | 47 Forty-second St. (South LA) |
| 21 Stagg (Van Nuys) | 48 Geldhill (North Hills) |
| 22 Sunny Brae (Winnetka) | 49 Osceola (Sylmar) |
| 23 W. Vernon (S. Central LA) | 50 Rio Vista (N. Hollywood) |
| 24 Castelar (Chinatown) | 51 Toland Way (Eagle Rock) |
| 25 Fletcher Dr. (Atwater) | 52 Wilshire Crest (Mid-LA) |
| 26 Lankershim (N. Hollywood) | |
| 27 Raymond (S. Central LA) | |

LA'S BEST CORPORATE OFFICE:

Office of the Mayor • 200 North Spring Street, Suite M-120
Los Angeles, CA 90012 • TEL: (213) 978-0801 • FAX: (213) 978-0800

Prepared by Planning Department • Source: LA's BEST

Best Practice LA

LA's BEST After-School Program

LA's BEST is a public-private partnership including the Office of the Mayor, the Los Angeles Unified School District, and the private sector, and has built a reputation as a national model for high-quality after-school enrichment. With support of this powerful partnership, as well as collaboration with more than 100 community-based organizations, LA's BEST leads the way with innovative program initiatives demonstrating best practices including:

■ ASAP (After School Arts Program)

ASAP includes visual art, music, dance, drama, and poetry classes, and features artists and educators-in-residence working with LA's BEST children.

■ BEST Fit

BEST Fit provides fun and innovative opportunities for LA's BEST children and their families to increase their physical activity, encourages healthy habits like drinking water and making healthy eating choices, and teaches kids and parents to understand and monitor food labels.

■ Celebrate Science Program

The LA's BEST Celebrate Science Program provides opportunities for LA's BEST children to have fun engaging in interactive science experiences under a "team inquiry" model (developed under the guidance of NASA Jet Propulsion Laboratory). This model closely mirrors the real world in which scientists work, giving the children a true collaborative experience. This program culminates with the citywide Celebrate Science Fair, where winning teams are awarded all-expense-paid trips to a parent-child weekend at U.S. Space Camp in Huntsville, AL.

■ KidzLit

KidzLit, a research-based literacy program developed specifically for use in after-school programs by the Developmental Studies Center (Oakland, CA), helps LA's BEST foster a love of reading in its students by centering a range of activities on a collection of 120 books and companion guides carefully selected because children seem to come alive when they read or hear them read aloud.

■ Literacy Loop

The Literacy Loop is a cross-age, academic after-school tutoring program that pairs LA's BEST students with high-school-age tutors to complement Open Court, the dominant phonics-based reading and writing curriculum favored by LAUSD.

Provide Gang Alternatives and Intervention Programs

Last year, Mayor Hahn proposed full funding for LA Bridges I and II, marking the first time in five years that the budget has provided full funding for these important crime-prevention and youth-gang diversion programs. This year's budget reflects the same commitment to Bridges I and II. Additionally, this year's budget will fund the first year of the Los Angeles Project for Violence Prevention.

FUNDING	
GENERAL CITY PURPOSES	TOTAL SERVICE FUNDING
LA BRIDGES I AND II	\$12.6 MILLION
LOS ANGELES PROJECT FOR VIOLENCE PREVENTION	\$0.5 MILLION
COMMUNITY DEVELOPMENT	TOTAL SERVICE FUNDING
LA BRIDGES I AND II	\$1.28 MILLION

Best Practice LA

Los Angeles Project for Violence Prevention

The Los Angeles Project for Violence Prevention is a public health and safety initiative designed to reduce violence in the City's most troubled communities. Modeled after a highly successful program in Chicago that has reduced gang violence in that city, this initiative is designed to attack the epidemic of gang violence and shootings through a collaboration of community and faith-based organizations, law-enforcement officials, schools, and employment agencies.

The proposed project relies on five components for successful implementation:

OUTREACH - coordinated through community groups, law enforcement, and schools to identify high-risk individuals, former gang members will be trained in gang intervention and certified by the City of Los Angeles as community outreach workers to encourage potential shooters to seek support and assistance before pulling the trigger.

COMMUNITY MOBILIZATION - A community-based or faith-based agency will coordinate a network of community leaders to support the following activities.

- **RESPONSE TEAM** - The lead community agency will coordinate peace rallies and marches, candlelight vigils, and community forums in response to gang shootings. With the support of other community organizations, Clergy Council and faith-based organizations, law-enforcement partners, neighborhood councils, community residents, and political officials, outreach workers will refer rival gang and family members to community services and positive support groups.
- **APARTMENT WATCH/BLOCK CLUBS** - Clubs will meet monthly to increase community involvement, and proactively deter gang activities by reporting criminal activity prior to incidences occurring. LAPD will make presentations to apartment managers on screening appropriate tenants, refer community resources, and share crime-prevention techniques.

COMMUNITY SERVICES - Identified high-risk individuals will receive wrap-around case management services and encouragement to become involved in positive social development. A continuum of services will be developed to ensure risks are reduced and protection is enhanced for each individual. Available services include after-school mentoring; college awareness and preparation; job readiness training; basic skills remediation; homework and tutoring assistance; anger management training; community service projects; survival skills; Family Unity Night; parenting classes; organized sports, recreation, and cultural activities; and family, group and individual counseling.

PUBLIC EDUCATION MEDIA CAMPAIGN - The public education Stop the Shooting media campaign will be developed to increase the knowledge and consequences of firearm use, with focus on local and federal gang enforcement and gun laws through posters, signs, billboards, and radio spots. Law-enforcement partners will provide presentations to schools and probation youth. Educational, community anti-violence events will also be held through block parties, community cookouts, safety/resource fairs, community clean-ups, leadership workshops to encourage community interaction, and word-of-mouth support.

EVALUATION - Measurable outcomes and quantitative crime analysis will be reviewed on a monthly and quarterly basis. An independent evaluator will also provide a qualitative process evaluation to share best practices and approaches in solving gang violence.

STRATEGY

Provide timely and appropriate emergency response

Implement Efficiencies That Increase Available Officers and Reduce Response Times

Under the Mayor's leadership, procedures have been implemented at the LAPD that have resulted in faster police response times to emergency calls. With the growth of the police department, more officers are available to respond to calls for help, thereby shortening response times. The Police Commission changed department policies to allow patrol cars to respond to calls using lights and sirens more often. This has contributed significantly to a 37 percent reduction in response times, from a citywide average of 10.3 minutes in 2003 to 6.5 minutes in 2004.

Also contributing to faster response times is a more-efficient deployment of officers. To that end, the police department has increased the number of detectives who respond to crime scenes, relieving front-line police officers to return to the field, ready to respond to other calls. This staffing efficiency ensures that police officers are available to patrol streets rather than waiting for relief by detectives at crime scenes.

FUNDING	
LOS ANGELES POLICE DEPARTMENT	TOTAL SERVICE FUNDING
PATROL	\$601.1 MILLION

Best Practice LA

Crime Suppression Loan Program

The Los Angeles Police Department and its leadership has been proactive in implementing efficiencies that support the Mayor's primary priority of making Los Angeles the safest big city in America. One program that highlights this effort is the Crime Suppression Loan Program, where sworn personnel in administrative positions are, for one month every year, deployed to the field to support uniformed field operations in the highest-crime areas. Similarly, detectives in administrative positions are lent to area stations for one month to assist with backlogged cases, conduct follow-up investigations to apprehend outstanding suspects, and undertake any other investigative responsibility the geographic detective commanding officer may need him or her to do. Also under this program restricted-duty personnel are deployed to support field operations.

Every month, this program puts more than 20 additional officers on the street without hiring more officers. It provides uniformed personnel with an opportunity to remain current with patrol duties and provides residents with a greater level of police support and quicker response.





"I wish to commend in the strongest terms members of your rescue team for identifying a marathon runner in trouble, administering immediate medical assistance, and transporting him to Cedars-Sinai Emergency Services for testing and observation... they might have ruined my marathon but they probably saved my life."

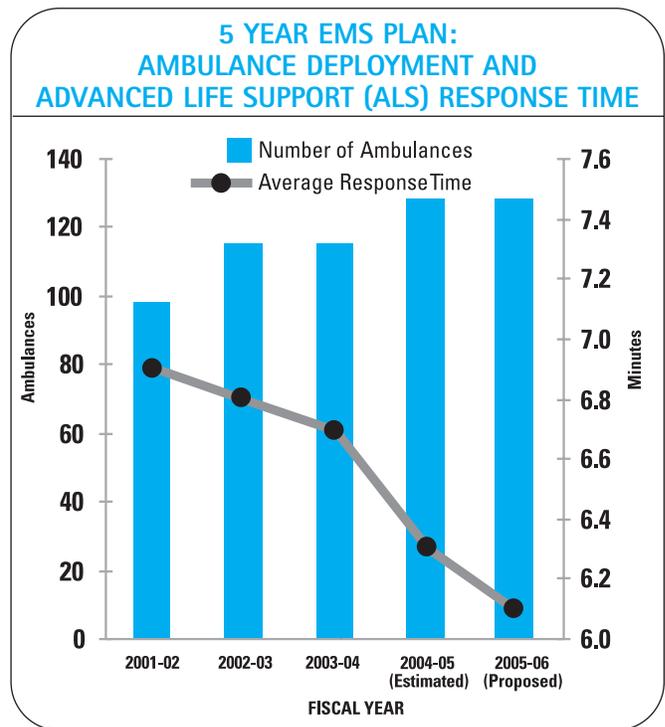
- 2005 L.A. Marathon Runner

Enhance Emergency Medical Response

Under Mayor Hahn's leadership, the fire department has implemented a five-year Emergency Medical Services (EMS) Resource Deployment Plan to address a shortage of paramedics, lengthy paramedic response times, and overworked medical resources. The EMS Plan includes the hiring and training of 500 new paramedics, increased EMS field supervision, and the deployment of additional ambulances throughout the City.

Since its implementation in July 2001, more than 200 new paramedics have been hired and/or trained, paramedic response times have been reduced citywide from 7.2 to 6.1 minutes, every neighborhood fire station has at least one member of paramedic personnel assigned at all times, the number of ambulances increased from 98 to 128, and last year the budget provided for an ambulance in every fire station, for the first time in the City's history.

In this fiscal year the Proposed Budget provides funding to train an additional 48 paramedics. The budget also upgrades eight ambulances to Advanced Life Support (ALS) ambulances, bringing our total ALS fleet to 87, which gives more communities throughout the city access to emergency services in a shorter time. Additionally, funding will be provided to ensure that all ambulances are staffed 24 hours a day.



FUNDING	
LOS ANGELES FIRE DEPARTMENT	TOTAL SERVICE FUNDING
EMERGENCY AMBULANCE SERVICES	\$81.4 MILLION

STRATEGY

Save lives by preparing Los Angeles for natural disaster or terrorist incident

Integrate Terrorism Intelligence Into Response Training

Mayor Hahn recognizes the Los Angeles Fire Department as the City’s primary first responders in the event of a natural disaster or terrorist incident. In this year’s budget, the Mayor is committing resources to a new program, the Los Angeles Urban Area Terrorism Liaison Office (TLO). The Mayor’s Office of Criminal Justice Planning is utilizing grant funding to enhance training and preparedness exercises for first responders.

Giving the fire department first responders a critical edge, this program will maintain a real-time awareness of terrorist trends, tactics, and procedures. The TLO Program will create a network of fire department personnel that can effectively and quickly collect and share information related to terrorist threats, giving first responders a critical edge in addressing consequence management planning, training, and preparation needs.

FUNDING	
LOS ANGELES FIRE DEPARTMENT	TOTAL SERVICE FUNDING
TERRORISM/ARSON INVESTIGATION	\$2.78 MILLION

Best Practice LA

Community Emergency Response Team (CERT)

The Los Angeles Fire Department’s Community Emergency Response Team (CERT) Program was developed to create a well-trained civilian emergency work force. These teams are vital for disaster situations when the number and scope of incidents clearly overwhelm conventional emergency services. CERT training provides community self-sufficiency through the development of multi-functional response teams that can act as an adjunct to local emergency services during major disasters. Empowered by this unique training, people from community organizations, businesses, industry, and City employees can assemble as a CERT, or perform as individual leaders to direct untrained volunteers in the initial phase of a disaster.

In 2004, the fire department trained 3,000 CERT volunteers. The Mayor’s Office of Criminal Justice Planning is seeking Homeland Security Grant funding to make CERT more accessible and train 13,000 residents per year.

Fund More Emergency Preparedness Programs

Earthquakes, brush fires, rain storms, and terrorism all are emergencies that Los Angeles must be prepared for. The City’s Emergency Preparedness Department is the primary agency responsible for coordinating citywide efforts and ensuring the City’s readiness. In this year budget, the Mayor has provided for a 25 percent increase in funding over last year.

FUNDING	
EMERGENCY PREPAREDNESS DEPARTMENT	TOTAL SERVICE FUNDING
EMERGENCY PREPAREDNESS	\$1,418,549

“People tend to take city services for granted, but we want to acknowledge that Mr. Barrett and his crew have worked in quick order and long hours to ensure access to [our street] and adjacent driveways during recent rains.”

– LA Residents, Eagle Rock

STRATEGY

Provide a safe and clean neighborhood environment

Remove Graffiti From Neighborhoods

Graffiti makes residents feel unsafe and if left unchecked can lead to further criminal activity. That is why the City offers free graffiti removal services through Operation Clean Sweep.

Operation Clean Sweep responds to community, police, resident, and business requests to paint out graffiti in neighborhoods. Throughout the City, Operation Clean Sweep contracts with 16 community based organizations that respond to graffiti paint-out requests. Funding for Operation Clean Sweep is increased by \$230,000 over last year, to ensure a higher level of service, and timely paint-out of graffiti.



FUNDING	
BOARD OF PUBLIC WORKS	TOTAL SERVICE FUNDING
GRAFFITI ABATEMENT	\$7.14 MILLION

Best Practice LA

Operation Clean Sweep

Contracting with 16 community based organizations, Operation Clean Sweep guarantees Los Angeles residents graffiti paint-out services within 72 hours of a service request. Additionally, Operation Clean Sweep coordinates volunteer neighborhood beautification projects for communities and organizations.

In 2004, Operation Clean Sweep:

- Removed 21,637,350 square feet of graffiti citywide
- Responded to 39,758 requests for service
- Removed graffiti from 402,504 locations citywide
- Provided 17,842 gallons of paint to community groups, BIDs, LAPD, and volunteers to cover over graffiti
- Coordinated 232 community beautification projects
- Involved 17,400 volunteers in neighborhood beautification projects
- Received 70,331 hours of volunteer time from neighborhood volunteers
- Provided 955,430 trash bags to support community beautification projects

Light City Streets

Well-lit neighborhoods tend to be safer neighborhoods, and that is why—as a part of Mayor Hahn’s commitment to public safety—the budget fully funds street lighting. With a goal of repairing broken streetlights within two days of being notified, the Bureau of Street Lighting will work closely with the police department, residents, and neighborhood groups to effectively upgrade and maintain the City’s 220,000 streetlights.

FUNDING	
BUREAU OF STREET LIGHTING	TOTAL SERVICE FUNDING
MAINTENANCE AND REPAIR OF CITY STREETLIGHTS	\$8.68 MILLION

Provide Youth With Positive Alternatives to Crime Within Neighborhoods

Los Angeles City parks enhance neighborhood safety by providing children with a place where they can participate in enriching programs and activities while being provided with a fun and safe alternative to crime, gangs, and violence. The Department of Recreation and Parks’ sports programs provide Los Angeles children with competitive activities that teach team-building skills, preparing young people to become productive members of the community. Programs for youth, such as sports, after-school activities, swimming, and day camps, are fully funded in this budget.

Additionally, the Mayor continues to support the CLASS Parks program in this budget. The CLASS Parks program exists at 47 urban parks serving economically disadvantaged youth. This program profoundly impacts youth by directing them toward colleges and careers, at the same time giving them the opportunity to participate in exciting activities like horseback riding, mountain biking, snorkeling, and kayaking.

FUNDING	
RECREATION AND PARKS DEPARTMENT	TOTAL SERVICE FUNDING
YOUTH SERVICES AND INTERVENTION PROGRAMS	\$17.18 MILLION



Invest in Libraries as Community Centers

Like parks, libraries enhance neighborhood safety by giving children a safe place to go after school. Under Mayor Hahn, 35 new libraries have been completed, more than doubling the available library space throughout the city from 700,000 square feet to 1.5 million square feet.

In last year’s budget, Mayor Hahn funded 38 branch libraries to be open 52 hours per week, all regional libraries to be open 60 hours per week, and Central Library to be open 60 hours per week. This year’s budget continues to provide the funding necessary to keep library hours at this high level of service.

FUNDING	
LIBRARY DEPARTMENT	TOTAL SERVICE FUNDING
BRANCH LIBRARIES	\$41.28 MILLION

Enforce Quality of Life Laws and Drive Out Gang Activity in Neighborhoods

The Neighborhood Prosecutor Program provides communities with city attorneys dedicated to improving the safety of neighborhoods by enforcing quality of life laws. Prosecutors work closely with local community members and police officers to address smaller crimes that if left unchecked can lead to larger crime problems. With the opening of the new community police station in the northeast San Fernando Valley, the Mayor’s budget funds a new neighborhood prosecutor team for the Mission Station.

The City Attorney’s Office also partners with the Police Department in addressing and prosecuting gang crimes. With the Mayor’s call to implement a citywide gang injunction, the budget provides for the expansion of the City Attorney’s Gang Unit, giving the City Attorney the additional resources he needs to support the Mayor’s efforts to increase prosecution of gangs and drive gangs out from Los Angeles neighborhoods. This year’s budget provides for an additional five attorneys in the City Attorney’s Gang Unit.

FUNDING	
CITY ATTORNEY	TOTAL SERVICE FUNDING
CRIMINAL PROSECUTION	\$43.7 MILLION

Best Practice LA

Citywide Nuisance Abatement Program (CNAP)

Developed under then-City Attorney Jim Hahn, and continued today under City Attorney Rocky Delgadillo, CNAP is a coordinated, multi-agency task force charged with targeting abandoned structures, nuisance properties, and blight-plagued neighborhoods throughout Los Angeles. CNAP works in coordination with neighborhood prosecutors composed of personnel from five participating agencies: the Office of the City Attorney, and the City of Los Angeles Police, Housing, Planning, and Building and Safety Departments.

CNAP spearheads a number of specialized, community-based programs designed to target and prevent criminal activity and improve the quality of life in Los Angeles’ neighborhoods by:

- Identifying and pursuing abatements against nuisance properties, and also developing long-term strategies to reduce criminal and nuisance activities in designated neighborhood block projects
- Assisting property owners in evicting tenants who engage in narcotics activity or gang-related crime
- Coordinating law enforcement and prosecution resources to effectively remove conspicuous drug dealing from residential neighborhoods
- Recruiting and coordinating volunteers who assist the police in ensuring that children have safe paths to and from schools
- Targeting quality of life crimes and code violations in designated areas

Source: Office of Los Angeles City Attorney Rocky Delgadillo



Best Practices LA

Livable Neighborhoods

Livable Neighborhoods

Los Angeles residents are proud of the neighborhoods they live in and feel a part of them.

Priority Overview

The quality of life in Los Angeles neighborhoods is a top priority. Los Angeles residents depend on a wide array of City services to improve the condition of their communities; to ensure that the City is clean, healthy, and aesthetically pleasing; and to provide cultural, recreational, human services, and other opportunities that enliven the very heart of our communities.



SOURCE: Source

BUDGET STRATEGIES

To ensure that all neighborhoods in the City of Los Angeles are good places to live, work, and visit, the City will maintain its focus on:

- 1) Providing a clean and healthy environment
- 2) Promoting neighborhood pride, participation, and education

OVERVIEW

Funding for Livable Neighborhoods

Neighborhood services contribute most significantly to improving the quality of life in neighborhoods and providing an essential public works infrastructure to support a robust city. These services include maintaining libraries, recreation centers, City parks, and water systems, and performing street cleaning and street repairs. Funding these services is greatly influenced by input from the City's neighborhood councils and by general resident response such as requests made through the City's 3-1-1 service request line. The following chart highlights the accomplishments and key services provided to achieve these accomplishments.



SOURCE: Source

Key Accomplishments

Bureau of Sanitation

- Expanded recycling program
- Achieved cleaner water at beaches and storm drains
- Initiated refuse disposal options
- Expanded wastewater treatment program

Bureau of Street Services

- Facilitated street access and cleanliness
- Responded to this season's historical storm damage
- Improved mobility through extensive street repair
- Initiated faster sidewalk repairs through matching fund program

Library

- Provided intranet access to millions of residents
- Sold library buildings, raising money for library supplies and equipment
- Built new libraries to replace older ones

Zoo

- Renovated exhibits
- Added new exhibits
- Created the Children's Discovery Center

Recreation & Parks

- Provided 214,000 hours of programming to children through CLASS Parks
- Renovated and upgraded historic Griffith Park Observatory
- Expanded the capacity and programming for the Cabrillo Museum Aquarium
- Offered recreational and day-care programs for children
- Maintained senior citizens' programs
- Enhanced urban forestry conservation
- Increased the number of new and expanded facilities

Key Services Funded

- Household and Curbside Refuse Collection
- Wastewater Disposal
- Storm Water and Pollution Abatement Programs
- Sidewalk Repair
- Tree Trimming
- Clean-Up of Illegally-Dumped Refuse
- Street Reconstruction Services
- Library Services
- Library Electronic Information Access
- Library Information, Reference, and Circulation Resources
- Animal Conservation Programs
- Recreational Programs
- Youth Services and Intervention Programming
- CLASS Parks
- Child-Care Programs
- Recreational Center Renovations
- Senior Services for the Disabled
- Neighborhood Council Grant Program

Services Funded to Meet Our Livable Neighborhood Strategies

STRATEGY

Provide a clean and healthy environment

Provide Household and Curbside Refuse Collection

These services are essential to clean neighborhoods. Almost 1.3 million tons of refuse and yard trimmings and nearly 200,000 tons of recyclable materials from single and small multiple family residences are collected every year. The refuse is disposed in landfills and the yard trimmings are composted into fertilizer and reused. The Curbside Collection Program serves 750,000 households every week. The percentage of successful weekly refuse collection is 99.9 percent.

FUNDING

PUBLIC WORKS—BUREAU OF SANITATION	TOTAL SERVICE FUNDING
CURBSIDE COLLECTION OF REFUSE AND OTHER COMMODITIES	\$87.5 MILLION
GREEN WASTE PROCESSING OPERATIONS	\$3.7 MILLION
SOLID RESOURCE PROGRAM SUPPORT SERVICES	\$2.9 MILLION
SYSTEMATIC CONTAINER REPLACEMENT PROGRAM	\$3.8 MILLION



Reduce Sanitation Costs By Operating a New City-Owned Transfer Station

The City's acquisition of a transfer station reduced operating costs by \$6.3 million. Savings come from eliminating fees paid to private haulers to dispose of non-recyclable trash. Funding is provided to the Bureau of Sanitation to manage the transfer station with additional staff and trucks.

FUNDING	
PUBLIC WORKS—BUREAU OF SANITATION	TOTAL SERVICE FUNDING
TRANSFER STATION OPERATIONS	\$5.4 MILLION

Expand Recycling Program to Apartments

The City of Los Angeles is expanding its recycling program to include all multi-family units in addition to single-family homes. In 2005-06 the Bureau of Sanitation will enact a pilot project to expand the recycling program. This means approximately 100,000 additional families and residents will be able to recycle their refuse and reduce trash output, thereby conserving usable goods and creating a healthier environment, as well as decreasing landfill costs. Currently, the Curbside Recycling Program collects 770 tons daily, or 200,000 tons per year. Adding the pilot program will help the City divert another 10,000 tons per year.

FUNDING	
PUBLIC WORKS—BUREAU OF SANITATION	TOTAL SERVICE FUNDING
CURBSIDE COLLECTION OF REFUSE AND OTHER COMMODITIES	\$87.5 MILLION
NON-CURBSIDE RECYCLING PROGRAMS	\$4.9 MILLION

Best Practice LA

Diversion of Trash
Saves City \$34 Million and Saves the Environment

- 200,000 tons recycled in 2004-05 (projected)
- For every ton recycled, the City saves an average of \$33
- For every ton recycled, the City earns \$12 on average
- From 2001 to 2004, the City saved a total of \$25 million dollars by diverting 773,000 tons to recycling and earned \$9.2 million

Continue to Divert Green Waste to Productive Use

Green recycling continues to grow in the City. Yard trimmings comprise almost 30 percent of the City's waste stream, and almost all of it is converted to mulch or compost. The Bureau of Sanitation projects that 433,000 tons of yard trimmings alone will be collected in 2005-06. Urban forest green waste (tree trimmings and brushy material from public greens and City trees) and yard trimmings from residences are taken to three mulching facilities—Van Norman, Harbor, and Lake View Terrace. A fourth facility in Griffith Park produces high-quality compost from park trimmings and biosolids. Mulch is available for free to City residents. One ton of yard trimmings typically equals approximately one ton of mulch.

FUNDING	
PUBLIC WORKS – BUREAU OF SANITATION	TOTAL SERVICE FUNDING
GREEN WASTE PROCESSING OPERATIONS	\$3.7 MILLION

Protecting the Environment Through Improved Sustainability

The Proposed Budget strengthens and reorganizes the City's commitment to a sustainable environment for the future of Los Angeles residents. The Environmental Affairs Department will be renamed the Environmental Affairs and Sustainability Department and its mission will be expanded to include the development of sustainability programs. The application of sustainability programs includes green building, smart growth, and sustainability indicators as well as environmental business practices, integration and conservation of natural resources, green power, and support of clean air and clean water programs. The promotion of green building development (e.g., use of solar power, low-water demand landscaping, and recyclable building materials) will also be supported. Additional funding is provided to develop programs related to AB939 – Sustainability Partnership, including sustainable development and green building practices.

FUNDING	
ENVIRONMENTAL AFFAIRS AND SUSTAINABILITY DEPARTMENT	TOTAL SERVICE FUNDING
ENVIRONMENTAL PUBLIC HEALTH AND SAFETY MANAGEMENT	\$0.8 MILLION

Expand Alternative-Fuel Yards

The City continues to take the lead in decreasing air pollution caused by diesel trucks. A new alternative-fuel yard will open in the Harbor area, allowing City cars and trucks to fill up on cleaner and more fuel-efficient Liquid Natural Gas (LNG) and Compressed Natural Gas (CNG). In 2004, the City reduced more than one million pounds of air pollution through alternative-fuel vehicle programs, including the alternative fuel fleet, bicycle patrols, and employee rideshare programs.

FUNDING	
PUBLIC WORKS – BUREAU OF SANITATION	TOTAL SERVICE FUNDING
SOLID RESOURCE PROGRAM SUPPORT SERVICES	\$3.0 MILLION

Best Practice LA

Leading the Country With an Air-Friendly Fleet

The City of Los Angeles operates the largest clean-fuel fleet in the country. With the largest hybrid (electric/gasoline) fleet, the use of alternative-fuel technologies, and the conversion to low-sulphur diesel fuel for sanitation trucks with particulate traps, the City is a proud leader in the goal to clean our air.

- 572 hybrid-electric cars
- 547 light-duty CNG fuel cars
- 15 neighborhood electric vehicles (NEVs)
- 252 dual-fuel (LNG/Diesel) refuse trucks
- 24 CNG street sweepers
- 5 hydrogen fuel cell demonstration vehicles
- 190 propane DASH shuttle buses
- LAPD bicycle patrols

The City reduces:

- 4 million gallons of gas, saving \$9 million annually in fuel expense
- 2.5 million miles of driving due to bicycle patrols
- 241,000 pounds of nitrogen oxide annually

Manage and Treat Wastewater to Support a Clean Environment

The inspection, operation, and management of the City's wastewater sewer system and pumping plants, which conform to the standards set by the National Pollution Discharge Elimination System—are crucial to the health of all communities in the City of Los Angeles. This budget funds four wastewater treatment and water reclamation plants, and more than 6,500 miles of sewers, various pumping plants, and ventilation stations that collect and treat approximately 432 million gallons of wastewater per day in the City of Los Angeles. In 2004-05 a new City sewer was finished—the East Central Interceptor Sewer (ECIS). This sewer will relieve many of the older sewage lines that were built years ago. ECIS is 11.5 miles long and extends from East Los Angeles to Exposition Boulevard to Blair Hills. ECIS can carry 230 million gallons of wastewater a day.

FUNDING	
PUBLIC WORKS – BUREAU OF SANITATION	TOTAL SERVICE FUNDING
HYPERION TREATMENT PLANT	\$ 32.4 MILLION
TERMINAL ISLAND TREATMENT PLANT	\$ 6.1 MILLION
LA GLENDALE TREATMENT PLANT	\$ 3.7 MILLION
DONALD C. TILLMAN TREATMENT PLANT	\$5.7 MILLION
WASTEWATER COLLECTION SYSTEM MAINTENANCE	\$13 MILLION
WASTEWATER CAPITAL IMPROVEMENT PROGRAM	\$2.9 MILLION

What is Urban Runoff?

Urban runoff refers to a condition when storm water or water wasted from human activities such as over-irrigation, car washing, etc., runs into the City streets carrying pollutants of various kinds into the storm drain system and City waterways.

The topography of Los Angeles makes it particularly difficult to manage storm water because the elevation drop from the San Gabriel Mountains to the LA River is 3,000 feet in only 51 miles! Compare that to the Mississippi River, for which the elevation drop is 1,500 feet in 2,300 miles. New legislation, better technology, and new bond funding will allow the City to reconfigure storm water infrastructure that will abate pollution and manage heavy water flows to mitigate urban runoff.

Pursue Household Refuse Disposal Options in the 21st Century—Leaving the Landfill

The City of Los Angeles will stop using the Sunshine Canyon landfill to dispose of household refuse and trash in 2006. This is a necessary and vital decision to help eliminate air pollution, remove solid pollutants, and mitigate odor concerns in the local neighborhoods. The City is aggressively researching different methods of refuse disposal for the future. Short-term options include preparing for the use of additional transfer stations and travel options such as rail hauling and alternative waste degeneration. Long-term options include the exploration of refuse conversion that will generate energy.

FUNDING	
UNAPPROPRIATED BALANCE	TOTAL SERVICE FUNDING
ALTERNATIVE WASTE DISPOSAL TECHNICAL STUDY	\$1.1 MILLION
SOLID WASTE COLLECTION AND DISPOSAL BENCHMARKING STUDY	\$0.5 MILLION
SOLID WASTE INTEGRATED RESOURCE PLAN	\$0.6 MILLION
SOLID WASTE DISPOSAL OPTIONS	\$0.9 MILLION

Best Practice

Alternative Technologies to Landfill Refuse Disposal

The City of Los Angeles, with one of the largest refuse collection operations in the world, will be seeking innovative and new solutions to the age-old question of where to put our trash. By identifying short-term needs but aiming for the long-term goal of landfill elimination, the City is aggressively pursuing options that will convert solid refuse to an energy output that will potentially be used for local power generation. Such a program will change the nature of trash collection and begin a fully integrated system of refuse collection that will sustain, and not detract, from our environment.

Keep our Beaches Clean Through Clean Water and Pollution Abatement Programs

With the recent passage of Proposition O by the residents of Los Angeles in November 2004, the City will be able to tap into \$500 million in bond funding to inspect, evaluate, and eradicate pollutants in storm water and to enact abatement programs for trash and harmful bacteria in the City's lakes, rivers, beaches, and oceans. The City will also explore and develop the use of green technologies in meeting the abatement level criteria. In addition, the City will expand its work with private developers to help reduce any contaminants emitting from private construction projects as well.

FUNDING

PUBLIC WORKS – BUREAU OF SANITATION	TOTAL SERVICE FUNDING
STORMWATER PERMIT COMPLIANCE	\$10.3 MILLION
STORMWATER SUPPORT ACTIVITIES	\$ 0.8 MILLION
PROPOSITION O	\$16.9 MILLION

Fund Capital Improvement Expenditure Program

The City's capital improvements program is grouped together in three major categories:

- 1) Wastewater, including the sewer collection system, pumping stations, and treatment plants;
- 2) Physical Plant, including streets, streetlights, and storm drains; and
- 3) Municipal Facilities, including all City-owned buildings, parks, and service yards.

The Proposed Budget includes more than \$231 million for the Wastewater Capital Improvement Expenditure Program (WCIEP), \$47.9 million for the Physical Plant capital program, and more than \$576.4 million for the Municipal Facilities capital improvements.

The Sewer Construction and Maintenance (SCM) fund will finance the entire Wastewater Program, and totals more than \$721 million.

The Proposed Budget for the Physical Plant and Municipal Facilities portion of the CIEP includes projects that improve street widening, reconstruction, and rehabilitation of physical infrastructure and buildings.

Some of these projects are the construction of a storm drain on Encino Avenue from Oxnard Street to Rhonda Street, and the replacement of the street lighting system from Cahuenga Terrace to Hollywood Boulevard. The latter project will install 79 new street lighting poles with an energy saving low voltage system. In addition the City will provide funds for Phase II of the Silverlake Reservoir Pedestrian Walkway. Phase I will be completed in August 2005, and will include a curb and gutter on West Silverlake Drive and part of Armstrong. Phase II will extend the curb and gutter work from Tesla Avenue to Silverlake Boulevard. When complete the walkway around the reservoir will include a new curb, gutter, trees, and landscaping.

Other projects will include the development of the Cabrillo Street Extension, the Van Nuys Park Senior Services Center, and Shelton Arleta Park.



FUNDING

CAPITAL IMPROVEMENT EXPENDITURE PROGRAM	TOTAL SERVICE FUNDING
PHYSICAL PLANT	\$47.9 MILLION
MUNICIPAL FACILITIES – GENERAL FUND	\$12.7 MILLION

Fund Additional Bikeways

The City's bicycle program develops bike lanes (designated white-striped area on City streets for bicycle use) and bike paths (non-vehicular paths dedicated to bicyclists and pedestrians), and educates the community about bicycle safety. Through local transportation funds, the City will continue to design and develop bike lanes on segments of various City streets including Pershing Drive (West LA), Harbor Boulevard (Harbor), Martin Luther King Jr. Boulevard (South LA), and Colfax Avenue (South Valley).

Bicycle paths are usually multi-jurisdictional projects incorporating various regional funding. Projects to be designed, constructed, and finished in 2005-06 include the final part of Phase I of the Los Angeles River Bike Path, which extends from Fletcher Drive to Riverside Drive. The entire eight-mile path includes Riverside Drive/Zoo Drive to Los Feliz, Fletcher to Barclay Street, and Los Feliz to Fletcher.

FUNDING	
CAPITAL IMPROVEMENT EXPENDITURE PROGRAM	TOTAL SERVICE FUNDING
PHYSICAL PLANT - BIKEWAY & PEDESTRIAN IMPROVEMENTS	\$4.3 MILLION

The Pothole Story

The number of City streets in need of repair is extensive due to deteriorating streets, an increasing number of vehicles, heavier vehicles, and recent storm damage. Some streets need pothole repairs while others need more extensive reconstruction. The City provides for 24-hour pothole repair and maintains a 90 percent response time, even during storms.

The typical pothole is a condition that occurs when water has seeped through cracks in the road and the asphalt's surface breaks due to vehicles passing over it. Another common condition, called Alligator Cracks, occurs when the surface is uneven and cracked as the result of base failure (when grading beneath the asphalt/cement top weakens). Alligator Cracks are often confused with potholes but they cannot be fixed as easily or as quickly and require a 'skin patch'.

- Potholes replaced 2003-04: 66,602; total asphalt repairs: 110,000
- Potholes replaced 2004-05: 80,000; total asphalt repairs: 130,000 (projected)
- Total number of potholes replaced due to 2005 winter storm alone: 32,258
- Repair time from call to service: approximately 24 hours
- Cost of pothole repair: between \$7 and \$16 per pothole

Fund Additional Street Maintenance

Maintaining Los Angeles's 6,500 miles of streets is critical for the growth and stability of neighborhoods and the cultural and economic prosperity of the City's residents and businesses. The City will maintain and repair 500 miles of streets (200 miles of reconstruction and 300 miles of slurry seal) to fulfill the needs of a highly mobile population, while providing desirable standards of safety, appearance, and convenience to the residents and traveling public within the City. 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 for an older street that needs maintenance and a new surface, but not complete reconstruction.

FUNDING	
PUBLIC WORKS-BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
STREET RESURFACING AND SIDEWALK ACCESS RAMPS	\$62.1 MILLION
SLURRY SEAL	\$4.8 MILLION
SMALL AND LARGE ASPHALT REPAIRS	\$9.8 MILLION
UNIMPROVED DIRT STREETS AND ALLEYS	\$4.1 MILLION

Provide for Sidewalk Repairs and Expand a "Matching Fund" Program

Residents and business owners have indicated that sidewalks are vital to all neighborhoods for safety reasons and for their role in linking neighborhoods to one another. This budget funds 52 miles of sidewalks and leverages the number of sidewalks repaired through the use of other sources of funds such as the Community Development Block Grant Funds, which provides for 12 miles of repair.

In 2005-06, the City will expand its pilot project of matching funds for sidewalk repair. Residents may opt to pay for one-half of sidewalk repair in front of their property, and the City will pay for the other half of the repair. In this manner, residents can get their sidewalks repaired faster. In the City's pilot program this year, spearheaded by Council Member Gruel, the average cost per square foot for participating residents was \$4.50 for an average of 298 square feet per parcel. Almost 70 percent of residents in the targeted area participated in the program.

FUNDING	
PUBLIC WORKS – BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
SIDEWALK PROGRAM	\$7.2 MILLION

"I am writing to commend the Street Services crew #032 and their supervisor. During the weeks of July 5th-16th, 2004 the crew repaired the sidewalks in front of our school. During this time the crew worked diligently to repave and make necessary repairs, while conducting themselves in a courteous and considerate manner to parents and students..."

– School Superintendent, Wilmington

Continue Street Use Inspection and Illegal Dumping Cleanup

The City provides two programs to help reduce urban blight and to provide residents with a fast, easy, and free service to remove unwanted bulky items from their homes. The Proposed Budget will ensure the City maintains its street-use inspection enforcement program policing illegal dumping of refuse in Los Angeles. In 2004-05, almost 200,000 tons of illegally dumped material will be collected by the Bureau of Street Services. In addition, residents may call the Bureau of Sanitation through the City's 3-1-1 exchange to request removal of discarded items. The City is continuing its Bulky-Item Pick-Up program, which provides free pick-up to residents of any unwanted items that they may have difficulty removing themselves. These programs are crucial in keeping neighborhoods safe and clean. The Bulky-Item Pick-Up program retrieves approximately 30,000 tons of discarded items per year.

FUNDING	
PUBLIC WORKS – BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
DEBRIS REMOVAL, BULKY ITEM PICK-UP & ILLEGAL DUMPING ENFORCEMENT PROGRAM	\$5.6 MILLION
ALLEY CLEANING	\$1.9 MILLION
PUBLIC WORKS–BUREAU OF SANITATION	TOTAL SERVICE FUNDING
CURBSIDE COLLECTION OF REFUSE & OTHER COMMODITIES	\$87.5 MILLION

Increase Construction of Unimproved Streets and Alleys

The 2005-06 Proposed Budget dramatically increases the level of funding to surface unimproved streets and alleys. The program will be funded at \$4.1 million, an increase of \$2.7 million or 200 percent above last year's funding level. The program provides asphalt or another durable surface on unimproved streets and alleys. The program will focus on the communities of South Los Angeles.

STRATEGY

Promote Neighborhood Pride, Participation, and Education

Fully Fund Neighborhood Council Grants

Neighborhood councils will continue to be awarded up to \$50,000 a year to their Stored Value Cards to be used for operating expenses, such as for office supplies, equipment, outreach materials, and neighborhood projects. The funding for the Stored Value Card will be provided in increments of \$12,500 each quarter. The goal of this program is to ensure that neighborhood councils have the money they need to fund projects of their choice or for administrative purposes. Additionally, neighborhood councils will be allocated \$100,000 of Bureau of Street Services funds to improve their high priority streets.

Best Practice LA

Neighborhood Councils Put Their Money on Their Priorities

Neighborhood councils are provided \$50,000 to support operating costs and prioritized neighborhood improvements. This past year, they have supported their community priorities with such projects and acquisitions as:

- Community beautification
- Community gardens
- Tree planting
- Freeway signs
- Playground equipment
- Mock rescue horse for Animal Services' rescue team
- Radar guns to combat speeders
- Planning for parks
- All terrain vehicle for LAPD

In fiscal year 2005-06, neighborhood councils will be allocated \$100,000 of the Bureau of Street Services funds for high-priority street reconstruction and/or resurfacing needs.

FUNDING

DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT	TOTAL SERVICE FUNDING
GRANT FUNDING	\$4.3 MILLION
PUBLIC WORKS - BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
ALLOCATION FOR NEIGHBORHOOD COUNCIL STREET IMPROVEMENTS	\$8.8 MILLION





Increase Tree Trimming and Maintenance

Street and park trees are necessary enhancements to the quality of life in Los Angeles. The Bureau of Street Services and the Department of Recreation and Parks maintain trees and other public landscaped areas to ensure they remain in a safe, aesthetically pleasing and healthy condition. There are approximately 700,000 public property trees and 1,000,000 parkland trees. It is vital to protect the public's investment in the urban forest, which is the largest in the country and valued at more than \$2 billion. To do so, maintenance including proper trimming and watering must be performed regularly. Street trees will be trimmed faster now according to a 7-year cycle rather than a 10-year cycle. This will increase the longevity of tree life and the quality of the City's neighborhoods and the greater environment.

FUNDING	
PUBLIC WORKS - BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
STREET TREE CONTRACTS AND TREE TRIMMING	\$2.1 MILLION
TREE TRIMMING - CITY EMPLOYEES	\$7.6 MILLION
SMALL TREE MAINTENANCE	\$0.8 MILLION
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
MODERATE LEVEL OF MAINTENANCE OF PARK PROPERTY	\$6 MILLION

A City Tree's Life

- Smog does not kill trees
- City trees survive with natural rainfall but need more water when they are young
- City trees need root space and sunlight to grow
- City trees can live for 50 years or more, although enclosed sidewalk trees have a shorter lifespan
- Types of trees in Los Angeles include: ficus, eucalyptus, sycamore, magnolia, and liquid ambers

Maintain New and Expanded Recreation and Park Facilities

The City continues to build new facilities and upgrade existing facilities to meet the needs of communities and neighborhoods. In 2004-05, 20 new facilities and 37 renovated facilities were funded. In 2005-06, 25 new facilities and 35 renovated facilities will be funded. Some of the new and expanded facilities in 2005-06 will be located in: Brand Park, the Delano Recreation Center, the Lincoln Heights Youth Center, the Mar Vista Outdoor Center, the Trinity Recreation Center, and the Yucca Recreation Center.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
PARKS & FACILITIES (MAINTENANCE OF PARK BUILDINGS, FACILITIES & PROPERTY	\$66.3 MILLION

Expand New Parks and Nature Preserves

In 2004-05, the Los Angeles Recreation and Parks Department will take over 150 acres of new parkland—six times the amount of park space acquired over the previous two years. New property includes the Augustus Hawkins Nature Park in South Los Angeles, the Hansen Dam Pit Lakes in Lake View Terrace, and the Cypress Teen Center in Cypress Park.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
MANDATORY AND REMEDIAL MAINTENANCE OF PARK BUILDINGS, FACILITIES & PROPERTY	\$52.9 MILLION

Expand Universally Accessible Playgrounds

The City now has three universally accessible playgrounds where children of all abilities can play. The first one, Shane's Inspiration in Griffith Park, was built in 2000. The second, Aidan's Place, is in Westwood Park, and the third playground completed this year, is in Lincoln Park on Mission Road. The City's goal is to have six regional accessible playgrounds as well as 15 smaller ones throughout the city.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
MANDATORY AND REMEDIAL MAINTENANCE OF PARK PROPERTY	\$40.3 MILLION





Re-open the Griffith Observatory

In May 2006, the Griffith Observatory will once again be open to the public after a four-year renovation. The Griffith Observatory, first built in 1935, is one of the oldest observatories in the country. 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 the 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, without altering the existing dome and building but by instead building underground. In addition to the new and renovated theaters, there will be new exhibits and a new café.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
GRIFFITH OBSERVATORY EDUCATIONAL OPPORTUNITIES	\$5.3 MILLION

Continue the Award-Winning CLASS Park Program to Provide Wholesome Opportunities for Los Angeles Youth

Funding for the award-winning CLASS (Clean and Safe Spaces) Parks program will be continued. CLASS Parks focuses on youth development, striving to provide young people with the tools, knowledge, and ability to make positive choices in their lives, while building connections between the teens and their communities. In 2004, the program conducted 213,291 hours of teen-specific programming and activities at 47 park facilities. Programs focus on community service, recreation, volunteering, life skills, and education.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
YOUTH SERVICES & INTERVENTION PROGRAMMING	\$17.2 MILLION

DEPARTMENT OF RECREATION AND PARKS SPORTS PROGRAMS

Population	Central 659,044	East Los Angeles 405,115	Harbor 193,040	North Valley 651,853	South Los Angeles 687,984	South Valley 702,973	West Los Angeles 394,592
BASEBALL/ SOFTBALL							
BASKETBALL							
FOOTBALL							
MARTIAL ARTS							
SOCCER							
SWIMMING							
TENNIS							
GYMNASTICS							
VOLLEYBALL							
HOCKEY							

TOP 10 SPORTS PROGRAMS

1 Symbol = 1-5 programs

2 Symbols = 6-10 programs

3 Symbols = 11-15 programs

4 Symbols = 16-20 programs

5 Symbols = 21-25 programs

6 Symbols = 26-30 programs

7 Symbols = 31-35 programs

8 Symbols = 36-40 programs

9 Symbols = 41-45 programs

10 Symbols = 46-50 programs

Data Source: Dept. of Recreation and Parks, 2005.

Enhance Park, Recreational, and Swimming Opportunities

All community members should have in their neighborhood a place where they can exercise and socialize. The Proposed Budget makes sure that the City's recreation programs provide healthy and proactive alternatives for people of all ages year-round through sports, arts, and educational programs. More than 20,000 residents will play tennis on the City's 400 tennis courts, and 27 Senior Citizen and Multipurpose Centers will together host 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, summer day camps, and sports clinics. More than 1.1 million golf rounds will be played at 13 City courses. This budget earmarks \$500,000 for expanded programs and activities for children in economically challenged areas of the City.

City pools serve approximately 2.1 million swimmers in 59 year-round and seasonal pools. Additional funding to repair, renovate and rehabilitate vital neighborhood pools will be provided in 2005-06. Pools receiving additional funding include: Lincoln Park, Cheviot Hills, Sun Valley, Downey, Echo Park, and Lanark. Reseda and Northridge Pools received funding for improvements in 2004-05.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
RECREATIONAL OPPORTUNITIES (YOUTH SERVICES, AQUATICS, CAMPS, GOLF, TENNIS, SENIOR CENTERS, SPECIAL RECREATION CENTERS, CHILD CARE)	\$65 MILLION
CAPITAL IMPROVEMENT EXPENDITURE FUND – RECREATIONAL OPPORTUNITIES	\$ 3.0 MILLION
RECREATIONAL PROGRAMS FOR ECONOMICALLY CHALLENGED YOUTH	\$ 0.5 MILLION

Maintain Park Properties, Buildings, and Facilities

The Proposed Budget funds daily maintenance of 15,800 acres of parkland, as well as park buildings and facilities. This includes the maintenance and upkeep of 375 children's playgrounds and well over 1,000 outdoor and indoor recreational facilities, including 59 pools, nine lakes, seven skate parks, more than 300 sports fields, 400 tennis courts, jogging paths, 92 miles of hiking trails, 180 recreation centers, 25 licensed childcare centers, 27 senior centers, three therapeutic centers, and many other venues for families and people of all ages. Services such as mowing, planting flowers, trimming trees, and landscaping maintain the aesthetics of neighborhood park spaces. Necessary services such as roof, electrical, and plumbing repairs, and custodial services keep these structures safe and clean.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
MANDATORY AND REMEDIAL MAINTENANCE OF PARK BUILDINGS, FACILITIES, AND PARK PROPERTY	\$52.9 MILLION
MODERATE LEVEL OF MAINTENANCE OF PARK PROPERTY	\$6 MILLION
REPAIR AND MAINTENANCE OF PARK BUILDINGS AND FACILITIES	\$2.4 MILLION
CHILDREN'S PLAYGROUND EQUIPMENT REPAIRS	\$1 MILLION



Maintain and Landscape City Facilities

Basic grounds maintenance including irrigation repair, trash pick-up, vandalism abatement, tree care, mowing, and trimming will be funded at public facilities to promote neighborhood aesthetics and pride. Facilities receiving landscaping services will include the six new libraries and two animal shelters. Services will be enhanced at facilities with minimal maintenance including police stations and other public buildings and facilities.

FUNDING	
DEPARTMENT OF RECREATION AND PARKS	TOTAL SERVICE FUNDING
MAINTENANCE – PUBLIC BUILDING LANDSCAPING	\$1.7 MILLION

Best Practice LA

TeamWork LA-Partnering With Neighborhood Councils to Improve Service Delivery

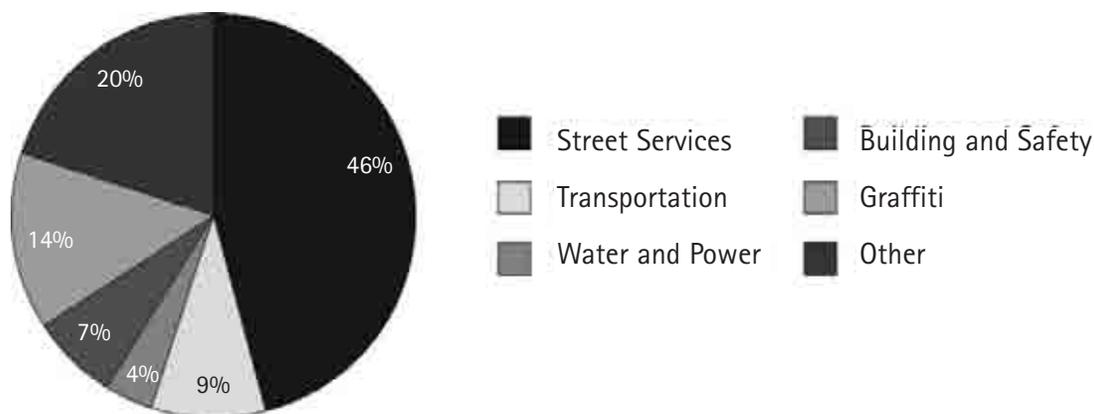
TeamWork LA's second full year in operation has generated enormous service returns for all seven of the City's Neighborhood Service Areas and more specifically, the neighborhood councils within them.

Designed with the goal of centralizing City services and allowing quick and creative solutions to everyday problems, TeamWork LA meets seven times a month with the Neighborhood Council Federations to identify persistent problems such as cleaning up homeless encampments, illegal dumping, preventing street racing, and eradicating graffiti.

TeamWork LA receives community complaints and works with the respective departments to address the issues. In less than 24 months, TeamWork LA has received more than 10,689 community issues and 86 percent of these have been resolved.

TeamWork LA Resolves Problems for Los Angeles Residents

Breakdown of Types of Issues





Continue Library Services and Operating Hours

With 72 regional and branch locations, the Los Angeles Public Library (LAPL) serves the City and its surrounding areas with a myriad of resources and learning opportunities. Last year, the libraries were open for almost 170,000 hours, offering materials for reading, learning, and computer use for children, teens, and seniors.

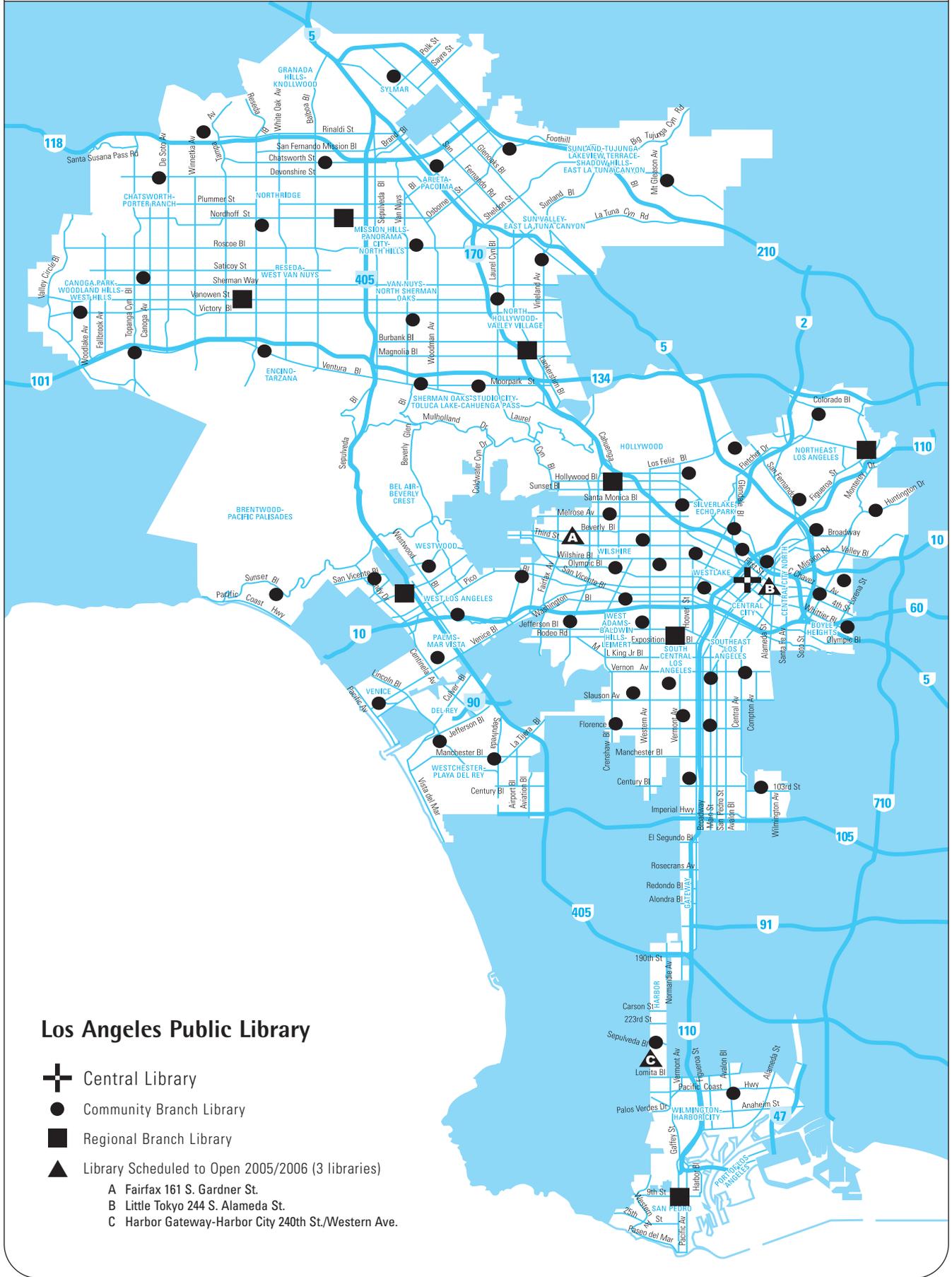
In 2004, the library system received more than 100 million hits on its website. The Central Library and regional branches will be open 60 hours per week. A total of 38 community branches will be open 52 hours per week and 25 community branches will be open 40 hours per week.

FUNDING	
LOS ANGELES PUBLIC LIBRARY	TOTAL SERVICE FUNDING
CENTRAL LIBRARY SERVICES	\$11.4 MILLION
BRANCH SERVICES	\$41.3 MILLION
LIBRARY PROGRAMS/CHILDREN, YOUNG ADULTS	\$0.8 MILLION

"After not using the public library for many years, I recently decided to get a library card. I was expecting the worst – a bureaucratic nightmare of poor service, unclean facilities, and more. I could not have been more wrong! The facility was nice, the employees were very helpful, and getting a library card was uncomplicated and took less than 5 minutes...."

– Windsor Hill resident

EXISTING AND PROPOSED BRANCH LIBRARIES



Los Angeles Public Library

-  Central Library
-  Community Branch Library
-  Regional Branch Library
-  Library Scheduled to Open 2005/2006 (3 libraries)
 - A Fairfax 161 S. Gardner St.
 - B Little Tokyo 244 S. Alameda St.
 - C Harbor Gateway-Harbor City 240th St./Western Av.

Finish the Award-Winning Library Construction and Renovation Program

Libraries in Los Angeles are undergoing significant expansion and renovation that will have a long-lasting impact on the City's neighborhoods for many years to come. Using voter-approved bond funding, the Los Angeles public library system is nearing the end of its historic and architecturally-rich construction program. In 2004-05 six new libraries were opened—Canoga Park, Chatsworth, Edendale, El Sereno, Hyde Park, and Westwood. In 2005-06, the Fairfax, Little Tokyo, Harbor Gateway-Harbor City, and North Hollywood (phase III) branches will open. A total of 36 projects in 35 branches have been funded all together.

FUNDING	
THE LOS ANGELES PUBLIC LIBRARY	TOTAL SERVICE FUNDING
NEW BRANCH MATERIALS	\$0.7 MILLION
BRANCH LIBRARY	\$41.3 MILLION

Use Proceeds from Surplus Library Properties to Support our Libraries

In 2004-05 the City developed a plan that would allow the library to use revenue gained from the sale of vacant branch property after the new branch (in the same district) was built. This program, called Surplus Property Program, provided the library system with \$2.1 million in 2004-05 from the sale of the former Will and Ariel Durant branch. The library is projected to receive \$2.2 million in 2005-06, from the sale of the former Westchester and Canoga Park branches. The surplus sale funds will be used to buy much needed library materials and to assist in other renovations. Additional funds will be provided to support book purchases and computer maintenance and upgrades.

FUNDING	
THE LOS ANGELES PUBLIC LIBRARY	TOTAL SERVICE FUNDING
BRANCH LIBRARY	\$41.3 MILLION
ACQUISITION & COLLECTION DEVELOPMENT	\$1.4 MILLION

Encourage a Lifetime of Reading

Library programs for children and teens will continue in 2005-06 as these programs are some of the most popular and far-reaching after-school programs in the City. Children are able to access the computers free of charge at any branch location to do research for homework or to search for books or CDs. The library also has extensive outreach programs that allow librarians to visit schools to inform and educate schoolchildren about the opportunities at the library. In 2004-05, librarians visited approximately 340,000 students in almost 18,000 classrooms. The libraries also host citywide programs such as the LA Kids Read Festival, summer reading clubs, Teen Screen Festival, and Teens Planning for the Future, which attract nearly 100,000 youth. A new teen program called Study Smart: Life-Skills for Being a Better Student is currently being developed.

FUNDING	
THE LOS ANGELES PUBLIC LIBRARY	TOTAL SERVICE FUNDING
CHILDREN AND YOUNG ADULT PROGRAMS	\$0.8 MILLION
ELECTRONIC INFORMATION ACCESS	\$6.8 MILLION

Best Practice LA

The Virtual Library – 100 Million Hits a Year

The Los Angeles Public Library provides virtual on-line access to its many resources and collections through www.LAPL.org. There were 100 million hits on its website in 2004-05. The website also offers:

- Research databases
- Photograph collections
- Adult literacy website
- E-mail notification of book availability
- Free wireless internet access
- Computer access for residents without computers



Support the Treasured El Pueblo Monument Programs

El Pueblo is the birthplace of Los Angeles. The City is dedicated to preserving El Pueblo's rich history and heritage and to educating all students and visitors who come to see where the second largest City in the nation had its humble beginnings. Under recent management reorganization, El Pueblo is prospering. The City has provided for necessary ground and maintenance repairs, all tenant shops are leased, and visitor attendance is increasing. More than 2,500,000 visitors are expected to visit El Pueblo's monument and museums this year. Cultural highlights include the re-emergence of the world-famous América Tropical mural at El Pueblo. This mural was damaged 73 years ago and has recently been restored to its original splendor by the Getty Conservation Institute.

FUNDING

EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT	TOTAL SERVICE FUNDING
OPERATIONS AT EL PUEBLO	\$1.9 MILLION

Support New and Expanded Exhibits at the Los Angeles Zoo

Continuing the capital expansion started five years ago with the Red Ape Rain Forest in 2000, the Los Angeles Zoo has made great strides in becoming one of the premier animal habitats in the country. In January 2005 the Children's Discovery Center opened, as well as the new front entrance and ticketing plaza. In March 2005, the Neil Papiano Play Park opened—which includes climbing sculptures, a toddler area, water misters, and picnic areas—and is accessible to children with medical or physical challenges. Finally, the new Seal Lion Cliffs Exhibit will open in June 2005. Upgrades and expansions will include these areas: Bird Breeding & Holding, the Koala Barn, the Yellow-footed Rock Wallaby exhibit, and the Marmoset Colony.

FUNDING	
THE LOS ANGELES ZOO	TOTAL SERVICE FUNDING
ANIMAL CARE AND EXHIBIT SERVICES	\$6.2 MILLION
EDUCATION PROGRAMS	\$1.2 MILLION
GROUND AND FACILITY MAINTENANCE	\$4.9 MILLION



Pioneer the Way for Animal and Environmental Conservation

2004-05 saw the Los Angeles Zoo breed animals as well as offer safe and healthy refuge for animals outside their own environments. In February 2005, a female orangutan was born at the zoo, for the first time in almost 20 years. The zoo also received a Baby Tree Pangolin that had been confiscated by customs officers and received 11 Mountain Yellow-Legged Frogs that had lost their home after the wildfires in Big Bear. The Los Angeles Zoo and Botanical Gardens will continue to provide optimal care for the collection of more than 1,200 animals through expert medical care and husbandry techniques, as well as engage in scientific studies relating to the physical, social, and psychological well-being of the animals.

FUNDING	
THE LOS ANGELES ZOO	TOTAL SERVICE FUNDING
ANIMAL HEALTH SERVICES	\$1.2 MILLION
ANIMAL CARE AND EXHIBIT SERVICES	\$6.2 MILLION
GROUND AND FACILITY MAINTENANCE	\$4.9 MILLION



Improved Mobility

Improved Mobility

Provide Safe, Reliable, and Efficient Movement in Los Angeles

Priority Overview

A vibrant transportation environment is essential to a dynamic city like Los Angeles. As the population increases and greater demands are made on transportation needs, the City continues to identify best practices to increase mobility and reduce traffic congestion. With more than two million local registered drivers, the City provides transportation services in the areas of traffic safety and mobility, pedestrian safety, and transit operations.



To provide safe, reliable, and efficient movement within Los Angeles, the City utilizes traffic-control devices such as control signals, curb markings, signs, striping, pavement messages, parking meters, and the Automated Traffic Surveillance and Control (ATSAC) System. This program enables the Department of Transportation to use real-time data to synchronize traffic signals and reduce congestion thereby moving traffic. Furthermore, the City is achieving efficiencies in transportation through technologies, such as Cold-In-Place Recycling, that accelerate the rate of road repair in addition to expanding the use of mass transit, Cityride Para-Transit, and Rideshare Programs.

BUDGET STRATEGIES

- 1) Increase traffic capacity and mobility
- 2) Increase ridership on transit services
- 3) Respond to local neighborhood traffic and mobility concerns
- 4) Maintain and develop street infrastructure
- 5) Provide regulation and rate setting to ensure licensed/insured vehicles provide service to the public

OVERVIEW

Funding Transportation Needs

Transportation and Mobility programs fund traffic device maintenance, traffic calming, DASH and Commuter Express Bus, Cityride Para-Transit Service, and Street Crossing Guards, in addition to the street and sidewalk maintenance programs. Funding for these services is provided through:

- 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 improvements projects
- Special Parking Revenue Fund, which is used for the purchasing, leasing, installation, maintenance, operation, regulation, and policy-setting of 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

Collectively, these funds represent half of the budget for Improved Mobility.

These funding sources, along with General Fund dollars, are invested in the Mayor's five budget strategies outlined below to maintain and improve streets, provide additional traffic calming tools, and relieve traffic congestion on neighborhood streets, near schools, and in other populated areas.

Key Accomplishments

Transportation

- Improved traffic safety through street improvements in the City's 25 most congested intersections and thoroughfares
- Implemented the Watch the Road campaign to educate the public on traffic safety
- Improved pedestrian safety through lighted intersections, school crossing guards, and traffic control efforts
- Expanded transit operations in Commuter Express and DASH services
- Provided 96 percent on-time transit services

Street Services

- Resurfaced 135 miles of streets and slurry sealed 300 miles of streets
- Repaired 64 miles of sidewalks
- Trimmed 40,000 street trees
- Responded to historic levels of storm damage during Winter 2005:
 - 1,896 fallen trees
 - 10,806 tree limbs down
 - 45 hillside locations sandbagged and sheeted with plastic coverings
 - 32,258 potholes filled
 - 357 street closures
 - 8,180 hours of providing traffic direction
 - 2.5 million gallons of standing water pumped from flooded golf courses and parks

Key Services Funded

- Transportation System Operations
- Traffic Device Installation and Maintenance
- DASH Bus Service
- Commuter Express
- Cityride Para-Transit Services
- Rideshare Program
- Bus Pad and Bus Stop Improvements
- Street Maintenance and Resurfacing
- Parking Management and Intersection Control
- Off-Street Parking Facilities
- Traffic Device Maintenance
- Area-Wide Traffic Calming
- Crossing Guards
- Parking Improvements
- Emergency Street Repairs
- Citywide Cleaning
- Street Improvement
- Emergency Street Repairs
- Street Cleaning
- Street Furniture Program

Services Funded to Meet Our Transportation Strategies

Increase Traffic Capacity and Mobility

Enhancing the City's infrastructure with a combination of new technologies through the City's Automated Traffic Surveillance and Control (ATSAC) system and innovations within the City's street resurfacing program are key components to ensuring mobility and traffic safety within the City. Accordingly, these technologies and innovations are funded to ensure that traffic signals and street signs are in working condition. Funding will be increased to resurface more streets in 2005-06.

Enhance the City's Cutting-Edge Technology – ATSAC System

In 2004-05, 123 signalized intersections were added to the ATSAC program in the central and southern sections of the San Fernando Valley. ATSAC now regulates and identifies light outages and traffic congestion at 72 percent of the signalized intersections in the City. The system has reduced traffic delays by 12 percent throughout the transportation network in Los Angeles.

DOT, Caltrans, and the MTA have established a regional database containing freeway and arterial (ATSAC) data and transit data that can be shared among the three agencies. Current efforts are focused on providing this information to the private sector through new technologies that provide real-time information to vehicle on-board navigation systems.

FUNDING

DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRANSPORTATION SYSTEM	
ENGINEERING AND DEVELOPMENT	\$11.3 MILLION



Best Practice LA

ATSAC – Automated Traffic Surveillance & Control

- Reduced Traffic Delays by 12 percent
- Added 123 more signalized intersections to ATSAC system
- Almost 75 percent of all signalized intersections now controlled by ATSAC

Make Our Streets Smarter

In 2004-05, the City began its Smart Streets campaign by identifying 35 roads that serve as alternates to the freeway and carry large amounts of rush-hour traffic to such critical facilities as major hospitals and ports. These roads traverse 10 miles or more through the City and carry between 30,000 and 80,000 vehicles per day. As a best practice, Smart Streets receive a combination of the four special treatments designed to smooth traffic that include enforcement of “no parking” rules, retiming of traffic signals, traffic officer control, and addition of left-turn arrows (see box for more details). The first 9 of the 35 Smart Streets will be completed by June 2005 and an additional 9 will be finished in 2005-06.

FUNDING

DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRAFFIC CONTROL	\$0.2 MILLION
SIGNAL SYSTEMS	\$1.6 MILLION
PARKING COMPLIANCE	\$54.5 MILLION

Best Practice LA

Smart Streets Keep Traffic Moving

The Smart Streets program applies strategies to keep traffic moving on LA's streets.

- Aggressive enforcement of “no parking” rules during rush hour (saves 17,000 vehicle hours daily)
- Retiming of traffic signals to eliminate bottlenecks and improve progression (saves 15,000 vehicle hours daily)
- Traffic Officer control to keep traffic moving at high volume at intersections or during special events (saves 1,000 vehicle hours daily)
- Added left-turn arrows at selected intersections (saves 500 vehicle hours daily)

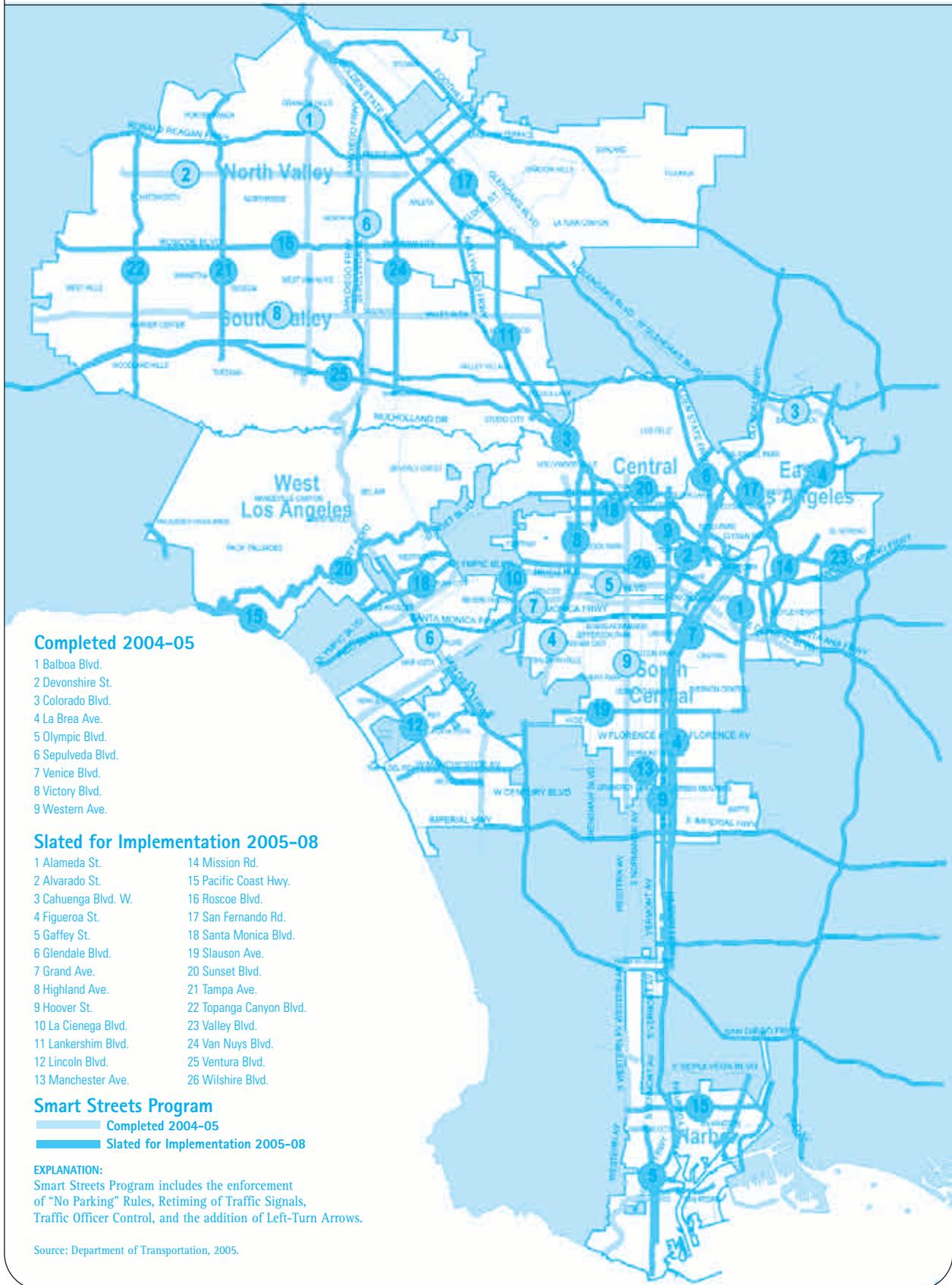
Completed 2004-05

- Balboa Blvd.
- Devonshire St.
- Colorado Blvd.
- La Brea Ave.
- Olympic Blvd.
- Sepulveda Blvd.
- Venice Blvd.
- Victory Blvd.
- Western Ave.

Slated for Implementation 2005-08

- Alameda St.
- Alvarado St.
- Cahuenga Blvd. W
- Figueroa St.
- Gaffey St.
- Glendale Blvd.
- Grand Ave.
- Highland Ave.
- Hoover St.
- La Cienega Blvd.
- Lankershim Blvd.
- Lincoln Blvd.
- Manchester Ave.
- Mission Rd.
- Pacific Cost Hwy.
- Roscoe Blvd.
- San Fernando Rd.
- Santa Monica Blvd.
- Slauson Ave.
- Sunset Blvd.
- Tampa Ave.
- Topanga Canyon
- Valley Blvd.
- Van Nuys Blvd.
- Ventura Blvd.
- Wilshire Blvd.

SMART STREETS PROGRAM Best Practice LA





Complete 100 Major Traffic Improvements

In 2004-05, the City will complete the fourth and final phase of 100 intersections that DOT has improved through an assortment of new signals, new turning lanes, and pedestrian access devices. Phase IV completes the last 25 of the 100 traffic safety and congestion relief projects that include: five new smart pedestrian warning devices (flash yellow lights when pedestrians cross the street), five new traffic signals, eleven new left-turn arrows, and four new left-turn and right-turn lane additions. All projects will be completed by June 2005. This program will continue in 2005-06.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
SIGNAL SYSTEMS	\$1.6 MILLION
TRAFFIC DEVICE INSTALLATION AND MAINTENANCE	\$2.7 MILLION

Best Practice LA

Phase IV: Top 25 Traffic Safety and Congestion Relief Projects

Pedestrian Warning Devices:

- Beverly Blvd. at Formosa Ave.
- Parthenia St. at Orion Ave.
- Normandie Ave. at 59th St.
- Western Ave. at 37th Pl.
- State St. at Bridge St.

Left-Turn and Right-Turn Lane Additions:

- 6th St. between Park View St. and Alvarado St.
- Valley Circle Blvd. at Calabasas Rd.
- Gower St. between Melrose Ave. and Willoughby Ave.
- 1st St. between Meyler Ave. and Western Ave.

Left-Turn Arrows:

- Daly St. and N. Broadway
- Fenwick St. and Sunland Blvd.

Left-Turn Arrows (Continued):

- Laurel Canyon Blvd. and Mulholland Dr.
- Coldwater Canyon Ave. and Mulholland Dr.
- Magnolia Blvd. and Vineland Ave.
- Kester Ave. and Sherman Way.
- La Brea Ave. and Venice Blvd.
- Bundy Dr. and Wilshire Blvd.
- Plummer St. and Tampa Ave.
- Fletcher Dr. and San Fernando Rd.
- Anaheim St., Gaffey St., Palos Verdes Dr., and Vermont Ave.

New Traffic Signals:

- Hill St. between Temple St. and Ord St.
- Haynes St. and Platt Ave.
- Los Angeles St. and Winston Ave.
- Allin St. and Inglewood Blvd.
- Indiana Ave. and Percy St.

Kick-Start Key Mass Transit Rail Initiatives Starting with the Exposition "Expo" Line

Based on a Mayoral initiative, the Department of Transportation will use \$3.5 million of the Proposition A Local Transit Assistance Fund to jump-start the Exposition Corridor which will utilize a light-rail transit to connect Downtown Los Angeles with Culver City. This 9.6-mile line will begin at the existing Metro Rail Station at 7th/Flower and include major stations at the University of Southern California, Exposition Park, Crenshaw/Leimert Park, and Downtown Culver City. The route runs parallel to the Santa Monica Freeway (I-10), which is one of the most heavily used and congested freeways in the nation, and will provide commuters with alternate transportation from West Los Angeles into Downtown Los Angeles. Proposition A funds are also provided for the Eastside Light Rail extension, the Metro Orange Line extension, and the Redline extension.

The Eastside light rail will include six miles of light rail, eight stations, and twin tunnels under Boyle Heights. The Orange Line will consist of a 14-mile landscaped transitway connecting Warner Center and the North Hollywood Metro Rail Station. Additionally, the City is exploring tunneling options and the use of new technologies that can be used to expand the Metro Red Line along Wilshire to the Westside.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
EXPO LINE LIGHT RAIL INITIATIVE	\$3.5 MILLION
EASTSIDE LIGHT RAIL INITIATIVE	\$2.5 MILLION
METRO ORANGE LINE INITIATIVE	\$2.5 MILLION
RED LINE TUNNELING STUDY INITIATIVE	\$1.0 MILLION

Improve Traffic Safety Through Public Education—Watch the Road Campaign

To improve driver, cyclist, and pedestrian behavior, the Watch the Road campaign educates the public about the 10 worst behaviors associated with traffic incidents.

The goal of the program is to reduce pedestrian injuries and deaths by reminding drivers and pedestrians of essential safety tips via a multimedia delivery that includes ads on the radio and print advertisements. Currently, 125 agencies and organizations have partnered with Watch the Road by displaying and distributing signs within their communities.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
OFFICE OF TRAFFIC SAFETY	\$1.5 MILLION

The 10 worst behaviors that LADOT, MTA, and Caltrans are seeking to reduce include:

- 1) Driving Too Fast
- 2) Aggressive Driving
- 3) Inattentive Driving
- 4) Driving/Cycling Through Red Lights
- 5) Driving Under the Influence (DUI)
- 6) Not Yielding to Pedestrians
- 7) Walking Without Looking
- 8) Walking Outside Crosswalks
- 9) Bicycling Against Traffic
- 10) Not Buckling Up!



Increase Traffic Officers to Support Traffic Management at Rush Hour

An additional 50 traffic officers will be assigned to key traffic-congested intersections to aid and assist in moving traffic faster. This will reduce traffic impacts during peak rush-hour times. Traffic officers will be funded in part by Proposition C funds to provide traffic control at key intersections on MTA bus routes. These 50 additional traffic officers assigned to traffic operations will increase the department's total Traffic Control Force to 711.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRAFFIC CONTROL	\$0.2 MILLION
PARKING COMPLIANCE	\$54.5 MILLION

Support Parking Lot Improvements and Expansions to Ease Traffic Congestion

Well placed public parking lots help local businesses and allow residents to enjoy the myriad of activities in the City by offering affordable and secure structures in which to park. Public parking structures also free up traffic lanes on our busiest City streets. To pay for City Parking Lot Operations, funding is made available through the Special Parking Revenue Fund.

In 2004-05, the City financed the construction of four parking lots, with a total of 1,162 parking spaces. In 2005-06, the City anticipates funding the construction of seven parking lots, with a total of 1,562 parking spaces. These new parking lots are highlighted below:

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
SPECIAL PARKING REVENUE FUND	\$33.7 MILLION

Best Practice LA

Off-Street Parking Frees Up Traffic Lanes for Better Mobility

Parking Structures/Lots Built in Los Angeles by Neighborhood Service Areas (NSAs)

2004-05

- Studio City Structure, South Valley (386 spaces)
- San Fernando Valley Structure, North Valley (303 spaces)
- St. Vibiana's Lot, Central (73 spaces)
- Mangrove Lot, Central (400 spaces)

Total Structures/Lots Built: 4
Total Spaces: 1,162

Projected for 2005-06

- Washington Lot, South Los Angeles (67 spaces)
- Blossom Plaza Structure, Central (450 spaces)
- 636 Maple Structure, Central (140 spaces)
- Tarzana Lot, South Valley (75 spaces)
- Abbot Kinney Lot, West Los Angeles (70 spaces)
- Judge John Aiso Structure, Central (300 spaces)
- Encore Hall Structure, Central (460 spaces)

Total Projected Structures/Lots: 7
Total Spaces: 1,562

Maintain Parking Meters to Support Parking Needs

Parking Meter Technicians ensure that parking meters are working properly in retail and commercial districts. This aids in providing the maximum number of parked vehicles that can access businesses, retail stores, and other community services. In 2005-06, the City will explore new meter operations that will increase operational efficiencies.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
PARKING COMPLIANCE	\$54.5 MILLION

Install, Maintain, and Support Traffic and Parking Devices

The hundreds of miles of streets and highways within our community serve as the lifeblood for our city. Making sure that traffic and parking devices are properly maintained is critical to keep Los Angeles moving. To that end, the Proposed Budget provides for new funding to exchange incandescent bulbs for low-energy bulbs within traffic signals, and continued funding for traffic sign maintenance and curb marking maintenance.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRAFFIC DEVICE INSTALLATION AND MAINTENANCE	\$27 MILLION

Implement a Traffic Asset Management System (TAMS) to Improve Maintenance, Management, and Customer Response

The Department of Transportation will replace its stand alone work order tracking system with the Traffic Asset Management System (TAMS). TAMS will allow the integration of multiple types of service requests, maintenance schedules, and equipment replacement in one system. Through this Geographic Information System (GIS)-based system, LADOT will be able to spatially identify its inventory of more than 750,000 traffic and parking signs; 180,000 traffic signal lights; 30,000 pedestrian lights; 90,000 street messages, and other City assets.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRAFFIC ASSET MANAGEMENT SYSTEM	\$2.0 MILLION

Install Energy-Efficient Traffic Lights

The City will begin a multi-year program to exchange high-wattage incandescent bulbs used in traffic lights with low-wattage traffic bulbs, also known as Light Emitting Diodes, or LEDs. The technology of the LED will allow the bulb to last almost three times the life of the incandescent bulb while still retaining high visibility for drivers and pedestrians. There are approximately 180,000 traffic signal lights and 30,000 pedestrian lights (Walk/Don't Walk lights) that will be replaced.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TRAFFIC DEVICE INSTALLATION AND MAINTENANCE	\$27 MILLION

Maintain Traffic Signs and Curb Markings

The Traffic Sign Maintenance Program communicates multiple visual warnings and messages to motorists, such as speed limits, pedestrian crossings, and merging lanes. The Curb Marking Maintenance Program further assists motorists by ensuring the visible placement of ladder crosswalk markings, pedestrian warning pavement messages, and extended red curbs at corners. These measures increase the visibility of pedestrians to motorists, provide for pedestrian accommodation, and ensure the safety of vehicles and pedestrians at intersections. The Department of Transportation estimates that it will replace between 40,000 to 48,000 signs and reinstall/install between 460 to 550 miles of red curb lanes.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
NEIGHBORHOOD TRAFFIC OPERATIONS	\$6.8 MILLION

KEEPING OUR CITY MOVING

The Proposed Budget provides key services that will keep traffic moving throughout Los Angeles.

Traffic signals maintained	4,300
Miles of curb markings installed	1,200
Parking and traffic signs maintained	750,000
Miles of striping installed	2,200
Street messages maintained	90,000
Parking meters maintained	42,000

Increase Ridership on Transit Services

Keep Our City Moving

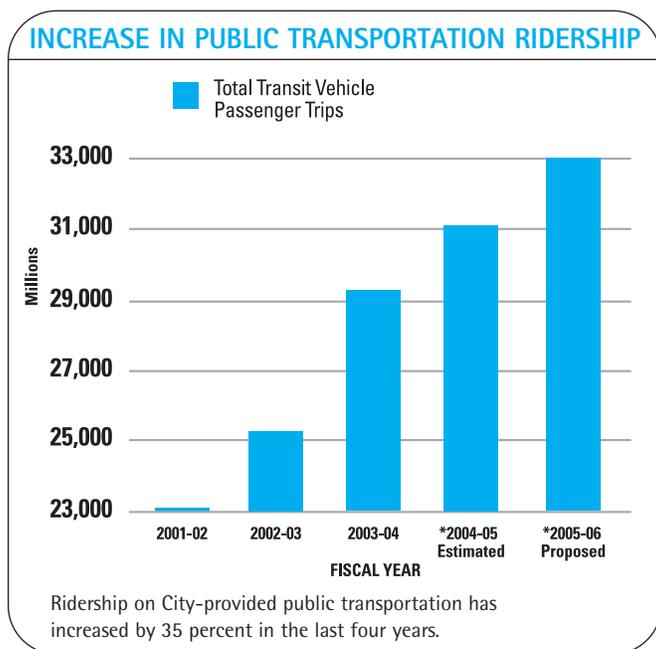
Traffic is not limited to the confines of our City's borders. Therefore, traffic and traffic congestion must be addressed from both local and regional perspectives. The City has taken a holistic approach to mobility in our community. This approach ensures that mass transit, personal automobiles, bicyclists, other modes of transportation, and pedestrians are viewed as part of an inter-modal mobility system. All of these parts work in harmony to keep our City moving.

The Proposed Budget for fiscal year 2005-06 includes increased funding to expand City transit programs operated by LADOT. Currently, LADOT's transit fleet consists of more than 380 vehicles, which is among the top 50 largest fleets in the US. Overall, LADOT's transit program estimates that it will provide 31.5 million passenger trips in fiscal year 2005-06.

Provide Local Shuttle Transportation Through the DASH Bus Service

The City's DASH shuttle program consists of 28 community routes throughout the City and six (weekday) routes in the Downtown Los Angeles area. DASH has an on-time performance record of over 96 percent. These routes provide access to major activity centers within Los Angeles, such as parks, recreation centers, cultural sites, medical facilities, residential areas, shopping centers, and employment centers. The DASH, which is funded through Proposition A transit funds, also connects passengers to regional bus and rail services. DASH services have helped create greater mobility by providing more than 28.4 million passenger trips per year with a fleet of 200 City-owned, clean-fuel buses. The City's fleet will expand in 2005-06 with the inclusion of two new routes.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
DASH BUS AND COMMUTER EXPRESS SERVICE	\$50.6 MILLION



SOURCE: Department of Transportation

"I love taking the DASH; it's fast and you get to see the downtown sites."
 – City Resident, Sherman Oaks



Supply Transit for Special Needs Passengers

The City's Para-Transit program increases the mobility of seniors and persons with disabilities through a flexible user-side subsidy program that allows eligible clients to purchase transportation that best fits their travel needs. Travel options include the City-operated dial-a-ride van service, City-franchised taxi service, and an MTA senior and disabled monthly bus pass.

The program accounts for an estimated 14 million passenger trips per year on MTA buses using subsidized MTA passes; 800,000 Cityride client trips per year using taxi services; and 200,000 Cityride client trips per year on City-operated dial-a-ride vans.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
CITY-RIDE PARATRANSIT SERVICES	\$24.2 MILLION

Serve Suburb-to-Downtown Commuters Through Commuter Express Bus Service

The City's Commuter Express bus fleet utilizes high-capacity buses to link residential areas to downtown businesses and other major employment areas. The Commuter Express buses are also used by Metrolink to provide shuttle services in the Downtown area. Cumulatively, the City's Commuter Express bus fleet provides 2 million passenger trips per year with a fleet of approximately 100 City-owned buses. These passenger trips promote the use of alternate forms of transportation and help reduce traffic congestion, improve air quality, and foster energy conservation.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
DASH BUS AND COMMUTER EXPRESS SERVICE	\$50.6 MILLION

Support Clean Air Initiatives Through Rideshare

The City's Rideshare program aims to improve air quality by reducing the number of single-passenger automobiles on city streets and local highways. The City is partnering with its employees to promote the use of carpools, vanpools membership, the use of transit subsidies, and the use of other alternative transportation such as bicycling or walking. Currently, there are more than 4,000 active participants in the City's Rideshare Program and this is expected to increase by another six percent in 2005-06.

FUNDING	
PERSONNEL DEPARTMENT	TOTAL SERVICE FUNDING
RIDESHARE PROGRAM	\$3.0 MILLION

Respond to Local Neighborhood Traffic and Mobility Concerns

Mayor Hahn’s commitment to funding Neighborhood Council priorities will preserve our neighborhoods and ensure that neighborhood traffic concerns are met. These concerns include providing traffic planning, enforcing traffic laws, implementing new and maintaining existing technologies wherever possible, and providing traffic safety education programs.

Provide Area-Wide Traffic Calming

Traffic calming incorporates everything from constructing speed humps and raised medians to the use of landscaping and other streetscape features. The Transportation Department is also implementing a pilot Photo-Radar program to address excessive bypass traffic and speeding on local residential streets. Additionally, communities can assist in developing Neighborhood Traffic Management Plans when a more comprehensive traffic calming solution is necessary, including striping modifications, traffic signal timing modifications, turn-restriction or stop signs, raised medians, and landscaping and other streetscape features.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
NEIGHBORHOOD TRAFFIC OPERATIONS	\$6.8 MILLION
DEVELOPMENT REVIEW PROJECTS	\$1.2 MILLION

Provide Charter Bus Program Services

LADOT contracts with charter bus operators to provide free bus service to qualified seniors, youth, and disabled groups. This service provides approximately 11,000 trips to 500,000 passengers, including seniors, children, and disabled groups. The Charter Bus Program facilitates transportation to and from recreational and educational opportunities at beaches, amusement parks, mountains, museums, theaters, and sporting events. This program enhances mobility as well as the quality of life for seniors, children, and disabled groups by enabling them to become active members of our community.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
CHARTER BUS PROGRAM	\$3.1 MILLION

Support School Crossing Guards to Provide for Student Safety

Crossing Guards are assigned to 445 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, number of children using crosswalks, traffic accident history, and roadway characteristics.

“As a school located in a heavily congested business neighborhood, we really appreciate the service that the Department of Transportation has offered our community. We especially appreciate the extremely kind and cooperative Traffic Officer assigned to watch our streets at 3:30 pm on Monday through Thursday and at 2:00 pm on Friday. The presence of a Traffic Officer at our location at those hours has greatly cleared congestion and improved the safety of our students.”

– School Transportation Coordinator,
San Fernando Valley

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
SCHOOL CROSSING GUARD PROGRAM	\$6.8 MILLION

STRATEGY

Maintain and Develop Street Infrastructure

Ensuring that the 6,500 miles of streets in Los Angeles are maintained at an optimal level is essential for traffic mobility, public safety, community well being, and economic and cultural prosperity. The Proposed Budget provides funding for street maintenance, street resurfacing, and slurry seal services.

Best Practice LA

New Cost-Saving Street Reconstruction Technology Cold-In-Place Asphalt Recycling

Traditional methods of street resurfacing require several days to complete and incur significant labor and equipment costs. The old asphalt is dug up and removed, the street re-graded and reconstructed, and then new asphalt is poured on the street to create a new surface.

Cold-In-Place asphalt recycling is a new technology that can eliminate as much as 60 percent of the time required for traditional repaving. Instead of tossing the old asphalt out and bringing new materials in, the Cold-In-Place asphalt machine breaks up the top layer of existing asphalt, crushing and re-mixing it with asphalt, concrete, water, and soil to create a new street surface mixture. This mixture is then placed back down on the street as the base layer. Once the base layer is set, the Cold-In-Place asphalt recycling machine pours a final layer of top surface down on the street.

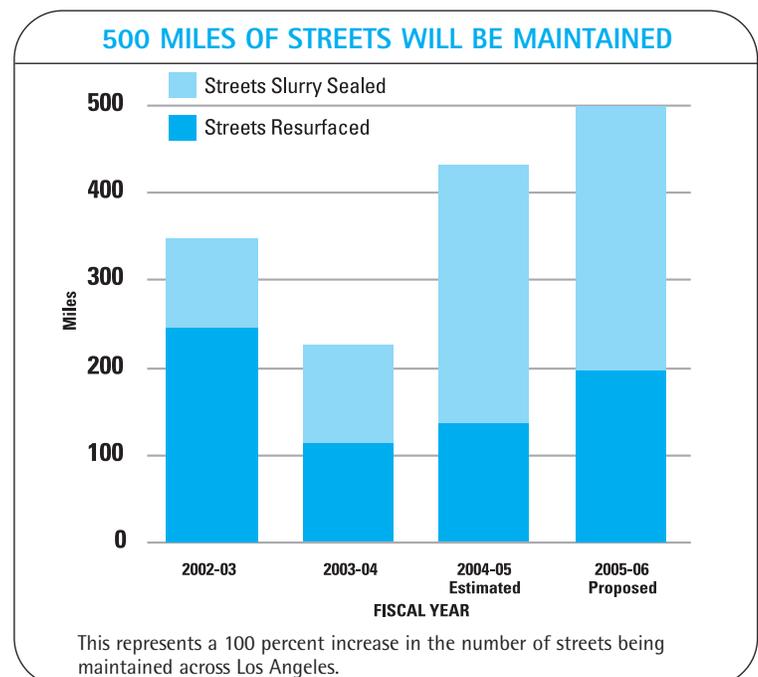
The efficiencies of this process will allow us to pave an additional 20 miles of streets at no additional cost!

Resurface and Maintain Streets

The 2005-06 Proposed Budget funds the repair of 500 miles of streets (200 miles of reconstruction and 300 miles of slurry seal). To help address the damage of the unprecedented winter storms that left thousands of potholes and cracked streets, the budget increases funding for street repair by 65 miles from last year.

Street reconstruction entails removing the top layer of asphalt as well as the base layer and placing new materials down for the entire length of the identified area. Slurry seal is a preventative measure that enhances the quality of the road by extending the use of older streets that need maintenance and a new surface, but do not need to be completely reconstructed.

FUNDING	
PUBLIC WORKS—BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
STREET RESURFACING AND SIDEWALK ACCESS RAMPS PROGRAM	\$62.1 MILLION
SLURRY SEAL PROGRAM	\$4.8 MILLION



SOURCE: Department of Transportation

Reconstruct Sidewalks

Residents and business owners have indicated that sidewalks are vital to all neighborhoods for enhanced mobility because of their role in linking neighborhoods to one another. This budget funds 52 miles of sidewalks and leverages the number of sidewalks repaired through the use of other sources of funds such as the Community Development Block Grant Funds, which provides for 12 miles of repair.

In 2005-06, the City will expand its pilot project of matching funds for sidewalk repair. Residents may opt to pay for one-half of the sidewalk repair in front of their property, and the City will pay for the other half of the repair. In this manner, residents can get their sidewalks repaired faster. In the City's pilot program this year, spearheaded by Council member Gruel, the average cost per square foot for participating residents was \$4.50 for an average of 298 square feet per parcel. Almost 70 percent of residents in the targeted area participated in the program.

FUNDING	
BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
SIDEWALK PROGRAM	\$7.2 MILLION

Provide Pothole Repair

One of the core functions of the Bureau of Street Services is to properly maintain all streets in good-to-excellent condition. Due to an increase in the number of vehicles on the street, heavier vehicles, and recent storm damage, the number of streets in need of surface repair has increased. To maintain the City's streets, the Bureau of Street Services repairs 90 percent of potholes within a 24-hour period. The typical pothole is a condition that occurs when water has seeped through cracks in the road and the asphalt's surface breaks due to vehicles passing over it. Another common condition, called Alligator Cracks, occurs when the surface is uneven and cracked as the result of base failure (when grading beneath the asphalt/cement top weakens). In 2004-2005, the Bureau of Street Services projects that 80,000 potholes will be repaired.

FUNDING	
BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
SMALL AND LARGE ASPHALT REPAIR PROGRAM	\$9.8 MILLION

Sweep Our City's Streets

The Bureau of Street Services sweeps approximately 682,474 curb miles throughout the year and consistently sweeps 97 percent of curb miles on-time daily. Each week, the City's Street Sweepers clean approximately 5,454 miles of streets based on regular posted routes and an additional 7,631 miles of streets each month based on non-posted routes. Street sweeping not only removes debris from our City streets, but also helps to mitigate contamination of stormwater from street run off.

FUNDING	
BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
STREET CLEANING PROGRAM	\$13.9 MILLION

Finishing the Santa Monica Boulevard Transit Project

The scope of the Santa Monica Boulevard Transit Project is to combine 2.5 miles of Big and Little Santa Monica Boulevards, from the 405 freeway to the City of Beverly Hills, into one main classic boulevard—with three lanes of traffic in each direction—and frontage roads. The projected construction completion date is March 2006 with the landscaping work to be completed in January 2007. This comprehensive project will not only address necessary mobility concerns, but improve street infrastructure. Other improvements include upgrading storm drain systems to catch urban run-off, rehabilitating the sewer system, and implementing new street lighting, traffic signals, and utilities.

FUNDING	
BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
CITYWIDE CAPITAL IMPROVEMENT EXPENDITURE PROGRAM	\$3.9 MILLION

Heroic Response to Record-Breaking Storm Impacts

From January 7, 2005 through March 6, 2005, Los Angeles experienced severe storm damage that impacted the safety and livelihood of many residents. The damage to the City's infrastructure was significant. To meet mobility and commuter needs alike, the City deployed additional staff from the Bureau of Street Services, the Department of Transportation, the Bureau of Engineering, the Department of Building and Safety, and the Bureau of Sanitation, as well as the Police and Fire Departments.

"People tend to take City services for granted, but we wanted to acknowledge that the Bureau of Street Services's crews have worked in quick order and long hours to ensure access to our driveways during the recent rain."

— West Los Angeles Resident

Best Practice LA

Heroic Response to Record-Breaking Storm Impacts: Keeping Traffic Moving (January 7, 2005 through March 6, 2005)

To meet residents needs across the City due to unprecedented storms, departments provided immediate responses in the following areas:

Bureau of Street Services:

- 45 hillside locations were sandbagged and sheeted with plastic covering
- 1,819 trees down; 10,806 tree limbs picked-up
- 32,258 potholes filled
- 955 washout locations
- 39,980 tons of debris removed
- 24,416 requests for service
- 7,037 emergency dispatched radio calls
- 1,199 tons of sand delivered to various Los Angeles Fire Department stations
- 35 requests from the Bureau of Engineering to install bulkheads at various locations
- One bulkhead completed at Mulholland Dr. 400 east of Coldwater Canyon

Bureau of Street Lighting:

- 5,827 requests for streetlight service due to outages
- 16,545 streetlights repaired and put back into service

Department of Transportation:

The Department's Parking Enforcement and Traffic Control Staff responded to:

- 357 incident locations for traffic control that resulted in street closures
- 8,180 hours spent directing traffic during the storms

Department of Recreation and Parks:

- 70 road closures with more than seven miles of roads damaged due to storms
- 100 trail closures with more than 73 miles of trails damaged
- 30 miles of trails repaired and cleared for public use
- 500 fallen trees and 55 fallen tree limbs cleared from parks and golf courses
- 75 emergency catch basin clean-ups
- 700 tons of sand replaced at children's playgrounds and golf courses
- 6,000 sandbags placed to divert water and prevent further erosion
- 40 hillsides covered in plastic sheeting to prevent further erosion and mud/rock slides
- 50 or more requests to the Bureau of Engineering for structural/stabilization inspections

STRATEGY

Provide Regulation and Rate Setting to Ensure Appropriate Licensure and Regulation of Vehicles Providing Service to the Public

Regulate Taxicabs and Vehicles for Hire

To ensure an adequate supply of “on-demand” transportation that is safe and equitable for passengers, the City regulates taxicabs and vehicles-for-hire. The taxicab division oversees the regulation of 2,303 taxicab vehicle authorities held by nine franchised taxicab companies that provide more than 3,500 taxicab drivers to the City. The Vehicle-for-Hire Section oversees private ambulances, non-emergency medical transportation vehicles, and all public transportation vehicles that provide non-taxicab services.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
TAXI REGULATION	\$1.9 MILLION
VEHICLES-FOR-HIRE REGULATION	\$0.2 MILLION

Regulate Pipeline Construction

The Transportation Department administers the City’s pipeline franchise fee that oversees all franchises operating pipelines under the City’s right-of-way.

FUNDING	
DEPARTMENT OF TRANSPORTATION	TOTAL SERVICE FUNDING
PIPELINE AND FRANCHISES	\$0.1 MILLION



BUDGET PRIORITIES

City of Los Angeles
BUDGET SUMMARY
AS PROPOSED BY Mayor James K. Hahn





Best Practices LA

Economic Development

Economic Development

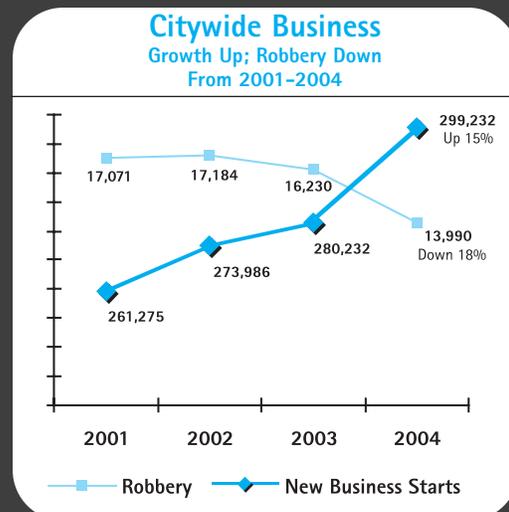
Enhance Los Angeles's business climate, increase opportunities for small-business growth, and develop a competitive workforce

Priority Overview

The City of Los Angeles has regained its position as an economic powerhouse. In the last four years, the City has witnessed more than \$10 billion in private construction, retained and created more than 4,000 jobs and issued more than 34,000 housing permits—the largest level of housing production in decades. Indeed, economic development policies implemented over the last few years have made the City more attractive for increased business investment, job creation and housing development and preservation.

The single most important reason for the dramatic growth of the City's economy has been the development of a safe and secure environment for all residents and businesses. Business owners want to be in neighborhoods where their employees and capital investments are safe. The slightest perception of dangerous and dirty streets and neighborhoods discourages residential development and drives away businesses, employees, shoppers, and tourists.

With a dramatic percent reduction in overall crime by 18 percent and reductions in homicides, robberies, and burglaries, business growth has skyrocketed. This is proof that a safer environment can and will lead to greater business activity.



BUDGET STRATEGIES

Funding services that will help businesses grow requires a three-part strategy:

- 1) Establish an environment where businesses can grow and thrive
- 2) Increase opportunities for small-business growth
- 3) Support activities that develop a quality and competitive workforce

OVERVIEW

Funding Economic Development

Promoting economic development in Los Angeles requires the development of incentives and policies that strategically plan for economic growth by creating a friendly business environment, increasing opportunities for small businesses, and supporting job growth. By planning for business and job growth, the City of Los Angeles has been able to direct the power of the budget and policymaking to yielding positive, everyday benefits for every Angeleno. The chart below highlights the key accomplishments and services to be funded to achieve economic development.



Key Accomplishments

- Expanded business activity throughout the City, including spending \$10 billion on private construction
- Issued more than 34,000 new housing permits
- Improved City services for the development community, including reducing 90 percent of building permit approval times to less than 30 minutes
- Created the Maximize Our Real Estate (MORE) initiative to optimize the use of 600 City-owned vacant and under-utilized property for housing, open space, and other priorities
- Supported training for high-wage, high-growth companies with the public/private Jobs Growth Fund
- Expanded access to higher education for more than 20,000 students and families to improve access of City residents to high-wage jobs
- Initiated the LA Economy Project to maintain baseline data on the Los Angeles economy and to assess the most effective steps to ensure continued growth.
- Created the Industrial Development Policy Initiative to preserve the City's industrial (job producing) capacity
- Eliminated business taxes for 60 percent of Los Angeles businesses with less than \$100,000 in annual gross receipts.

Key Services Funded

- Office of Small Business Services (Office of the Mayor)
- Workforce Development (Community Development Department)
- Historical Preservation (El Pueblo)
- Convention Center (Los Angeles Convention Center)
- LATAX Project (Office of Finance)
- City Bond Assistance Program (City Administrative Officer)
- Business Improvement District (City Clerk)
- Youth Opportunity Programs (Community Development Department)
- Permit Expediting (Department of Building and Safety)
- Building Inspections (Department of Building and Safety)
- Zoning Maps (Department of City Planning)
- Zoning Case Processing (Department of City Planning)
- Subdivision Public Counter (Department of City Planning)
- Neighborhood Services (Department of City Planning)

Services Funded to Meet Our Economic Development Strategies

Enhance Los Angeles's business climate

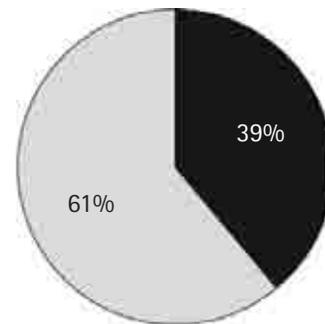
Sweeping Business Tax Reform

In December 2004, the City of Los Angeles adopted the most sweeping business tax reform in the last 30 years. These tax reforms will turn a cumbersome and archaic business tax system into a simple one that works for Los Angeles businesses.

"With the passage of tax reform, we have finally accomplished what nobody else has been able to accomplish in year – we revamped the business-tax code into a plan that is simpler and more effective and that creates a better environment for local businesses to stay in Los Angeles and new businesses to come to Los Angeles."

– Mayor Hahn

61% of LA businesses exempt from City Business Tax due to tax reform



■ Over \$100,000 ■ Under \$100,000

Best Practice LA

Business Tax Reforms

- Eliminates the business tax for businesses that generate less than \$100,000. No business earning less than \$50,000 in fiscal year 2005-06 will pay the business tax. By fiscal year 2006-07, no business earning less than \$100,000 will pay the business tax
- Allows taxpayers to report on either a cash or accrual basis beginning on January 1, 2005
- Establishes a new rule allowing businesses to exclude bad debt (uncollected revenues) from income when reporting business taxes
- Provides a phased-in, across-the-board 15 percent tax-rate cut beginning January 1, 2006
- Reduces the tax paid by motion picture, television and radio producers beginning July 1, 2005
- Eliminates the business tax for creative talent – writers, actors, directors, and others who work on film productions such as independent contractors – who make less than \$300,000 annually

Best Practice LA

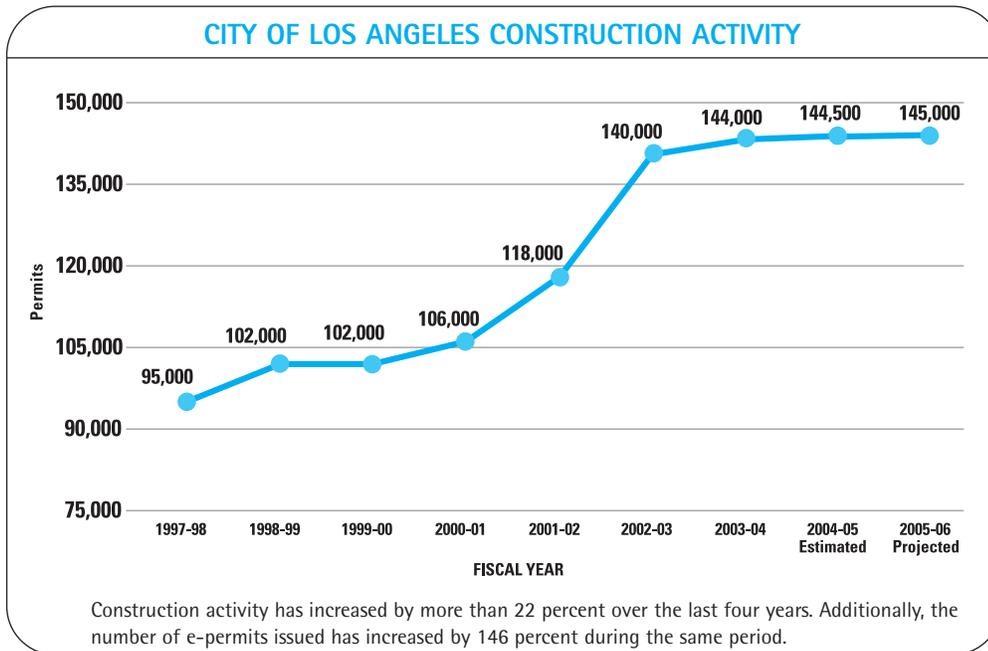
Anticipated Business Tax Surplus = Tax Rate Reduction

As of the publication of the Mayor's Proposed Budget, an additional \$10 million in Business Tax receipts is anticipated. This additional revenue will be placed in a reserve to fund business tax rate reductions for the tax-reporting year 2006.

Sustain a Quality Permitting Process

Virtually all construction in the City requires a permit. Construction permits are crucial to ensuring the safety of residents and the viability of businesses. The Department of Building and Safety processes and collects fees for 145,000 permits annually, an increase of more than 22 percent over the last four years. The new Building Permit Enterprise Fund will use permit revenue to finance the resources needed to improve customer services and better manage workload. Permit services are completely funded through collected fees and have no impact on the General Fund.

FUNDING	
DEPARTMENT OF BUILDING AND SAFETY	TOTAL SERVICE FUNDING
ENGINEERING PLAN CHECKING (STRUCTURAL, MECHANICAL AND PLUMBING, ELECTRICAL, GRADING SOILS AND GEO-TECHNICAL, SIGNS AND SUBDIVISION PLAN CHECK)	\$17.2 MILLION



Continue to Ensure Quality Inspections

The Building and Safety Department is responsible for inspecting everything from new homes to skyscrapers and is required to perform these inspections quickly, accurately, and consistently. Funding is added to automate inspection results, to improve inspector productivity, to reduce errors, and to accelerate the delivery of construction services to customers. Almost 700,000 inspections are performed each year. These services are completely funded through collected fees and have no impact on the General Fund.

FUNDING	
DEPARTMENT OF BUILDING AND SAFETY	TOTAL SERVICE FUNDING
NEW CONSTRUCTION INSPECTION (RESIDENTIAL, COMMERCIAL BUILDING, ELECTRICAL, PLUMBING, HVAC, GRADING, FIRE LIFE SAFETY, STORMWATER, FACILITIES)	\$23.2 MILLION



Fulfill Legally Mandated Zoning Requirements

Primary goals of the Planning Department are to ensure compatibility of land uses, to eliminate or minimize nuisances, and to set standards for the provision of light, air, and private and public safety. The Office of Zoning Administration utilizes regulatory tools to review and act on development projects. It also provides public information and permitting services in downtown Los Angeles and the San Fernando Valley.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
ZONING ADMINISTRATION CASE PROCESSING	\$2.2 MILLION

Provide Faster Case Processing

The Planning Department is responsible for determining more than 4,600 discretionary land-use applications. The most common types of applications are conditional uses and variances. To facilitate processing of these applications and to reduce the time needed to complete them by up to 50 percent, expedited case processing will be expanded to include several of the more common types of applications for discretionary land use. The Department works with land-use consultants, attorneys, architects, engineers, and other applicant representatives to carefully determine if application requests are complete and correct. Expedited case processing is completely funded through collected fees and has no impact on the General Fund.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
CASE EXPEDITING	\$0.03 MILLION

Continue the Subdivision Public Counter

To further improve the streamlining of the entire City-wide development process, the Planning Department is funded to maintain public counters for case intake, and for subdivision case processing, code simplification, and zone administration. Combined with services provided by the Department of Building and Safety, these efforts help our economy grow by bringing more commercial developments and jobs to the City.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
ZONING ADMINISTRATION DETERMINATIONS PUBLIC COUNTERS	\$1.2 MILLION

Maintain Support for Subdivision Case Processing

This service schedules and hears cases and completes decisions relating to subdivisions, parcel maps, and private streets, and related cases, including appeals. The Planning Department coordinates approval of these cases with the Bureau of Engineering, the Department of Building and Safety, and the Department of Transportation.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
SUBDIVISION CASE PROCESSING	\$0.9 MILLION

Protect Historic Buildings and Properties

A new Office of Historic Resources is created to provide a strong focus on historic preservation, including conducting a major survey to identify historic buildings within the City and to develop a plan to preserve them. This Office will also provide City residents with access to a clearinghouse of information on preservation efforts and incentives for preservation activities.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
HISTORIC PRESERVATION	\$0.6 MILLION



The City of Los Angeles has experienced \$10 billion in private construction since 2001.

Update Community Plans

The Planning Department is responsible for maintaining 35 Community and District Plans that comprise the land-use portion of the Los Angeles General Plan. Additional resources are provided to update community land-use plans to encourage wise growth, identify appropriate locations for future development, and minimize the length of discretionary zoning approvals.

FUNDING	
DEPARTMENT OF CITY PLANNING	TOTAL SERVICE FUNDING
CITYWIDE GENERAL PLAN	\$0.4 MILLION

Support LATAX – the City's More Efficient Tax and Permit System

The new Tax and Permit System, LATAX, went into service in December 2004, providing enhanced capabilities and efficiencies for processing taxes and permits. LATAX uses developments in office automation, advancements in technology, and systems designed to improve productivity and to increase revenue and reduce costs. The development of Internet resources, including on-line annual business tax renewals, new taxpayer registrations, taxpayer account and tax forms information, is funded next year. Efficiencies also are realized through continued realignment of resources and workload. With implementation complete, the ongoing development and maintenance of LATAX will be transferred to the City's Information Technology Agency.

FUNDING	
OFFICE OF FINANCE	TOTAL SERVICE FUNDING
LA TAX PROJECT	\$0.9 MILLION
INFORMATION TECHNOLOGY AGENCY	TOTAL SERVICE FUNDING
LA TAX SUPPORT	\$2.4 MILLION

Enforce AB63 Legislation

Under state legislation (AB63), the City of Los Angeles now has access to certain tax information provided on State income tax returns through data matching with Franchise Tax Board records. This information is used to identify businesses that owe City business taxes, to help pay for critical City services, to establish a fairer business tax system, and to fund future business tax reform and affordable housing. The AB63 program has produced significant revenue for the City of Los Angeles with more than 50,000 new business tax accounts and nearly \$25 million in revenue realized to date.

FUNDING	
OFFICE OF FINANCE	TOTAL SERVICE FUNDING
TAXES AND PERMITS	\$19 MILLION

Continue Support for Business Improvement Districts

Business Improvement Districts (BIDs) have been a valuable economic development tool in the City for more than 10 years. There are currently 31 active BIDs in the City, with another 20 in some stage of formation. BIDs partner with the City to create a clean and safe environment as well as to beautify business districts, with the purpose of building a healthy, successful business district. BIDs are initiating very successful programs such as improved laws regulating the installation of news racks and the creation of a protocol to identify how safe teams can best work with LAPD. Funding is provided to continue this program. In addition, special funds in the amount of \$100,000 from the Community Development Block Grant are off-budget to help establish new BIDs in the coming year.

FUNDING	
CITY CLERK	TOTAL SERVICE FUNDING
ADMINISTRATION OF BID PROGRAM	\$0.8 MILLION

Increase Cultural Tourism to Los Angeles

Funding is provided to support Arts+Culture LA – a new effort to market cultural tourism in the City of Los Angeles. An estimated 2.6 million cultural tourists visited Los Angeles in 2003, generating a total economic output of \$1.1 billion and supporting more than 10,500 jobs. A cultural tourist or visitor is defined as a traveler who participates in at least one cultural, arts, historic, or heritage activity.

FUNDING	
GENERAL CITY PURPOSES	TOTAL SERVICE FUNDING
ARTS+CULTURE LA	\$2 MILLION



Estimated Annual Economic Impact of Cultural Tourists Visiting Los Angeles in 2003

Cultural Tourists	2.6 million
Tourist Spending	\$535 million
Economic Output in LA County	\$1.1 billion
Jobs in LA County	10,500
Wages in LA County	\$286 million
State Taxes	\$31 million
County Taxes	\$4 million
City Taxes	\$19 million

Support City Cultural and Historical Facilities

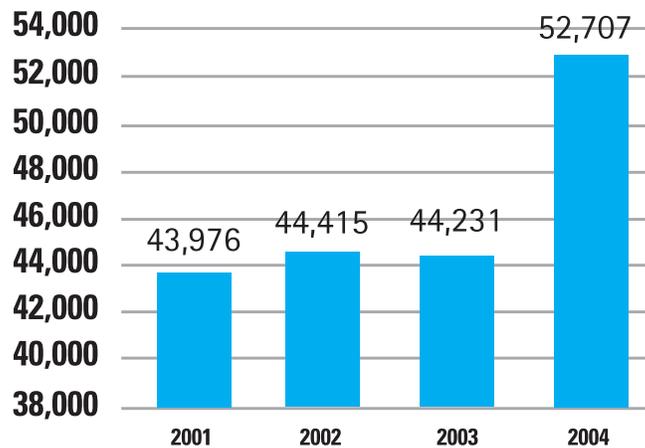
Additional funding was set-aside for the operating and related expenses of new and renovated historical facilities operated by the Cultural Affairs Department.

FUNDING	
UNAPPROPRIATED BALANCE	TOTAL SERVICE FUNDING
CULTURAL AND HISTORICAL FACILITIES	\$1 MILLION

Support the Film Industry in Los Angeles

Entertainment is Los Angeles’s signature industry and the engine behind job creation. This industry generates \$30 billion a year for our economy and is responsible for more than 200,000 jobs. To encourage further growth, funding is provided for a five-percent Film Production Tax Credit. This tax credit will be based on five-percent of the below-the-line cost of film production in the City. Such costs would include: location scouts, production assistants, camera and sound technicians, and caterers based in LA. To be eligible, at least 75 percent of a production’s below-the-line costs must be incurred in Los Angeles.

Film Shoots in Los Angeles



Numbers represent days of location filming in Los Angeles, EIDC (March 2004)

Market the Los Angeles Convention Center's Corporate Conference Facilities

The Los Angeles Convention Center stimulates the local economy by attracting conventions, trade shows, and events that generate significant economic benefit. Funding is provided to market the facility's corporate conference centers that are designed for smaller venues and corporate meetings, in addition to more-general and large-scale trade shows.

FUNDING	
LOS ANGELES CONVENTION CENTER	TOTAL SERVICE FUNDING
MARKETING	\$0.7 MILLION

Promote the Birthplace of Los Angeles

The El Pueblo de Los Angeles Historical Monument Authority encourages tourism with new management of this unique historical park by:

- Promoting tourism at the world famous Olvera Street, which attracts more than 2.5 million visitors per year
- Promoting traditional events including Cinco de Mayo and the Blessing of the Animals
- Expanding use of the site for filming and commercial photography
- Coordinating special events including El Pueblo's 75 year anniversary
- Renovating historical properties such as the Siqueiros Mural at the Italian Hall that will open for public display in 2005

In addition, the recent downtown housing boom and tourism at the Walt Disney Concert Hall has helped spur interest in this cherished venue.

FUNDING	
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT	TOTAL SERVICE FUNDING
PROMOTION AND EVENTS	\$0.4 MILLION
HISTORIC PRESERVATION	\$0.1 MILLION



STRATEGY

Increase opportunities for small-business growth

Support Business Development

The Department of Community Development's efforts at business assistance and development are transforming Los Angeles' impoverished neighborhoods into sustainable and economically viable communities. More than \$600 million in direct and indirect financing and technical assistance programs are funded to promote business growth and job creation in economically depressed areas of the City. The Department's Business Assistance Centers offer small business entrepreneurs comprehensive services such as lending assistance, business plan development, and one-on-one counseling on how to take full advantage of business opportunities in Los Angeles. This year, funding has been increased by \$350,000 to expand this valuable service. A majority of the funding for this program comes from the Community Development Block Grant and the Workforce Investment Act.

FUNDING	
COMMUNITY DEVELOPMENT DEPARTMENT	TOTAL SERVICE FUNDING
BUSINESS ASSISTANCE AND DEVELOPMENT PROGRAMS	\$2.8 MILLION

Best Practice LA

Assisting Business Development

In just a few years, the City has:

- Assisted nearly 2,000 entrepreneurs with start-up business technical assistance
- Created and retained more than 1,400 jobs with financing and business assistance programs
- Worked on loans totaling more than \$127 million and bonds totaling more than \$900 million for development projects
- Issued bonds totaling \$1.072 billion for development projects

Provide Support to Small Businesses

Nearly \$400 million in Public works construction contracts were awarded to businesses last year. To increase the participation of smaller firms in the performance of these contracts, funding is continued for the Bond Assistance Program.

FUNDING	
CITY ADMINISTRATIVE OFFICER	TOTAL SERVICE FUNDING
BOND ASSISTANCE PROGRAM	\$0.06 MILLION



Make it Easier to Do Business With the City Through Technology: www.labavn.org

Funding is provided to expand the Los Angeles Business Assistance Virtual Network (www.labavn.org), a business-friendly Web-based tool that provides up-to-the-minute information on City contracting and procurement opportunities. The Good Faith Effort (GFE) subcontractor outreach is required by the City of Los Angeles to ensure equal participation of minority, women and other business enterprises (MBE/WBE/OBE). City contractors will now be able to review potential subcontractors online, send them electronic notification of participation, and report good-faith effort outreach information online, thereby reducing hard-copy reporting. This system will save City staff time by automatically generating federal reporting-requirements documentation. The system will be used to continue efforts to streamline the procurement process, to make Los Angeles more business friendly, and to increase small-local-business participation. In addition, this innovative program meets the goals of the Small and Local Business Advisory Committee established by the Mayor and the City Council.

FUNDING	
INFORMATION TECHNOLOGY DEPARTMENT	TOTAL SERVICE FUNDING
BUSINESS ASSISTANCE VIRTUAL SUPPORT	\$0.2 MILLION

Help Small Businesses Grow

The Office of Small Business Services (OSBS) was created to help promote and support small businesses in the City of Los Angeles. Services include contract and procurement information, business outreach and development services, access to capital services, prompt payment assistance and a wide range of technical assistance and business services referrals for Minority, Women-owned and Other Business Enterprises (MBE/WBE/OBE). Working with the Community Development Department's Business Assistance Centers, the Office of Small Business Services provides the tools to help small business grow and prosper. In addition, the OSBS will continue its work with the Small and Local Business Advisory Committee (SLBAC) to help improve the City's contracting process and increase small business participation in city contracting.

FUNDING	
GENERAL CITY PURPOSES	TOTAL SERVICE FUNDING
OFFICE OF SMALL BUSINESS SERVICES	\$290,000

STRATEGY

Support activities that develop a quality and competitive workforce

Provide Workforce Development Training and Technical Support Programs

In partnership with the City of Los Angeles Workforce Investment Board, the Community Development Department advances workforce opportunities using three strategies: preparing workers for entry into the labor market and improving their connection and access to quality jobs; investing in worker training and the skill building essential for the 21st Century workplace; and offering business support services, helping to ensure the City both creates and retains the kinds of jobs that pay workers a living wage.

The City carries these strategies forward by providing a comprehensive array of employment and training services. The majority of this funding comes from the Workforce Investment Act. The services offered include:

- **Adult Employment and Training Services** – Job search and employment services for unemployed or underemployed adult City residents
- **Dislocated Worker Services** – Job search and skills upgrade for City residents who have been laid off from employment and who are unlikely to return to their field of work
- **Rapid Response Services** – Employment and information services to employees and employers affected by plant closures, layoffs, or downsizing
- **Universal Access Services** – Self-directed job search and employment services to the general public
- **Customized Training** – Partnerships combining worker and business services in a manner designed to build worker skills, to promote industry in areas with high paying jobs and career opportunities, and to improve our education system's positioning to respond to business demand
- **Support Services** – Assistance services to overcome barriers to employment and education, including assistance with transportation, childcare, and other resources essential for entering into the workforce
- **Business Services** – Assures that employers have access to workers and other economic development resources to sustain their operations, and to retain and create new jobs
- **Youth Services** – Youth development services designed to keep youth in school, and to encourage youth to graduate, enroll in higher education, become exposed and connected to quality employment with career advancing opportunities, and to become life-long learners

FUNDING	
COMMUNITY DEVELOPMENT DEPARTMENT	TOTAL SERVICE FUNDING
WORKFORCE DEVELOPMENT TRAINING AND TECH SUPPORT PROGRAMS	\$6 MILLION



Provide Youth Opportunity Job Training and Tech Support Programs



The Youth Opportunity System will prepare Los Angeles youth for today's competitive job market with education, career guidance, and job training. Young people, ages 14 to 21, are offered these opportunities through a citywide system of youth service sites. The program also provides summer jobs for at-risk youth and is a partner of the LA Free Cash for College Project. A majority of this funding comes from the Workforce Investment Act. General Funds are also provided to offset the reductions due to state and federal cuts. This level of funding provides for the following programs:

- **Youth Opportunity System and Youth Opportunity Movement** - These services nurture work-readiness skills, training, career exploration, and employment along with education, tutoring and study skills, college preparation, computer training, and alternative high school services
- **CalWORKs and Work Experience Program** - This program is commonly referred to as the summer jobs program and serves Los Angeles youth with six weeks of paid work experience and two hours per day of academic enrichment classes during school vacations
- **LA Youth at Work and Free Cash for College Project** - This service provides basic job skills to the City's low- and moderate-income youth through seminars and private sector job opportunities. LA Youth at Work is also a partner in the annual LA Cash for College project. This two-part project provides youths access to recruiters from universities and colleges throughout California and assistance with filling out college financial aid forms

FUNDING

COMMUNITY DEVELOPMENT DEPARTMENT	TOTAL SERVICE FUNDING
YOUTH OPPORTUNITY JOB TRAINING AND TECH PROGRAMS	\$2.8 MILLION

Best Practice LA

LA Free Cash for College

Low education rates are a major contributing factor to the high poverty level in Los Angeles. Without financial aid, many lower-income families cannot afford to send their children to college. Studies have shown that Los Angeles families are far behind other California families in accessing the college financial aid that is available. To address this problem, the LA Free Cash for College project was created and has helped more than 20,000 students and their families gain important information about getting access to college.

BUDGET PRIORITIES

City of Los Angeles
BUDGET SUMMARY
AS PROPOSED BY Mayor James K. Hahn





Best Practices LA

Affordable Housing

Affordable Housing

Increase the quality, quantity, and affordability of housing for Los Angeles working families

Priority Overview

In Los Angeles many families are struggling to put a roof over their heads and more than 42,000 homeless struggle each day to find shelter. Currently, there is a shortage of housing units and too many existing units are overcrowded and substandard. Further, the average rent exceeds the average income for most Los Angeles families, and the median price of a home has risen so dramatically that very few residents can achieve the dream of homeownership.



BUDGET STRATEGIES

Addressing Los Angeles' housing needs requires a four-part strategy:

- 1) Increase housing production
- 2) Increase opportunities for home ownership
- 3) Preserve rental housing within Los Angeles
- 4) Provide services that assist the homeless

OVERVIEW

Funding Affordable Housing

Providing housing opportunities for Los Angeles residents requires strategic planning and funding services that increase the quality, quantity, and affordability of housing. The chart below highlights the key accomplishments and services funded to preserve and produce affordable housing.



Key Accomplishments

- Stimulated housing development through the creation of the Affordable Housing Trust Fund, which has committed funding to more than 3,000 units
- Initiated the City's first-ever moderate-income homebuyer program
- Assisted more than 1,500 seniors with minor repairs through the Handyworker program
- Developed new rehabilitation loan programs for seniors and small-property owners to assist with code compliance
- Provided almost 400,000 bed nights through the year-round shelter program
- Investigated or counseled more than 1,200 complaints of housing discrimination
- Inspected more than 146,000 rental units through the Systematic Code Enforcement Program
- Investigated more than 7,500 rent stabilization cases
- Served more than 125,000 residents through the Rent Hotline and more than 50,000 residents through public counters
- Monitored more than 15,000 units for affordability compliance

Key Services Funded

- Affordable Housing Trust Fund (Housing Department)
- Homeownership Opportunities (Housing Department)
- Comprehensive Rehabilitation Programs (Housing Department)
- Open Homeless Shelters Year-Round (Housing Department)
- Fair Housing Program (Housing Department)
- Systematic Code Enforcement, Including Residential Hotels and Interagency Task Force (Housing Department)
- Rent Investigations and Enforcement Program (Housing Department)
- HIV/AIDS Housing and Support (Housing Department)
- Urgent Repair Enforcement Program (Housing Department)
- Rent Escrow Account Program (Housing Department)

Services Funded To Meet Our Affordable Housing Strategies

STRATEGY

Increase housing production

Provide Additional Funding and Leverage Available Dollars

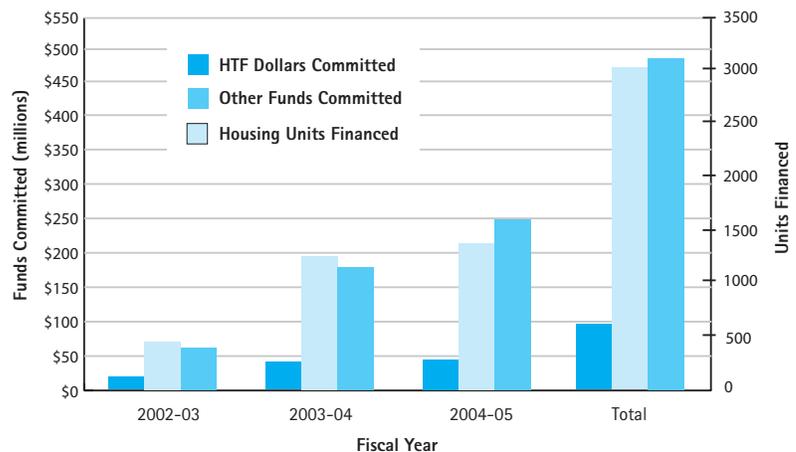
Funding for the Affordable Housing Trust Fund from the General Fund increased by \$3 million for a total of \$8 million dollars to further the development of decent, safe, and secure affordable housing. The City uses these funds to leverage monies from other city, county, state, federal, and private resources to acquire, develop, construct or rehabilitate, affordable multi-family residential housing developments. This leveraging of funds typically equates to an affordable housing investment of \$4.10 from other sources for every \$1.00 contributed by the Affordable Housing Trust Fund. Next fiscal year, this Trust Fund will generate additional investments in affordable housing in Los Angeles that will eventually result in the creation or preservation of more than 1,000 apartment units.

Other non-General Fund revenue toward the Trust Fund includes \$6 million in Community Development Block Grant and Home Investment Partnership Act dollars and \$5 million in Community Redevelopment Agency and Department of Water and Power proceeds, for total Affordable Housing Trust Fund resources of \$19 million. The Trust Fund is leveraged with off-budget Consolidated Plan funding of \$27 million for total available resources of \$46 million.



FUNDING	
HOUSING DEPARTMENT	TOTAL SERVICE FUNDING
HOUSING TRUST FUND	\$46 MILLION

**Affordable Housing Trust Fund:
Creating Housing Opportunities**



Creating Permanent Sources of Financing for the Affordable Housing Trust Fund

Supporting housing production and preservation for all income levels in the City requires a steady stream of funding for the Affordable Housing Trust Fund. Mayor Hahn, with the 2005-06 Proposed Budget, is putting forward ordinances to secure five-percent of the annual revenue growth in the transient occupancy tax and five-percent in the real estate transfer tax for the Affordable Housing Trust Fund. This stream of funding will be available for construction of new affordable housing units in fiscal year 2006-07.

Best Practice LA

Affordable Housing Trust Fund

In 2002, Mayor Hahn took a significant step toward addressing the housing crisis and created the Affordable Housing Trust Fund. The fiscal year 2004-05 budget provided funding for a \$100 million commitment—the largest local trust fund in the nation.

Prior to the Affordable Housing Trust Fund, the City invested large amounts of money in just a few housing developments. Today, the Trust Fund leverages the City's investment with federal, state, and private monies to provide critical funding to affordable housing while ensuring construction proceeds in a timely manner with developers who have a record of proven success. To date, more than 3000 housing units have been financed with a \$95 million investment, that, in turn, has leveraged almost \$500 million.

Reorganize to Preserve and Produce More Affordable Housing

New Policy and Administration Group: This new group is critical for the Housing Department's efficient delivery of services because it consolidates administrative functions under executive oversight, including budget, policy, systems, and administrative functions. In the past, the Housing Department went through two separate budget exercises, one for the Consolidated Plan and one for the entire Department, which are on different fiscal years. This led to missed opportunities where programs operated in isolation. In this new unit, development and preservation programs will be coordinated to leverage increased programmatic impact. This unit will also focus on grant seeking and other revenue generation to further increase funds for housing development and preservation.

Reorganized Homeownership and Preservation Division: In redesigning the homeownership and preservation programs, the Housing Department realigned staff to meet new program goals. The new Comprehensive Rehabilitation Programs section includes the various rehabilitation programs, including Handyworker, and the Lead Program Unit. This Division now also includes a new Technical Services Unit, which will conduct construction oversight and monitoring of the Division's rehabilitation projects, as well as homeownership purchase assistance with rehab projects.

Reorganized Major Projects Division:

The reorganization of the Major Projects Division achieves the following goals: increases efficiency by better aligning program needs with staffing, creates potential cost savings for the Department by working more efficiently and effectively, creates customer service-oriented delivery systems to better service client's needs, and develops a comprehensive tracking and reporting system to better manage the City's risk profile. Through these changes, the Department is better able to continue fighting the housing crisis.



STRATEGY

Increase opportunities for homeownership

Support First-Time Homebuyers

One of the most effective ways to increase the rate of homeownership in Los Angeles is to provide assistance to those who otherwise could not purchase their first home. This assistance to low-income, first-time homebuyers comes in the form of a zero-percent interest-rate loan, with no payments due for as long as the buyer remains in the home. Recently, the subsidy was increased to meet the demands of the housing market. Once the home is sold or transferred, the City will require that the original amount of the loan be repaid along with a share of the appreciation that has occurred in the home's value over the life of the loan. This shared appreciation is reinvested into the homeownership program so that it can help the next low-income buyer. The City provided \$13.5 million of its Home Investment Partnership Act and Community Development Block Grant funds to help low-income buyers purchase their first home.

Create More Homeownership Opportunities

In addition to assisting low-income families, the City recently implemented its first-ever program to provide assistance to moderate-income families—like teachers, police officers, nurses, carpenters—to become first-time homebuyers. This program uses non-federal funds earned through the Municipal Housing Finance Fund to provide zero-percent interest-rate loans to these middle-income families.

The program increases the supply of for-sale housing built within the City of Los Angeles, by providing forward commitments to Homebuilders. To encourage development, the City will provide forward commitments of up to \$2 million for any developer who commits to setting aside at least 15 units for moderate-income 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 soft second mortgages for moderate-income home purchasers. An estimated 160 units will become available for purchase by low- or moderate-income families next year. This service is funded with \$10 million from the Municipal Housing Finance Fund.

Best Practice LA

Moderate-Income Homebuyer Program

The City of Los Angeles Housing Department created the first ever moderate-income homebuyer program in City history. The new homebuyer program assists families making between 80 percent and 120 percent of area median income (AMI). A family of four making 120 percent of AMI earns about \$75,000 annually. The program helps families reach the goal of homeownership by offering loans of up to \$50,000 to fill the affordability gap between a family's income and the purchase price, and as much as \$80,000 can be borrowed if rehabilitation to the home is needed.

On the supply side of the market, the program will offer forward commitments of up to \$2 million to homebuilders who will set aside a portion of their units for moderate-income families.

Preserve rental housing in Los Angeles

Ensure the Safety of Rental Apartment Housing

The Systematic Code Enforcement program is responsible for inspection of rental housing in the City. These inspections are crucial to ensuring the health, safety and habitability standards of rental units throughout Los Angeles. Resources are provided for additional inspections through the cost-effective use of an Assistant Inspector Program. Assistant inspectors free more seasoned inspectors to complete complicated inspections and allow for a four-year cycle of apartment housing inspections in place of the current five-year cycle. This program is fully funded through annual fees collected by the program.

FUNDING	
HOUSING DEPARTMENT	TOTAL SERVICE FUNDING
SYSTEMATIC CODE ENFORCEMENT	\$11.7 MILLION

"The tremendous work and accomplishments of Inspectors from the Systematic Code Enforcement Program . . .has helped change the surrounding community to become a better place to live."

- Apartment Manager, Northridge

Best Practice LA

Systematic Code Enforcement Program

The Kennedy School of Government at Harvard University selected the Systematic Code Enforcement Program, the only one of its kind in the nation, as a top finalist for an Innovations in American Government Award. The Systematic Code Enforcement Program has done more than any other program to preserve rental and affordable housing in Los Angeles and ensure that Angelenos have a safe and clean place to call home. Created to ensure that each of the City's more than 760,000 rental-housing units is inspected for habitability, this program replaced an ineffective code enforcement system that only responded to complaints made by tenants, many of who feared retaliation for reporting slum conditions.

Today, the Systematic Code Enforcement Program requires regular inspection of units and, when complaints are made, responds within 72 hours. Building owners must make required improvements when violations occur, or face legal prosecution. Through regular inspection, about 99 percent of code violations are resolved before any legal action is necessary, resulting in a more than \$300 million annual reinvestment in the maintenance of our City's housing supply.

With 60 percent of Los Angeles residents renting their homes, the Systematic Code Enforcement Program has ensured that the majority of the City's housing stock remains in good living condition.

Provide Rehabilitation Assistance to Low-Income Homeowners

Often low-income homeowners, especially senior citizens, do not have adequate resources to maintain their homes. Often they will need assistance to replace a roof, re-plumb the home, re-wire the electrical system, or replace a furnace. Homes can be seriously over crowded and require additional bedrooms and bathrooms to accommodate the family members that live there. To address this, the City has introduced the Comprehensive Rehabilitation Program to assist low-income homeowners in repairing their homes. This program will provide low-interest loans for the purpose of making significant repairs and replacing major systems. This program will also provide grants for the removal of lead-based paint, which is a serious danger to young children. The Proposed Budget includes \$18 million in Home Investment Partnership Act and Community Development Block Grant funds to provide these comprehensive rehabilitation services.

Assist With the Rehabilitation of Small Apartment Buildings

Often code enforcement inspectors report they have inspected a small apartment building that is in disrepair and has code violations. Many times, low-income senior citizens who perhaps occupied one of the units themselves own these buildings. These owners want to fix up their buildings but do not have the resources to do it themselves. In order to assist them to make the needed repairs to their buildings, we have 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 would not require any payments during the term of the loan, but would be charged a low rate of interest that would not compound over the life of the loan. The Proposed Budget includes \$5.1 million in Home Investment Partnership Act and Community Development Block Grant funds to assist with rehabilitation of small rental properties.

Improve Living Conditions for Low-Income Seniors and Disabled Persons

The Handyworker Program has improved living conditions for approximately 1,560 low-income senior citizens and disabled persons in 2004-05. This program provides free minor home repairs, such as the installation of wheelchair ramps and grab bars; it also can assist with “patch and paint” repairs. The Proposed Budget provides for Community Development Block Grant funding of this program at \$3.7 million.

Ensure Compliance With Safety and Rent Stabilization Standards

Funding is provided to establish a new compliance division that consolidates enforcement programs of both the Code Enforcement and Rent Stabilization divisions of the Department. The new division will include an improved coordination of the Rent Escrow Account Program (REAP) and the Hearings Unit with other enhanced enforcement programs. These new programs will develop: a systematic approach toward the discovery and investigation of violations of the City’s Rent Stabilization Ordinance (RSO); a consolidated method of case preparation for both code and rent violations to improve the prosecution rate of violators of the RSO; and alternative methods of compliance such as civil court actions and receiverships to obtain both compliance and correction of habitability conditions in the worst rental housing and slum conditions in the City.

FUNDING	
HOUSING DEPARTMENT	TOTAL SERVICE FUNDING
RENT STABILIZATION (CUSTOMER INFORMATION CENTER, INVESTIGATIONS, COMPLIANCE, BILLINGS AND COLLECTIONS, FAIR HOUSING)	\$6.6 MILLION

Address Life-Threatening Housing Conditions

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 is funded to offer property owners 48-hour notices to comply with life-threatening conditions. If the property owner does not correct violations in a timely manner, the Housing Department will authorize the repair and charge the owner for the related expenses. The program will serve more than 5,000 residents by correcting unsafe conditions, ensuring continued tenancy, and preventing homelessness. The Proposed Budget provides funding for the administration of \$400,000 in Community Development Block Grant and Community Redevelopment Agency funding for this service.

Focus on Preservation of Low-Income Housing in Residential Hotels

Funding is continued for the inspection of residential hotels and the Inter-Agency Housing Task Force, programs moved from the Department of Building and Safety. These two programs now involve a more 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 in SCEP. The active caseload for the task force will more than double while maintaining the same staffing.

FUNDING	
HOUSING DEPARTMENT	TOTAL SERVICE FUNDING
RESIDENTIAL HOTELS INSPECTIONS	\$0.4 MILLION

"Thank you for your leadership and assistance in creating solutions to substandard housing problems in Los Angeles."

- Education Center Director, Los Angeles



STRATEGY

Provide services that assist the homeless

2004-2005 YEAR-ROUND HOMELESS SHELTER PROGRAM

Total bed nights provided: 394,385

Case management results:

Clients placed in transitional housing	1,783
Unduplicated clients placed in permanent housing	1,620
Unduplicated clients engaged in case management services	9,662
Unduplicated clients given drug and alcohol counseling	1,978
Unduplicated clients referred to housing for victims of domestic violence	188
Unduplicated clients given mental health counseling	1,799

SOURCE: Los Angeles Homeless Services Authority

Continue Year-Round Homeless Shelter

The Los Angeles Homeless Service Authority (LAHSA) is provided with \$4.1 million to support 12 months of operation. This includes winter shelter operations for December through March (178,389 beds). In addition, the Downtown Drop-In Center is funded with \$500,000 to provide 32 beds, toilets, showers, and laundry services. This level of funding represents the largest General Fund commitment to assist the homeless in Los Angeles's history.

FUNDING	
GENERAL CITY PURPOSES	TOTAL SERVICE FUNDING
YEAR-ROUND HOMELESS SHELTER PROGRAM	\$4.1 MILLION
LAHSA DOWNTOWN DROP-IN CENTER	\$0.5 MILLION

Assist Persons With HIV/AIDS With Housing

More than 49,116 people with HIV/AIDS live in Los Angeles County. Direct and indirect housing assistance and supportive services to low-income and homeless persons with HIV/AIDS are funded. These services include emergency hotel/motel and meal vouchers, housing information and referrals, short-term rental assistance, supportive services in permanent housing, housing case management, and tenant-based rental assistance. This program is funded by \$15.3 million from the Housing Opportunities for Persons with AIDS (HOPWA) Grant Fund.



Best Practices LA

Efficient Government

Efficient Government

Making the City of Los Angeles work better and cost less

Priority Overview

Efficient government means that Los Angeles residents, businesses, and visitors—the City’s customers—should receive basic services effectively and efficiently. Internal resources, technology, facilities, and equipment should also be managed effectively to ensure the proper delivery of basic services to the people of Los Angeles. Customers must have easily identifiable and effective channels to communicate their ideas and needs to City officials. The City government must exercise tight control and accountability over taxpayer dollars through proper fiscal and risk management.



BUDGET STRATEGIES

To achieve success and fund the services that make government work better and cost less, the City of Los Angeles will do the following:

- 1) Provide effective executive and legislative direction and reduce the City's exposure to legal liability
- 2) Maintain and improve the City's financial integrity
- 3) Use modern information technology to create a working environment conducive to providing responsive government services
- 4) Improve worker satisfaction and productivity

Funding an Efficient Government

The Efficient Government priority includes the policy, executive, and legislative aspects of the City; services to ensure the fiscal and ethical integrity in the City's operations; and internal activities that support the delivery of services to the people of Los Angeles. The chart below highlights the key accomplishments of 2004/2005 and services to be funded in 2005/2006 to achieve efficient government strategies.



Key Accomplishments

- Proposed dramatic ethics reform for City's contracting practices
- Exercised fiscal discipline to help address the City's deficit
- Earned the highest "AA" bond ratings among the largest five cities in the nation.
- Improved management accountability and performance through LA STAT, the Mayor's performance management program
- Reduced workers' compensation claims by 11 percent and costs by \$20 million
- Reduced liability claims by \$4.4 million
- Expanded the neighborhood council's role in setting priorities for the City's budget
- Initiated 3-1-1 call center consolidation to provide 24/7 service-request response
- Implemented the Supply Management System upgrade that has saved over \$35 million
- Saved \$1 million by restructuring the City's pharmacy program
- Initiated new and innovative revenue opportunities through municipal marketing and telecommunications industry partnerships

Key Services Funded

- Ethics Program (Ethics Commission)
- Neighborhood Empowerment (Department of Neighborhood Empowerment)
- Executive (Office of the Mayor)
- Legislative (City Council)
- Legal Counsel (City Attorney)
- Audits (Controller)
- Elections (City Clerk)
- 3-1-1 Operations and Service-Request System (Information Technology Agency)
- Financial Management Information System (FMIS) Replacement (Unappropriated Balance)
- City Improvement Team (City Administrative Officer)
- Municipal Marketing (Citywide)
- Telecommunications Infrastructure (Citywide)
- Cable Franchise Fee (Information Technology Agency)
- Workers' Compensation Reform (Citywide)
- Building Maintenance (General Services)
- Fleet Operations (General Services)
- Recycling (General Services)
- Revenue & Management (Treasurer)
- Collections (Finance)

Services Funded to Support Our Efficient Government Strategies

Provide effective executive and legislative direction to reduce the City's exposure to legal liability

Expand Ethics Programs

The City's ethics programs promote open, honest, and accountable government through effective administration and vigorous enforcement of the City's ethics, lobbying, and campaign finance laws. Functioning as an internal watchdog for City government, the City's Ethics Commission investigates allegations of wrongdoing; conducts educational programs for City officials, candidates, and lobbyists; and provides the public with information about the relationship between money and local politics.

By expanding the ethics enforcement, outreach, and training programs, and providing \$2.8 million to the campaign-matching fund, we enhance the capacity of the Ethics Commission to meet these program objectives.

FUNDING	
ETHICS COMMISSION	TOTAL SERVICE FUNDING
GOVERNMENTAL ETHICS	\$2.3 MILLION
CAMPAIGN-MATCHING FUND	\$8.3 MILLION

Best Practice LA

Ethics Reform

In February 2004, Mayor Hahn proposed a comprehensive ethics reform package to fundamentally reshape the political culture of the City of Los Angeles.

Mayor Hahn's proposal:

- Prohibits City contractors, contract bidders, land-use applicants, and their agents from contributing to, and fundraising on behalf of, City-elected officials, political parties, initiatives, or charities
- Prohibits campaign consultants from lobbying City officials
- Prohibits lobbyists from fundraising for elected officials and candidates
- Prohibits City-elected officials and candidates for City office from requesting City commissioners to attend fundraisers
- Requires disclosure of fundraising by elected officials for other elected officials and candidates, political parties, ballot measures, and charitable purposes

In September 2004, the City Ethics Commission adopted the majority of Mayor Hahn's proposal. The proposal remains pending with City Council.

Promote and Engage Neighborhood Empowerment Programs

The Department of Neighborhood Empowerment (DONE) was established to help residents create a system of neighborhood councils and to offer education, training, and support to each neighborhood council following certification and the election of its board. DONE promotes public participation in government and makes government more responsive to local needs by creating, nurturing, and supporting a citywide system of grassroots, independent, and participatory neighborhood councils.

This budget obligates \$50,000 for each certified neighborhood council. Additionally, certified neighborhood councils with elected boards will be allocated \$100,000 of Bureau of Street Services funds to improve their high priority local streets.

FUNDING

NEIGHBORHOOD EMPOWERMENT	TOTAL SERVICE FUNDING
NEIGHBORHOOD EMPOWERMENT (ELECTIONS, SUPPORT)	\$2.5 MILLION
NEIGHBORHOOD COUNCIL FUNDING PROGRAM	\$4.3 MILLION
BUREAU OF STREET SERVICES	TOTAL SERVICE FUNDING
ALLOCATION FOR NEIGHBORHOOD COUNCIL STREET IMPROVEMENTS	\$8.8 MILLION

NEIGHBORHOOD COUNCIL PARTICIPATION BY AREA PLANNING COMMISSION AREA

AREA	RESIDENTS
Central Region	481,102
East Region	426,760
North Valley Region	420,046
South Region	646,173
South Valley Region	748,055
Harbor Region	220,778
West Region	320,590
TOTAL:	3,263,504

As of April 20, 2005 there are a total of 85 certified neighborhood councils with almost 3.3 million residents participating. Of those, 79 have held their first elections and have elected their governing boards. And, of these, 51 neighborhood councils have also held their second elections.

Best Practice LA

Neighborhood Councils Put their Money on Their Priorities

Neighborhood councils are provided \$50,000 to support operating costs and prioritized neighborhood improvements. This past year, they have supported community priorities with such projects and acquisitions as:

- Community beautification
- Community gardens
- Tree planting
- Freeway sign
- Playground equipment
- Mock rescue horse for rescue team
- Radar guns to combat speeders
- Planning for parks
- All terrain vehicle for LAPD

In fiscal year 2005-06, neighborhood councils will be allocated \$100,000 of the Bureau of Street Services funds for high-priority street reconstruction/resurfacing needs.



Best Practice LA

TeamWork LA—Partnering With Neighborhood Councils to Improve Service Delivery

TeamWork LA's second full year in operation has generated enormous service returns for all seven of the City's Neighborhood Service Cabinets and more specifically, the neighborhood councils within them.

Designed with the goal of centralizing City services and allowing quick and creative solutions to everyday problems, TeamWork LA has quietly gone about the business of resolving everyday priority problems that affect residents most at the community level.

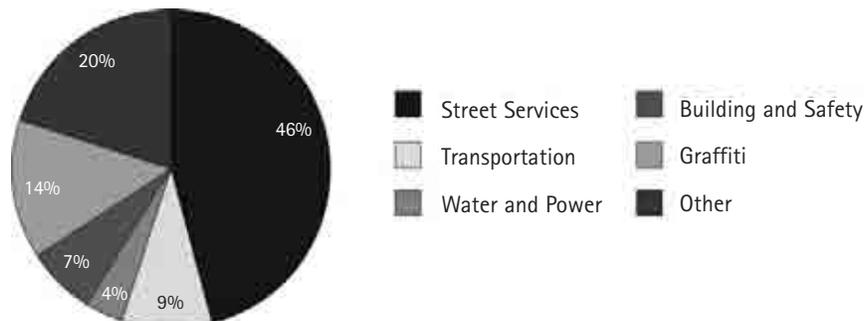
Seven times every month, TeamWork LA has taken on the big issues from Neighborhood Council Federations—composed of several neighborhood councils—bringing the City's high-level managers to the table to collaboratively work at resolving problems. Problems range from cleaning up homeless encampments and illegal dumping, to preventing street racing, and eradicating graffiti.

Combined with 3-1-1, "One Call to City Hall," TeamWork LA has made communication and access to City government easier and more effective than ever.

Since its creation, TeamWork LA has taken on more than 10,689 community issues. Of these, 86 percent, 9,151 have been addressed.

TeamWork LA Resolves Problems for Los Angeles Residents

Breakdown of Types of Issues



Provide Legal Counsel and Support and Reduce Liability Exposure

The City Attorney provides essential legal counsel and representation to the Mayor, City Council, City departments, boards, and commissions on legal matters. The duties of the City Attorney include interpreting laws, preparing ordinances, examining contracts and ordinances as to form and legality, and rendering legal advice to City officials. The City Attorney represents the City and its boards and officers in civil trials and legal proceedings and helps to manage the extent of civil liability loss. Through effective case management and representation, liability claims costs have been reduced by \$4.4 million.

FUNDING

CITY ATTORNEY

TOTAL SERVICE FUNDING

CIVIL REPRESENTATION (CIVIL LIABILITY, EMPLOYEE RELATIONS, FINANCIAL SERVICES, GENERAL COUNSEL, WORKERS' COMPENSATION, SPECIAL LITIGATION)	\$46.2 MILLION
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LIABILITY CLAIMS REDUCTION	\$4.4 MILLION
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Promote Innovative Revenue Opportunities Through Creative Partnerships

Municipal marketing is a method of leveraging the City's resources to enhance revenue streams. By creating partnerships with corporations, non-profits, and local businesses, the City can generate funds to help offset the need for higher taxes, fees, etc. Sponsorships, exclusive purchasing and sales relationships, advertisement spaces, and the protection of City copyrights, patents, and trademarks are all components of municipal marketing. One example of municipal marketing allows telecommunications businesses to install cell phone "repeaters" (that reinforce cell signals) on City streetlights, buildings, and other real estate. This fee-based access improves cell phone coverage, generates income to the City, and benefits the telecommunications industry. This concept could be expanded to Wi-Fi and other tech-based services to benefit Los Angeles residents, businesses, and visitors alike. This may help improve work productivity, and job growth, and increase the general quality of life for constituents. These fees also generate tremendous revenues that can be used to fund streetlight expansion and repairs, new roads and sidewalks, parks, and after-school programs.

Best Practice LA

Municipal Marketing—Pursuing Partnerships to Benefit LA

Municipal marketing is a method to promote innovative revenue opportunities through creative partnerships. Examples of innovative partnerships already in place are:

- Telecommunications companies leasing space on City streetlights for cell phone or Wi-Fi transmitters/repeaters
- LA 5 Rotary Club sponsoring construction of a new hiking trail in Debs Park, picnic/BBQ areas, and road repair leading up to the Audubon Center
- LA Dodgers rebuilding the baseball field at Montecito Recreation Center and sponsoring construction expenses for a synthetic field at Seoul International Park and architectural design for Ardmore Recreation Center
- LA Kings/Staples Center sponsoring the Downtown on Ice outdoor ice-skating rink

Administer Elections

Conducting effective and efficient municipal elections is essential to upholding the democratic process. The City Clerk's Elections Division coordinates and administers all pertinent election activities, promotes voter registration, and oversees the poll worker program during an election. In addition to regular and special municipal elections, the City Clerk conducts elections for other governmental agencies, the cost of which is reimbursed by these agencies.

FUNDING

CITY CLERK:

TOTAL SERVICE FUNDING

ADMINISTRATION OF CITY ELECTIONS

\$1.7 MILLION

STRATEGY

Maintain and improve the City's financial integrity

Audit for Financial Integrity

The City Controller regularly conducts financial and performance audits of City departments, offices, funds, and programs. By publicly reporting problems, the Controller ensures the implementation of cost-effective solutions, thereby increasing governmental efficiency and saving taxpayer funds. Moreover, financial audits ensure the financial integrity of the City's fiscal operations. This budget also funds financial audits of the City's pension systems.

FUNDING

ACCOUNTING FOR CITY FUNDS

TOTAL SERVICE FUNDING

FINANCIAL AND COMPLIANCE AUDITING, DEMAND AUDIT

\$9.7 MILLION

Monitor for Fiscal and Performance Accountability

The Mayor's Office and City Administrative Officer work hand-in-hand through Financial Status Reporting and LA STAT (the Mayor's performance management program) to monitor, on an ongoing basis, the fiscal management of City departments and programs. LA STAT specifically monitors expenditures against revenues, vacancy rates within departments, and workers' compensation expenditures. LA STAT also monitors the adherence to the Controller's Internal Control Certification Program, implementation of financial and performance audit recommendations, and the Certification of Full Disclosure for external auditors. Operational and customer-service performance is also important to the role of LA STAT monthly oversight meetings with City managers.

"Through LA STAT, I have implemented ongoing fiscal and operational accountability of City departments."

– Mayor James K. Hahn

Best Practice LA

Sound Fiscal Management Earns LA Top Ratings

The City of Los Angeles has received the highest credit rating among the five largest cities in the nation.

- Standard and Poor's (S&P) "AA"
- Fitch Ratings (Fitch) "AA"
- Moody's Investors Services (Moody's) "Aa2"

Los Angeles was able to receive excellent credit ratings because of the City's sound financial management, diverse economy and moderate debt levels.

Improve Cash Management Capabilities

The Office of the Treasurer is pursuing cash management strategies to leverage the City's assets and enhance revenue. Pending a management audit of the Treasurer (funded in 2004/2005), the Office will pursue organizational and process improvements to improve cash management systems and controls.

FUNDING

OFFICE OF THE TREASURER

TOTAL SERVICE FUNDING

TREASURY FINANCIAL ADMINISTRATION

\$9.7 MILLION

STRATEGY

Use modern information technology to create a working environment conducive to providing responsive government services

Expand the 3-1-1 “One Call to City Hall” Call Center for Non-Emergency Service Requests

“One Call to City Hall” gives Los Angeles residents and businesses easy-access information about more than 1,400 City services. Agents provide accurate information about City services, locations, telephone numbers, and hours of operation. Since its launch in October 2002, 3-1-1 has helped reduce the number of non-emergency calls received through the City’s emergency system.

This year we initiate an evolution of 3-1-1 to “One Call Does It All” with the establishment of a project management team to oversee the citywide call center consolidation and implementation of the service-request system. Ultimately, 3-1-1 will allow agents to accept and process residents’ service requests for City services.

This budget funds a project team that will pursue comprehensive call center consolidation and funds to procure service-request system application and support.

FUNDING	
INFORMATION TECHNOLOGY AGENCY:	TOTAL SERVICE FUNDING
3-1-1 CALL CENTER OPERATIONS	\$6.5 MILLION
3-1-1 PROJECT TEAM	\$1.5 MILLION
SERVICE REQUEST SYSTEM	\$2.0 MILLION

Implement a New Financial Management Information System to Improve Fiscal Management

Funding for the first-year implementation costs to replace the City’s legacy Financial Management Information System (FMIS) is provided to improve our fiscal management capabilities. The funding will be placed in the unappropriated balance accounts, and an executive steering committee will be established to oversee this project. First-year costs are funded at \$6.7 million, and overall project costs for the two-year project are estimated to be \$21 million.

FUNDING	
UNAPPROPRIATED BALANCE:	TOTAL SERVICE FUNDING
FMIS REPLACEMENT	\$6.7 MILLION

Oversee the Cable Franchise Authority

The City is responsible for overseeing the cable franchise contracts of cable television companies operating within the City of Los Angeles. This oversight ensures cable operators provide appropriate customer service, maintain sound fiscal standing, and provide for public access channels. Expanded public, educational, and government access facilities; I-net infrastructure development; digital upgrades; constituent access to public channels; and superior customer service are the primary goals of this process.

FUNDING	
INFORMATION TECHNOLOGY AGENCY:	TOTAL SERVICE FUNDING
CABLE FRANCHISE FEE ADMINISTRATION	\$2.1 MILLION



Enhance Building Services Management and Support for New Facilities

The City has hundreds of buildings and facilities in use every day. Los Angeles taxpayers expect City government to provide proper maintenance and upkeep in order to protect the public’s investment. The Department of General Services’ Building Services Division provides maintenance, cleaning, repair, and management of all City-owned buildings to ensure safe, secure, and viable facilities for employees and the public.

The successes of propositions Q, F and K, in addition to the move of Public Works Bureaus to the Transamerica Broadway Building has added 154 new/renovated structures and approximately 1,253,661 square feet of facility space to the City’s facility inventory this past year. Plus, it has added 188 acres of parkland to its assets. This budget funds the maintenance of these structures at industry standards.

Further, to enhance the City’s capacity to manage and maintain its facilities, this budget funds the purchase and implementation of a new Building Management System and sets aside efficiencies within Asset Management to fund a special study for property management of leased/owned properties. Through these efforts, Asset Management has a goal to reduce lease costs this year by \$500,000.

Best Practice LA Enhancing Services Through New Facilities

Since 2002, the City has added 45 new facilities, renovated 109 facilities and added 188 acres of new parkland to serve the needs of Los Angeles residents. This budget funds the maintenance and upkeep of these structures, which constitute over 1.2 million square feet of space, to support effective service delivery and contribute to the community quality of life:

- 117 Recreation & Parks facilities
- 5 Police facilities
- 19 Libraries
- 4 Cultural Affairs facilities
- 9 Service centers

FUNDING

GENERAL SERVICES:	TOTAL SERVICE FUNDING
BUILDING SERVICES (MAINTENANCE, CUSTODIAL)	\$53.1 MILLION
BUILDING MANAGEMENT SYSTEM	\$1.2 MILLION
PROPERTY MANAGEMENT STUDY	\$0.1 MILLION

Expand the City's Clean Fleet Program

The Fleet Services and Operations Division provides the repair and maintenance of all City motor vehicles and aircraft. This division is responsible for properly maintaining the City's helicopters, which allow crucial flexibility in responding to emergencies. It also has been a national leader in implementing a cleaner-fuel fleet thereby saving our environment. The proper maintenance of the entire City fleet is key to stretching the useful life of these city-owned assets and providing the needed level of equipment to perform City functions like street repaving, tree trimming, and sidewalk repairs.

The City fleet includes more than 2,071 alternative fuel vehicles that are reducing our reliance on petroleum-based fuels, lowering our costs, and helping to clean up the air. New environmental regulations requiring improvements in underground-storage fuel tanks are also being addressed in this budget. Installation of fuel automation devices will improve fuel inventory management and billing to prevent inventory shrinkage.

FUNDING

GENERAL SERVICES:	TOTAL SERVICE FUNDING
FLEET SERVICES	\$58.3 MILLION
FUEL AND ENVIRONMENTAL COMPLIANCE	\$22.1 MILLION

Best Practice LA

Leading the Country With an Air-Friendly Fleet

The City of Los Angeles operates the largest cleaner-fuel fleets in the country. With the largest hybrid (electric/gasoline) fleet, use of alternative fuel technologies, and conversion to low-sulphur diesel fuel sanitation trucks with particulate traps, the City is a proud leader in the goal to clean our air.

- 572 hybrid-electric cars
- 547 light-duty CNG fuel cars
- 15 neighborhood electric vehicles (NEVs)
- 252 dual fuel (LNG/diesel) refuse trucks
- 24 CNG street sweepers
- 5 hydrogen fuel cell demonstration vehicles
- 190 propane DASH shuttle buses
- LAPD bicycle patrols

The City reduces:

- 4 million gallons of gas-saving \$9 million in fuel expense annually
- 2.5 million miles of driving, through bicycle patrols
- Nitrogen oxide emissions by 241,000 pounds annually



Continue to Improve and Protect Our Environment

Funding is provided to continue to improve the quality of life in Los Angeles through the extensive City government-recycling program that encourages the reuse of paper, aluminum, cardboard, and plastic. The City is nationally recognized for its proactive approach to conducting business in an environmentally conscious manner.

FUNDING	
GENERAL SERVICES:	TOTAL SERVICE FUNDING
OFFICE RECYCLING	\$0.9 MILLION

Best Practice LA

LA STAT—Monitoring for Performance Accountability

LA STAT is Mayor Hahn's internal performance-management tool to measure departments' progress in meeting performance standards. This process is designed to facilitate frank management discussions about departmental performance to improve operations across the City of Los Angeles. Approximately 24 of the primary service delivery and support departments participate in LA STAT. Through LA STAT, the Mayor has been able to achieve:

- Efficiencies in street resurfacing through the adoption of new technology that will fund 20 extra miles of street resurfacing in the 2005-2006 budget
- Reducing workers' compensation costs by 20 percent and claims by 11 percent
- Fixing broken streetlights in 48 hours through streamlining the process between the Department of Water and Power and the Bureau of Street Lighting
- Enhancing coordination of police officer recruitment needs and funding
- Improving fleet availability of Street Lighting vehicles to respond to streetlight repairs
- Using new technology to monitor streetlight outages to reduce costs
- Searching for cost effective ways to light City parks to improve park safety
- Redesigning the cost effectiveness of speed humps construction
- Fixing public access computers in City libraries more quickly
- Exploring more cost effective ways to trim City trees
- Improving animal canvassing program to generate revenue and enhance licensing compliance
- Expanding the expediting case processing capacity in the Planning department
- Working towards the integrated call center with the 3-1-1 call center consolidation of Building and Safety, Sanitation, and Operation Clean Sweep (graffiti cleanup)
- Increasing the number of construction services inspections for fire safety
- Ensuring City departments are responsive to and comply with Controller audit recommendations, Internal Control Certification, and full disclosure for the single audit.
- Implementing ongoing updates to the Audit Repository to ensure management accountability on Controller audits.

Maintain Accountability and Pursue Efficiencies and Revenue Opportunities

Various programs contribute to the effective management and administration of City programs and services. The LA STAT program provides for monthly meetings to review how well departments are delivering services to the people of Los Angeles. It measures how quickly and effectively we serve Los Angeles residents and it improves our ability to coordinate service needs across the City. The City Administrative Officer maintains two programs to explore efficiencies and improve revenue. The City Improvement Team works collaboratively with departments to look for cost-saving and service-delivery improvement opportunities. The Grants Unit helps to identify grant revenue opportunities for City departments.

FUNDING	
CITY ADMINISTRATIVE OFFICER:	TOTAL SERVICE FUNDING
CITY IMPROVEMENT TEAM	\$0.8 MILLION
GRANTS UNIT	\$0.8 MILLION

STRATEGY

Improve worker satisfaction and productivity

Realize Savings from Reduced Workers' Compensation Claims

Through the Mayor's leadership, the City's Personnel Department has implemented sweeping workers' compensation reform to bring down escalating workers' compensation costs.

In the past few years, workers' compensation costs increased an average of 20 percent per year. Realizing the potential benefits of reforming workers' compensation claims systems, the Mayor has established specific goals for the City's management team to reduce workers' compensation claims and costs. Monitored through LA STAT, workers' compensation claims are down by 11 percent this year, and total costs are \$20 million lower than projected. As a result, workers' compensation claims costs have finally leveled off and are projected to be \$20 million lower than originally projected for fiscal year 2005-06. Continued diligence and attention to reform will make further savings possible.

FUNDING

PERSONNEL:	TOTAL SERVICE FUNDING
PERSONNEL MANAGEMENT SERVICES- WORKERS' COMPENSATION	\$20.0 MILLION
WORKERS' COMPENSATION BENEFITS	\$141.0 MILLION

Best Practice LA

Reigning In Workers' Compensation Costs

Realizing the potential benefits of workers' compensation reform, Mayor Hahn has established specific goals for the City's management team to reduce claims and costs. As a result:

- Claims down 11 percent
- Costs \$20 million less than projections
- Related medical costs down 13 percent
- Permanent disability decreased 17 percent

Enhance the Quality and Productivity Commission—Employee Incentive Program

The Quality and Productivity Commission was created to provide incentive and productivity programs that reward, encourage, and support employee innovation. In light of tight budget times, the program was reduced to minimize staffing. This year's budget funds the Annual Rewards Program and continues with dedicated CAO staff to support the program.

FUNDING

PERSONNEL:	TOTAL SERVICE FUNDING
QUALITY AND PRODUCTIVITY COMMISSION	\$0.1 MILLION

Best Practice LA

Rewarding Team Accomplishments that Improve Customer Service and Save Money

In 2004 the Quality and Productivity Commission Annual Awards Program awarded 27 projects for their innovation that saved Los Angeles residents more than \$13 million.



BUDGET PRIORITIES

City of Los Angeles
BUDGET SUMMARY
AS PROPOSED BY Mayor James K. Hahn





Related Budget Issues

Capital Improvements and Alterations & Improvements

CAPITAL IMPROVEMENTS

The City's Capital Improvements program is divided into three major categories: Wastewater, which includes the sewer collection system, pumping stations, and treatment plants; Physical Plant, which includes streets, streetlights, and storm drains; and Municipal Facilities, which includes all City-owned buildings, parks, and service yards.

WASTEWATER

The Proposed Budget includes over \$231 million to finance the Wastewater Capital Improvement Program (WCIEP). Funding is predominantly programmed to meet regulatory requirements for the City's collection system, as well as for other projects at the treatment plants. A major focus for the WCIEP in 2005-06 and for the next ten years also will be compliance with the capital requirements of the Collection System Settlement Agreement. The Sewer Construction and Maintenance (SCM) Fund will finance the entire Wastewater Capital Improvement Program, for a total of over \$721 million. Revenues for the Fund come from a variety of sources, the largest of which is the Sewer Service Charge paid by City residents and businesses. Also included in the SCM Fund are proceeds from the sale of Revenue Bonds sold in part to finance the WCIEP.

Major projects of the WCIEP include:

- Continued construction of the Eagle Rock Interceptor Sewer (ERIS) as well as other collection-system projects required by the Settlement Agreement.
- Completing various maintenance and modernization projects at Hyperion Treatment Plant, Terminal Island Treatment Plant and the City's two Water Reclamation Plants.
- Continued refinement of Class A Biosolids-processing at the Hyperion and Terminal Island Treatment Plants.
- Continued improvements to the automation systems at all plants, as recommended by the Wastewater Best Practices Study.
- Nitrogen removal from the Los Angeles-Glendale and Donald C. Tillman Water Reclamation Plant effluent to comply with regulatory requirements.

PHYSICAL PLANT

Over \$47.9 million is provided in the Proposed Budget to finance the Physical Plant Capital Improvement Program. The major funding source for this program continues to be the gasoline tax, while the General Fund, Street Lighting Maintenance Assessment, Proposition C, Local Transportation Fund, and Storm Water Pollution Abatement Funds also contribute significantly.

Proceeds resulting from bonds issued and authorized through Proposition O will also provide funding for projects. Proposition O was approved in November 2004 and authorized the issuance of \$500 million in general obligation bonds to fund water quality improvement projects. Oversight and direction of the program is provided by a five-member Administrative Oversight Committee consisting of representatives from the City Administrative Officer, Chief Legislative Analyst, Department of Water and Power, Office of the Mayor, and Board of Public Works. Monitoring of the program is also provided by a nine-member Citizens Oversight Advisory Committee consisting of four members appointed by the Mayor and five members appointed by the City Council President.

Major capital projects for the City's Physical Plant Improvement include:

- Eight Flood Control and three Stormwater Pollution Abatement Projects.
- Street improvement projects, including street widening, curb and gutter repairs, street lighting, bridge reconstruction, traffic signal installation, and bikeway construction.
- Funding to widen Sunset Boulevard from east of Mandeville Canyon Round to west of Riviera Ranch Road to provide turning lanes and other improvements to relieve traffic congestion and improve traffic safety.
- Continued funding for on-going projects including the Silverlake Reservoir Improvement, Los Feliz at Riverside Drive Street Widening, Lifur at Huntington Intersection Improvement, and Benedict Canyon projects.
- Proposition O bond proceeds (\$16.9 million) will fund the installation of catch basin inserts and coverings to meet the Trash Total Maximum Daily Load (TMDL) regulatory requirement.

Capital Improvements and Alterations & Improvements, continued

MUNICIPAL FACILITIES

The Municipal Facilities Capital Improvement Program finances construction, repairs, and improvements at City facilities. The program's total financing for the fiscal year is \$576.4 million. This financing consists of \$9.9 million in General Fund appropriations, \$2.8 million in various special fund appropriations, \$46.7 million in MCLA-issued financing, \$23.1 million from the Sanitation Equipment Charge Revenue Fund, \$130.4 million in General Obligation Bonds, and \$363.5 million for Los Angeles River revitalization projects.

Major capital projects include:

- The most-critical infrastructure repairs and improvements address maintenance, health, and safety issues at a number of City facilities. Repairs include roof repair, lead-paint removal, asbestos removal, fire/life-safety system upgrades, elevator modernization, and upgrades of various other building systems.
- Repair or replacement of swimming pools and improvements to their sites at the Cheviot Hills, Echo Park, Lanark, and Sun Valley recreation centers, and the design of new pools at Downey and Lincoln Park recreation centers.
- Renovation of ten City off-street parking lots, including resurfacing, installation of new lighting, fencing, landscaping, and modifications required by the Americans with Disabilities Act (ADA).
- Construction of refueling stations, maintenance facilities, and other infrastructure necessitated by South Coast Air Quality Management District (SCAQMD) regulations.
- Design and construction of a permanent Medical Services Division facility for the Personnel Department.
- Assessment and clean up of contaminated soil at City facilities, such as fueling locations.
- Construction and refurbishment of fire facilities and animal shelters.
- Construction activity related to, or adjacent to, the Los Angeles River.
- Design and construction of new Los Angeles Zoo animal exhibits.

On-going municipal facilities capital projects include:

- Construction of new and replacement emergency-response facilities and repair of existing police and fire department facilities
- Construction of a Neighborhood City Hall in Council District 7.
- Tenant improvements to the recently acquired Public Works Building (Transamerica Building) for City use.
- Design and construction of a new Police headquarters in the downtown Civic Center.

ALTERATIONS AND IMPROVEMENTS

The Proposed Budget includes \$1.8 million for alterations and improvements to City-owned facilities. Highlights of this program include: \$1.7 million for specific fire/life/safety upgrades for various City facilities to install fire alarms, repair/replace electrical systems, flooring, security gates and make critical repairs; and \$846,450 for on-going and emergency repairs including improved accessibility based on the Americans with Disabilities Act.

ALTERATIONS AND IMPROVEMENTS	
Citywide, specific departmental fire/life/safety improvements	\$1,722,200
Emergency alterations and improvements	200,000
Imminent hazard abatement	90,000
Ongoing miscellaneous repairs and upgrades based on ADA requirements	556,450
Total	\$2,568,650

Capital Finance

CAPITAL FINANCE

The Proposed Budget anticipates financing approximately \$129.7 million in vehicles, helicopters, equipment and facilities. All items funded are considered capital assets with a useful life of six years or more, in accordance with the Mayor and Council’s Debt Policy. The financing program utilizes a financing lease or “lease purchase” mechanism that is paid from future General Fund appropriations. This financing mechanism is commonly referred to as the MICLA Program because the leases are held by a separate legal entity known as the Municipal Improvement Corporation of Los Angeles (MICLA). The equipment and projects are described below and are listed in the accompanying table.

Projects for MICLA Financing	
General Services Fleet Vehicle Replacement	\$30,000,000
Fire Equipment and Vehicle Replacement	24,210,000
Medical Services Division Replacement Facility	21,260,000
Police Replacement Vehicles	14,800,000
Alternative Fuel Infrastructure Projects	13,850,000
Zoo Exhibit Areas	8,000,000
Police Replacement Helicopters	5,400,000
Recreation & Parks Miscellaneous Equipment	4,547,000
Southeast Yard Improvements	3,600,000
Street Services Equipment	3,460,000
DOT Truck	300,000
DOT Vehicles	260,000
TOTAL	\$129,687,000

GENERAL SERVICES – Fleet Vehicle Replacement

Funding in the amount of \$30 million is provided for the acquisition of replacement vehicles and heavy-duty construction equipment for various departments. The vehicles and equipment will replace similar items that have exceeded their useful lives. Continued investment in fleet replacement reduces maintenance and repair costs and increases the efficiency of the City’s fleet.

FIRE – Equipment and Replacement Vehicles

Funding in the amount of \$24.2 million is provided for equipment acquisition and vehicle replacement by the Fire Department, including such items as ambulances and aerial ladder trucks.

Medical Services Division Replacement Facility

Funding in the amount of \$21.3 million is provided for land acquisition, design and construction of a replacement medical services facility.

POLICE – Replacement Vehicles

Funding in the amount of \$14.8 million is provided to replace various police vehicles, including undercover and hybrid sedans.

Alternative Fuel Infrastructure Projects

Funding in the amount of \$13.9 million is provided to retrofit or construct new alternative fuel sites at several locations.

Zoo Exhibit Areas

Funding in the amount of \$8 million is provided for the design and construction of the Middle Zoo exhibit areas.

POLICE – Replacement Helicopters

Funding in the amount of \$5.4 million is provided to replace two helicopters.

**RECREATION & PARKS –
Miscellaneous Equipment**

Funding in the amount of \$4.5 million is provided for the acquisition of miscellaneous equipment, including such items as steam cleaners and trenchers.

Southeast Yard Improvements

Funding in the amount of \$3.6 million is provided for capital improvements to the Southeast Yard.

Street Services Equipment

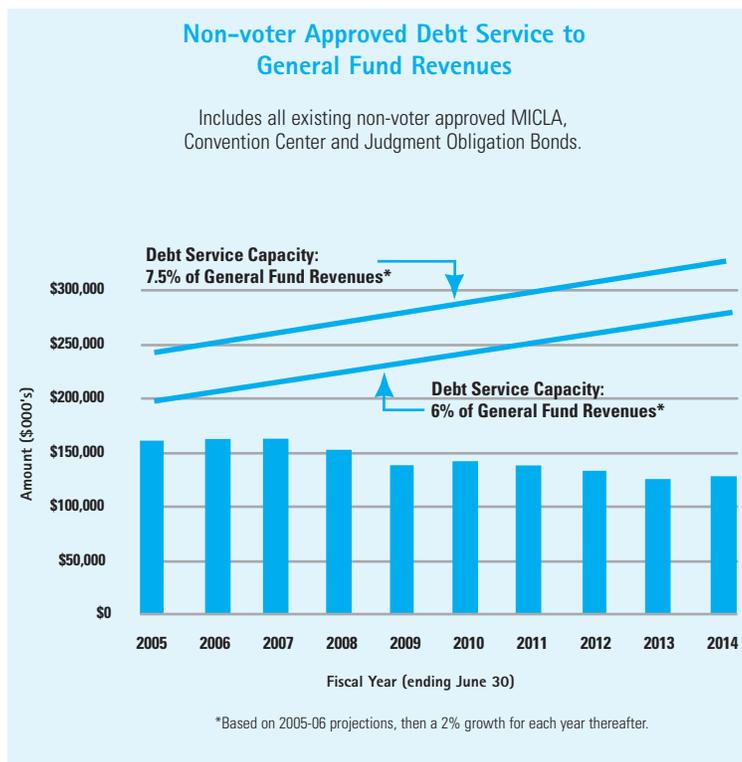
Funding in the amount of \$3.5 million is provided for the acquisition of new equipment for sidewalk repair purposes.

DOT Truck

Funding in the amount of \$300,000 is provided for the acquisition of a new Thermoplastic Striper truck for street re-striping purposes.

DOT Vehicles

Funding in the amount of \$260,000 is provided for the acquisition of new vehicles for traffic congestion mitigation purposes.



General City Purposes

GENERAL CITY PURPOSES

The General City Purpose (GCP) budget appropriations cover the cost of special services or purposes not chargeable to a specific department of the City. Payroll taxes and retirement contributions comprise 65 percent of the GCP budget.

Significant funding in the proposed GCP budget includes:

LOS ANGELES POLICE DEPARTMENT— Federal Consent-Decree Requirements

The Proposed Budget includes funding of \$1.7 million is provided to fund the Monitor as required under the consent decree.

Traffic and Pedestrian Stop System

This system will entail the use of hand-held computers to collect traffic and pedestrian stop data, to be posted on the Police Department web site, as required by the consent decree. Approximately \$6.9 million, \$3.9 million of which is from the Local Law Enforcement Block Grant Fund, has been provided in prior fiscal years. Funding is provided for scanning and printing manual forms that are required until the process is fully automated. In the event contingencies arise, \$1 million is set-aside in the Unappropriated Balance for data analysis, equipment and other expenses.

LA Bridges Program

LA Bridges consists of a prevention component (Bridges I) and a gang intervention component (Bridges II). Bridges I offers individual case management services to at-risk youth, ages 10-14, who attend Los Angeles Unified middle schools, and their families. Other key elements of Bridges I include parenting classes, counseling, recreational and mentoring activities. Links to other community-based programs are utilized to ensure that participants take full advantage of other programs, services, and resources available. The Bridges II component focuses resources on gang intervention including mediation, crisis negotiations and community peace building. Bridges II works closely with the Police Department and other law enforcement agencies to reduce youth gang activities and targets at-risk school students.

The Proposed Budget for LA Bridges is \$12.6 million, which includes additional General Funding of \$1.1 million, to cover the loss of Juvenile Accountability Block Grant Funding. In addition to the GCP funds, \$1.3 million is provided by Community Development Block funds. This would provide full funding for the program.

Summer Youth Employment Program

Funding is continued to provide minimum wage employment to youth's ages 14-19 during non-school periods. An estimated 1,233 participants will be placed in various City departments where they will receive training and work experience.

LA's BEST After School Program

LA's BEST is a nationally recognized after school enrichment program which serves over 21,000 children in 130 elementary school sites. Additional funding of \$1.3 million will serve 1,280 additional students at 8 new school sites. Funding is also continued for the UCLA CRESST longitudinal study that measures the outcomes and success of this program and to match funds for a cross-age after school literacy tutoring program grant.

LA Project for Violence Prevention

Funds are provided for this public health and safety initiative designed to reduce the violence in the City's most troubled communities. A coalition of community and faith-based organizations, law enforcement officials, schools, and employment agencies will collaborate to attack the epidemic of gang violence and shootings in the most crime-ridden areas of the City.

Arts and Culture LA

The Arts and Culture LA is a new program that will assist in promoting cultural tourism in the City of Los Angeles.

General City Purposes, continued

Year-Round Homeless Shelter Program

The Los Angeles Homeless Services Authority (LAHSA) coordinates the Homeless Shelter Program. This program provides an average of 660 beds for emergency shelter, meals and supportive services on a year-round basis. During the winter (December through March), an additional 600 shelter beds are provided for the Homeless Shelter Expansion. LAHSA contracts with six non-profit homeless service providers to open and operate sites throughout the County of Los Angeles. Funding is also provided for transportation and referral services to the homeless. Additionally, hotel vouchers are available to accommodate individuals and families for whom mass shelter is inappropriate. In addition to the GCP funding, \$3.3 million is provided by the Community Development Block Grant for additional emergency shelters throughout the City; \$1.6 million is provided by the Emergency Shelter Grant Program and \$377,000 is included in the Emergency Food and Shelter Program.

Home Delivered Meals for Seniors

Funding of approximately \$1.6 million is continued to provide home delivered meals to seniors. Next year, additional funding of \$200,000 is added to provide approximately 40,000 more home delivered meals for seniors that were previously on the waiting list.

Congregate Meals for Seniors

Funding is provided to add two additional congregate meal sites for seniors. This funding supplements Older American Act grant funds and will provide for over 8,000 meals per site.

Other

The Proposed Budget continues funding for the El Grito and Latino Film Festival events; adult day care centers in each of the City's 15 Aging Service Areas; home delivered meals for seniors; clean-up, graffiti removal, and beautification projects through the Clean and Green Job Program; LA Shares recycling and placement of donated goods to other non-profit organizations and schools; LAHSA Downtown Drop-in center; Day Laborer Sites, as well as the City Volunteer Bureau.

SUMMARY OF GENERAL CITY PURPOSES

Medicare, Social Security, and Retirement Programs	\$56,031,338
LA Bridges	12,618,547
Homeless Shelter Program	4,100,000
Senior Programs	3,020,702
Summer Youth Employment	2,000,000
Community Services and Programs	2,851,563
LAPD Consent-Decree Implementation	1,960,000
Special City Administrative Costs	1,468,000
Clean and Green Job Program	1,514,803
LA's BEST	2,344,000
LA Project for Violence Prevention	500,000
Arts and Culture LA	2,000,000
Intergovernmental Affairs	518,938
Total	\$90,927,891

Local Transit Funds

LOCAL TRANSIT FUNDS

Proposition A (Local Transit Assistance Fund) and Proposition C (Anti-Gridlock Transit Improvement Fund) provide funds generated by voter-approved, one-half-cent sales taxes. These funds are used to finance a variety of transit-oriented improvements throughout the City. The total budget for Proposition A is \$168.4 million and for Proposition C is \$76.6 million. A forecast for the Proposition A and C budget shows current revenue streams appear to be sufficient to maintain current programs and provide expanded services to the public.

Community DASH Services

The Proposed Budget includes the continuation of service for current DASH services. Funding is included for DASH routes in the Crenshaw, Midtown, King-East, Leinert/Slauson, Southeast, Wilshire/Koreatown, Beachwood Canyon, Fairfax, Highland Park/Eagle Rock, Lincoln Heights/Chinatown, Hollywood, Los Feliz, El Sereno/City Terrace, Pico Union/Echo Park, San Pedro, Watts and Boyle Heights areas. Further, funds are set aside to cover operating costs for two new DASH services to be added during 2005-06.

Street Resurfacing

The Proposed Budget increases the amount allocated from Proposition C Funds to \$11.1 million to support the existing street resurfacing program on streets heavily used by public transit. Additionally, funds are provided to reinforce heavily used portions of Wilshire Boulevard with concrete to minimize damage by new, heavier buses.

Transit Capital

The Proposed Budget provides funds in the amount of \$3 million to purchase ten additional vehicles to support two new Community DASH routes to be introduced in 2005-06. Additionally, the Proposed Budget provides nearly \$1 million to purchase three replacement vehicles for the Community DASH and over \$1.2 million to replace 15 vans for the Cityride Program.

Rail and Bus Transit Facilities

Funds are appropriated for major Metro Rail-related projects such as the Exposition Light Rail Extension (\$3.5 million), Eastside Light Rail Extension (\$2.5 million) and the Metro Orange Line (\$2.5 million). Funds are also provided for a Metro Red Line Tunneling Study.

Temple Street Widening

Based on the initial traffic study for the requirements of the new police headquarters in the Downtown Area, street widening and other improvements are proposed on Temple Street between Alameda and Garey Street. Proposition C funds totaling \$600,000 are provided to ease congestion in this area.

Bridge Improvement Program

Funds totaling \$4 million are provided to cover costs associated with the construction of bridges that have been identified by Caltrans to be structurally deficient or functionally obsolete. The repair of these bridges is anticipated to help relieve traffic congestion along heavily traveled routes.

Automated Paratransit System

The 2005-06 appropriation includes an upgrade for the routing and scheduling hardware and software for the Automated Paratransit System.

Traffic Congestion Relief along Transit Routes

Funds totaling \$1.5 million are continued to place Traffic Officers at major intersections to improve traffic flow and reduce traffic congestion on major transit routes.

Traffic Asset Management System (TAMS)

The Traffic Asset Management System (TAMS) is an information system to maintain installation and maintenance records using a GIS-based system for the City's 750,000 traffic and parking signs, 180,000 traffic signal lights, 30,000 pedestrian lights and 90,000 street messages. Automating the inventory database will enable the City to more effectively manage the condition and performance level of its transportation infrastructure. This project is funded through a combination of prior-year unexpended funds for a prototype project (\$800,000) and 2005-06 funds (\$1.2 million).

Local Transit Funds, continued

Charter Bus Program

Funds are provided to cover a cost-of-living adjustment and increase capacity by ten-percent for this popular program, which includes the operation of recreational and educational charter bus services provided to community groups.

Warner Center Transit Hub

The Warner Center Transit Hub will serve as a terminal and transfer point for MTA's new Bus Rapid Transit service (Orange Line) and will provide a link for local and commuter bus services run by MTA and other regional transit agencies. Funds totaling \$750,000 are provided to incorporate the Orange Line facilities and continue construction of this on-street transit hub.

Beaudry Avenue Bus Terminal

This is a new project that would rebuild Beaudry Avenue between Fourth and Sixth Streets in Downtown Los Angeles. The project would include installing concrete on the east side of the roadway along with pedestrian lighting and benches, resurfacing the street, replacing the sidewalk and constructing a bus operator restroom facility. It is anticipated that federal grant funds will cover 80 percent of the cost of this \$3.6 million project.

U.S. Highway 101 Corridor Congestion Relief Projects

Funds are provided to address a number of projects to relieve the current congestion in this freeway corridor. DOT has performed feasibility and engineering studies for approximately 40 of these projects and is now prepared to implement several of them, including signal modification and new signal work, streetscaping and street widening projects.

Matching Funds

Funds provided to meet the estimated matching and seed money for various grant programs and projects scheduled for design or construction in 2005-06. These programs include the MTA Call for Projects and Safe Routes to Schools.

Reserve for Future Transit Capital and Service

It is critical to ensure that funds are available in the future to expand and maintain Community DASH services, provide additional buses on expanded routes and replace worn-out buses on existing routes on schedule. This balance will be carried forward into future years when such expansions and purchases are envisioned to take place.

LOCAL TRANSIT DOLLARS AT WORK		
	Proposition A	Proposition C
DASH Services	\$ 35,330,000	\$ —
Commuter Express	11,626,000	—
Elderly/Disabled Transit Services	24,216,000	—
Senior/Youth Charter Bus Service	3,135,000	—
Other Transit	5,969,000	1,630,000
Transit Capital	5,440,000	—
Education and Marketing	1,300,000	250,000
Rail Support	14,150,050	544,000
Support	22,945,221	19,186,829
Los Angeles Neighborhood Initiative	—	500,000
Street Resurfacing	—	11,089,626
Capital Improvement	2,400,000	2,759,948
Matching Funds	2,000,000	40,000,000
Unallocated/Reserve for Future Transit Capital and Service	39,922,762	715,590
TOTAL	\$133,679,044	\$71,284,529

Unappropriated Balance

UNAPPROPRIATED BALANCE

Alternative Waste Disposal Technical Study – \$1.1 Million

The Alternative Waste Disposal Technical Study would identify and evaluate technologies and manufacturers that would convert municipal waste through a chemically based process to reduce the City's dependence on local landfills. Completion of Phase I, at a cost of \$500,000, is anticipated by February 2005. An additional \$1.1 million would provide funds for Phase II of the study that would include the preparation and distribution of a Request for Proposal (RFP) to the short-list of alternative technology suppliers identified in Phase I, evaluation of the responses, and facility siting, and public outreach. The final phase of facility permitting, design, engineering, and additional public outreach is anticipated to occur in 2006-07.

Asset Management Study – \$0.1 Million

Funding is set aside for an independent outside study of the property management functions of the Asset Management Division in the Department of General Services.

City Attorney Outside Counsel – \$3 Million

Funding is provided to employ additional attorneys to assist in litigation. The City Attorney retains outside firms on an occasional basis, typically when the type of litigation involved requires expertise that is not available in-house. Due to the difficulty in predicting the number and types of matters that require outside counsel, funding will be considered on a case-by-case basis. In addition, funding is set aside to assist in litigation of workers' compensation cases, as well as to consolidate legal fee review and payment processing within the Office of the City Attorney. Historically, funding for workers' compensation litigation was included in the Human Resources Benefits Workers' Compensation expense account. Legal fees were reviewed by the Office of the City Attorney for appropriateness, with support from the Personnel Department. The consolidation of both functions within the City Attorney will improve efficiency and provide greater continuity of service.

Cultural Affairs – Cultural and Historical Facilities – \$1 Million

Funding is set aside for the operation and related expenses of new, renovated or existing facilities. The Cultural Affairs Department will submit an expenditure plan to the Mayor and Council prior to using these funds.

Financial Management Information System (FMIS) Replacement – \$4.3 Million

With a total of \$6.8 million in 2005-06, funding is set-aside for the Controller to contract with a project manager, system integrator, consulting services and quality assurance consultant, purchase furniture, office and technical equipment, provide for project contingencies and salaries. This also includes funding set-aside for the Information Technology Agency to acquire furniture and office and technical equipment, and fund salaries.

Fire and Police Communications – \$1.5 Million

The California Highway Patrol is currently responsible for receiving 9-1-1 calls within City boundaries. The responsibility for taking these calls will shift to the City sometime in 2005-06. Funding is set-aside for departmental staffing and related expenses.

GSD – Petroleum Products – \$1 Million

In light of significant increases in crude oil prices, funds are set aside as a contingency to pay for the City's petroleum costs.

Government Efficiency Unit – \$0.2 Million

Funding is provided for the creation of a Government Efficiency Unit in the Office of the Controller to investigate allegations of irregularities, fraud, collusion, conflict of interest and improprieties on the part of City employees and others.

LAPD Consent Decree – \$1 Million

Funding is set-aside for the LAPD Consent Decree Program as a contingency to pay for TEAMS II and Traffic and Pedestrian Stop System related expenses.

LAPD Proposition 69 Implementation – \$1.3 Million

Due to the passage of Proposition 69, the DNA Fingerprint, Unsolved Crime and Innocent Protection Act, the LAPD must collect samples from each arrestee charged with a felony for inclusion in a statewide database. Funding is set-aside for Police implementation of the program.

Litigation Expense Account – \$0.8 Million

Funding is provided for the City Attorney to augment the Department's Litigation Expense Account (LEA). The LEA provides funding for outside service providers to perform various legal services such as investigations, medical testimony, messenger services, collections, depositions, transcripts and photocopies. It is envisioned that appropriations may be made on an interim basis or during the course of mid-year and/or year-end departmental reconciliations.

Los Angeles Regional Crime Laboratory (LARCL) – \$0.7 Million

The new Los Angeles Regional Crime Laboratory is scheduled to open in August 2006. Funding is set-aside for furniture, technology equipment and other related expenses.

Office of the Treasurer Reorganization – \$0.05 Million

The City's external auditor has expressed concerns regarding the Treasurer's Office. Funding is set-aside to address potential staffing changes that may occur in the Office of the Treasurer after a management audit of the Treasury function.

Recreation and Parks Grant Writer Services – \$0.2 Million

Funding is set-aside for Recreation and Parks grant writer services for the next round of competitive grant process. It is anticipated that 31 applications for various grants, including Proposition K and Proposition 40, will be processed in 2005-06. Funds will be appropriated to the Department of Recreation and Parks subject to the Department completion of a feasibility study of using City staff to provide this service and, if necessary, upon Department completion of a new request for proposal process.

Recreation and Parks Youth Supplemental Nutrition & Recreation Program – \$0.6 Million

Funding is provided for the Youth Supplemental Nutrition and Recreation Program in the event that Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) funding are not continued in 2005-06.

Sanitation Overtime – \$0.8 Million

Funding is provided to meet anticipated overtime needs for the Bureau of Sanitation. One-half of the projected funding needs has been provided in the Bureau's budgetary account, with the remainder provided in the Unappropriated Balance.

Solid Waste Collection and Disposal Benchmarking Study – \$0.5 Million

The Solid Waste Best Practices study will evaluate the Bureau of Sanitation's current solid waste collection and disposal operations, detail the strengths and weaknesses, evaluate our current fee structure, and provide comparative information on the City's operations and fees with best practices used by other municipal agencies.

Solid Waste Disposal Options – \$0.9 Million

Funds are provided for the salary costs of staff needed to implement the potential change in landfill providers for the City's refuse collection activities. The switch from Sunshine Canyon to a landfill located outside the City limits may require the addition of up to 54 Refuse Collection Truck Operators in 2004-05 in order to ensure the orderly transition to using a new landfill effective July 1, 2006.

Solid Waste Integrated Resource Plan – \$0.6 Million

The Solid Waste Integrated Resource Plan (SWIRP) will provide a comprehensive evaluation of the Bureau's long-term capital needs relative to solid waste collection and disposal. This includes transfer stations, material recovery facilities, and rail haul facilities. One of the primary objectives is to provide a comprehensive planning document for when the City is no longer able to utilize local landfills. Funding is provided for Phase I, which will develop the guiding principles for Phase II, which is the actual SWIRP. This proposal is based on the Integrated Resource Plan underway on the wastewater side, which also began with guiding principles phase as this allows stakeholders both in the City and the community to provide the blueprint for more detailed planning. Phase II would likely begin in 2007-08 and is anticipated to last approximately five years at an estimated cost of \$5.5 million.

Unappropriated Balance, continued

Systems Implementation for EOC/DOC/Fire Dispatch Center – \$0.9 Million

Funding in the amount of \$1,670,000 is placed in the Unappropriated Balance for establishment of a Systems Implementation Team for the City’s new Emergency Operations/Department Operations/Fire Dispatch Center. The Team will develop requirements, designs, specifications, and a procurement plan for the communications systems necessary for the new center. Fire and ITA consultants and City staff will identify the needed Local and Wide Area Network requirements, as well as voice and mobile radio, fiber optic cabling, microwave transmission, telephone, and audio visual systems and hardware requirements; and develop a procurement plan to ensure that the new facility is operational in time for the mid-2008 scheduled occupancy by the Police and Emergency Preparedness Departments.

Tenant Improvement for Background Investigators – \$0.2 Million

Additional positions are included in the Personnel Department’s 2005-06 proposed budget for public safety recruitment. Funding in the amount of \$200,000 is set aside for tenant improvements and other related expenses. The funding would need to be appropriated to the Department of General Services upon completion of design and construction estimates.

Workers' Compensation – \$2 Million

The City’s workers’ compensation claim costs decreased significantly in 2004-05. The proposed 2005-06 Workers’ Compensation account in the Human Resource Benefit budget is \$138 million, a decrease of \$17 million. Funding is provided in the event additional resources are needed in 2005-06.

3-1-1 Citywide Service Request System – \$3.2 Million

Funding is provided to contract with an experienced independent project manager and an independent Quality Assurance consultant, consistent with project management best practices, to assist the City with the project design and development of a plan and schedule for consolidating City department call centers, eliminating toll-free numbers, and implementing the Citywide Service Request System. Funding is also provided for City staff in ITA, integration and hosting vendors, staff training, network infrastructure, workstations, data and voice communications, and Service Request System software to enable the implementation of this complex project.

UNAPPROPRIATED BALANCE	
Alternative Waste Disposal Technical Study	\$ 1,100,000
Asset Management Study	100,000
City Attorney Outside Counsel	3,000,000
Cultural Affairs–Cultural and Historical Facilities	1,000,000
FMIS Replacement	4,325,866
Fire and Police Communications	1,500,000
GSD–Petroleum Products	1,000,000
Government Efficiency Unit	240,000
LAPD Consent Decree Program	1,000,000
LAPD Proposition 69 Implementation	1,300,000
Litigation Expense Account	750,000
Los Angeles Regional Crime Laboratory	666,351
Office of the Treasurer Reorganization	50,000
Recreation and Parks Grant Writer Services	186,000
Rec. and Parks Youth Supplemental Nutrition & Recreation Program	600,000
Sanitation Overtime	750,000
Solid Waste Collection and Disposal Benchmarking Study	500,000
Solid Waste Disposal Options	852,000
Solid Waste Integrated Resource Plan	550,000
Systems Implementation for EOC/DOC/Fire Dispatch Center	948,838
Tenant Improvement for Background Investigators	200,000
Workers Compensation	2,000,000
3-1-1 Citywide Service Request System	3,249,358
Total	\$25,868,413

To successfully accomplish the three 3-1-1 project objectives, a project management team, similar to what has been used for other complex, successful technology projects like LATAX, the payroll replacement system (PaySR), and the Supply Management System (SMS), is need that would include and augment the two continuing resolution authority positions currently assigned to this effort. It is the intent to have the independent Project Manager select his or her own team, comprised of City staff and project management consultants. This is the initial staffing composition that may change over the course of the project depending upon the needs, emphasis and complexity of the project.

The 3-1-1 E-Government Project will initially consolidate the Construction Services One-Stop Center, the Graffiti Abatement and Removal System, and the cable television complaints call center with other call center consolidations to follow in future years. Throughout the development and implementation of the Citywide Service Request System, call centers consolidation, and elimination of toll-free numbers, the Council will be routinely advised of the projects’ progress.



Best Practices LA

Proprietary/ Other Departments

Los Angeles World Airports

LOS ANGELES WORLD AIRPORTS

OVERVIEW

The Los Angeles World Airports (LAWA) Proposed Operating Budget for 2005-06 represents management's ongoing commitment to operate and maintain our system of four airports in a fiscally sound manner in accordance with the guidelines, policies, and direction set forth by the Mayor and the Board of Airport Commissioners.

The primary focus of the Proposed Operating Budget is the safety and security of airport passengers and employees, continuing efforts toward implementation of the LAX Master Plan, and implementation of regional air transportation initiatives. Other priorities are the improvement of passenger services and facilities, responsiveness to airport community issues and concerns, and improved organizational efficiencies.

AIRLINE TRENDS IMPACTING LAWA

The aviation industry is undergoing significant structural and economic changes that have negatively affected passenger traffic growth at the LAWA; however, there has been significant progress towards recovery. Travel growth is stimulated by lower fares, additional world trade, and service improvements such as increased flight frequencies and airline competition. At year-end 2004, passenger traffic at LAWA's main commercial airport LAX was approximately nine-percent below pre-September 11, 2001 level and cargo volume was about 1.4 percent below the year 2000 peak. Ontario Airport (ONT) set a record for passenger traffic in 2004, coming close to seven million annual passengers. Passenger traffic at LAX and ONT combined increased nearly 10 percent from calendar years 2003 to 2004, and cargo handled at LAX and ONT increased by about five-percent in 2004 compared with the previous year. LAWA is currently projecting a five-to-six-percent growth rate for both airports in 2005. The latest FAA forecast indicates that passenger traffic at LAX could return to pre-September 11, 2001 levels by 2007.

PROPOSED FISCAL YEAR 2005-06 OPERATING BUDGET

LAWA is presenting a preliminary budget of \$1,190 million. Operating revenues are projected to increase 9.2 percent to \$597 million in fiscal year 2005-06 from the \$546.9 million estimated in fiscal year 2004-05. Operating expenses are projected to increase 16.9 percent to \$581.5 million from the \$497.6 million estimated for fiscal year 2004-05. This results in a budgeted Net Operating Income of \$15.5 million for LAWA for the fiscal 2005-06 fiscal year.

Although the overall budget represents an increase of 24.9 percent over the adopted budget of fiscal year 2004-05, a substantial change in the way capital expenditures and reserves are recorded constitutes the bulk of the difference making year-to-year comparisons, in some cases, difficult. The changes were made to clarify the sources and uses of the receipts and expenditures for LAWA. Greater specificity has been given to capital expenditures and non-operating revenues. In particular, current available Passenger Facility Charge (PFC) revenues along with expected PFC receipts, are noted, as PFCs are used to fund both expenses and capital expenditures. Similarly for government grants, receipts are estimated based upon the amount of capital expenditures projected to take place over the course of the fiscal year. Finally, a significant difference in the amount of reserves within expenditures reoccurs due to re-categorizing these reserves.

Operating Revenues

Two primary income components, aviation and concessions, drive operating revenues at LAWA.

- Aviation revenue is projected to increase overall by 8.5 percent or \$28 million from the estimated fiscal year 2004-05 figure, fueled by landing fees, building rentals and land rentals.
- Concession revenue is projected to increase overall by 10 percent or \$21.3 million from estimated revenue for fiscal year 2004-05. The key drivers to this include auto parking, the largest source of concession revenue, projected to rise 4.9 percent to \$92.6 million from the fiscal year 2004-05 level. This increase is due partly to increased traffic and higher parking rates. Rent-a-car revenue is projected to increase 18.5 percent, or \$8.8 million, during the upcoming fiscal year.

PROPOSED MAINTENANCE AND OPERATIONS EXPENDITURES

LAWA anticipates maintenance and operations expenses for fiscal year 2005-06 to total \$581.5 million. The total estimated costs for fiscal year 2004-05 are \$497.6 million. This represents an increase of \$83.9 million, or 16.9 percent for fiscal year 2005-06. The following summarizes planned expenditures for the upcoming fiscal year.

- Salaries and Benefits expense is projected to total \$251 million, an increase of \$33.2 million, or 15.2 percent over the estimated expenditures for the current fiscal year. Regular salaries are projected to increase about \$31.5 million due to the addition of security-related personnel and new positions to support the implementation of the Master Plan. Additionally, the increase in health subsidy, retirement, and additional new positions contributed to the growth.
- Contractual Services expense is projected to total \$182.1 million, about \$26 million, or 16.7 percent over the estimated expenditures for the current fiscal year. The growth is due mainly to advance planning work associated with the Master Plan, legal services, and Phase II of the SAP implementation. This also includes the City Services Bill in the amount of \$36 million.
- Materials and Supplies expense is projected to increase \$3 million, or 6.3 percent over the estimated expenditures for the current fiscal year. The Construction and Maintenance Division will complete several major maintenance projects.
- Advertising expense is projected to increase \$1.4 million, or 16 percent over the estimated expenditures for the current fiscal year. The increase is due to increases in advertising-related expenses in most of the divisions. A major advertising initiative will focus on promoting air service at ONT to encourage higher utilization by passengers and airlines.
- Other Operating expense is projected to increase \$7.1 million, or 21.8 percent over the estimated expenditures for the current fiscal year due to an increase in insurance costs and litigation expense.

NON-OPERATING REVENUES AND EXPENSES

A rising interest rate environment will affect interest and investment income and associated interest expenses and debt payments. Higher interest rates are expected to create higher levels of income, which is expected to be offset by similar interest costs in the commercial paper program.

RESERVES

LAWA operating reserves continue to contribute to the financial strength of the organization. There is a significant difference in the amount of reserves in fiscal year 2005-06 that results from re-categorizing these reserves.

- The Reserve for Maintenance and Operations is \$145 million and is maintained at a minimum of 25 percent of maintenance and operations, as required by LAWAW's bond indenture
- The Reserve for Insurance Trust is maintained for the purpose of supplementing uninsured and under-insured losses for LAWAW and is estimated to increase by \$20 million for fiscal year 2005-06 from the approximately \$86.9 estimated to be available from the prior period
- A \$3.0 million Reserve for Litigation expense will be maintained to fund legal settlement expense authorized by the Board of Airports Commissioners
- The Unappropriated Balance (UB) 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; a UB of \$25 million has been established for this purpose

CAPITAL EXPENDITURES

Total capital expenditures at LAWAW are projected to be \$476.5 million. Of this amount, approximately \$23.9 million relate to vehicles and equipment and the remaining are capital projects. The LAWAW funded capital expenditures are budgeted to be \$101.7 million, up from \$63.2 million, due to phasing of current projects. Projects will be funded as they are ready for development.

Harbor Department

HARBOR DEPARTMENT

OVERVIEW

The Harbor Department operates the Port of Los Angeles, which encompasses 7,500 acres of land and water, with 43 miles of waterfront and 29 major facilities. As the leading containerport in the nation, the Port of Los Angeles features innovative, environmentally sound technologies and provides a venue for a seamless supply chain that ensures the economic well-being of the region. The Port has also established itself as one of the busiest cruise ports on the U.S. West Coast having served close to 800,000 passengers in 2004.

The Proposed Budget for 2005-06 reflects the Department's continued commitment to Port security, environmental stewardship, community outreach, infrastructure, and improved operational efficiency. The Port also will focus a significant amount of its resources on the development of the Bridge to Breakwater and Wilmington Waterfront development projects, the Harbor Air Quality Program, the first steps in the development of the Port's first green terminal, and improving administrative oversight and transparency in contracts and leases.

Over the last several years, the Port's focus on security, the environment, community outreach, and operational efficiency has resulted in achievements that reflect the Port's leadership role in the U.S. These achievements include the implementation of the Alternative Maritime Power (AMP) program, community inclusion through the establishment of the Port Community Advisory Committee (PCAC), interaction with surrounding neighborhood councils, and the leadership of the Port Police in establishing high security standards with surveillance systems and other projects designed to further protect the Port and its surrounding areas.



FINANCIAL AND BUSINESS PERFORMANCE

The Port reported a record movement of approximately 7.4 million TEUs in fiscal year 2004. (TEUs are 20-foot equivalent units, a standard maritime measurement used when counting marine cargo containers.) Estimated operating revenue for the fiscal year 2004-05 is anticipated to reach \$360 million.

The Department expects trade volumes to increase marginally in 2005-06, with operating revenues anticipated to reach \$387 million, including net income of approximately \$80 million. Support for the Department's priorities will be accomplished by borrowing funds totaling approximately \$110 million. Included in the revenue is a proposed five-percent tariff rate increase.

Capital spending during 2005-06 is expected to approach \$243 million, primarily to support continuing waterfront development projects, West Basin improvements and Main Channel Deepening, as well as all capital expenditures including costs related to environmental assessments and remediation, security enhancements, and efficiency improvements for existing facilities.

The Proposed Budget for 2005-06 includes significant increases in funding for environmental programs, land and property acquisition, salaries and benefits for increased staffing, and equipment. Staffing is anticipated to increase in the next fiscal year primarily to support increased maintenance, security, engineering, and construction work related to waterfront development projects and Port security enhancements, and to reflect the 2006 budget priorities. Major equipment needs for 2005-06 include a tugboat for the AMP program, equipment for the Communications Interoperability project and other various security-related equipment.

The Port of Los Angeles has an AA rating by all three bond-rating agencies, the highest of any port in the nation without taxing authority. The Port's high bond 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.

The continuing financial commitments based on the settlement of a lawsuit between the City and the Natural Resources Defense Council for operation of the Berth 100 container facility are also reflected in the business performance projections. Specifically, the Port will fund \$6 million for air-quality mitigation and \$4 million for aesthetic mitigation in 2005-06, as required by the settlements.

CLEAN AND RESPONSIBLE ECONOMIC GROWTH

In 2005, the Port of Los Angeles will continue to drive forward several landmark initiatives that began in 2004, and underscore commitment to cleaner, community-friendly economic growth.

Following the successful opening last December of the scenic 1,200 foot-long Cruise Ship Promenade, adjacent to the World Cruise Center, in 2005 the Port will complete the Gateway Plaza and Harbor Boulevard Parkway phase of its San Pedro Bridge to Breakwater waterfront development. This \$17.5 million project phase will create a more seamless and pedestrian-oriented connection between downtown San Pedro and the waterfront. An enhanced, tree-lined Harbor Boulevard, stretching from the World Cruise Center to Fire Station 112 at Fifth Street, allows for a half-mile stroll to downtown San Pedro from the World Cruise Center.

The Bridge to Breakwater waterfront development is a 36-year project that will rejuvenate the San Pedro waterfront and historical downtown business district. During its development, the project is expected 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.

Primarily Port revenues, in addition to private sector investment and other sources of non-taxpayer revenue, will fund the Bridge to Breakwater development. The project has already attracted a number of developers who are building and/or renovating properties in or near the downtown business district for mixed retail/residential use. In addition to the huge aesthetic and economic benefit

Harbor Department, continued

this major development provides to local communities, the Port, Council Office, and Mayor Hahn see this investment as a vital boost to regional tourism because it will help make the waterfront a recreational destination for out-of-town visitors throughout the region and the world. The Port's capital budget includes over \$27.2 million in funding for this development project in 2005-06.

In 2005 the Port will continue to invest in infrastructure projects that will maintain its competitive position as the U.S.'s leading container port. Vital to this effort is the \$222 million Main Channel Deepening Project, initiated in 2002 and expected to continue into 2006. 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 customers.

In 2005, the Port will solidify a milestone short-term-lease agreement with the major global shipping company P&O Nedlloyd to operate an 86-acre container terminal with a number of interim "green use" measures that include AMP clean electrical connections for P&O Nedlloyd vessels while at berth, and vessel speed-reduction requirements starting at 40 nautical miles from the Port.

Shoreline electrical power, vessel speed reduction mandates and dozens of other new environmental measures will be promulgated by the Port in 2005 and thereafter as part of the most extensive environmental program ever undertaken by any port in the world.

In 2004, the existing initiatives within the Port of Los Angeles Clean Air Program eliminated nearly 1,000 tons of nitrogen oxide and 10 tons of diesel particulate matter. These efforts are only the beginning of an ongoing initiative aimed to balance economic growth and environmental concerns. Port staff and elected City officials recognize the need for environmental stewardship as they also recognize port-related operations and regional goods movement as a cornerstone to the fastest growing job sector in Southern California. In 2004, the Port generated \$8.4 billion in wages within the region and \$1.4 billion in local and state taxes. Retail trade and regional goods

movement provides for 550,000 jobs throughout Southern California.

In December 2004, the Board approved a plan of Harbor Air Quality Improvement Measures, an expansion to the Clean Air Program that focuses on additional strategies that could be implemented starting in 2005 to target near-port or in-port emissions. The Board approved a total program that would require approximately \$53 million in commitments through 2008. Almost \$11 million was appropriated in the current fiscal year. In 2005-06, \$12 million will be committed to voluntary, incentive-based measures that address yard tractors and cargo handling equipment, ocean-going vessels and harbor craft, modernization of on-road truck engines, and modernization of locomotive equipment.

Mayor Hahn's No Net Increase Task Force is the impetus for the development and implementation of many of these initiatives. The task force will complete a groundbreaking plan this year aimed at reducing Port-related air emissions to 2001 levels through the year 2025. The plan to roll back and control Port air emissions is ambitious in light of the seven-percent annual increase in cargo growth projected to flow through the Port of Los Angeles over the next 20 years. The Port will work to explore the financial resources to support this ambitious plan.

EIR and Berths 206-209 Green Terminal Initiative

The long-term strategy to control environmental impacts from port operations is to develop green terminals. Over the next five years, the Port will develop the terminal at Berths 206-209 into a model green terminal, using innovative facility designs and best operating practices.

Security As a Port Priority

As the nation's largest freight gateway, the Port moved a record \$144 billion worth of 12-month cargo for the quarter ending September 2004. Combined with cargo activity at the adjacent Port of Long Beach, US Customs operations collects more than \$5 billion in customs fees annually from the Los Angeles-Long Beach port complex. Even as the Port is

working closely with elected officials in Washington to increase awareness of our need for more federal security funding, in 2005 the Port will move forward with the implementation of several Homeland Security Grant-funded projects. These projects include initiating the \$2.5 million design phase of a future Joint Container Inspection Facility on Terminal Island, to be utilized by both the Port of Los Angeles and Port of Long Beach; finalizing plans to create a \$3 million port-wide surveillance system; and implementing an additional \$7.6 million in federally-funded security deterrents to further protect our waterways, individual vessels at berth (utilizing waterborne perimeter barriers) and the Port's World Cruise Terminal facility.

In 2005, the Port will also finalize plans and initiate construction for a new state-of-the-art Port Police headquarters. The facility will be adjacent to the existing Harbor Department property.

ADMINISTRATIVE OPERATIONAL IMPROVEMENT

The Port will implement policies and practices in response to the Industrial, Economic, and Administrative Survey (IEAS) and the recommendations of the Mayor's Blue Ribbon Commission on Contracting, which improves Port operation.

The final IEAS report was submitted in November 2004. The report focused primarily on the following areas: Tidelands Trust compliance, executive management and decision-making, planning, environmental stewardship, and port security. The recommendations are focused overall on targeted strategic intent and the Port is now in the process of implementing many of those recommendations. The bulk of the recommendations are focused on engineering, planning, and environmental concerns.

The report of the Blue Ribbon Commission on Contracting was recently released in February 2005. In addition to the report, the Mayor issued Executive Directive MO-4 recommending that the Department implement specific measures to facilitate contract reform. We believe that sufficient resources are in the 2006 budget to implement the necessary reform.

Department of Water and Power

DEPARTMENT OF WATER AND POWER

OVERVIEW

For more than 100 years the Department of Water and Power has been the exclusive provider of reliable, low-cost water and electricity for the citizens of Los Angeles. While over the last five years other regional utilities have had significant operational and financial challenges, the Department has continued to provide a reliable supply of low-cost water and electricity.

In August 2000, the City Council approved the Integrated Resource Plan (IRP). This plan not only meets the Department's objective of reliable low-cost power, but also reduces environmental impacts to the citizens of Los Angeles. In addition, to further mitigate the potential environmental impacts of generating electricity, the Department has adopted a goal to generate 20 percent of its energy from renewable resources by 2017. To meet this goal, the Department is finalizing a Renewable Portfolio Standard (RPS), which will include large capital investments for the 2005-06 fiscal year and forward.

The Department's Proposed Budget for fiscal year 2005-06 includes estimated transfers to the City totaling \$189.8 million. The estimated Power System transfer is \$160 million and the estimated Water System transfer is \$29.8 million. These amounts are based on seven-percent and five-percent of the projected 2004-05 fiscal year revenues of the Power and Water Systems, respectively.

THE POWER SYSTEM

POWER SYSTEM REVENUES

Revenues from the sale of electricity during the 2005-06 fiscal year are projected to be \$2.39 billion, based on normal weather patterns and conservative assumptions for wholesale revenue. The 2005-06 projection is roughly \$25 million more than the estimated 2004-05 revenue amount due to a projected load growth of nearly two-percent in retail sales, offset by lower projected wholesale revenues.

POWER SYSTEM EXPENDITURES

Estimated appropriations for the 2005-06 fiscal year total \$3.20 billion. Net of receipts from the Water System, individuals, companies, and other miscellaneous sources, appropriations are \$2.79 billion. This amount is approximately \$51 million more than the estimate for the 2004-05 fiscal year. The estimate for the 2004-05 fiscal year includes a potential gas prepayment that is currently being negotiated. The estimated appropriations for the 2005-06 fiscal year include funding for the 120 megawatt (MW) Pine Tree Wind Farm Project near Mojave, California.

The Pine Tree Wind Farm Project consists of 80 1.5 MW 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 Department's RPS plan.

GOALS AND OBJECTIVES

For the upcoming fiscal year, the Department 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 Department will focus on:

- Implementing the IRP
- Implementing the RPS
- Improving system reliability
- Improving operational efficiency

The IRP integrates new environmentally beneficial technologies that increase reliability and operational efficiencies. This is the fifth year of the 10-year IRP. This plan will result in the Department having clean reliable power that uses approximately 30 percent less fuel and will meet the needs of our customers well into the future.

In addition to the aforementioned Pine Tree Wind Farm Project, the Department is budgeting for additional capital investments in future years to meet the goals of the RPS. The Department is currently evaluating a number of proposals to generate energy from renewable sources. These should be finalized in the coming fiscal year.

The Department is also making significant investments in infrastructure to increase reliability, including a high-voltage cable replacement program that will replace older 4.8 kilovolt (kV), 34.5kV, and 138kV cables. An overhead-to-underground conversion program will also be continued to improve reliability and enhance neighborhood aesthetics.

THE WATER SYSTEM

WATER SYSTEM REVENUES

Projected water revenues for the 2005-06 fiscal year total \$641.3 million, a \$45 million increase from the fiscal year 2004-05 projection. This projection is based on the rate structure approved by the City Council in June 2004. This includes higher projected sales and additional “pass-through” revenues for pumping costs, reclaimed water, and water quality programs.

WATER SYSTEM EXPENDITURES

Estimated total appropriations for the 2005-06 fiscal year total \$1.1 billion. Net of receipts from the Power System, individuals, and companies, contributions in aid of construction, customer deposits, and other miscellaneous sources, appropriations are \$831 million. This amount is approximately \$52 million more than the estimate for the 2004-05 fiscal year. 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 not only meet the requirements of water quality regulations, but will also improve the reliability of the water system infrastructure.

GOALS AND OBJECTIVES

For the upcoming fiscal year, the Water System will take steps to:

- Meet more stringent water quality regulations:
- Long Term II Surface Water Treatment Rule
- Stage 2A Disinfectant By-Product Rule
- Improve Water System security
- Improve infrastructure reliability

The Water System’s most pressing challenge continues to be complying with upcoming water quality regulations. These pending changes are causing the Department to plan for costly water quality capital investments to comply with these federal regulations. This will ensure that the Department 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 cement-lining programs.

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 the water system. Furthermore, significant security capital investments are being made to ensure a safe and reliable drinking water supply. This includes a sophisticated monitoring alarm system and construction of barriers to prevent unauthorized entry into Water System property.

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

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

Community Redevelopment Agency

COMMUNITY REDEVELOPMENT AGENCY

OVERVIEW

The Community Redevelopment Agency (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 is to lend a hand to investors willing to take risks for a more vibrant City, neighborhood residents with renewed aspirations for their communities, and those in need who strive to take part in the City's growing prosperity. 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 acceptable levels of employment

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

2005-06 BUDGET HIGHLIGHTS

CRA/LA is the leading catalyst in stimulating reinvestment and revitalization in neighborhoods throughout Los Angeles. CRA/LA's mandate is to eliminate blight; revitalize older neighborhoods; build low- and moderate-income housing; encourage economic development; create or retain employment opportunities; support the best in architecture, urban design, and the arts; and ensure broad community participation.

CRA/LA's 2005-06 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 more than 32 redevelopment project areas, three revitalization areas, and other areas throughout Los Angeles in need of specialized resources—including abandoned, idle, or under-used Brownfields sites; child care facilities; properties damaged by the Northridge earthquake; civil unrest Redevelopment Recovery Areas; feasibility study areas; and affordable housing and community revitalization activities covered by the Neighborhood Block Grant (formerly Targeted Neighborhood Initiative) program.

In support of the City's Affordable Housing Trust Fund, CRA/LA increased its financial support for very-low-, low-, and moderate-income housing. The direction of CRA/LA housing programs also shifted to increase the emphasis on homeownership opportunities, and to expand mixed-use developments at transit nodes. In 2002-03, the resources dedicated to affordable housing were increased from 20 percent to at least 25 percent of the CRA/LA's tax increment and net tax allocation bond proceeds. This

resulted in a \$3.8 million dollar credit to the City's Affordable Housing Trust Fund in 2002-03, \$5.5 million credit in 2003-04 and \$5.4 million credit in 2004-05. The estimated credit in 2005-06 is projected at \$9.2 million.

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 \$199.9 million. New resources (tax increment, bonds, and grants) are approximately \$202.3 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 2005-06 Proposed Budget are approximately \$307.2 million. With a targeted staff level of 223, program delivery costs are expected to be modest. 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

CRA/LA sees Hollywood as an economic engine for the entire City. The Hollywood and Highland development opened in November 2001; the Cinerama Dome complex, just west of Sunset and Vine, in March 2002; and the Sunset and Vine mixed-use complex in November 2003. In the coming fiscal year CRA/LA will concentrate on additional anchor projects, including a major mixed-use development on Metropolitan Transportation Authority (MTA) owned property, just east of Hollywood and Vine and additional development at the Hollywood and Western intersection.

The synergy of the North Hollywood Arts District (NoHo) is 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.

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 the Subway Terminal, Rowan, and Security 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.

Maintaining and enhancing Chinatown, Koreatown, and Little Tokyo as local points of commerce and culture for the Chinese, Korean, and Japanese populations of Southern California is one of CRA/LA's priorities. Community Development Block Grant, MTA, and other funds have 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, create major mixed-use developments at the Wilshire-Vermont and Wilshire-Western Metro Rail stations in Koreatown, and 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 leveraging 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 shopping centers 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. 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 underway 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.

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.