

CITY OF LOS ANGELES FISCAL YEAR 2013-14

BUDGET SUMMARY



AS PRESENTED BY **MAYOR ANTONIO R. VILLARAIGOSA**



RECOVERY, RESTORATION, AND REINVESTMENT



City of Los Angeles
Budget Summary
Fiscal Year 2013-14

As presented by
Mayor Antonio R. Villaraigosa

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A Message From:

Antonio R. Villaraigosa

Mayor, City of Los Angeles

As prescribed by the City Charter, I hereby present you with my proposed budget for Fiscal Year 2013-14. This \$7.7 billion spending plan, my eighth and final proposed budget as Mayor, builds upon the significant actions taken to maintain the City's financial health, reinvests in core municipal services, and benefits from an ongoing economic recovery.

The FY 2013-14 proposed budget is balanced, includes no employee furloughs or layoffs, provides a Reserve Fund at greater than 5% of General Fund receipts, and dedicates one-time revenues towards critical infrastructure needs previously deferred due to the financial crisis.

Just three years ago, the City Administrative Officer (CAO) projected more than a \$1 billion deficit for FY 2013-14. The ability of our administration to present a responsibly balanced budget that includes surplus revenue investments is the result of progress we have made together in cutting costs, creating a more efficient city government and realizing the benefit of increasing city revenues. Over the last three years, the projected \$1.07 billion deficit was reduced to \$216 million in part by:

- \$222 million in departmental cuts
- \$83 million in additional salary savings
- \$263 million in pension savings
- \$61 million in benefits and workers' compensation savings
- \$177 million in General Fund revenue growth

Building on this foundation of fiscal responsibility, my proposed budget closes the previously projected \$216 million deficit for next fiscal year through revenue growth and on-going expenditure reductions. If this budget is adopted as proposed, the CAO projects that the City's General Fund structural deficit will continue to decline and by the end of my predecessor's first term in office, the General Fund will see a structural surplus of \$15 million.

As a result of the improving economy, the Fiscal Year 2013-14 proposed budget reflects \$96 million in additional General Fund revenue, representing the most significant measure enabling us to close the \$216 million budget gap. These revenue increases are due to growth in key economically-sensitive revenue sources, including Property Tax, Sales Tax, Documentary Transfer Tax and Transient Occupancy Tax (Hotel Tax).

While the economy is beginning to show positive signs of recovery, we must continue to contain spending. My budget includes significant cost-containment actions, as described in more detail below. These on-going measures, which include controlling employee salary and health care costs, are necessary to maintain the investments we have made in public safety and other critical services.

My proposed budget will continue to maintain the size of the Los Angeles police force at just over 10,000 officers. Violent crime and homicides are down 49% since 2005. Property crime is down 30%. We must continue to hire to attrition in order to maintain these significant gains in crime reduction. My budget plan also fully funds our Gang Reduction and Youth Development (GRYD) programs, which have contributed to historic reductions in gang-related crime, including a 66% reduction in gang-related homicides since 2005.

In order to further improve the safety of our communities, my proposed budget will begin the restoration of emergency response services with the reopening of the Fire Department Drill Tower and the recruitment and hiring of 140 new firefighters. In addition, I propose upgrading 25 basic ambulances to advanced life support ambulances to increase the effectiveness of the City's emergency medical response. Re-investments in core services must be paired with fiscal prudence and austerity.

Since the global economic collapse in 2008, the City has made significant strides in confronting our fiscal challenges. We have aggressively cut spending, reduced the size of City government, streamlined City processes, and adopted reforms to the City's employee compensation structure. Today, as the economy is showing positive signs of recovery, it remains critical that we continue to directly address the City's major cost drivers.

To that end and with the support of the City Administrative Officer (CAO), my proposed budget does not provide funding for previously negotiated 5.5% pay raises set to go into effect next fiscal year on January 1, 2014. Similarly, the proposed budget reduces funding for civilian health benefits in an amount equivalent to a 10% employee health premium contribution.

I firmly believe that the next Mayor and Council should be afforded the opportunity to renegotiate these employee benefits. Consistent with these proposals, the Executive Employee Relations Committee (EERC) has instructed the CAO to begin good-faith negotiations with affected bargaining units. While challenging, these actions must be pursued to ensure the City's long-term financial health.

As we work towards strengthening the City's services and reinvesting in our streets, sidewalks and other critical infrastructure, we must also continue to implement solutions that improve service delivery to our residents and businesses. Further efficiencies and service re-investments proposed for next year include:

- Creation of a new Economic Development Department focused on small business support, workforce development and job creation;
- Implementation of a new, centralized City Planning and Development Department, representing a significant consolidation of various development services into one City agency;
- Funding to reduce the Police Overtime Bank by \$15 million;
- Continued funding for street resurfacing program of 800 miles;
- New funding for damaged sidewalk repair;
- Increased funding for tree trimming;
- Restoration of seven-day service at the Central Library and eight Regional libraries across the City;
- Increased graffiti abatement funding;
- Full funding for Neighborhood Council Elections in Spring 2014;
- Maintenance of 1% of the City's Hotel Occupancy Tax for arts and culture;
- Funding of \$2 million for a new Performance Based-Budgeting software system to improve and updated the budget process; and
- Reduction of funding for the Mayor and City Council budgets by 10%.

The demands of elected office at this fiscally challenging time require us to make decisions that will secure the City's fiscal position well beyond our respective terms in office. Therefore, I urge the Council to stay the course with the adoption of this proposed budget.

I would like to express my sincere appreciation to the Budget and Finance Committee and the City Council for their tireless work to ensure the City's fiscal sustainability. I am also grateful to the citizens and employees of the City of Los Angeles for the hard work and sacrifice made throughout these difficult financial times.

Thank you for your leadership and dedicated service to the City of Los Angeles.

Very truly yours,



ANTONIO R. VILLARAIGOSA
Mayor

STREAMLINING GOVERNMENT

Restoring LA means that the recent inroads gained to economic recovery must continue to be bolstered by a more responsive government, not held back by outdated and inefficient processes. A key component in the Mayor's strategy to encourage economic growth, create jobs, and increase revenue is the streamlining of several City entities into the consolidated departments: City Planning and Development; Economic Development; and Housing and Community Investment .

CITY PLANNING AND DEVELOPMENT

Obtaining city approval for new real estate development in Los Angeles used to require navigating a complicated bureaucracy of twelve different departments, each with domain over specific aspects of development. Developers' days were filled with moving from department office to office, while trying to comply with various overlapping ordinances. This time-consuming process stifled entrepreneurs and detracted from the City's goal—reviewing projects on their merits.

City functions currently dispersed across several departments will be brought together



In some instances a development applicant would have to meet with up to four separate plan checkers—Building, Disabled Access, Green and Fire—in order to obtain approval. Multiple trips, in addition to uncoordinated plan revisions, are costly and frustrating to the owner and applicant.

To streamline the process, the City is moving forward with a series of reforms that will break down departmental silos and allow city staff and developers to focus on the merits of projects. Central to this plan is the consolidation of the key development functions within one city department. The developmental functions presently managed by Planning, Public Works, Transportation, Building and Safety and Fire will be consolidated into the new City Planning and Development Department.

This new department will handle development service functions including project review, entitlements, approval of construction plans for code or condition compliance and field inspections to close out construction.

The benefits of this new organizational approach are:

- Clear jurisdiction of zoning functions and early zoning review
- Seamless, linear and logical permit processing
- Efficient process coordination and collaboration
- Accountability and transparency through the City's chain of command

The new department will produce a predictable and reliable development review process with this core mission:

To facilitate responsible development by offering a seamless, logical review and approval process, through the use of sound engineering and planning principles which embody our City's vision for safe, healthy and sustainable neighborhoods, provide economic opportunities, social equity and an improved quality of life, while protecting our environment and natural resources.

A NEW APPROACH TO ECONOMIC DEVELOPMENT

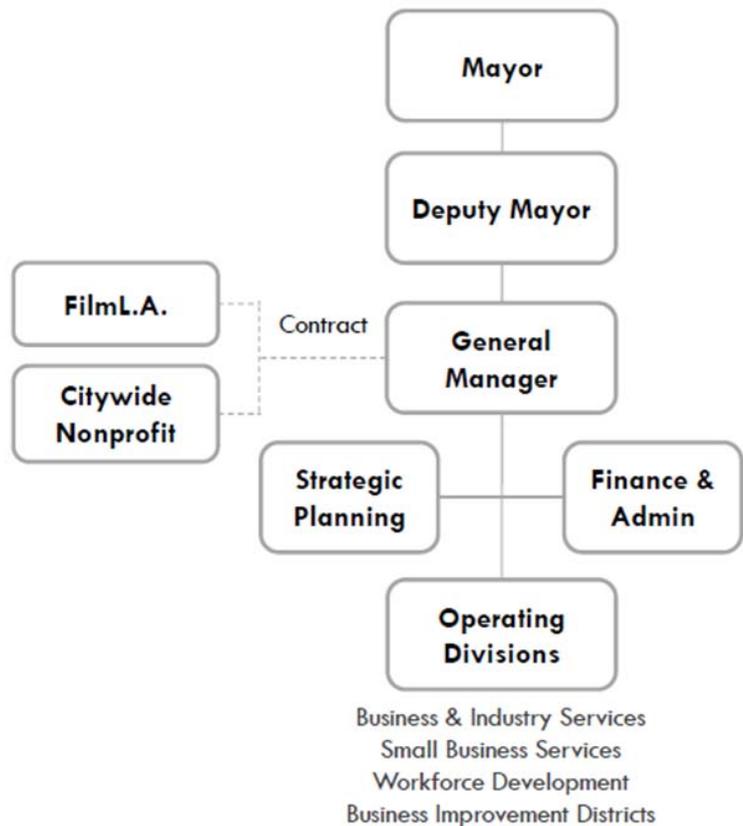
As America’s gateway to the Pacific Rim, Los Angeles is poised to expand its role as global leader in industry, trade, technology, media and the expanding green economy. Rising to this challenge will require strong partnerships between the private sector and government; it requires a public sector nimble enough to work proactively and respond decisively.

Yet, Los Angeles’ economic development programs are presently housed in different departments across City Hall, making for a fragmented system with a mismatch of responsibilities and resources. Furthermore, the dissolution of the Community Redevelopment Agencies, one of the few entities that was focused on Citywide development, compounds the need for a single champion for City’s economic development efforts in a post recession-economy marked by high unemployment and low consumer and industry confidence. To shift this tide Los Angeles needs a more inclusive, shared vision for economic development that benefits L.A. businesses and Angelenos alike by bolstering the jobs and industries of today, while laying the groundwork for the jobs of tomorrow.

The new Economic Development Department will consolidate the City’s various economic development initiatives—such as business and industry services, small businesses services, workforce development—to improve business growth, job creation and expand the local tax base. The new department will also centralize the distribution of federal and state economic development resources and oversee the creation of a new Citywide Economic Development Non-profit (CEDN) while also administering Film LA.

The Economic Development Department’s annual budget is roughly \$18 million. A large portion of this funding will be transferred from existing city resources. All of these functions will be brought under the command of a departmental general manager for economic development who will report to a deputy mayor for economic development. By bringing all these functions under one departmental roof, the City will increase efficiency and accountability – all with the goal of making Los Angeles a more vibrant and prosperous city.

In addition, a new Housing and Community Investment Department (HCID), formed through the consolidation of the Los Angeles Housing Department (LAHD) and the Community Development Department’s community services components, will focus on maximizing results on the City’s neighborhood development efforts. HCID will comprehensively deploy resources to neighborhoods in distress while integrating public and private resources, expanding access to opportunity and growth for both people and places. Through the operational efficiencies gained from consolidation, more resources will be available for community services and improvement. These services include neighborhood development, housing, asset-building services, family and youth programs, among others.

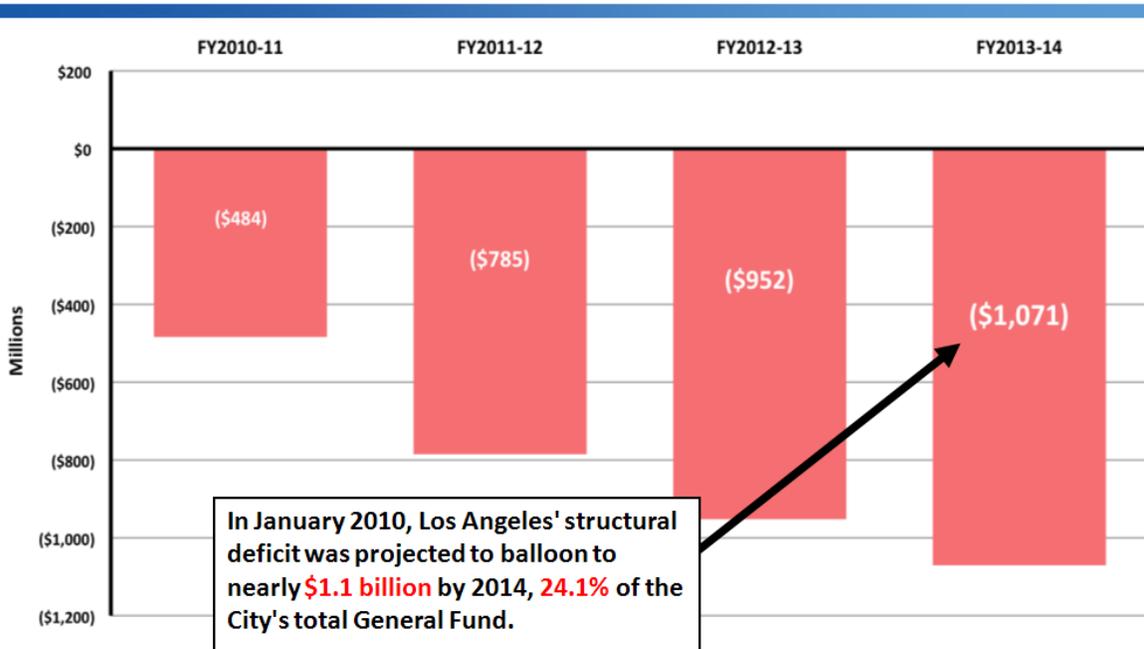


PROGRESS MADE — REDUCING THE STRUCTURAL DEFICIT

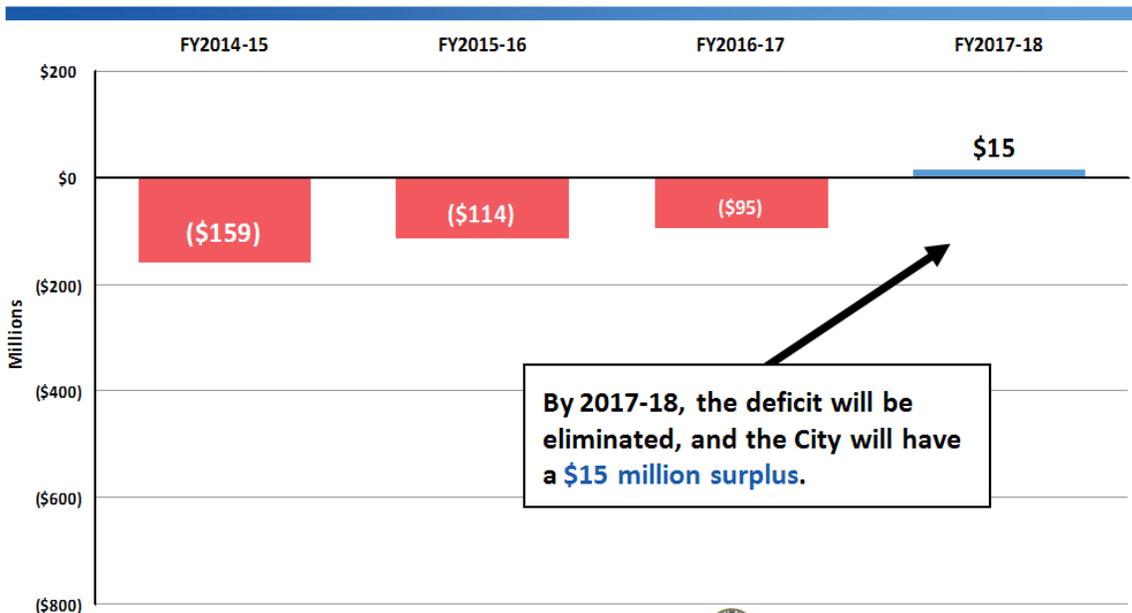
Structural Deficit

In 2010, the City Administrative Officer (CAO) estimated that by fiscal year 2013-14, the City's structural deficit would balloon to more than \$1 billion as a result of rising costs and stagnant revenue due to the global financial crisis. Over the past three years, the Mayor and City Council have implemented budget-balancing measures that have significantly reduced the structural deficit while ensuring the continued delivery of vital City services. For fiscal year 2014-15, the CAO now estimates a \$159 million deficit if the Mayor's Proposed Budget is adopted. In addition, the Reserve Fund, a key component that determines the City's credit rating, has been increased to 5.24%.

FISCAL OUTLOOK IN 2010



FISCAL OUTLOOK TODAY



Source: Los Angeles City Administrative Officer

Over the past five years, the City has implemented major budgetary measures that have permanently reduced the structural deficit, while maintaining critical services and building a strong Reserve Fund:

Austerity Measures

- Suspended General Fund Capital projects
- Froze travel, equipment and furniture purchases
- Reduced City fleet and cellular plan expenses
- Reduced water and electricity usage

Operational Efficiencies

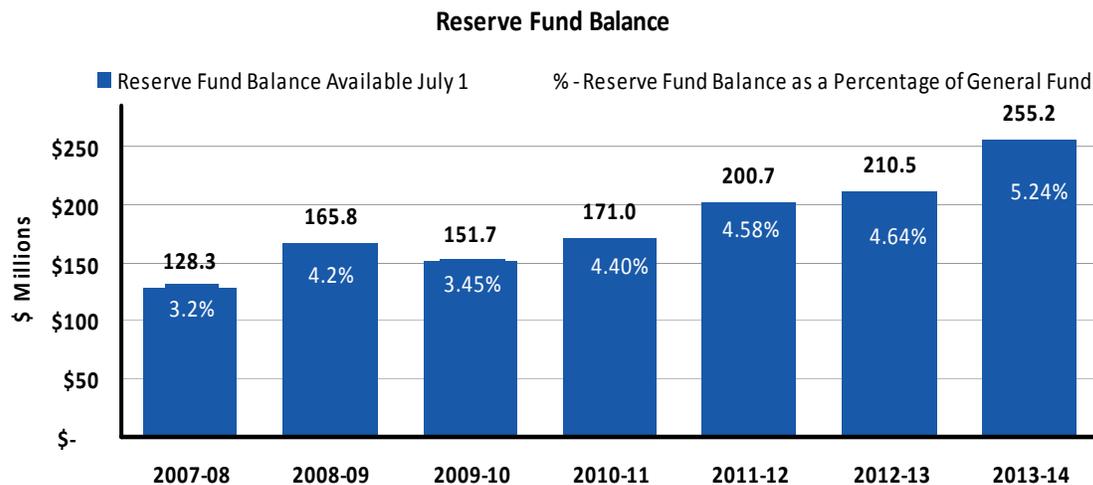
- Eliminated non-core functions, including:
 - Commission on the Status of Women
 - Commission for Children, Youth and Families
 - Human Relations Commission
 - Environmental Affairs Department (functions partially moved to other departments)
 - Treasurer (consolidated with finance)
- Partnered with non-profits for operations of the Northeast San Fernando Valley Animal Shelter and a number of cultural facilities
- Replaced and upgraded parking meters to improve parking congestion and revenue collection

Sustainable Workforce Measures

- Eliminated over 5,000 General Fund positions since 2008 through the Early Retirement Incentive Program, vacant position eliminations, layoffs and attrition
- Limited new hiring and promotions through a managed hiring process
- Obtained active employee contributions towards post-employment benefits
- Froze medical subsidy for employees that do not make additional contribution towards retiree health
- Obtained voter approval for new pension tier for sworn hires
- Created a new civilian pension tier increasing the retirement age and capping the retirement allowance

Revenue Enhancement

- Obtained full cost-recovery for reimbursable services
- Maximized use of special funds and grants
- Refinanced debt for lower interest rates
- Protected \$270 million in Communications Users' Tax revenue through voter approval of Measure S (2008)
- Improved citywide billing and collections

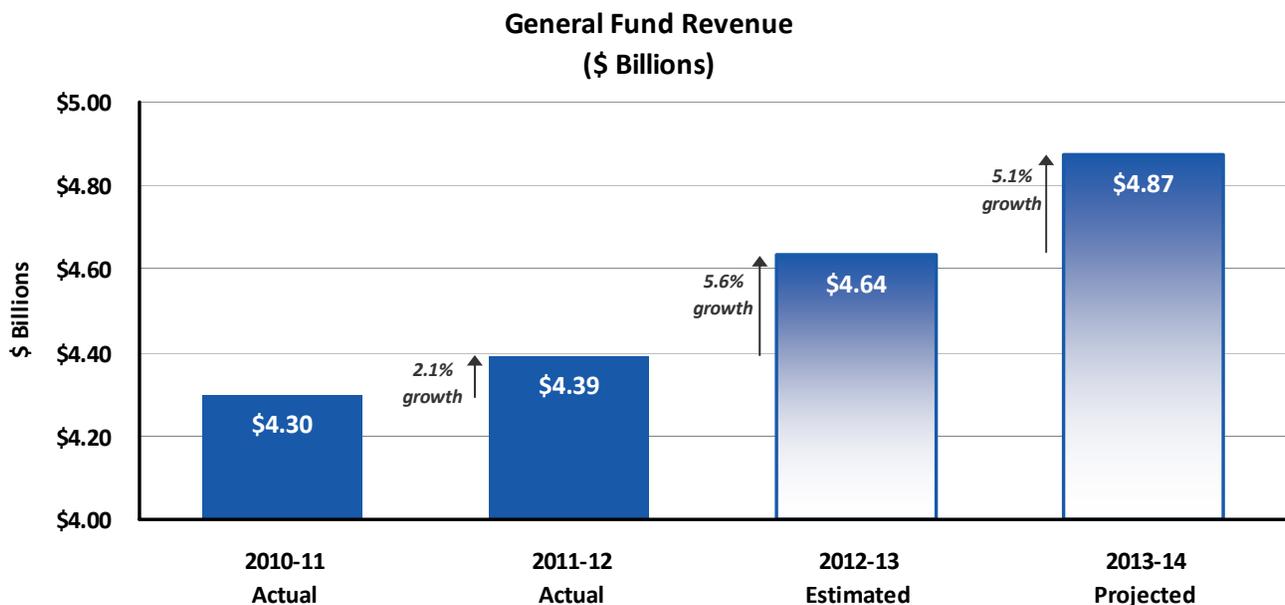


A BALANCED APPROACH TO RECOVERY

Economic Recovery

The FY 2013-14 Proposed Budget assumes revenue growth of 5.1% over the current year. There is continued growth in all property tax related categories, a 10% increase to Documentary Transfer Tax revenues, a 5.8% increase to Transient Occupancy Tax (Hotel Tax) revenues, and a 4% increase in Sales Tax.

The leading economic indicators both for the City of Los Angeles and our region reflect continued growth and strengthening employment, tourism and business sectors. These indicators provide a useful barometer for the City's many and varied sources of revenue, including Property Tax, Transient Occupancy Tax, Sales Taxes, and others.



Unemployment Rate

Unemployment rates continue to slowly decrease, with February 2013 unemployment 1.4% less than February 2012.

Jobs

Construction jobs have increased each month, with February 2013 8.1% higher than the same period last year. Noticeable job growth in other sectors is also reported: Wholesale Trade (+2.0%), Leisure/Hospitality (+5.3%), and Film/TV/Music (+5.7%).

Tourism and Hospitality

Occupancy is up 4.0% over last year, with occupancy rates of approximately 75% and average room rates up 4.3% (\$135.98).

International Trade

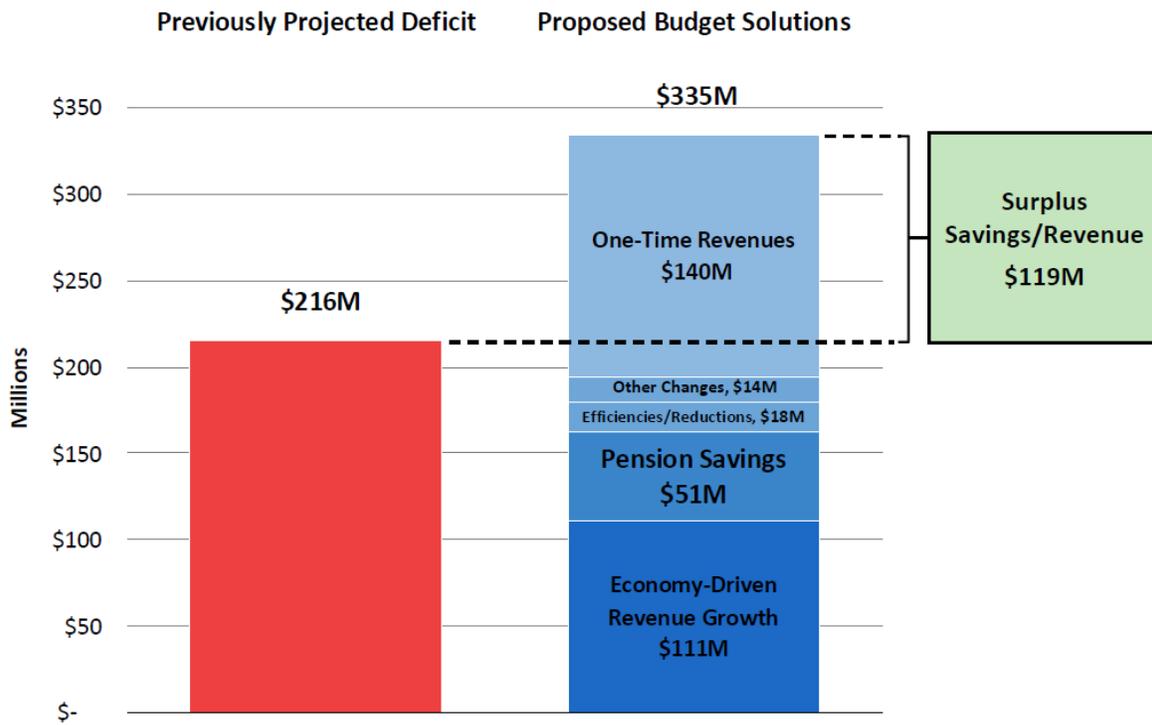
Port of Los Angeles total and inbound cargo is up 16.9% and 25.2%, respectively, with a total of 614,949 loaded Twenty-Foot Equivalent Units or TEUs (containers).

Housing & Development

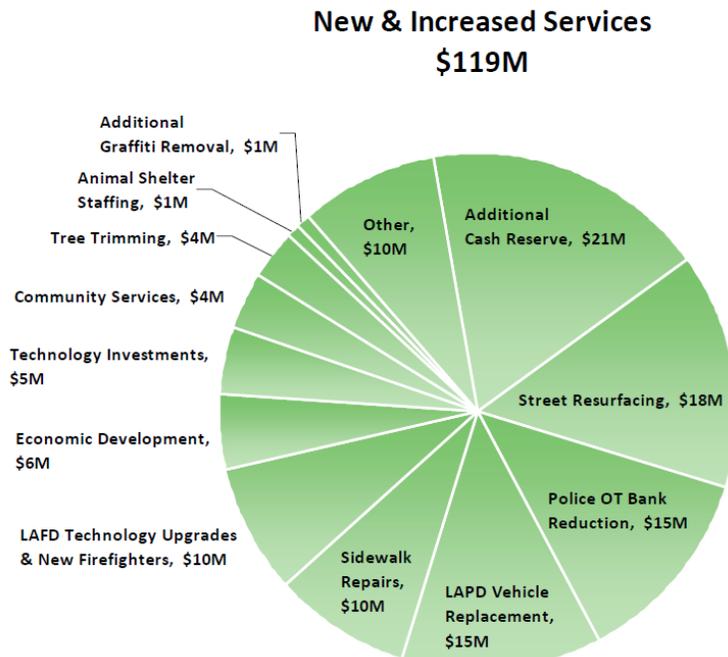
Building Permit Valuations are up 20% and Housing Starts are up 9% over February 2012.

The Mayor's proposed budget eliminates the \$216 million General Fund deficit using the following strategies:

FY 13-14 BUDGET BALANCING ACTIONS



SERVICE RESTORATION AND REINVESTMENTS



BUDGET DEVELOPMENT OVERVIEW

Budget Development Process

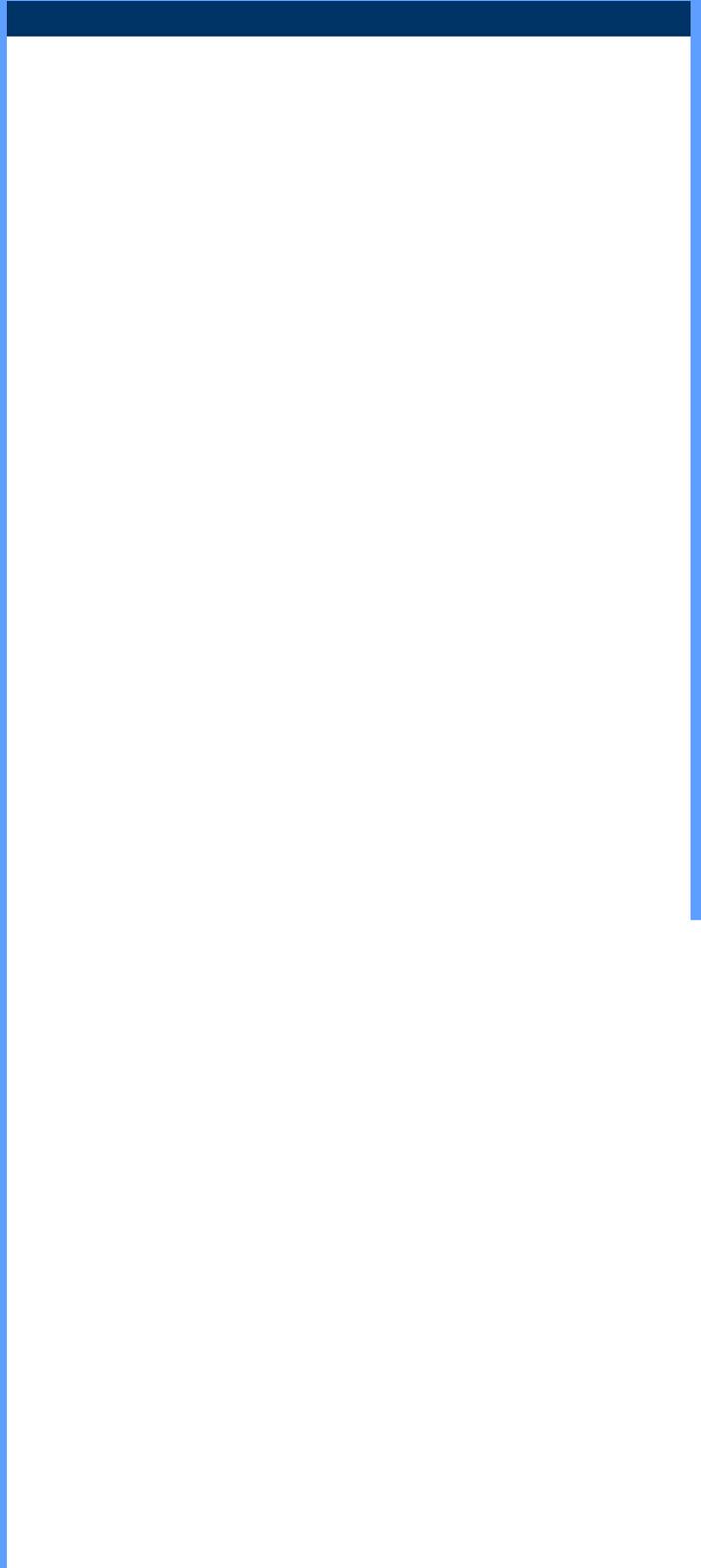
Each fall, the Mayor submits a policy letter to all City Departments outlining his budget goals for the upcoming year. In December, City departments submit their budgets to the Office of the Mayor and the Chief Administrative Officer (CAO).

This is followed by a period of collaborative decision-making between the CAO, community representatives, and the City Council who assist the Mayor in formulating the Proposed Budget. The Mayor then submits the Proposed Budget to the City Council. Once adopted, the new fiscal year budget goes into effect July 1.

Budget Development Calendar

2012	
September 28	Mayor releases budget policy letter to departments
October 9	CAO releases budget preparation instructions to departments
November 15	Deadline for departments to submit technology requests to CAO and ITA Deadline for departments to submit budget proposals to the Mayor's Office Mayor's Office and CAO begin reviewing departmental budget proposals
November 17*	Mayor's Community Budget Day with Neighborhood Councils and Other Community Stakeholders
December 17	Deadline for departments to submit Capital Improvement Project requests and Non-Capital Alteration and Improvement (A&I) requests to CAO
2013	
January 23-February 8	Mayor's Budget Team and CAO meet to develop preliminary recommendations on departmental budgets
February 19-March 15	Mayor's Budget Team and CAO hold hearings with departments to discuss budget recommendations
February 25	Mayor's Economic Summit on revenue with leading local economists
March 1	Charter deadline for City Controller to submit revenue estimates to Mayor
March 16*	Mayor's Regional Budget Day with Neighborhood Councils and Other Community Stakeholders
March 27*	Mayor meets with Neighborhood Council representatives
April 22	Mayor to submit the Proposed Budget to City Council
April 30-May 14	City Council's Budget and Finance Committee review the Proposed Budget and makes recommendations to City Council
May 23-31	City Council holds public hearings and considers the Proposed Budget and the Budget and Finance Committee's recommendations
May 31	Charter deadline for City Council to adopt budget as proposed by the Mayor or as modified by Council
June 1-7	Mayor has five working days after receipt of budget from Council to review any changes made by City Council and to approve or veto any items so changed.
June 10-14	Council has five working days after receipt of budget from Mayor to consider any Mayor's vetoes and may sustain or override each veto by a two-thirds vote. Budget is adopted after this process is completed

*Component of Community Input Process



TOP PRIORITIES



Focus Area:
Jobs and Economic Development
Mobility
Education and Strong Communities
Public Safety
Environment

Other Highlights:
Los Angeles World Airports
Port of Los Angeles
Water and Power

JOBS AND ECONOMIC DEVELOPMENT



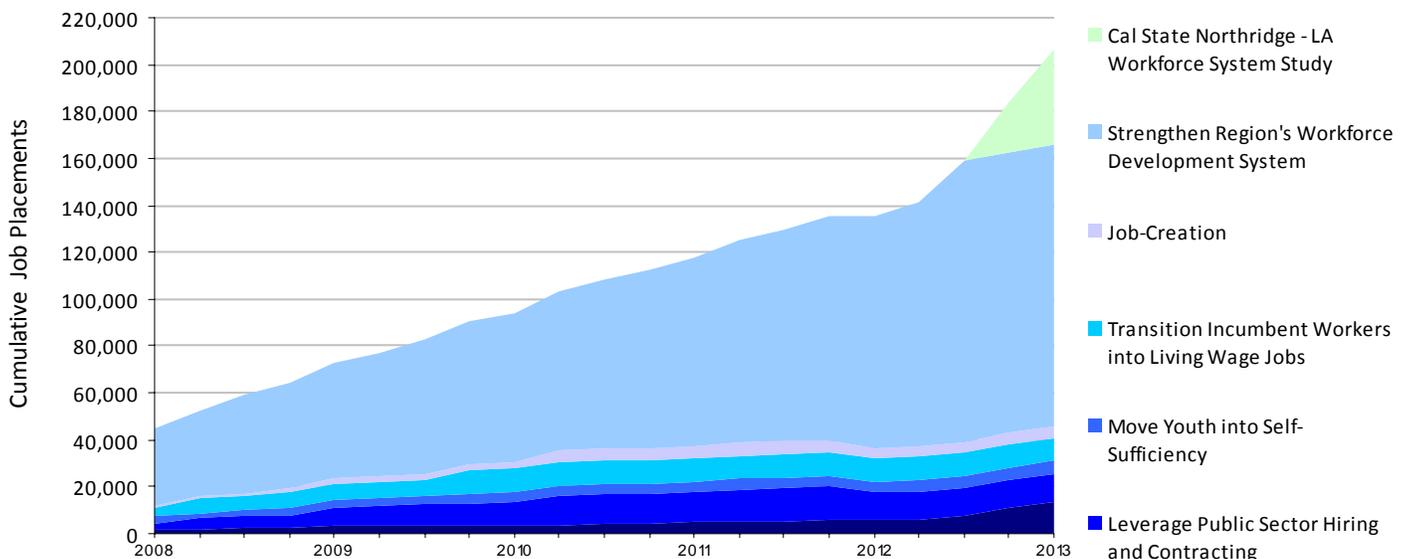
WHAT WE HAVE ACCOMPLISHED

The Great Recession has challenged the financial strength of the City of Los Angeles, but by investing in our residents and rethinking the way we do business, L.A. prepared itself to thrive in the modern economy. We have made it easier to start a new business and moved hundreds of thousands of Angelenos into living wage jobs, all while reducing business taxes.

The Mayor has made great strides in changing the business culture within City Hall. Today L.A. is an ally, not an obstacle, to opening or expanding a business. The Mayor led the adoption of a three-year exemption from the gross receipts tax for new businesses and tackled the reform of L.A.'s permitting process for new development by creating an interagency case processing office at the department of Building and Safety. By making it cheaper, easier, and faster to open or build business, many new companies have opened their doors in half the time it would have taken previously.

Results of the Mayor's leadership are already apparent: the number of new businesses grossing more than \$500,000 has more than doubled since 2010. A burgeoning "Silicon Beach" of new tech companies has emerged in the City's Venice and Playa Vista neighborhoods. The Clean Tech Incubator has become the heart of a growing green technology sector in downtown. Over 200,000 Angelenos have found living wage jobs through the city's workforce development strategy. And by linking public and private improvements in infrastructure to local hire agreements that pay living wages, the Mayor has maximized the city's benefit from economic expansion.

KEY OUTCOME: PLACE ANGELENOS IN LIVING WAGE JOBS





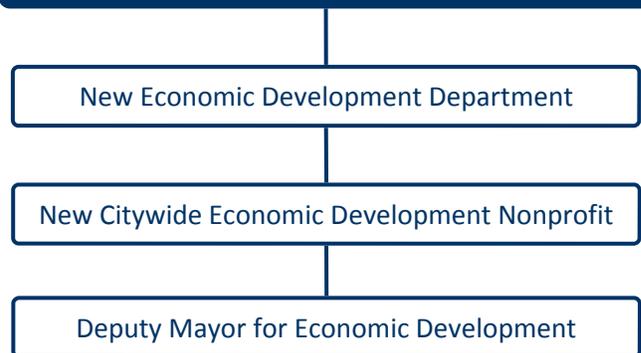
WHAT WE NEED TO DO

The Mayor led the creation of the City’s first Economic Development Department, and centralizes development services into a new City Planning and Development Department ensuring that the City will continue to build on the strong foundation laid since 2005 (for a more in-depth look, see pages 3-4). In the coming year, the City will launch BuildLA, a technology platform that will allow for seamless permitting between departments and stakeholders. In addition, new community plans will be released that define the character of L.A.’s neighborhoods as modern, sustainable, and innovative places to live, work, and play.

As we move forward, the investments we make in L.A.’s residents will continue to pay off for the hard-working Angelenos who make up the heart of our city. These budget items reflect the Mayor’s commitment

to ensuring L.A.’s economic wellbeing for decades to come.

New Economic Development Structure



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUND
Economic Development Strategy	Economic Development	To support Citywide economic development activities.	\$5.34	--
Business Inclusion Program	Public Works Bureau of Contract Administration	To administer the City’s Business Inclusion Program, which expands subcontractor outreach to small businesses, emerging businesses and disabled veteran businesses.	\$0.15 (Reimbursed by charges to Public Works projects)	--
IT-GIS and Systems Support	City Planning & Development	Funding for positions to support the implementation of BuildLA, the Citywide effort to streamline the delivery of development services.	--	\$1.91 (Planning Systems Development Fund)
Comprehensive Zoning Code Rewrite	City Planning & Development	To support the comprehensive rewrite and update of the City’s Zoning Code.	--	\$0.46 (Planning Long-Range Planning Fund)

MOBILITY



WHAT WE HAVE ACCOMPLISHED

Los Angeles has taken major strides to increase high-quality transportation choices for Angelenos. We have secured over \$40 billion in federal, state and local funding that will enable us to double the size of our rail network, expand our highways and support local transportation initiatives.

Since 2005, we opened four rail and bus rapid transit projects: the Orange Line, the Gold Line Eastside Extension, Exposition Phase 1 and the Orange Line Chatsworth Extension. Two more are under construction – Exposition Phase 2 and the Gold Line Foothill Extension – and several more will begin heavy construction in the coming years – the Crenshaw/LAX Line, Regional Connector and Westside Subway Extension. The City has committed a portion of its Measure R local return funds to ensuring that the City can facilitate Metro construction work that impacts our city streets and public utilities.

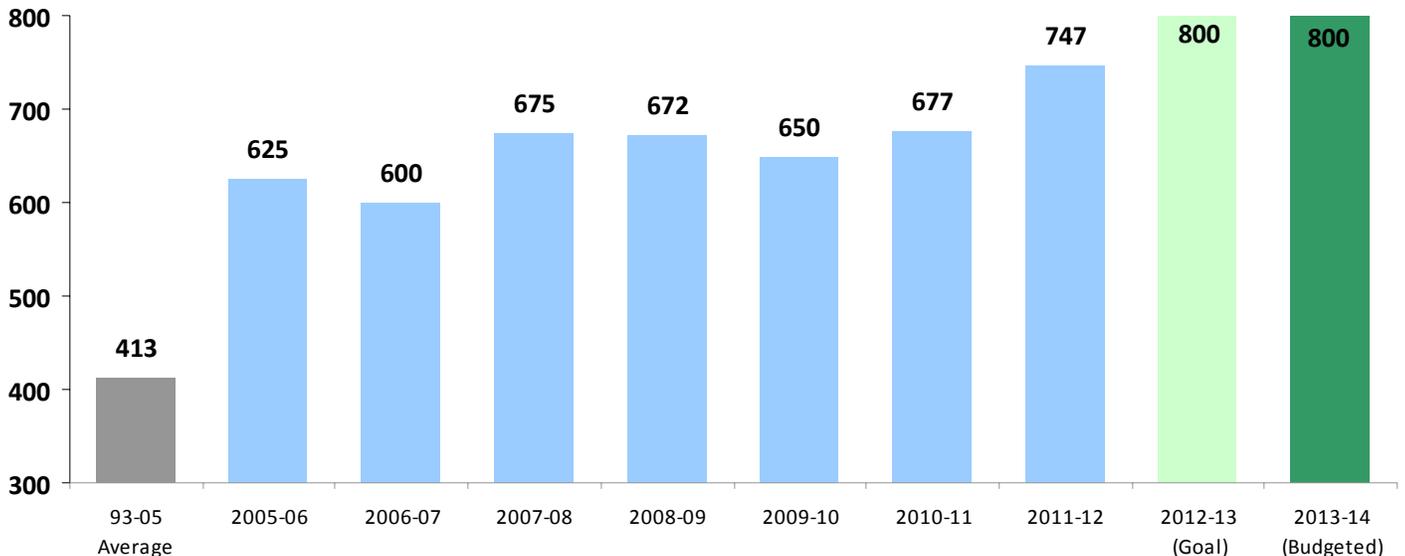
We have also invested in common-sense plans to fight

gridlock. After securing \$150 million from the state in 2006, the City completed the synchronization of 100% of LA’s traffic lights in 2013—the first major U.S. city to do so. The Mayor fought to expand the carpool networks on the I-405/Sepulveda Pass, I-5 Orange County, and I-5 San Fernando Valley North freeway segments. And the innovative I-110 and I-10 Express Lanes are giving motorists choices to get places faster.

Giving Angelenos another option for avoiding traffic, the City has added 76 miles of bikeways last fiscal year, the highest one-year total in L.A. history, with an expectation to meet or exceed that number this fiscal year.

Not content to rest on our accomplishments, the Mayor created America Fast Forward, a bipartisan coalition that successfully lobbied for a \$1.75 billion federal low-interest loan program to cities and states across the country accelerate transportation infrastructure.

KEY OUTCOME: INCREASING THE MILES OF STREET REPAIRS IN THE CITY





WHAT WE NEED TO DO

The coming year will provide both opportunities and challenges to the new administration. Over the last two years, the City increased its street repairs to record levels, which has halted the decline of L.A.'s streets. Making sure we continue this higher level of resurfacing will require additional funding sources, as one-time revenue streams like ARRA (Federal Stimulus) funds and state bond money are used up.

CicLAvia has given Angelenos a new perspective on how our streets can be transformed into vibrant open spaces to be enjoyed by hundreds of thousands. We must continue support CicLAvia, to help it grow and flourish as a partnership between the City and the non-profit foundation.

Additionally, within two years, four rail lines will be undergoing heavy construction within the City's borders — Exposition Phase 2, the Crenshaw/LAX Line, the Regional Connector and the Westside Subway Ex-

tension. The City must work to maximize its benefits from these projects, while minimizing the construction impacts. The Office of Transportation Project Delivery, established in September 2011, will continue to play an important role in managing this growing portfolio of transportation megaprojects in the City.

Project	Location	Budget	Target Open
I-405 HOV Lane	West L.A. to Encino	\$1,034M	2014
Exposition Phase 2	Culver City to Santa Monica	\$1,511M	2016
Crenshaw/LAX	Crenshaw Blvd, LAX	\$1,749M	2018
Regional Connector	Downtown	\$1,343M	2019
Westside Subway	Wilshire Blvd	\$5,662M	2022
	Total	\$11,329M	

BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUND
Pavement Preservation Program	Public Works: Bureau of Street Services, DOT, GSD, DOE	800 mile Pavement Preservation Program, consisting of 245 miles of resurfacing, 455 miles of slurry sealing and 100 miles of crack sealing; 350,000 small asphalt repairs.	\$17.7	\$62.1 (Gas Tax, Measure R, Prop C)
Tree Trimming	Public Work: BSS	Contractual services to trim 35,000 trees in public streets and parkways to ensure safety.	\$3.50	--
Sidewalk Repair and Access Ramps	Public Works: BSS	General Fund will be used to repair sidewalks damaged from tree root growth. Measure R funding will be used to construct 1,500 sidewalk access ramps.	\$10.00	\$3.38 (Measure R)
Bicycle Planning & Bike-ways Support	DOT, City Planning & Development	Funding for positions to implement the City's Bicycle Plan and Bicycle Program	--	\$1.10 (Prop C, Measure R)

EDUCATION AND STRONG COMMUNITIES



WHAT WE HAVE ACCOMPLISHED

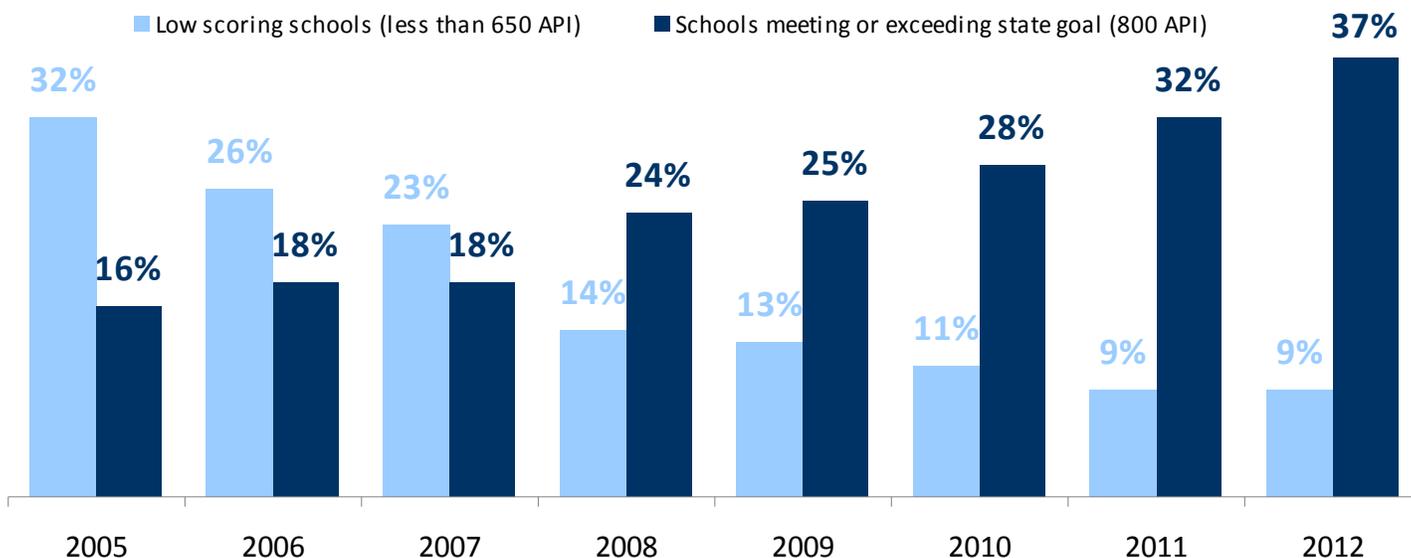
Mayor Antonio Villaraigosa began his mayoral term in a city with an education system marked by high drop out rates and low educational achievement. He took office determined to elevate the quality of education for all Angelenos. Understanding that low educational attainment and student attrition are caused by multiple factors both in and out of the classroom, Mayor Villaraigosa championed a multifaceted approach to improve education in the Los Angeles Unified School District (LAUSD).

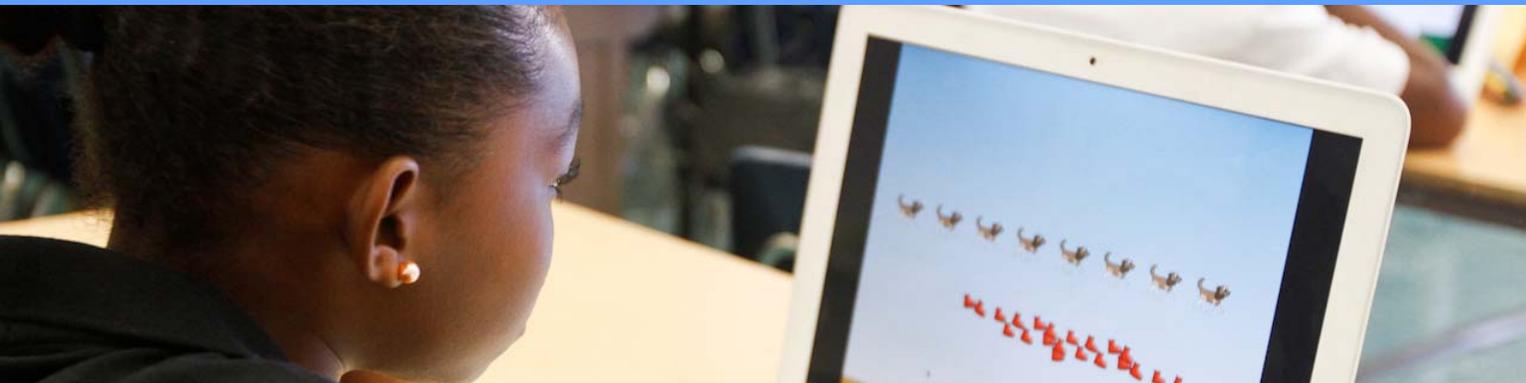
Although AB 1381, which established mayoral control of LAUSD, was overturned by the courts, the Mayor quickly instituted the Office of Education in City Hall to champion education reform. The Office coordinated the historic Partnership for L.A. Schools, a collaborative network of public schools independent of LAUSD, which not only aimed to turn around the city's most challenged schools but also pilot reforms and innova-

tions that could be implemented across the school district. In addition, the Mayor ardently supported district reforms focused on increasing accountability, parent engagement, public school choice, and school modernization.

As a result, the Mayor's Partnership schools network is one of the largest turnaround efforts in the nation, reaching across 22 schools and nearly 16,500 students. Overall, the Partnership schools have increased API scores, graduation rates, and high school exit exam pass rates. The innovations developed by the Partnership schools are now used throughout LAUSD to improve the City's education system. In addition, more than 160 LAUSD schools have been transformed by the Mayor's turnaround strategies and the number of charters schools have tripled.

KEY OUTCOME: BETTER STUDENT PERFORMANCE AT LAUSD SCHOOLS





WHAT WE NEED TO DO

Moving forward, continuing the Mayor’s education reform and modernization initiatives will ensure that L.A.’s schools remain competitive and provide a quality education for the next generation of Angelenos. With more than \$15 billion in funding brought in by the Mayor for construction and modernization, students will have improved facilities and greater access

to resources. The Partnership network will continue to develop innovations in academic achievement. In addition, expanding public-private partnerships will provide resources and services to help link students to academic success. Support for these initiatives will continue innovative reform and collaboration for L.A.’s education system well into the future.

**Local Bond Funds to Build, Repair and Modernize Schools Since 2005
(Billions)**



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUND
Library Technology Replacement	Library	To replace technology infrastructure.	--	\$1.20 (Library Fund)
Library Service Restoration	Library	To restore Sunday service and expand service at the Central Library and eight Regional Libraries.	--	\$1.00 (Library Fund)
Celes King III Pool & Lincoln Park Pool	Recreation & Parks	Funding for replacement, renovations and upgrades to the two pools.	\$10.70	--
Citywide Mural Project	Cultural Affairs	To support the restoration of vintage art murals, new murals and mural education programs.	--	\$1.75 (Arts & Cultural Facilities & Services)

PUBLIC SAFETY



WHAT WE HAVE ACCOMPLISHED

When Mayor Villaraigosa began his first term, the Los Angeles Police Department was still under Federal oversight as a result of the Rampart Corruption Scandal. Today, the LAPD has embraced the reforms of the Consent Decree and is a model for police agencies nationwide. There are now over 10,000 police in Los Angeles and crime rates are at the lowest they have been since Dwight D. Eisenhower was president. Innovative crime reduction programs, increased police presence and training, and positive investments in Los Angeles have reduced crime while increasing community trust and cooperation. At present, Los Angeles is the safest big city in America.

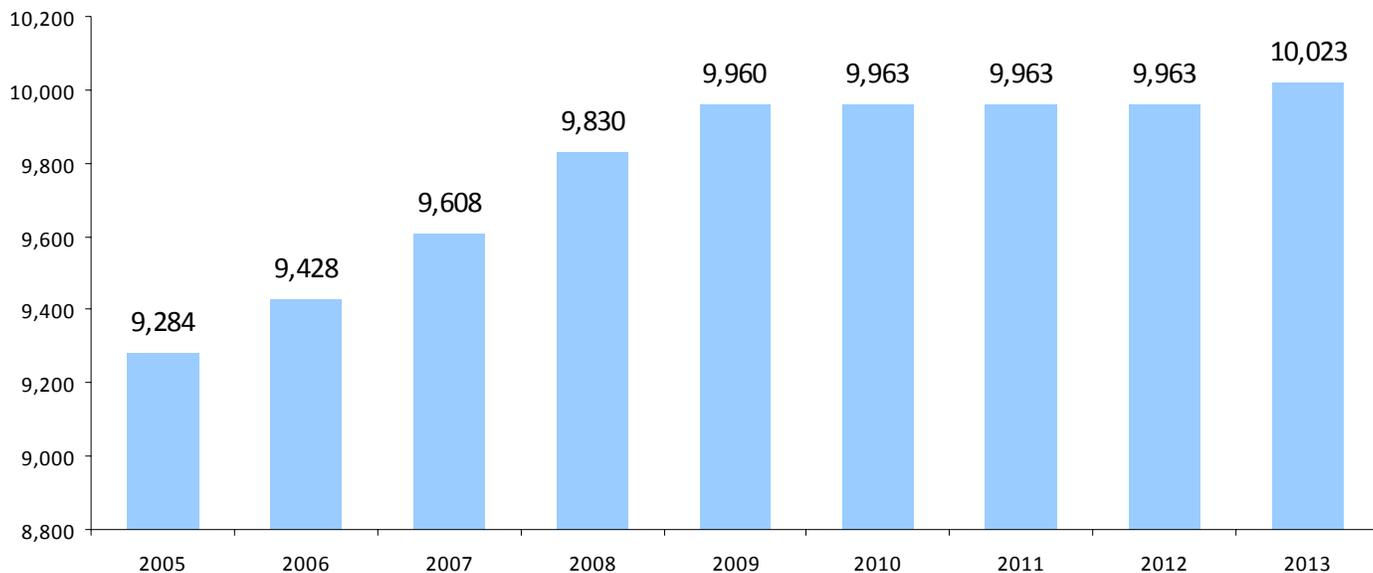
The city has enhanced the security of its infrastructure with technologically-advanced command centers and undertaken efforts to improve its emergency response times. Recognizing the dynamic landscape of Southern California, comprehensive disaster-response plans

have been implemented and rigorously practiced. The City even commissioned a UCLA report on potential sea-level rise in the region and studied potential risk mitigation strategies.

As of December 2012, the LAPD increased their ranks to over 10,000 officers, fulfilling the Mayor’s commitment to create a stronger police presence within the City. The police force is now one of the most diverse in the nation, better reflecting the rich multi-cultural and multi-ethnic make-up of Los Angeles: 12% African American, 1% American Indian, 7% Asian/Pacific Islander, 35% Caucasian, 2% Filipino, 43% Hispanic, and 19% female.

By 2012, crime rates in the city had fallen to historic lows. Violent and property crime rates (Part 1 crimes) were down 27%; violent crimes alone decreased 40%; and gang crimes reduced by 37%.

KEY OUTCOME: INCREASE PUBLIC SAFETY BY INCREASING LAPD SWORN OFFICERS TO 10,000





WHAT WE NEED TO DO

Continuing innovative new crime-reduction strategies will ensure that Police target areas with highest gang-crime rates in the City. The Community Law Enforcement and Recovery (CLEAR) program has been expanded to nine targeted sites, and has facilitated the recovery of gang-infested communities through a committed collaboration among City and County criminal justice agencies, the LAPD, and community members in targeted communities. In 2012, the Gang Reduction Youth Development Office (GRYD) announced that there had been a 47% reduction in violent crime in Watts since 2005. Communities across Los Angeles depend on LAPD to continue these efforts.

The proposed budget maintains a force of 10,023 officers (\$1,310.8M or 4.31% increase over 2012-13.)

The GRYD Office's gang reduction, intervention and prevention programming model is now an international best practice and its funding request is main-

tained at 2012-13 levels (\$21.7M).

For the 2013-14 budget, the Los Angeles Fire Department will receive \$549M, a 6.94% increase over 2012-13. This funding maintains sworn staffing levels, re-opens the drill tower allowing for the hiring and training of 140 new firefighters, and replaces essential vehicles and equipment.

BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUND
LAPD Replacement Vehicles	Police	To acquire 294 Black & White vehicles, 36 motorcycles, 190 plain vehicles, 71 undercover vehicles, six slick-top vehicles and eight specialized vehicles.	\$14.99	\$11.01 (MICLEA and Forfeited Assets Trust Fund)
Police Officer Hiring	Police	To maintain sworn staffing levels at 10,023 officers.	\$9.58	--
Automatic Vehicle Locator Project	Fire	Fire Department equipment to dispatch emergency vehicles to 9-1-1 calls based on the current physical location.	\$2.00	--
Upgrade 25 Fire Companies	Fire	To upgrades 25 Fire Companies to Advanced Life Support (ALS) status to help reduce critical response times.	\$1.50	--

ENVIRONMENT



WHAT WE HAVE ACCOMPLISHED

Long gone are the days when Los Angeles was known for eye-watering smog. L.A. has started a new chapter as a global leader in the effort to combat local air pollution and climate change. Working together, the City has reduced overall greenhouse gas (GHG) emissions by nearly 30%, cut air pollution in half at Port of Los Angeles, quadrupled the City’s use of renewable energy, increased recycling rates to over 75%, and opened over 650 acres of parkland.

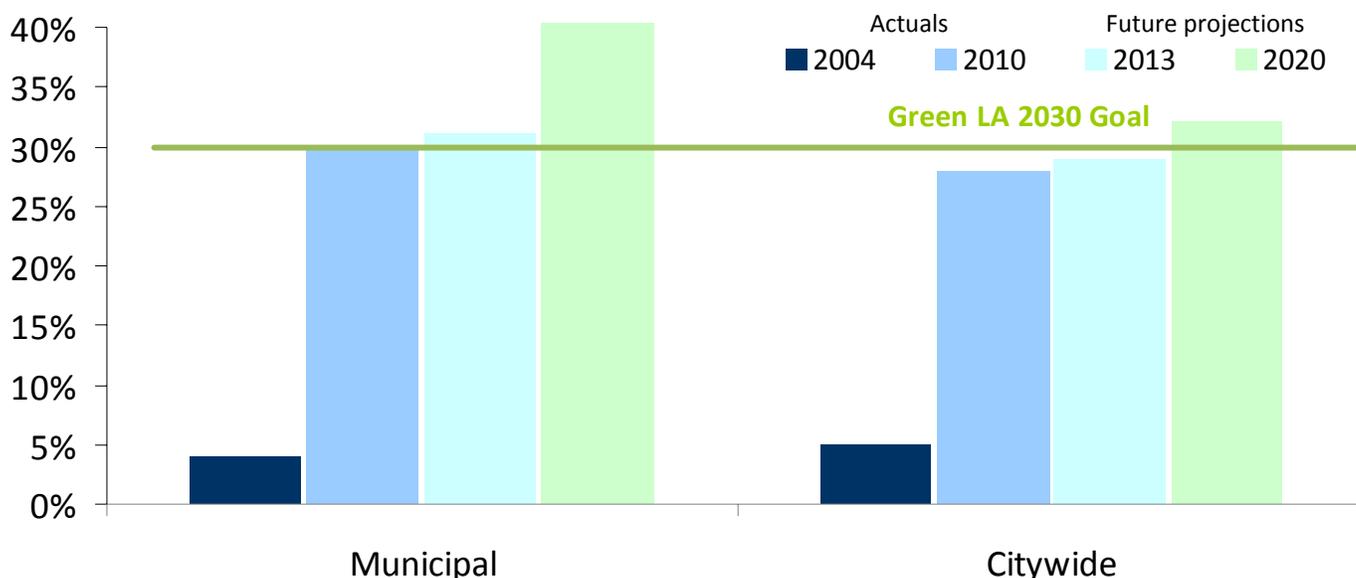
In 2007, the Administration presented the “Green LA Climate Action Plan,” an all-of-the-above aggressive plan to make Los Angeles the capital of sustainability – not smog. By 2010, the DWP quadrupled its renewable energy use to 20% through new solar, wind, and geothermal energy sources. The DWP has also been able to reduce water use by 20%, a necessary task in LA’s arid climate.

The Port of Los Angeles, where 40% of all containerized goods enter the United States, is also owned by

the City. To cut down on this major regional polluter, the Mayor developed the Clean Air Action Plan, which brought environmentalists, business, and labor together to demonstrate that it is possible to grow green. As a result, toxic nitrogen oxides and diesel particulates in the air have been reduced by over 70% and sulfur oxides have been reduced by over 50%. Additionally, the Mayor launched the most aggressive Clean Truck Program in the world by banning trucks at the port that do not meet 2007 USEPA standards.

The Mayor has embedded innovative green approaches into the City’s municipal operations, including converting the City’s vehicle fleet to clean-burning fuels, synchronizing traffic signals to reduce emissions from idling, retrofitting all of the city’s traffic signals and street lights to efficient LED lights, and promoting alternative modes of transit by opening four new transit lines and putting in place a plan to build 1,600 miles of bikeways in L.A.

KEY OUTCOME: REDUCE GREENHOUSE GAS EMISSIONS 30% BELOW 1990 BASELINE





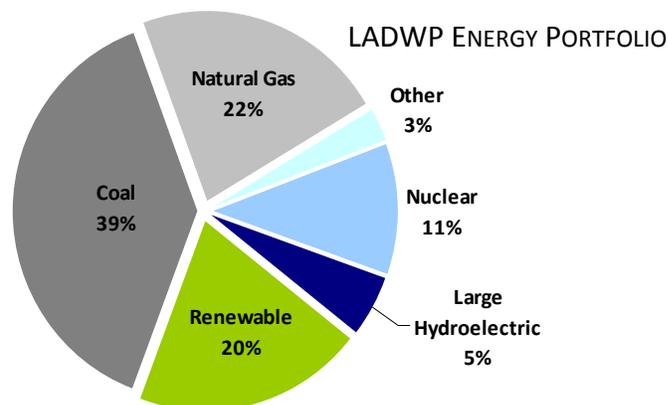
WHAT WE NEED TO DO

The Mayor has demonstrated a commitment to open space and pushed for the opening of 650 acres of new parkland — twice the amount of the previous two administrations combined — and launched the 50 Parks Initiative to build parks in neighborhoods that need them the most. He has fought to bring back the City’s original lifeblood, the Los Angeles River. The USEPA recognized the River as navigable and now Angelenos can kayak down the historic waterway. The Mayor also set up a non-profit that has planted over 400,000 trees in the City since 2005.

The City must continue implementation of the city’s aggressive green energy, transportation and open space plans. The DWP must continue to increase its share of renewable power to 33% by 2020 to meet state requirements, and stay on track to divest from coal-powered in the next decade.

The next administration will also oversee the imple-

mentation of the City’s feed-in-tariff, a landmark program that allows DWP to purchase excess solar power generated by utility customers who have installed solar panels on their property. And continuing and expanding the great success that is CicLAvia will require stable long-term funding solutions between the city and its non-profit partners.



BUDGET MEASURE	DEPARTMENTS	DESCRIPTION	BUDGETED AMOUNT (\$ MILLIONS)	
			GENERAL FUND	SPECIAL FUND
L.A. River Revitalization Project	Public Works: BOE	To implement the L.A. River Revitalization Master Plan. For 2013-14 there is \$1.1B in ongoing L.A. River projects, including 14 bridges, bike paths, parks, riparian system restoration.	\$0.11	\$0.11 (Stormwater Pollution Abatement Fund)
Proposition O Projects Optimization Plan	Public Works: BOS	To realign funding totaling \$0.87 million to the Proposition O Fund.	--	--
Green Building Code Plan Check Services	Building & Safety	To enforce the City’s Green Building Code.	--	\$0.86 (Building & Safety Building Permit Enterprise Fund)
LED Conversion Program	Public Works: BSL	To replace existing street lighting fixtures with energy-saving LED units	--	\$2.47 (Street Lighting Maintenance Assessment)

LOS ANGELES WORLD AIRPORTS



The **Los Angeles World Airports (LAWA)** owns and operates three airports in Southern California: Los Angeles International (LAX), LA/Ontario International (ONT), and Van Nuys Airport (VNY). LAX is the world’s busiest origin and destination airport and ranks 7th in the world for the number of passengers traveling through its terminals. In addition, LAX contributes greatly to the local economy with an annual economic impact of \$60 billion, \$21 billion generated directly within the City of Los Angeles.

LAX Modernization

The City of Los Angeles is taking dramatic steps to modernize and enhance LAX, making the airport one of the premier transportation hubs in the country. The modernization project is the largest public works program in the history of Los Angeles with its vast scope of projects and a total budget of \$4.11 billion. By also creating nearly 40,000 jobs and generating \$7 billion in local economic activity the LAX modernization project

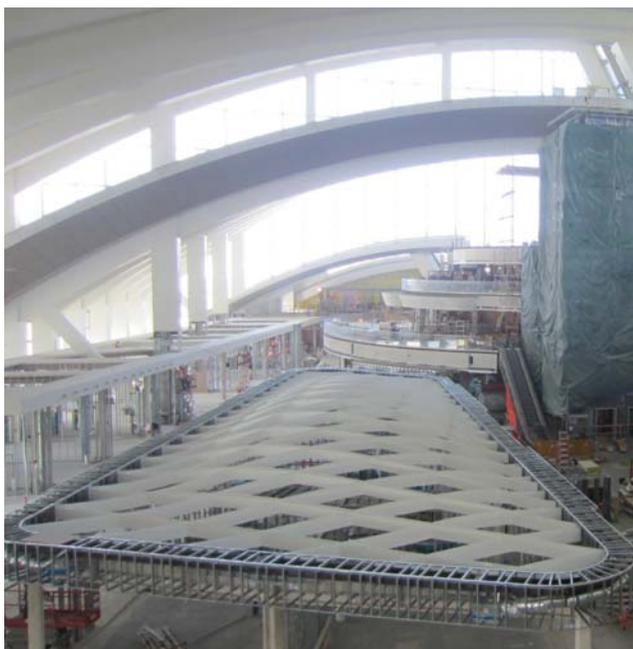
is one of the City’s biggest and most successful job creation efforts. The projects are being funded by a combination of revenue bonds, LAX revenue, and other funding streams.

Bradley West—Tom Bradley International Terminal Expansion

The centerpiece of LAX modernization is the Bradley West project. The terminal expansion project will accommodate large new aircraft, such as the Airbus A380 super jumbo jet and the Boeing 787 Dreamliner, allowing passengers to experience the next-generation in commercial aviation. Featuring dual passenger loading bridges for faster boarding and deplaning, a Great Hall with 140,000 square feet for premier dining, retail shopping and other passenger amenities, the fully modernized facility will be able to accommodate 4,000 passengers per hour, up from the current 2,800. The construction is designed to achieve a LEED Silver certification.

KEY OUTCOME: SPECIFIC PLAN AMENDMENT STUDY OF THE LAX MASTER PLAN PROGRAM

2006	2007	2008	2009	2010	2011	2012	2013
LAX SPAS Initial Planning Process/Scoping							
		North Airfield Safety Study					
				Renewed SPAS Planning Process			
					Public Scoping Process Through 11/29/2010		
						Develop SPAS Report/Draft EIR	
				Release of SPAS Report/Draft EIR and 75-Day Public Review			
				Prepare Responses to Comments/Final EIR			
				Board of Airport Commissioners and Local Approval			
				Project-Level and Development & Environmental Review (if necessary)			



Central Terminal Area Refurbishment

The last time the LAX Central Terminal Area was upgraded was in time for the 1984 Olympics. A series of refurbishment projects will greatly improve the traveler's experience by decreasing congestion in the terminals, improving security infrastructure, upgrading baggage handling facilities, enhancing the visual appearance of the CTA and enhancing concessions and retail opportunities. Upgrades also will be installed in several of the current passenger terminals over the next several years.

Central Utility Plant Replacement

To meet the demand placed by the new renovations throughout LAX, the 50-year-old Central Utility Plant (CUP) will be replaced with a more modern, efficient facility. The redesigned CUP will be 25 percent more energy efficient than the current facility and will meet all current air-quality regulations.

KEY OUTCOME: CREATING A WORLD-CLASS GATEWAY TO L.A.

	2013	2014
Tom Bradley International Terminal	Complete by November 2013	
Central Utility Plant		Complete by June 2014
Central Terminal Area		Complete by December 2014

PORT OF LOS ANGELES



The Port of Los Angeles (POLA) is the largest container port in the United States, serving as a global hub for international trade and major point-of-entry to the U.S. market. Bringing in over \$280 billion worth of goods each year, POLA is a focal point of Los Angeles’ economy. The Port of Los Angeles has invested \$1.3 billion in capital improvements to maintain its status as one of the world’s premier ports while simultaneously decreasing its environmental impact by growing green. Recent projects, such as the deepening of the main channel and improvements to its rail yard have ensured that the port remains the top destination for trade goods from the Pacific Rim for years to come. It has successfully completed these improvements while maintaining a deep commitment to community engagement, sustainable development, and local job creation.

Main Chanel Deepening Project

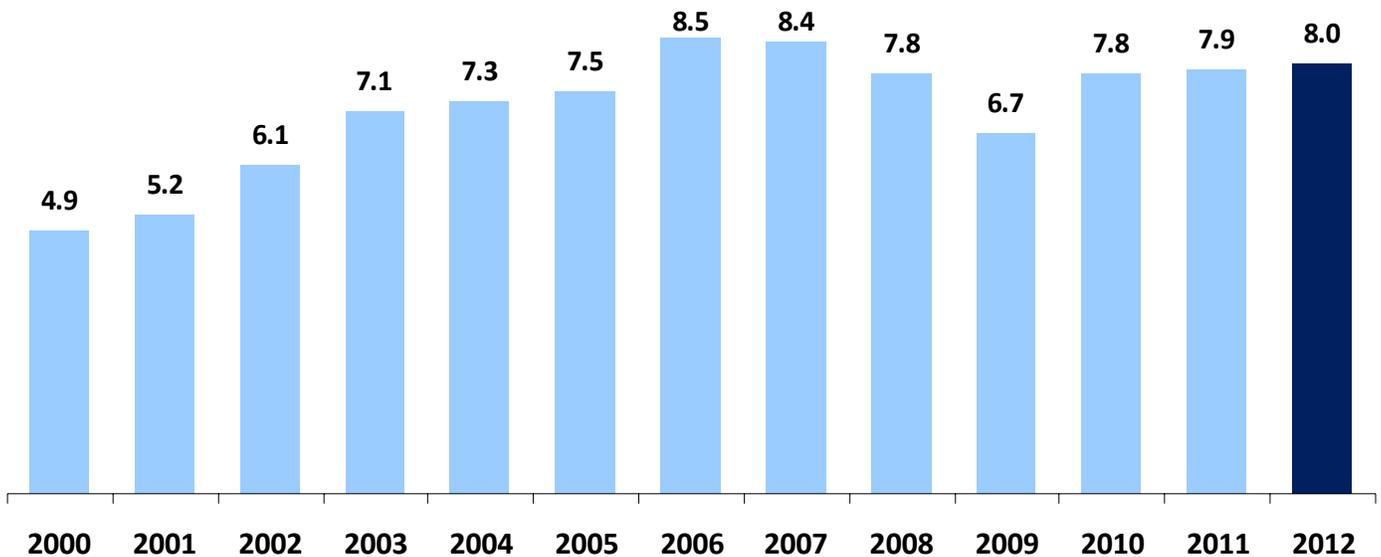
After ten years of work, the Port of Los Angeles completed its main channel deepening project in 2012. By

increasing the depth of the main channel from 45 feet to 53 feet, a new generation of container vessels can now access terminals in the port. The \$370 million dollar effort will allow the port to accommodate the largest container ships in the world – even ships that will be too large for the expanded Panama Canal. These improvements are key to maintaining the port as the # 1 container port in the nation by attracting more vessels while cutting transportation costs.

Berth 200 (West Basin) Rail yard

The Berth 200 Rail Yard improvements are a prime example of how port is growing *and* greening. Through a collaborative effort between federal government, state government, Metro and the port, multiple improvements to the rail yard will make the transport of cargo more efficient while making the port more eco-friendly. The creation of new on-dock rail yards for major container terminals will increase the amount of containers loaded directly on to trains, resulting in 2,300 fewer

KEY OUTCOME: CONTAINER MOVEMENT AT THE PORT OF L.A. (MILLION TEU EQUIVALENTS)





truck trips and saving 593,955 tons of emission over 20 years. The project will provide 2,000 construction jobs, 318,000 new trade-related jobs for the region and \$1 billion in annual state revenue by 2030.

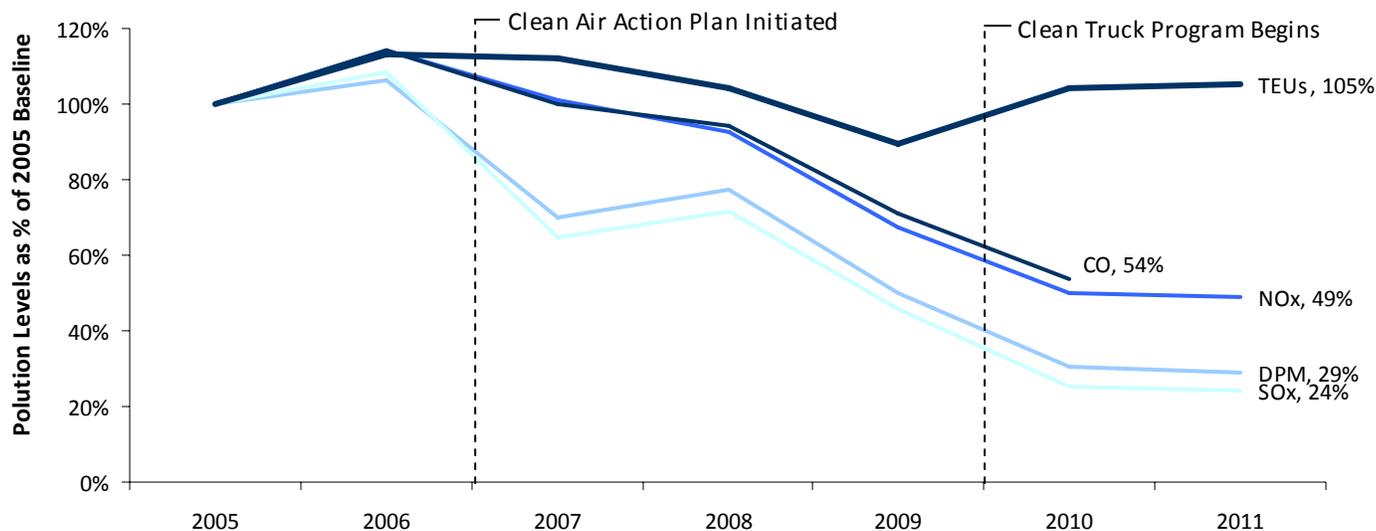
Wilmington Waterfront Park

By collaborating with the surrounding communities, the developments at the Port of LA have not come at the cost of quality of living for the Angelenos who live and work nearby. Nothing demonstrates the Port's commitment to growing green responsibly than the Wilmington Waterfront Park, a \$55 million 30-acre park between the Port and the Wilmington neighborhood. The park provides open space for the Port's neighbors to jog, bike, and walk their pets, while also greening the area with 653 trees. It also includes a children's playground and sightseeing binoculars providing spectacular views of one of L.A.'s economic jewels.

USS Iowa

In addition to creating parks and growing green, the L.A. waterfront is also becoming a top tourist destination by adding signature attractions that draw visitors from all over the world. A signature project in this effort is the USS Iowa, a retired Iowa-class battleship that now plays host to Angelenos as well as thousands of cruise ship tourists each year. Commissioned in 1943, the 41,000-ton ship measures almost three football fields in length along the waterfront. The historic battleship has hosted presidents from Franklin Roosevelt to Ronald Reagan, and has earned 11 battle stars through its service in WWII, the Korean War, and the Cold War. Officially opened as a museum ship in 2012, she is now one of Southern California's premier historical sites.

KEY OUTCOME: LOWER EMISSIONS PER TWENTY-FOOT UNIT ENQUIVALENT OF CARGO



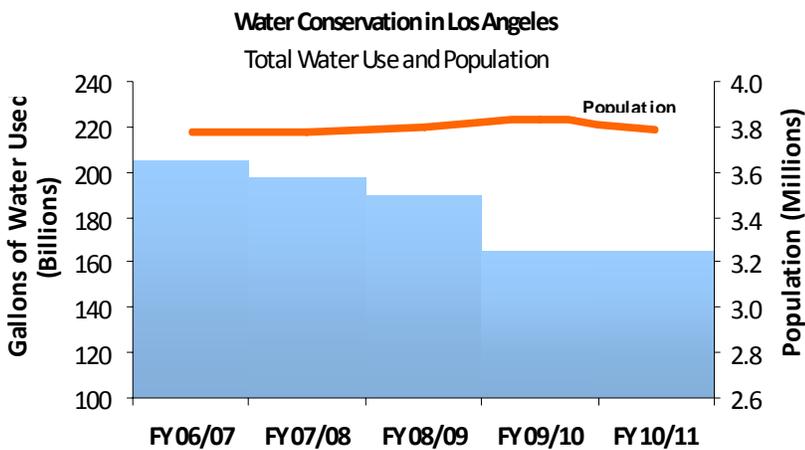
DEPARTMENT OF WATER AND POWER



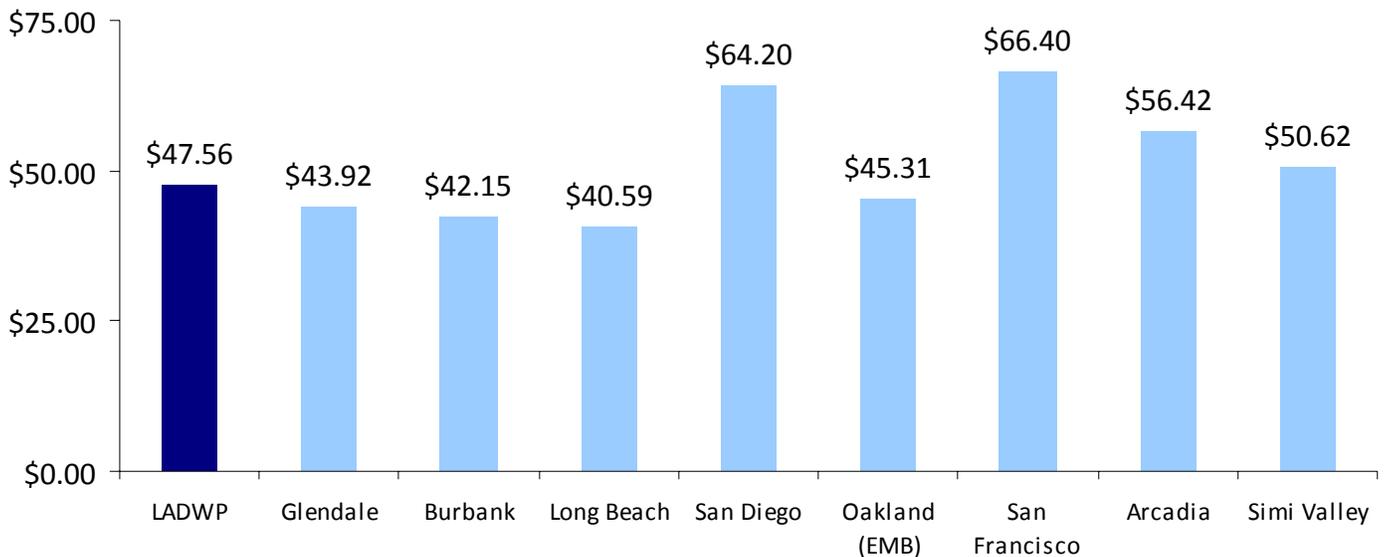
The Los Angeles Department of Water and Power (LADWP) is the largest municipal water and power utility in the nation, providing reliable and safe water and power to over 1.4 million customers in Los Angeles. Capital funds are raised through the sale of bonds and no tax support is used to support its efforts.

Clean Water

The availability of clean water significantly contributes to the growth and development of Los Angeles. To ensure and improve the provision of clean water LADWP initiated the Water System’s Capital Improvement Program, a ten-year plan that improves infrastructure for water delivery and regulatory compliance. Investments to improve drinking water quality are the largest component of this plan. For example, through the Water System’s Capital Improvement Program LADWP is improving its water quality by eliminating dependence on large in-city open reservoirs. LADWP is also instituting more comprehensive monitoring programs to ensure that the water delivered is of the highest quality and meets all state and federal drinking water regulations.



KEY OUTCOME: LOWER OR COMPARABLE WATER RATES





LADWP is also instituting more comprehensive monitoring programs to ensure that the water delivered is of the highest quality and meets all state and federal drinking water regulations.

the largest carbon reduction plan by any city in the nation. In a city known for its smog and grit, LADWP's commitment to cleaner air is helping cement Los Angeles as one of the biggest green cities in America.

Clean Power

Over the next 15 years LADWP will replace over 70% of its power supply with greener, more sustainable technology. Renewable energy, rebuilding coastal power plants, maximizing efficiency and a move to zero coal will mark the future of LA's green power. No other utility in the country is making such significant changes.

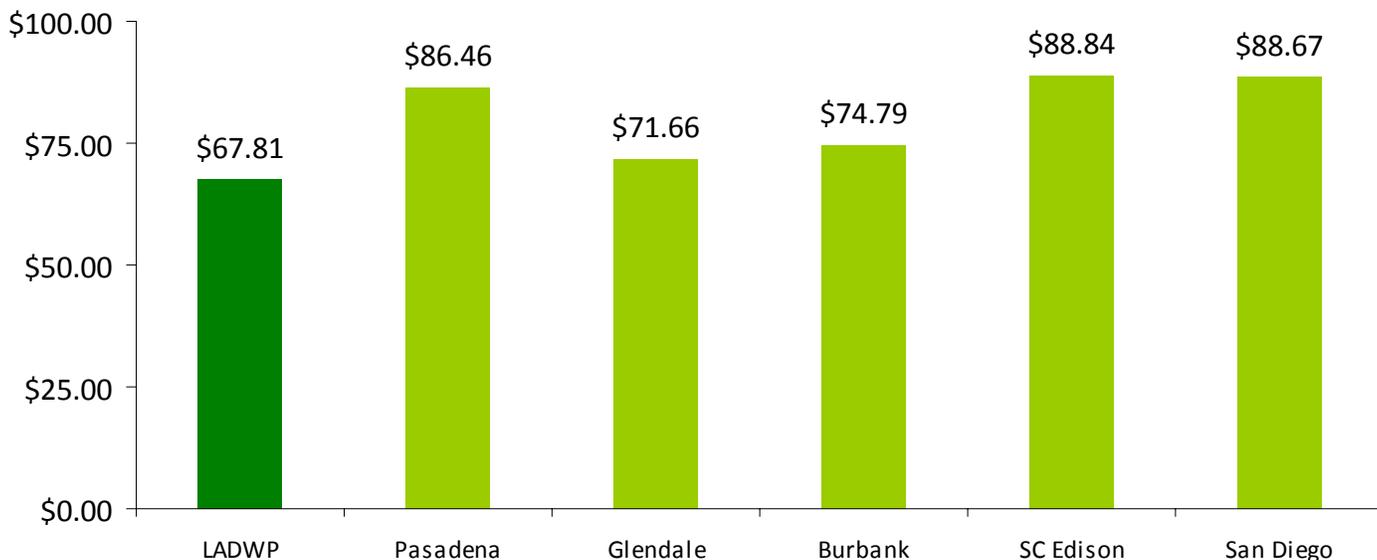
Service Reliability

Through infrastructure improvements LADWP is improving service reliability. By improving water system infrastructure the Water System Capital Improvement Plan is ensuring the reliable and efficient provision of water. The Power Reliability Program - a \$1 billion dollar program funded through a power reliability surcharge - ensures continued, reliable energy service for future generations by reducing temporary circuits, replacing distribution infrastructure, reducing frequency of system interruptions and increasing training of mechanics to ensure maintenance is provided in a quick and dependable manner.

Coal Free

The LADWP took a historic action this year by vowing to eliminate the city's reliance on coal power. While Los Angeles currently receives 39% of its power from coal, that number will be reduced to zero by 2025, marking

KEY OUTCOME: LOWER OR COMPARABLE POWER RATES



Proposed Budget



PROPOSED FY 2013-14 BUDGET — SUMMARY OF RECEIPTS

	Total	% of Total
General Receipts:		
Property Tax	\$ 1,549,568,000	20.2%
Property Tax - Ex-CRA Increment.....	24,000,000	0.3%
Utility Users' Tax.....	641,598,000	8.3%
Licenses, Permits, Fees and Fines	825,985,126	10.7%
Business Tax.....	470,728,000	6.1%
Sales Tax.....	352,790,000	4.6%
Documentary Transfer Tax.....	160,106,000	2.1%
Power Revenue Transfer.....	253,000,000	3.3%
Transient Occupancy Tax.....	174,423,000	2.3%
Parking Fines	156,557,000	2.0%
Parking Users' Tax.....	94,947,000	1.2%
Franchise Income.....	42,618,000	0.6%
State Motor Vehicle License Fees.....	2,100,000	0.0%
Grants Receipts.....	6,192,664	0.1%
Tobacco Settlement.....	7,506,000	0.1%
Transfer from Telecommunications Dev. Account.....	5,220,000	0.1%
Residential Development Tax.....	2,100,000	0.0%
Special Parking Revenue Transfer.....	35,142,475	0.5%
Interest.....	14,241,000	0.2%
Transfer from Reserve Fund.....	-	0.0%
Transfer from Budget Stabilization Fund.....	53,539,931	
Total General Receipts.....	\$ 4,872,362,196	63.4%
Special Receipts:		
Property Tax - City Levy for Bond Redemption and Interest.....	\$ 160,695,451	2.1%
Sewer Construction and Maintenance Fund.....	703,315,004	9.1%
Proposition A Local Transit Assistance Fund.....	114,694,025	1.5%
Prop. C Anti-Gridlock Transit Improvement Fund.....	102,290,809	1.3%
Special Parking Revenue Fund.....	55,892,982	0.7%
L. A. Convention and Visitors Bureau Fund.....	13,417,000	0.2%
Solid Waste Resources Revenue Fund.....	298,763,127	3.9%
Forfeited Assets Trust Fund.....	-	0.0%
Fines--State Vehicle Code.....	8,263,551	0.1%
Special Gas Tax Street Improvement Fund.....	102,555,000	1.3%
Housing Department Affordable Housing Trust Fund.....	150,000	0.0%
Stormwater Pollution Abatement Fund.....	32,778,392	0.4%
Community Development Trust Fund.....	26,878,437	0.3%
HOME Investment Partnerships Program Fund.....	4,372,455	0.1%
Mobile Source Air Pollution Reduction Fund.....	4,783,557	0.1%
City Employees' Retirement Fund.....	82,972,204	1.1%
Community Services Administration Grant.....	1,519,474	0.0%
Park and Recreational Sites and Facilities Fund.....	1,200,000	0.0%
Convention Center Revenue Fund.....	25,600,000	0.3%
Local Public Safety Fund.....	38,121,000	0.5%
Neighborhood Empowerment Fund.....	6,076,625	0.1%
Street Lighting Maintenance Assessment Fund.....	49,116,144	0.6%
Telecommunications Development Account.....	14,068,478	0.2%
Older Americans Act Fund.....	2,614,461	0.0%
Workforce Investment Act.....	17,638,307	0.2%
Rent Stabilization Trust Fund.....	14,340,737	0.2%
Arts and Cultural Facilities and Services Fund.....	15,571,657	0.2%
Arts Development Fee Trust Fund.....	1,142,966	0.0%
City Employees Ridesharing Fund.....	3,480,752	0.0%
Allocations from Other Sources.....	71,029,250	0.9%
City Ethics Commission Fund.....	2,404,882	0.0%
Staples Arena Special Fund.....	4,049,000	0.1%
Citywide Recycling Fund.....	21,606,335	0.3%
Special Police Comm./911 System Tax Fund.....	-	0.0%
Local Transportation Fund.....	2,067,333	0.0%
Planning Case Processing Revenue Fund.....	16,154,500	0.2%
Disaster Assistance Trust Fund.....	11,929,526	0.2%
Landfill Maintenance Special Fund.....	4,837,000	0.1%
Household Hazardous Waste Special Fund.....	3,395,000	0.0%
Building and Safety Enterprise Fund.....	115,804,709	1.5%
Housing Opportunities for Persons with AIDS.....	459,158	0.0%

SUMMARY OF RECEIPTS

	Total	% of Total
Code Enforcement Trust Fund.....	41,550,000	0.5%
El Pueblo Revenue Fund.....	4,623,667	0.1%
Zoo Enterprise Fund.....	17,827,862	0.2%
Local Law Enforcement Block Grant Fund.....	--	0.0%
Supplemental Law Enforcement Services	3,538,698	0.0%
Street Damage Restoration Fee Fund.....	5,542,460	0.1%
Municipal Housing Finance Fund.....	4,437,592	0.1%
Measure R Traffic Relief and Rail Expansion Fund.....	45,236,142	0.6%
Efficiency and Police Hires Fund.....	--	0.0%
Central Recycling and Transfer Fund.....	3,232,110	0.0%
Multi-Family Bulky Item Fund.....	6,367,000	0.1%
Total Special Receipts.....	\$ 2,288,404,819	29.8%
Available Balances:		
Sewer Construction and Maintenance Fund.....	\$ 83,554,609	1.1%
Proposition A Local Transit Assistance Fund.....	64,305,547	0.8%
Prop. C Anti-Gridlock Transit Improvement Fund.....	10,629,539	0.1%
Special Parking Revenue Fund.....	17,175,191	0.2%
L.A. Convention and Visitors Bureau Fund.....	1,513,373	0.0%
Solid Waste Resources Revenue Fund.....	117,163,442	1.5%
Forfeited Assets Trust Fund.....	4,138,895	0.1%
Traffic Safety Fund.....	--	0.0%
Special Gas Tax Fund.....	12,995,798	0.2%
Housing Department Affordable Housing Trust Fund.....	1,183,600	0.0%
Stormwater Pollution Abatement Fund.....	3,138,250	0.0%
Community Development Fund.....	--	0.0%
HOME Fund.....	--	0.0%
Mobile Source Air Pollution Reduction Fund.....	918,146	0.0%
CERS.....	--	0.0%
Community Services Admin.....	--	0.0%
Park and Recreational Sites and Facilities.....	--	0.0%
Convention Center Revenue Fund.....	514,159	0.0%
Local Public Safety Fund.....	1,588,490	0.0%
Neighborhood Empowerment Fund.....	--	0.0%
Street Lighting Maintenance Asmt. Fund.....	13,172,247	0.2%
Telecommunications Development Account.....	19,832,472	0.3%
Older Americans Act Fund.....	--	0.0%
Workforce Investment Act Fund.....	--	0.0%
Rent Stabilization Trust Fund.....	9,599,114	0.1%
Arts and Cultural Facilities and Services Fund.....	73,579	0.0%
Arts Development Fee Trust Fund.....	694,032	0.0%
City Employees Ridesharing Fund.....	15,221	0.0%
Allocations From Other Sources.....	--	0.0%
City Ethics Commission Fund.....	106,415	0.0%
Staples Arena Special Fund.....	3,419,334	0.0%
Citywide Recycling Fund.....	28,993,357	0.4%
Special Police Comm./911 System Tax Fund.....	--	0.0%
Local Transportation Fund.....	2,430,606	0.0%
Planning Case Processing Revenue Fund.....	7,646,949	0.1%
Disaster Assistance Trust Fund.....	14,088,951	0.2%
Landfill Maintenance Trust Fund.....	536,532	0.0%
Household Hazardous Waste Special Fund.....	1,911,210	0.0%
Building and Safety Enterprise Fund.....	42,459,803	0.6%
HOPWA.....	--	0.0%
Code Enforcement Trust Fund.....	30,346,377	0.4%
El Pueblo Revenue Fund.....	--	0.0%
Zoo Enterprise Trust Fund.....	464,139	0.0%
Local Law Enforcement Block Grant Fund.....	--	0.0%
Supplemental Law Enforcement Services Fund.....	4,061,302	0.1%
Street Damage Restoration Fee Fund.....	263,004	0.0%
Municipal Housing Finance Fund.....	860,750	0.0%
Measure R Traffic Relief and Rail Expansion Fund.....	21,240,694	0.3%
Efficiency and Police Hires Fund.....	--	0.0%
Central Recycling and Transfer Fund.....	2,155,189	0.0%
Multi-Family Bulky Item Fund.....	4,535,129	0.1%
Total Available Balances.....	\$ 527,725,445	6.9%
Total Receipts.....	\$ 7,688,492,460	100.0%

SUMMARY OF APPROPRIATIONS

Classified by Object of Expenditure

	Salaries	Expense	Equipment	Special	Total
Aging	3,873,491	133,229	-	-	4,006,720
Animal Services	19,923,165	1,773,673	-	-	21,696,838
Building and Safety	37,745,771	1,140,483	-	-	38,886,254
City Administrative Officer	13,300,739	1,538,264	-	-	14,839,003
City Attorney	95,806,985	7,327,312	-	-	103,134,297
City Clerk	8,132,835	484,349	-	-	8,617,184
City Planning and Development	67,628,569	6,015,821	1,180,280	-	74,824,670
Controller	15,666,140	747,758	-	-	16,413,898
Convention Center	13,672,298	8,052,339	-	610,000	22,334,637
Council	15,274,270	908,219	-	-	16,182,489
Cultural Affairs	4,531,859	553,262	10,000	5,616,817	10,711,938
Department on Disability	1,490,954	287,392	-	119,316	1,897,662
Economic Development	15,932,824	2,005,330	-	-	17,938,154
El Pueblo de Los Angeles	1,247,374	406,957	84,039	-	1,738,370
Emergency Management	1,665,274	71,036	-	-	1,736,310
Employee Relations Board	321,315	90,628	-	-	411,943
Environmental Affairs	-	-	-	-	-
Ethics Commission	1,991,686	337,046	-	-	2,328,732
Finance	28,990,015	9,082,394	14,232	-	38,086,641
Fire	518,028,060	31,050,488	-	-	549,078,548
General Services	105,987,619	120,733,392	120,000	3,594,814	230,435,825
Housing and Community Investment	53,127,699	5,958,647	-	500,000	59,586,346
Department of Human Services	-	-	-	-	-
Information Technology Agency	47,370,152	17,932,265	246,314	16,421,039	81,969,770
Mayor	5,147,005	389,256	-	-	5,536,261
Neighborhood Empowerment	1,832,229	484,747	-	6,000	2,322,976
Personnel	44,824,306	6,403,882	30,000	2,265,026	53,523,214
Police	1,241,368,772	53,858,671	15,583,000	-	1,310,810,443
Board of Public Works	6,601,184	8,120,001	-	-	14,721,185
Bureau of Contract Administration	28,924,704	1,787,888	-	-	30,712,592
Bureau of Engineering	69,566,974	3,478,253	-	-	73,045,227
Bureau of Sanitation	210,495,855	8,879,716	-	-	219,375,571
Bureau of Street Lighting	19,442,087	1,318,243	1,000	3,797,330	24,558,660
Bureau of Street Services	78,454,865	92,003,522	-	-	170,458,387
Transportation	110,918,059	18,992,932	-	-	129,910,991
Treasurer	-	-	-	-	-
Zoo	15,185,384	3,042,726	-	-	18,228,110
Total-Budgetary Departments	2,904,470,518	415,390,121	17,268,865	32,930,342	3,370,059,846
Appropriations to Library Fund	-	-	-	119,382,887	119,382,887
Appropriations to Recreation and Parks Fund	-	-	-	145,957,832	145,957,832
Appropriation to City Employees' Retirement	-	-	-	82,972,204	82,972,204
Appropriations to Fire & Police Pension Fund	-	-	-	-	-
Total-Appropriations	-	-	-	348,312,923	348,312,923
Total-Departmental	2,904,470,518	415,390,121	17,268,865	381,243,265	3,718,372,769

Summary of Appropriations

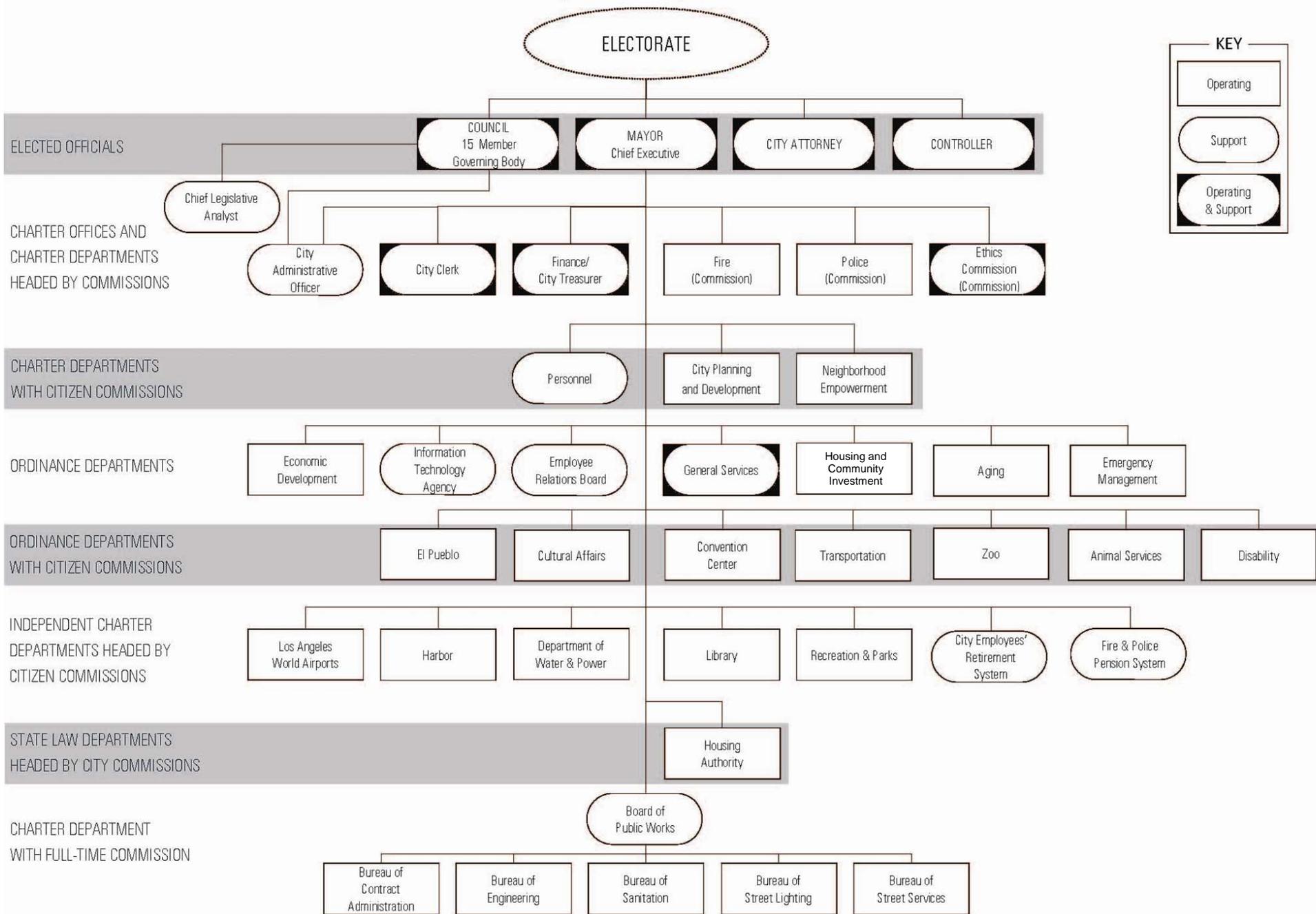
Classified by Object of Expenditure

	Salaries	Expense	Equipment	Special	Total
Tax & Revenue Anticipation Notes	-	-	-	959,467,457	959,467,457
Bond Redemption and Interest	-	-	-	160,695,451	160,695,451
Capital Finance Administration Fund	-	-	-	259,016,304	259,016,304
CIEP - Municipal Facilities	-	-	-	26,840,000	26,840,000
CIEP - Physical Plant	-	-	-	22,985,922	22,985,922
CIEP - Wastewater	-	-	-	151,420,000	151,420,000
General City Purposes	-	-	-	106,149,141	106,149,141
Human Resources Benefits	-	-	-	601,830,000	601,830,000
Judgment Obligation Bonds Debt Service Fund	-	-	-	9,032,425	9,032,425
Liability Claims	-	-	-	47,910,000	47,910,000
Proposition A Local Transit Assistance Fund	-	-	-	171,464,967	171,464,967
Prop. C Anti-Gridlock Transit Improvement Fund	-	-	-	38,547,832	38,547,832
Special Parking Revenue Fund	-	-	-	44,387,621	44,387,621
Unappropriated Balance	-	-	-	77,290,000	77,290,000
Wastewater Special Purpose Fund	-	-	-	464,445,203	464,445,203
Water and Electricity	-	-	-	39,969,000	39,969,000
Other Special Purpose Funds	-	-	-	788,668,368	788,668,368
Total-Nondepartmental	-	-	-	3,970,119,691	3,970,119,691
Total	2,904,470,518	415,390,121	17,268,865	4,351,362,956	7,688,492,460



Organization of the City of Los Angeles

Proposed as of July 1, 2013



Supplemental Information



Industry and Employment

The table below summarizes the average number of employed and unemployed residents of the City and the County, together with the average annual unemployment rate of the City, County, State and the United States. Historically, the City's unemployment rate has been higher than both the County's and the State's rates.

ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF RESIDENT LABOR FORCE ⁽¹⁾					
Civilian Labor Force	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Los Angeles					
Employed	1,764,200	1,676,600	1,647,900	1,669,800	1,680,100
Unemployed	<u>159,000</u>	<u>243,700</u>	<u>266,900</u>	<u>261,800</u>	<u>230,900</u>
Total	1,923,200	1,920,300	1,914,800	1,931,600	1,911,000
County of Los Angeles					
Employed	4,565,500	4,335,200	4,291,500	4,323,000	4,345,700
Unemployed	<u>369,500</u>	<u>569,000</u>	<u>619,100</u>	<u>604,200</u>	<u>534,000</u>
Total	4,935,000	4,904,200	4,910,600	4,927,200	4,879,700
Unemployment Rates					
City	8.3%	12.7%	13.9%	13.6%	12.1%
County	7.5	11.6	12.6	12.3	10.9
State	7.2	11.3	12.4	11.7	10.5
United States	5.8	9.3	9.6	8.9	7.6

⁽¹⁾ March 2012 Benchmark report; not seasonally adjusted. The "benchmark" data is typically released in March for the prior calendar year.

Source: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S. Items may not add to totals due to rounding.

The table below summarizes the California Employment Development Department's estimated average annual employment for the County, for various employment categories. Separate figures for the City are not maintained. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

LOS ANGELES COUNTY ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE ⁽¹⁾						
	County				State of California	
	<u>2000</u>	% of <u>Total</u>	<u>2012</u>	% of <u>Total</u>	<u>2012</u>	% of <u>Total</u>
Agricultural	7,700	0.2%	5,400	0.1%	402,500	2.7%
Natural Resources and Mining	3,400	0.1	4,200	0.1	30,100	0.2
Construction	131,700	3.2	108,800	2.8	587,500	4.0
Manufacturing	612,200	15.0	365,700	9.5	1,252,800	8.5
Trade, Transportation and Utilities	786,000	19.3	762,000	19.7	2,725,100	18.4
Information	243,700	6.0	190,300	4.9	430,400	2.9
Financial Activities	224,500	5.5	210,200	5.4	774,600	5.2
Professional and Business Services	587,900	14.4	567,200	14.7	2,235,100	15.1
Educational and Health Services	416,800	10.2	544,300	14.1	1,879,200	12.7
Leisure and Hospitality	344,700	8.4	414,100	10.7	155,100	1.0
Other Services	140,000	3.4	140,700	3.6	505,700	3.4
Government	<u>581,300</u>	<u>14.2</u>	<u>556,800</u>	<u>14.4</u>	<u>2,375,100</u>	<u>16.1</u>
Total ⁽²⁾	4,079,800	100.0%	3,869,700	100.0%	14,797,100	100.0%

⁽¹⁾ Since 2000, the California Economic Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

⁽²⁾ Total may not equal sum of parts due to independent rounding.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 2.

Source: California Employment Development Department, Labor Market Information Division, March 2012 Benchmark report.

COUNTY, STATE AND U.S. PERSONAL INCOME

Year and Area	Personal Income ⁽¹⁾ (thousands of dollars)	Per Capita Personal Income (dollars)
2008		
County	\$ 417,454,378	\$ 42,881
State	1,610,697,843	44,003
United States	12,451,660,000	40,947
2009		
County	\$ 392,579,855	\$ 40,111
State	1,516,676,660	41,034
United States	11,852,715,000	38,637
2010		
County	\$ 403,144,483	\$ 41,025
State	1,564,209,194	41,893
United States	12,308,496,000	39,791
2011		
County	\$ 420,913,463	\$ 42,564
State	1,645,138,372	43,647
United States	12,949,905,000	41,560
2012		
County	N/A	N/A
State ⁽²⁾	\$ 1,711,110,319	\$ 44,980
United States ⁽²⁾	13,401,868,693	42,693

⁽¹⁾ County and State Levels updated November 26, 2012 - new estimates for 2011; revised estimates for 2009-2010.

⁽²⁾ United States Level updated September 25, 2012; revised estimates for 2009-2011.

Source: US. Bureau of Economic Analysis, accessed March 29, 2013

**TAXABLE SALES
(in thousands)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel stores	\$ 1,897,411	\$ 2,097,824	\$ 2,404,735	\$ 2,551,905	\$ 2,715,953
General merchandise stores	3,952,550	3,542,550	2,448,694	2,534,482	2,660,830
Food stores	1,834,470	1,888,581	2,126,677	2,123,626	2,188,481
Eating and drinking establishments	5,632,290	5,743,366	5,437,781	5,637,405	6,049,187
Home furnishings and appliances	1,294,546	1,338,890	1,566,716	1,590,667	1,609,905
Building materials and farm imple- ments	2,252,227	1,924,786	1,700,820	1,711,735	1,834,117
Auto dealers and auto supplies	4,077,852	3,302,737	2,760,647	2,865,868	3,224,150
Service stations	4,494,346	5,159,799	3,621,498	4,114,016	4,952,984
Other retail stores	<u>5,070,023</u>	<u>4,383,989</u>	<u>3,425,579</u>	<u>3,451,949</u>	<u>3,599,674</u>
Retail stores total	30,505,725	29,382,881	25,493,148	26,581,623	28,846,283
All other outlets ⁽¹⁾	<u>9,626,679</u>	<u>9,909,316</u>	<u>8,098,716</u>	<u>8,233,833</u>	<u>9,011,361</u>
TOTAL ALL OUTLETS ⁽²⁾	\$40,132,404	\$39,292,197	\$33,591,864	\$34,815,457	\$37,857,643

⁽¹⁾ Primarily manufacturing and wholesale businesses.

⁽²⁾ Items may not add to totals due to rounding.

Source: California State Board of Equalization, Research and Statistics Division.

RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Valuation ⁽¹⁾					
Residential ⁽²⁾	\$ 1,280	\$ 604	\$ 878	\$ 1,131	\$ 1,407
Miscellaneous ⁽³⁾	<u>17</u>	<u>11</u>	<u>15</u>	<u>26</u>	<u>17</u>
Total Valuation	\$ 1,297	\$ 615	\$ 893	\$ 1,157	\$ 1,424
Number of Units:					
Single family ⁽⁴⁾	1,070	781	772	726	1,059
Multi-family ⁽⁵⁾	<u>5,333</u>	<u>1,892</u>	<u>3,374</u>	<u>5,258</u>	<u>5,615</u>
Subtotal Residential	6,403	2,673	4,146	5,984	6,674
Miscellaneous ⁽⁶⁾	<u>278</u>	<u>185</u>	<u>370</u>	<u>390</u>	<u>477</u>
Total Units	6,681	2,858	4,516	6,374	7,151

⁽¹⁾ In millions of dollars. "Valuation" represents the total valuation of all construction work for which the building permit is issued.

⁽²⁾ Valuation permits issued for Single-Family Dwellings, Duplexes, Apartment Buildings, Hotel/Motels, and Condominiums.

⁽³⁾ Valuation of permits issued for "Addition Creating New Units - Residential" and "Alterations Creating New Units - Residential."

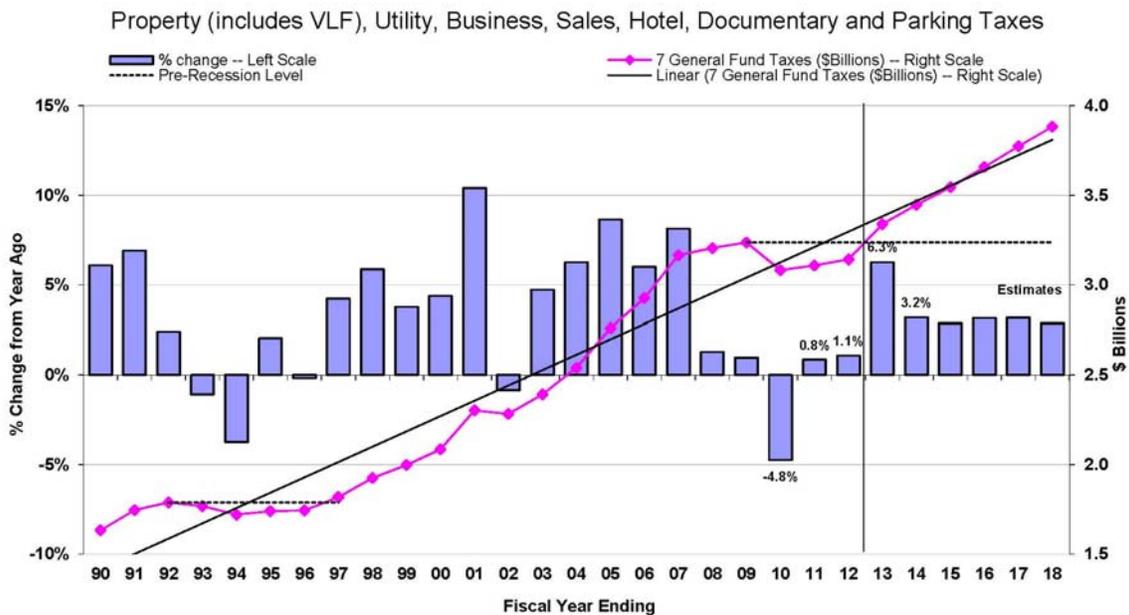
⁽⁴⁾ Number of dwelling units permitted for Single-Family Dwellings and Duplexes.

⁽⁵⁾ Number of dwelling units permitted for new Apartment Buildings, Hotel/Motels, and Condominiums.

⁽⁶⁾ Number of dwelling units added includes "Addition Creating New Units - Residential" and "Alterations Creating New Units - Residential."

More than 70% of the City's General Fund revenue comes from seven major taxes: property, utility, business, sales, hotel, documentary, and parking. This section provides an overview of the key revenue sources of the General Fund, the current trends in receipts, and expectations for the upcoming year(s) that together provide context and guidance in developing a strategy to keep the City on the path to fiscal sustainability. Taxes grew at an average annual rate of 3.2 percent from 1990 through 2012, reflecting high periods of economic growth during real estate and internet investment cycles and decreasing revenue during the subsequent recessions. Fiscal Year 2012-13 revised revenue is expected to exceed the prior peak level set in 2008-09. Fiscal Year 2013-14 assumes growth of 2.4 percent with the inclusion of one-time ex-CRA receipts in Fiscal Year 2012-13 or 3.2 percent growth without. Outgoing years assume a more moderate growth rate of 3 percent, consistent with a stable economy.

Seven General Fund Taxes

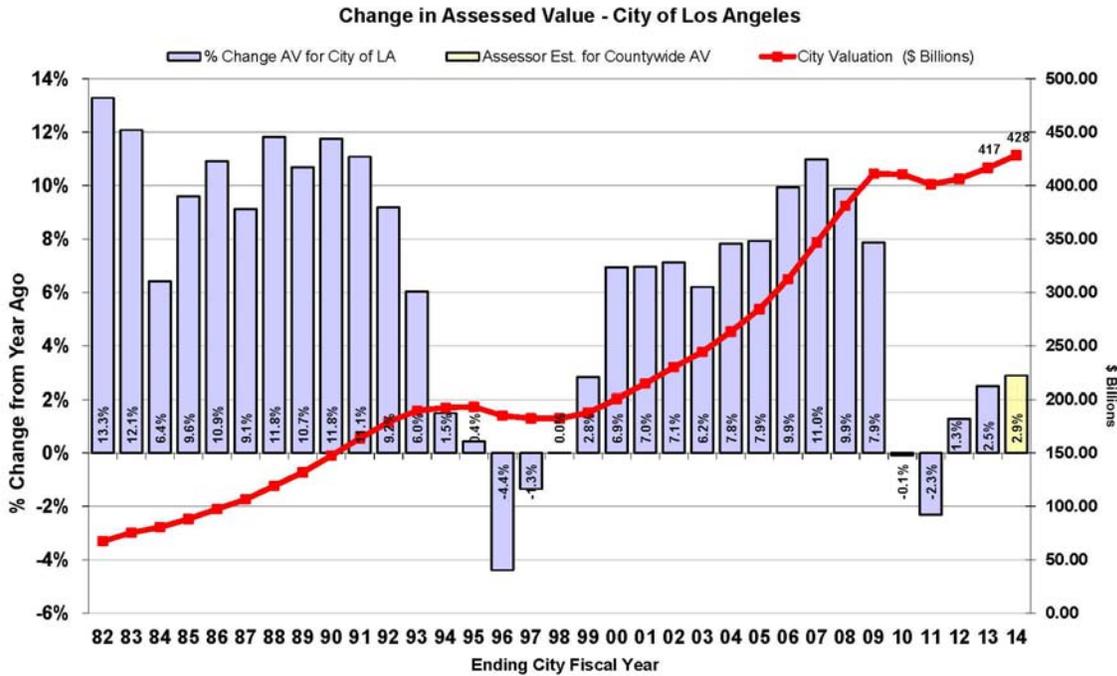


Replenishing the General Fund

When the Great Recession struck, the Los Angeles' General Fund revenue from its seven largest sources was at nearly \$3.25 billion. As the economy fell, so did city revenue, with general fund revenue shrinking almost 5% in 2010 compared to 2009. The Mayor had to make difficult choices about how to meet the city's demands with a decreasing supply of funding. These decisions, however, have put the city on a more stable financial footing; and as general fund revenue increases, the worst is behind us. During fiscal year 2012-2013, the General Fund is expected to replenish the losses it suffered during the recession, and is even expected to surpass its highest-ever value by the end of the fiscal year.

Property Tax

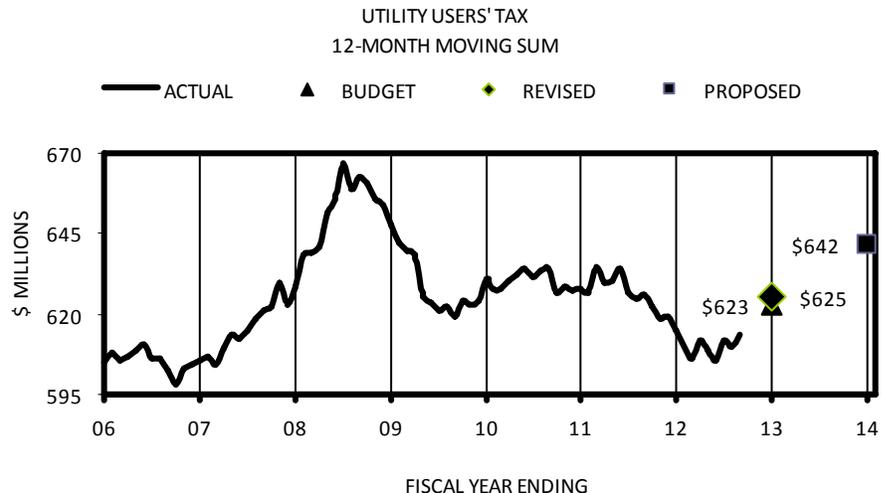
Property tax receipts are the largest source of revenue for the City's General Fund, accounting for more than one-third of total revenues. The principal categories of property taxes are: secured receipts, unsecured receipts, redemptions, sales tax replacement, and vehicle license fee replacement. Taxes levied on secured and unsecured property are limited to 1% of taxable property valuation. Since property taxes are a fraction of valuation, the assessed value of property in the City factor considerably into the amount of property taxes received as well as projections for the future. In Fiscal Year 2013-2014, the assessed value of property in the City of Los Angeles is expected to increase by 2.9% to \$428 billion.



The 2012-13 fiscal year budget was based on the County Assessor's April 2012 estimate for countywide assessed valuations, 0.5 percent. The 2012 Assessor's Roll updated this number for the City to 2.5 percent. Fiscal year 2013-14 projections for property tax receipts reflects the Assessor's February preliminary estimate for countywide growth, 2.8 percent.

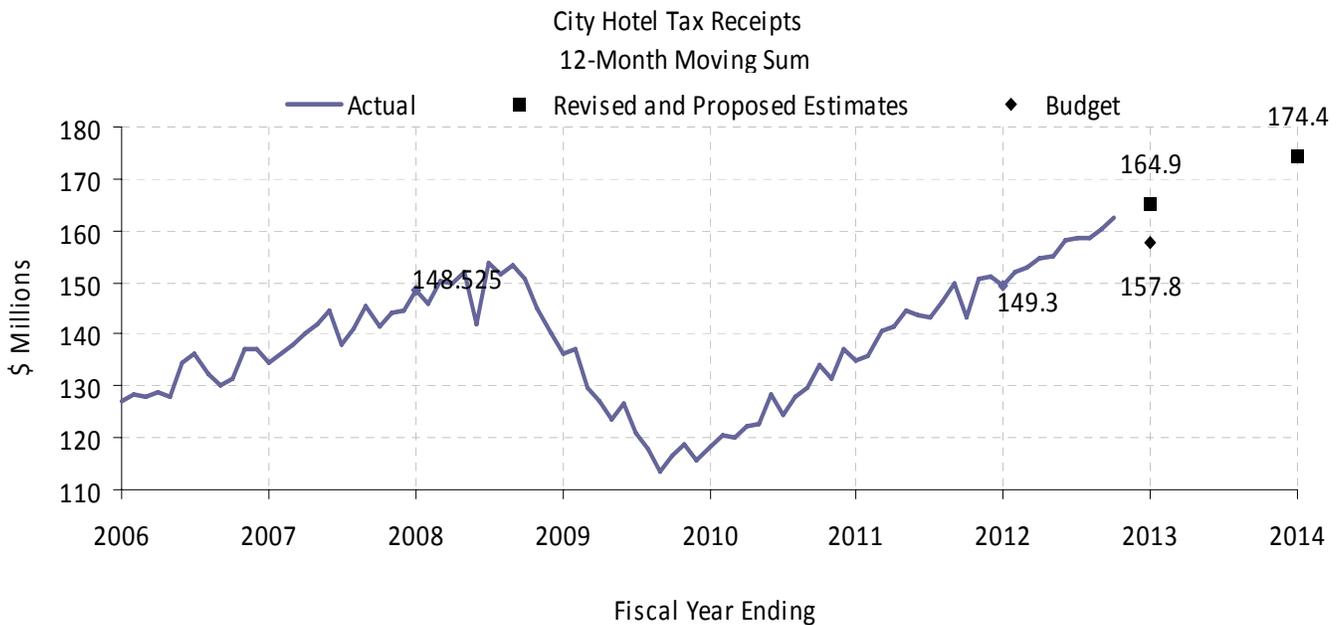
Utility User's Tax

The utility user's tax is composed of taxes on electricity, gas and communications usage. These components are affected by the price of fuel, weather, and the changing telecommunications market-place. In 2012-13, Utility user's tax decreased by 1% from \$621 million to \$615 million. However, it is expected to grow 2.7% for 2013-14 to \$642 million.



City Hotel Tax Receipts

Revenue from the transient occupancy tax, which is assessed on room rates and occupancy of available rooms, was the first tax to recover after the recession. Fiscal year 2011-12 finished at \$149 million, nearly the same as the 2007-2008 fiscal year. Current receipts are trending above plan and the revenue estimate has been increased. With hotels operating at near-capacity levels, future growth will largely be confined to increasing room rates.



Sales Tax Receipts

After falling by over 15% in 2009 alone, city sales tax revenue has increased by almost 8% each year. In Fiscal Year 2012-2013, sales tax revenue reached its pre-recession high of \$450 million. Projections for 2013-2014 expect revenue to continue increasing, reaching \$470 million by the end of the fiscal year.

