

CITY OF LOS ANGELES FISCAL YEAR 2014-15 BUDGET SUMMARY AS PRESENTED BY MAYOR ERIC GARCETTI

CHANGING THE CONVERSATION: FROM SHORT-TERM FIXES TO LONG-TERM FISCAL SUSTAINABILITY



MESSAGE FROM THE MAYOR



Dear Angelenos,

This is my first Proposed Budget as Mayor, and it is my goal to work with you to bring **long-term sustainability to the City's finances**.

Five years ago, the worst economic crisis since the Great Depression caused General Fund revenues to plunge and our pension investments to lose 30% of their value. **The Great Recession created a billion dollar hole in the General Fund Budget. That massive gap required drastic steps to keep the City solvent.** Year after year, departments were asked to make deep reductions; some endured cumulative cuts of as much as half their budgets. Overall, the City's workforce was reduced to levels last seen at the end of the Bradley Administration.

In the midst of an unfolding crisis there was not the opportunity to implement comprehensive structural reforms. Now with a recovering economy and replenished reserves, we not only have that opportunity, *we have that responsibility.*

This Budget begins that process. **As I stressed at Budget Town Halls held throughout Los Angeles, we are running a marathon, not a sprint.** Our goals are clear, and the message we consistently heard in every venue echoed them. Success is dependent on our work to:

- Promote good jobs for Angelenos all across Los Angeles
- Restore the city services that make our neighborhoods livable and attractive
- Make our communities the safest in the nation
- Create a more sustainable and livable city

To achieve our goals, this year we introduced comprehensive Performance Budgeting. The budgeting status quo was based on adding or subtracting from last year's Budget. Performance Budgeting instead identifies the specific results we want and prioritizes our spending to achieve those results.

Progress this first year will be modest. Although revenues are on the rise, deferred costs have risen even faster. Personnel costs—including salaries, pensions and health care—have increased by nearly \$200 million. Urgent investment is also required to replace long-obsolete technology and to maintain long-neglected critical infrastructure.

This Budget represents a transition year toward a deliberate path of restructuring our city government to live within its means and make Los Angeles more prosperous, more well-run, safer and more livable by rebuilding vital services and investing in our future.

My Proposed Budget moves our city forward on our most vital goals:

A SAFE CITY: We will continue to invest in a safer Los Angeles by maintaining the currently funded level of 10,000 police officers and expanding in-car video. We are also replacing an outmoded property and evidence tracking system to aid detectives in solving crimes. We will begin modernizing the Fire Department with new investment to improve management of its resources, technology, personnel and operations to reduce response times. The Police and Fire Departments will partner on a consolidated dispatch center to improve emergency response. In addition, we are providing ongoing funding to the expansion of Neighborhood Prosecutors in the City Attorney's office that was temporarily approved by the City Council this year.

A PROSPEROUS CITY: We will implement systematic reform of our entitlement and permitting process across departments as endorsed by the City Council. We will also move forward with a comprehensive effort to improve our customer service to businesses, large and small. We will support the public-private partnership to create at least 10,000 youth jobs this summer. Finally, we will begin reforming our outmoded Business Tax by adopting a long-term plan to steadily reduce the punitive top rate over the next four years, beginning on January 1, 2016.

A LIVABLE AND SUSTAINABLE CITY: We will invest in a cleaner and greener Los Angeles by expanding pilot neighborhood clean-up efforts and significantly augment our neighborhood code enforcement staffing, two priorities emphasized by participants in our Budget Town Halls. We expect to pave 2400 lane miles of city streets, exceeding previous records (although falling short of the long-term need) and we have doubled funding for sidewalk repair. Library hours will be expanded. We will complete a comprehensive Sustainability Plan to achieve our city's critical goals including efficiency savings of 15% of electricity demand by 2020, reduction in our reliance on imported water by 50% by 2025 and installation of 600 MW of local solar energy.

A WELL-RUN CITY GOVERNMENT: We will create a new "Innovation Fund" to spur new ideas and investments across all departments. We will implement the LAPD's successful COMPSTAT model of tracking performance in every City department and we will support a robust open data portal to partner with civic and private entrepreneurs to jointly tackle our biggest civic challenges. We will replace our outmoded budget system with new software that will enable a full transition to performance budgeting.

Overall, we have had to continue to trim, even in departments where staffing and funding have been slashed over the past five years in order to shift resources to our highest priorities. We have had to deny or defer a long list of worthwhile additional requests. We cannot afford to grant cost of living increases and we must ensure that employees share healthcare costs. By holding the line, however, we ensure that the progress we are making is fiscally sustainable. **This Budget preserves the Budget Stabilization Fund and continues rebuilding our General Fund Reserve. We began last year with a Reserve of 5.37%. We will begin next year at 5.5%.**

Above all, this Administration's first budget lays the ground work for a multi-year plan of fiscal reform to rebuild the capacity to achieve the results that matter most to Angelenos.

Bringing long-term balance to the City's finances requires rigorous re-examination of the entire way we do business. **As Mayor, I am committed to the systematic reform effort that began on my first day in office—when I took the unprecedented step of asking all our departmental General Managers to reapply for their jobs.**

This comprehensive effort will change how we budget; how we measure performance; how we deploy technology; how we handle service requests and complaints from residents; how we procure goods and services; how we process entitlements and permits; how we manage workers compensation claims; how we hire, train, evaluate, promote, motivate and hold accountable our workforce; and how we pursue open data and transparency.

Our goal is to establish Los Angeles as the best-run big city in America. Our primary strategy for achieving that goal is to build a data-driven culture of innovation and excellence. This is not an idle or idealistic notion – it is rooted in the history and potential of who we are as a city.

When it comes to a model of successful municipal reform, we need look no further than the Los Angeles Police Department. Once hailed as a national model, by 2002 it had reached a crisis of public confidence under the jurisdiction of a Federal Consent Decree. The magnitude and scope of the reform effort should not be oversimplified. But no one can dispute the significance of innovative leadership, the pioneering application of performance management through computerized crime statistics (COMPSTAT), the embrace of partnerships under the banner of community policing, or the continued investment in technology, training and additional sworn officers.

The results have been startling. Crime has declined every year since 2002, with fewer violent crimes than any year since 1956, and fewer homicides than any year since 1966, despite the huge increase in population. Today, the Los Angeles Police Department is now a global model of effective law enforcement and management.

The principles that achieved these successes are the same ones this administration is applying to every aspect of city government: innovative leadership; performance management; community partnerships; and long-term investments in technology, training and personnel. We will both cut costs and improve performance. By publicly committing to rigorous performance standards the citizens of Los Angeles can hold our government—and me—accountable for delivering results.

It will be especially challenging to achieve these goals in a time of fiscal discipline. But we have no choice: **we must make hard decisions and invest in successes that may be years in the making.**

Our residents understand this. At Budget Town Halls across the city, hundreds turned out to discuss and debate the most important priorities for creating a greater city -- with a shared understanding that we cannot reach all our goals and fulfill all our dreams at once.

With that long-term perspective in mind, I submit to you my Proposed Budget for Fiscal Year 2014-15. **I look forward to working with you to adopt a balanced budget that puts Los Angeles on a path to fiscal sustainability and on a course toward a safer, more prosperous, and livable city, served by the best-run city government in America.**

Sincerely,



ERIC GARCETTI
Mayor of the City of Los Angeles

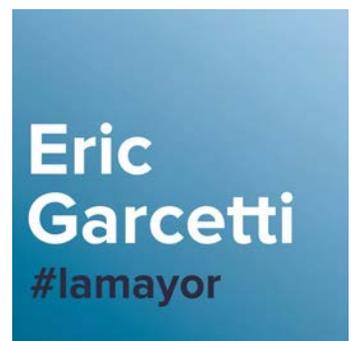


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A NEW BUDGET PROCESS



Mayor Garcetti is changing the way Los Angeles does budgeting. Like most cities, we have traditionally allocated money by line-item: each incremental change in revenue and expenditure is individually added to or subtracted from the status quo. This limits the debate to what “cuts” or “enhancements” are made each year. What gets lost are fundamental questions — *What matters most? Are we getting the highest value for our money?*

Fiscal year 2014-2015 begins to shift the budget conversation from “*What are we cutting?*” to “*What are we buying?*” Los

Angeles is starting on a multi-year path toward true performance budgeting, a model that focuses on outcomes and results. While stressing “this is a marathon, not a sprint,” we’ve seen departments begin to make funding requests based on real performance data and specific outcomes that can be achieved. This changes the focus from “*How much are we spending?*” to “*How much can we achieve?*”

This is just the beginning. Replacing our outmoded, stand-alone budget software with a new system directly linked to the citywide financial accounting program will make it far easier to tie budgeting to results — and make those results far more transparent to the residents we serve.

BUDGET TOWN HALLS

Recognizing that public participation is critical for aligning services to what matters most, Mayor Garcetti convened five Budget Town Halls around the City to gather input from residents, community groups, and businesses. More than 1400 civic leaders and active citizens attended to participate in defining “what matters most” to them and their neighbors. Small group discussions gave participants the opportunity to answer key questions that helped shape the final Budget:

- What does a great city look like to you?
- What matters most to you?
- How do we prioritize these outcomes?
- How do we you measure success?

RESULTS TEAMS

Perhaps the most innovative addition to the Budget process was the work done by “Results Teams” focused on the Garcetti Administration’s four main goals. Comprised of a broad cross-section of staff expertise from departments, Council, Mayor, City Administrative Officer, and Chief Legislative Analyst offices, Results Teams determine the criteria for evaluating budget proposals, helping to shape the difficult trade-offs reflected in this Budget.

What is Performance Budgeting?

Simply put, Performance Budgeting better aligns spending with outcomes (what we want to achieve). Some key elements include:

- Greater emphasis on what citizens want through outreach like Budget Town Halls
- Setting desired outcomes at the *start* of the budget process
- Ranking funding proposals using Results Teams to prioritize spending to achieve the desired outcomes
- And, most importantly, comprehensive data-driven performance metrics to measure results

COMPSTAT: How we manage performance

For the first time, budgeting in LA is being driven by performance, requiring departments to connect funding to results through metrics. The gold standard for data-driven management is LAPD's COMPSTAT. For the past 15 years, LAPD has used the system to pinpoint problems, quickly deploy resources, create effective solutions and evaluate results. As a result, Los Angeles has seen a 5.2% drop in Part 1 crimes since 2012 and a 21% drop since 2008. Building on this success and applying COMPSTAT principles to everything we do, the Mayor is focused on delivering the same kind of results citywide.

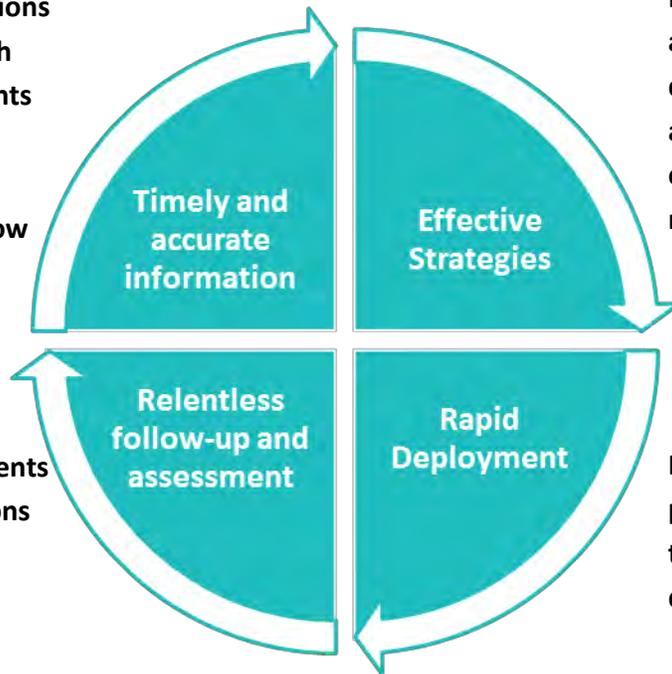


Each department is adapting the COMPSTAT model to the unique challenges of their specific missions — as well as collaborating for a data-driven culture of excellence and innovation. Starting with the Mayor's key priorities, specific measures have been developed for everything from paving streets to reducing homelessness. Results data is used to inform decision making and help managers strategically allocate resources. The Mayor quotes Peter Drucker who said, "What gets measured is what gets done!"

How COMPSTAT Works:

The Mayor sets expectations by establishing goals with departments. Departments are responsible for delivering on goals and providing the data to show progress.

The Mayor and departments follow up on past decisions to assess progress and evaluate performance.



Based upon the data analyzed, managers develop strategies to achieve goals — or make course-corrections when necessary.

Resources, including personnel, are deployed to implement strategic decisions.

DEVELOPING NEXT YEAR'S BUDGET



Yearly True-Up: The adopted Budget sets the stage for next fiscal year's work. For the first time, the City will "true-up"—ensuring that the metrics reflect the Budget. This will also serve as an end-of-year review and a baseline for planning future budgets.

Collaborative sessions: Departments are where the work gets done — and a deeper understanding of their successes, their struggles, and their plans to deliver results will create a better budget decisions. We will engage departments earlier than ever before to collaboratively achieve the City's goals.



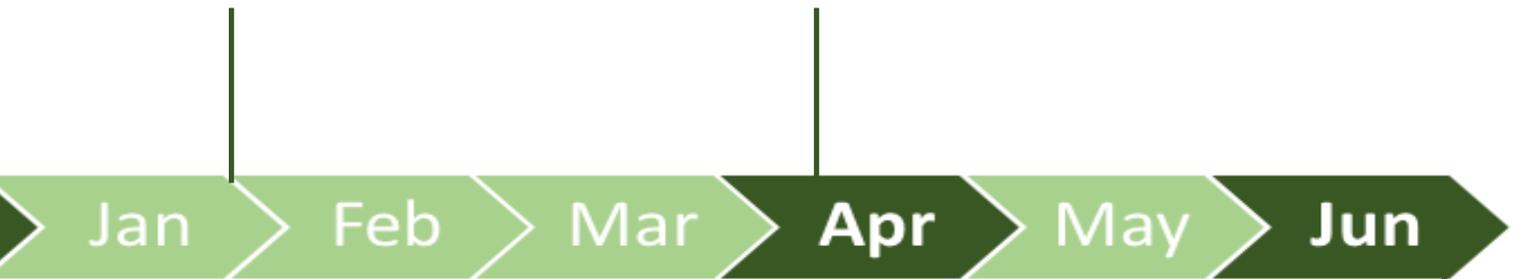
Adjusting course: A Prosperous, Livable and Safe City — and a Well-run City government — will remain our goals. But next year we will look for new and innovative ways of achieving those outcomes. The City will convene panels of experts from inside and outside of local government to help shape the best strategies across departments.





Civic participation: This year's Budget Town Halls brought more than 1400 citizens into the budget process. Through our Neighborhood Councils, social media and other civic partners, we will expand the understanding of the budget process so more Angelenos can participate.

Public deliberation: By charter, the Mayor submits the City's proposed budget by April 20th of every year. At that point, the public, through their elected representatives and through public comment, weighs in on the budget. Typically, the revised budget is approved in May and goes into effect July 1, the start of the next fiscal year.



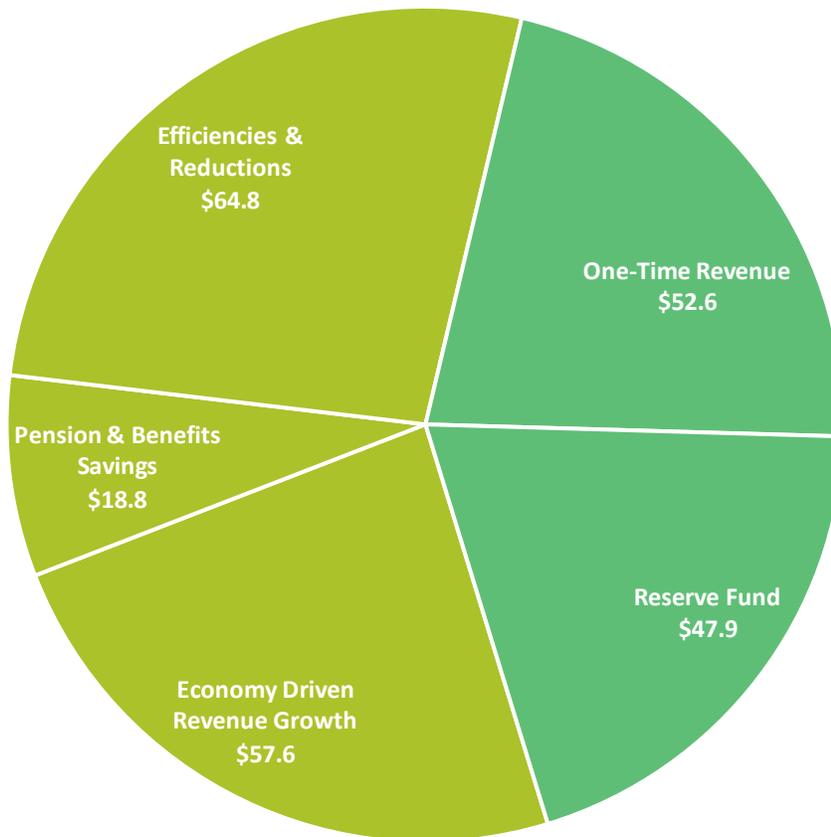
Creating a data-driven budget: This fiscal year, departments began to align themselves toward outcomes. Next year, departments will further connect performance metrics to outcomes and demonstrate tangible, measurable improvements. Due to the size and complexity of the budget, proposals are usually submitted to the Mayor's Budget team in December for detailed consideration.

The cycle starts again: For the first time in decades, the City is investing in a new system that will help facilitate performance budgeting, shedding new light on the process and helping generate longer term savings.



BALANCING THE BUDGET

At the beginning of the fiscal year, the City Administrative Officer projected a \$242 million shortfall for the upcoming 2014-15 budget. The chart below illustrates how the budget was balanced.



Economy Driven Revenue Growth: \$57.6 million – Higher than anticipated growth in major City revenue sources such as Property Tax, Documentary Transfer Tax, and Transient Occupancy Tax.

Pension and Benefits Savings: \$18.8 million – Projected savings in pension and benefits costs due to higher than anticipated investment earnings in the pension funds and lower than projected costs for human resources benefits.

Efficiencies/ Reductions: \$64.8 million – Vacancy deletions, salary and expense reductions, and a reduced assumption for police overtime costs.

One-Time Revenue: \$52.6 million – Grant reimbursements, surplus transfers from the Special Parking Revenue Fund and Telecommunications Development Account, and transfers from various other funds and accounts.

Reserve Fund: \$47.90 million – Funds are transferred from the Reserve Fund to fill the remaining shortfall. Even after this transfer, the 2014-15 Budget proposes growing the Reserve Fund to more than 5.5 percent of General Fund revenue.

PRIORITIES



A **PROSPEROUS** CITY

A **SAFER** CITY

A **LIVABLE AND SUSTAINABLE** CITY

A **WELL-RUN** CITY

PRIORITY: A PROSPEROUS CITY



Los Angeles is the center of a dynamic regional economy, powered by world-leading creative industries and entrepreneurs, top-flight research universities and a diverse workforce. However, we can do much more to foster a thriving economy and the benefits that brings to our residents. Too many hard-working Angelenos still struggle for economic opportunity, held back by lack of access to training and jobs. The Mayor has made good jobs for Angelenos a top priority and is committed to improving the way the City serves businesses large and small.

REFORMING THE CITY'S BURDENSOME BUSINESS TAX

Mayor Garcetti supports phasing out the current Business Tax (the highest in the County) to both retain and attract new businesses that create jobs. The first step is a four-year plan to cut the top rate by more than 16%.

PROPOSED SCHEDULE:

Current:	\$5.07 / \$1,000 in gross receipts
2016:	\$4.75 / \$1,000
2017:	\$4.50 / \$1,000
2018:	\$4.25 / \$1,000

How does LA's business tax compare regionally?



Los Angeles's top business tax rate is significantly higher than the highest business tax rates of nearby cities.

PROVIDING SUMMER JOBS FOR LA'S YOUTH



Hire LA's Youth puts young adults to work, providing first time job experience that will set them on the path to become lifetime earners. The Mayor is committed to ensuring no one is turned away, providing 10,000 work opportunities for young people (ages 14-24) who live in the City of Los Angeles. By leveraging the City's \$2 million investment, the Mayor has been able to secure generous donations from organizations like Walt Disney and Citibank.

IMPROVING DEVELOPMENT SERVICES

Years of adding bureaucratic layers have created a complex and outdated entitlement and permitting process. Mayor Garcetti and the City Council have adopted systematic reforms to eliminate duplication, simplify processing and reduce the time and effort needed to open or expand a business as well as meet our development standards for new construction.

KEY INVESTMENTS:

New Construction Inspection Services: \$4,141,146

Growing fee revenue will be directed to allow the Building and Safety Department to enhance new construction services and reduce overall construction inspection time.

Construction Services Center Help Desk: \$689,485

A new help desk for home owners and small business owners will direct customers to the correct services, assist in resolving problems, and provide a simple feasibility study for small projects.

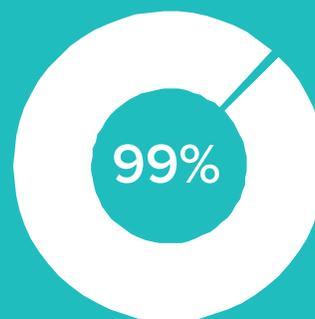
Zoning Review: \$790,464

A pilot program to deploy planners perform zoning plan checks at the beginning of project review, eliminating time consuming "late hits."

BuildLA Technology Support: \$573,294

New systems support staff will help the Building and Safety Department begin implementation of the BuildLA project, which will integrate and streamline development permitting systems and provide a single online development services portal for customers.

Construction Inspections completed within 24 hours:



FY 2014-2015
(Projected)

For LADBS New Construction Inspection

A Regional Economy

The City of Los Angeles is part of a five-county regional economy with a GDP of more than \$800 billion – the world’s third largest urban economy. The greater Los Angeles economy was hit hard by the Great Recession, but is steadily improving with employment, income, and property values on the rise and a new tech start-up launched every 40 hours.

Did you know? LA is:

- the nation’s largest manufacturing center
- the nation’s largest international trade center



LA COUNTY ECONOMIC INDICATORS

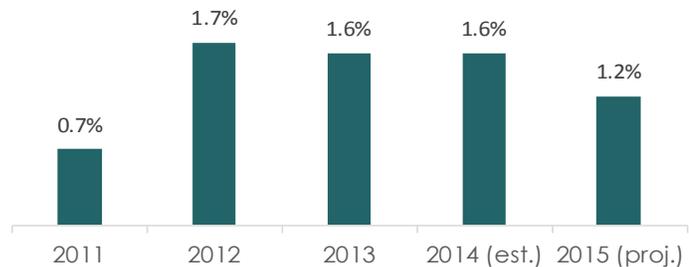
The City of Los Angeles is home to 40% of LA County’s population and is its economic heart. Here’s a snapshot of the economic health of the county.

(Statistics courtesy of the Los Angeles Economic County Development Corporation)

Total Employment:

(Percent change over previous year)

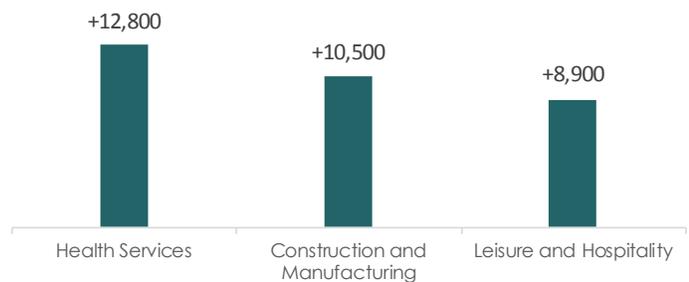
Since the end of the Great Recession, employment in LA County has increased slowly. The county is expected to exceed pre-recession employment by either 2016 or 2017.



Sector Job Growth:

(Projections for highest growth sectors)

In 2014, the total number of job opportunities in LA County is expected to grow by 58,900.



Total Personal Income:

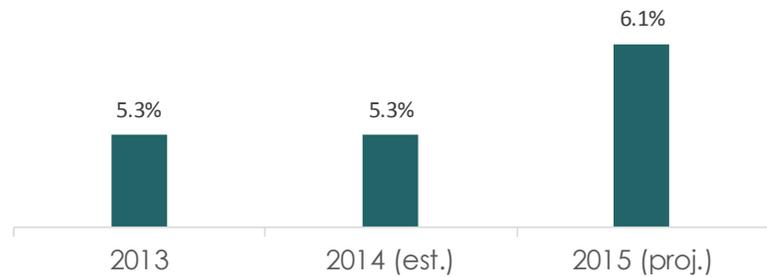
From a recession-low of \$390 billion, total personal income has been steadily growing at a slightly faster rate than employment.



Total Real Estate Value:

(Percent change over previous year)

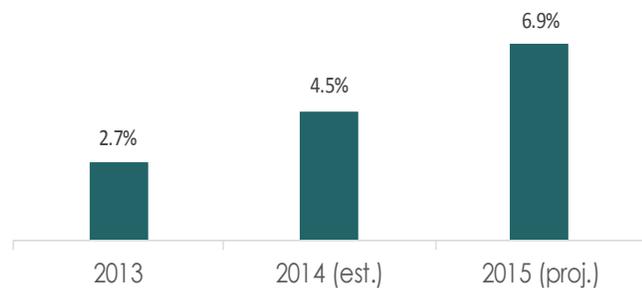
Property values throughout LA County been slowly rising since the end of the Great Recession, and have recently begun to accelerate (the City of Los Angeles has outpaced the rest of the county in property value growth, with a 5.1% increase in 2012).



Value of International Trade:

(Percent change over previous year)

Global trade is the backbone of the Los Angeles regional economy, and a recovering national economy is expected to drive continued growth in the value of trade processed through the region.



PRIORITY: A SAFER CITY



Mayor Garcetti has pledged to ensure LA's communities are the safest in the nation. That doesn't stop with continuing to reduce crime for the 12th straight year. It includes revamping deployment and emergency response for fire and medical emergencies — and preparing for earthquakes and other potential threats. The Budget proposes smart investments to hire and empower a talented workforce and give them the vital tools and technology needed to partner with our citizens to create a safer city.

STRENGTHENING OUR POLICE DEPARTMENT

Key funding investments for the LAPD are focused on continued reductions in crime and improving transparency and accountability for law enforcement.

KEY INVESTMENTS:

Police Force: \$14,766,419

The City will continue hiring efforts to support and maintain a 10,000 Officer force.

In-car video installation: \$8,000,000

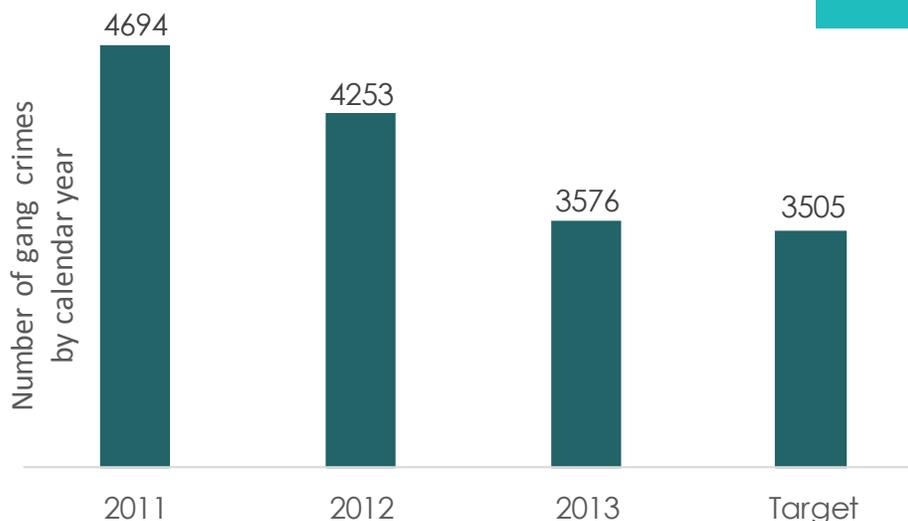
Installing video technology in police vehicles will help law enforcement better document public interactions, provide increased case evidence, and assist with officer training.

Property management technology: \$4,000,000

Replacing the department's outmoded system will help ensure efficient tracking and analysis of the evidence that can put criminals behind bars.

Total Part I crimes are the lowest since

1956



TRANSFORMING OUR FIRE DEPARTMENT

The 2014-15 budget for the Los Angeles Fire Department (LAFD) is a down payment towards reducing response times and improving performance. By revamping management of technology, human resources and public communication and deploying FireStat to use data for more flexible deployment, this Budget begins the transition to a new approach to keeping our residents and neighborhoods safe.

KEY INVESTMENTS:

Geographic Bureau Command Structure Reform: \$1,604,385

The new management structure for LAFD will be organized to focus on the neighborhoods served, not the shifts served by crews.

Firefighter Training and Hiring: \$3,523,082

An additional 140 Firefighters will be recruited and hired to rebuild staffing and reduce the need for overtime.

Computer-aided-dispatch consolidation: \$1,500,000

By having Police and Fire response served by a single operation, we can ensure the right resources get to the scene of emergencies as quickly as possible — and cut costs over time by eliminating duplication and inefficiencies.



PROMOTING COMMUNITY PARTNERSHIPS

The Neighborhood Prosecutors program resolves community related issues through greater cross-collaborative partnerships between the City Attorney's Office, LAPD officers, Council's and Mayor's Offices, City agencies and community stakeholders. The \$1.9 million funding will improve the ability to deliver broader case management and other critical legal services to our residents.



Reduce hit-and-run collisions by

5%

FY 2014-2015
(Projected)



LAPD Goal

PRIORITY: A LIVABLE AND SUSTAINABLE CITY



Los Angeles grew to its current size based on our attractive and healthy quality of life. Long-term sustainability is more than just the environment; it's about building a resilient city that reduces our demand for non-renewable resources. As we reshape our urban environment to take advantage of new transit investments, we must preserve and enhance livability in every neighborhood. Mayor Garcetti's "back to basics" agenda means investing in the infrastructure and services for a cleaner, greener, healthier and more vibrant city.

IMPROVING OUR BUILT ENVIRONMENT

Livability is not just the safety of our buildings, and the cleanliness, accessibility and economic vitality of our neighborhoods—it's also infrastructure like streets and sidewalks. Investments in these areas will ensure delivery of the services that matter most to residents.

KEY INVESTMENTS:

Great Streets Initiative: \$800,000

The Mayor issued Executive Directive #1 establishing the Great Streets Program with the focus of developing corridors that activate public spaces, provide economic revitalization, and support vibrant neighborhoods.

Pavement Preservation: \$142,300,000

To maintain the street network of 28,000 lane miles at its current condition, the City will repair up to 2,400 lane miles of streets and 350,000 potholes.

Sidewalks: \$20,000,000

Repaired sidewalks are an important part of a walkable and accessible community. We are addressing our sidewalk repair backlog by doubling funding to the Bureau of Street Services' Sidewalk Repair program.

Healthy Streets: \$8,000,000

Through the Healthy Streets Program, the Bureau of Sanitation will clean up alleyways and abandoned waste in impacted neighborhoods including the Skid Row area of downtown Los Angeles.

Urban Design Studio: \$171,720

Funding to the Planning department's Urban Design Studio reinforces the Mayor's commitment to improving the compatibility of new development in our neighborhoods and commercial areas.

Code Enforcement: \$1,735,268

This funding increases inspectors in the Department of Building and Safety to reduce response time to code enforcement complaints from 25 to 14 business days, targeting unsafe and unsightly conditions in our neighborhoods.

Repairing up to :

2,400
street lane miles

350,000
potholes



RESTORING AND REIMAGINING OUR COMMUNITY LIBRARIES

Libraries are actively redefining their role as repositories of books to interactive community centers that provide a variety of valuable services to city residents. This budget proposes a full restoration of library hours and services that were reduced over the last few years due to the City's previous budget shortfalls.

Library e-media circulation



2,100,500
FY 2013-2014

2,500,000
FY 2014-2015
(Projected)

KEY INVESTMENTS:

Library Hour Restoration and Increased Programming: \$1,807,418

The restoration of hours will enable key locations to not only remain open longer but to increase services offered to LA's job seekers, students, and immigrant populations.

Enhancement of Library Collections: \$2,067,365

This will provide the books and materials necessary to meet the needs of the public.

Digital Learning Labs: \$1,393,149

This program will establish a Digital Learning Lab in the Central Library and one Branch Library to expand digital content.

CONSERVING RESOURCES AND PROTECTING THE ENVIRONMENT

In an effort to further reduce our local natural resource demands, we are developing a comprehensive plan to reach broader short and long-term sustainability goals. To support this, Mayor Garcetti is funding the following programs to conserve water, increase energy efficiency, and reduce greenhouse gas emissions within our municipal facilities.

KEY INVESTMENTS:

San Fernando CNG Fueling Yard: \$4,400,000

The installation of a compressed natural gas (CNG) fueling facility at the San Fernando Yard will create significant long-term fuel savings for our fleet.

Energy and Water Management: \$4,000,000

Funding supports the City's energy and conservation goals through retrofitting City facilities which will provide long-term savings from reduced energy and water consumption.

LED Retrofit Phase II: \$2,700,000

The continued LED streetlight conversion will result in immediate and long-term savings from reduced energy consumption and maintenance costs and help the City to reach its 15% energy efficiency goal.



PRIORITY: A WELL-RUN CITY



Mayor Garcetti is committed to making Los Angeles the most well-run big city in America. Building a data-driven culture of innovation and excellence doesn't happen overnight. This Budget begins the long-term investment in technology and reform of the City's outmoded core business systems, including hiring, contracting and budgeting. A new Innovation Fund will be a catalyst for funding promising ideas for improving services and saving money. The City's Open Data portal will make citywide and departmental performance data transparent and accessible.

LIVING WITHIN OUR FINANCIAL MEANS

The City has the responsibility to fund what matters most and maximize each dollar spent. After five years of deep departmental cuts, we need to implement comprehensive structural reform to ensure we can deliver high quality services with a smaller workforce. This year's Budget begins the process for strategic investment in improving how we manage performance, how we handle service requests and complaints from residents, how we procure goods and services and how we use technology.

KEY INVESTMENTS:

Performance Budgeting: \$2,700,000

The 25 year-old budgeting system is near end-of-life with half of the documents created outside of the system. Replacing the system creates efficiencies and better facilitates performance budgeting.

Contractual Audit Resources: \$500,000

To solve pressing challenges, the City Controller will now be able to utilize the best expertise available to perform additional audits with an emphasis on best practices.

Litigation and Risk Management System: \$779,000

The City Attorney will implement a new litigation and risk management system to manage data, analyze trends, and identify potential sources of liability.



The Mayor's Open Budget website gives residents a better way to see how their tax dollars are being collected and spent.

Visit: lamayor.org/openbudget



TAKING PRIDE IN PUBLIC SERVICE

Public workers are integral to the City’s performance and improved training can improve service delivery. The Mayor’s Proposed Budget reverses the common trend of first cutting training and development, providing \$190,684 in funding to train, equip, and empower public servants who deliver vital services.

PARTNERING WITH CIVIC AND COMMUNITY GROUPS

To bring about a more open and effective City government, the Mayor is committed to building partnerships with the private, non-profit, and academic sectors, and with all members of our diverse communities. The Mayor’s Proposed Budget provides \$180,000 for a key partnership with Code of America. The City will work with a team of Code for America fellows in a year-long collaboration to build apps and to develop solutions to make City Hall work better for Angelenos.

DEPLOYING INNOVATION AND TECHNOLOGY

In today’s fast-changing world, technology provides business tools to cut costs, improve service, and open the door to fresh solutions to long-standing problems. Through technology investments, the Mayor’s Budget promotes transparency and civic engagement with software solutions that bring Los Angeles City government into the forefront of innovation.

KEY INVESTMENTS:

Innovation Fund: \$1,400,000

The Mayor’s Proposed Budget establishes an Innovation Fund, which will be used to expediently fund or seed qualified innovative initiatives, proposals, competitions, micro-projects or other ideas that develop during the fiscal year. These projects will tangibly and cost-effectively transform City services.

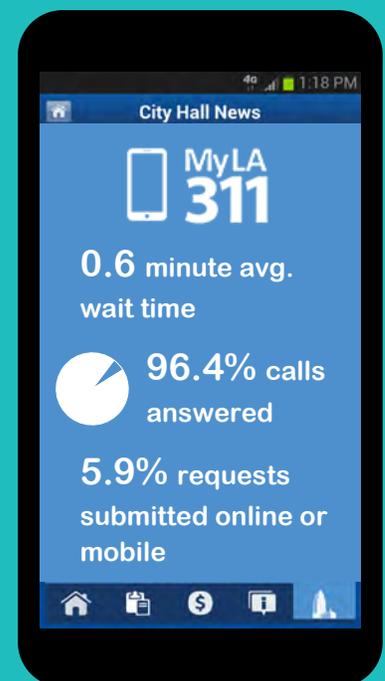
Disaster Recovery for Major Systems: \$578,764

Funding provides off-site disaster recovery capabilities for the City’s major financial and operational systems.

Open Data: \$349,000

The funding allows ITA to establish a City Open Data Portal, which will serve as the central source for departmental open data to promote transparency in government.

MyLA 311 App Stats (March)



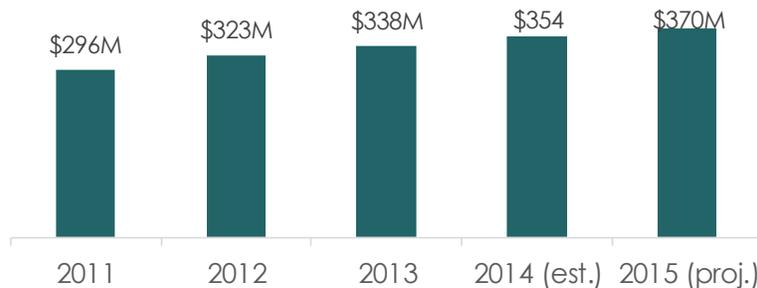
Download the MyLA 311 app at the Apple AppStore or Google Play

REVENUE OUTLOOK

The City's diverse tax base reduces the volatility of overall General Fund revenues. Each of the following revenue sources are affected by the regional economy in different ways. Reflecting the improving economy, most receipts from the City's primary revenue sources—Sales Tax, Property Tax, Transient Occupancy Tax, Document Transfer Tax, Business Tax and Utility Users' Taxes—have been on the rise for the past several years and are expected to continue increasing overall during fiscal year 2013-14 and 2014-15.

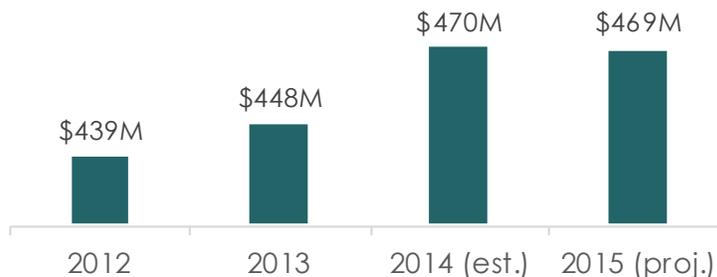
Sales Tax

Sales Tax revenue accounts for about 7% of the General Fund. The City's Sales Tax receipts have been slowly increasing over the past several years. Percent change over previous year:



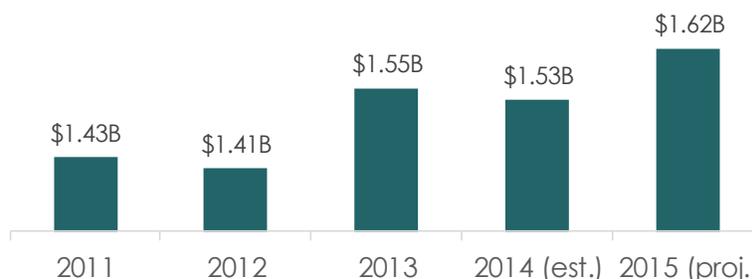
Business Tax:

The Business Tax is based on the "gross receipts" of businesses operating in Los Angeles. Receipts from the Business Tax have increased, partly as a result of an amnesty program this year. It is forecasted to be essentially flat overall in 2014-15.



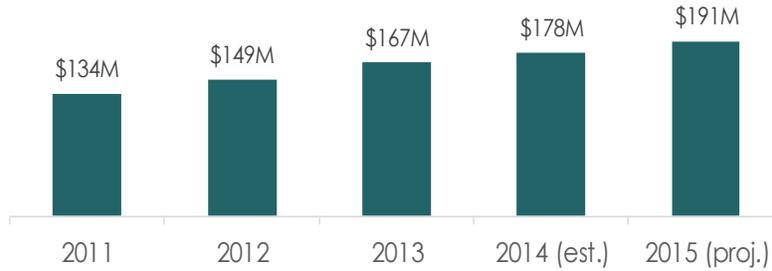
Property Tax:

Property Tax receipts are the largest source of General Fund revenue. Since 2011, Property Tax receipts have seen large increases followed by minor decreases due to timing of receipts.



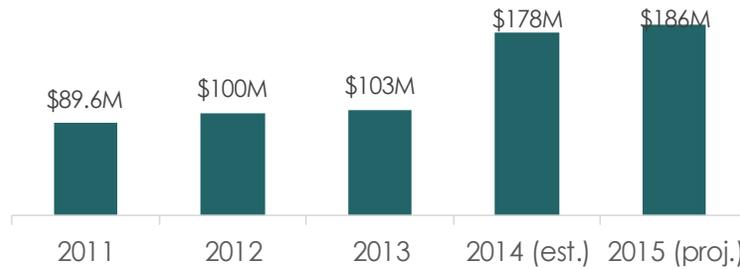
Transient Occupancy Tax

Receipts from the City’s hotel tax comprise about 3% of the General Fund. The Transient Occupancy Tax has been growing steadily over the past few years, culminating in LA’s record-breaking tourism levels in 2013. Percent change over previous year:



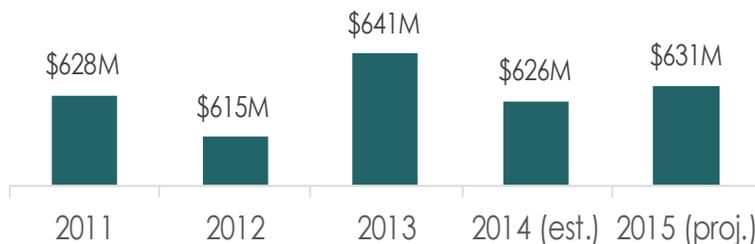
Document Transfer Tax:

The Document Transfer Tax comprises less than 3% of the General Fund. Receipts for the Document Transfer Tax have continued to grow since 2011.



Utility Users’ Tax:

Utility Users’ Taxes combines tax receipts on electricity, gas, and communication services. Revenues from Utility Users’ Taxes have been slowly decreasing over the past several years as the result of new efficient technologies as well as water and energy conservation efforts.



PROPRIETARY DEPARTMENTS

Los Angeles is unique in its operation of major infrastructure assets, which it leverages to promote regional economic development, assist Los Angeles businesses, provide cost-competitive and high-quality services, and ensure environmental quality and sustainability. Our proprietary departments consist of the Port of Los Angeles, Los Angeles World Airports, and the Los Angeles Department of Water and Power. These publically owned and operated entities finalize their budgets outside the City's official process – but are fully engaged in performance management through our departmental CompStat process.

LOS ANGELES DEPARTMENT OF WATER AND POWER

The Los Angeles Department of Water and Power (LADWP) is the largest municipally-owned utility in the nation. The mission of the DWP is to provide clean, reliable water and power and excellent customer service in a safe, environmentally responsible and cost-effective manner. Mayor Garcetti is committed to far-reaching reform of the utility to deliver improved customer service, fiscally responsible management and environmental stewardship worthy of the LADWP's proud legacy.



LOS ANGELES WORLD AIRPORTS

Los Angeles World Airports (LAWA) owns and operates four airports in Southern California: Los Angeles International (LAX), LA/Ontario International, Palmdale Regional Airport, and Van Nuys Airport. LAX is the world's sixth busiest airport by passenger flights and the world's busiest origin and destination airport, and has a regional economic impact of \$60 billion annually.



PORT OF LOS ANGELES

The Port of Los Angeles is America's busiest container port since the turn of the millennium. Past investments in environmental efforts like the clean trucks program and deepening the main channel to allow for bigger vessels will allow the Port to maintain its competitive edge in the ever-changing global economy.



SUMMARY OF APPROPRIATIONS

DEPARTMENTAL EXPENDITURES

	Salaries	Expense	Equipment	Special	Total
Aging	4,029,640	182,229	-	-	4,211,869
Animal Services	21,422,762	1,487,442	-	-	22,910,204
Building and Safety	84,170,454	2,462,113	2,250	-	86,634,817
City Administrative Officer	13,795,019	2,166,194	-	-	15,961,213
City Attorney	108,745,966	8,106,312	-	-	116,852,278
City Clerk	17,625,478	7,952,373	-	-	25,577,851
City Planning	30,362,674	4,481,916	99,540	-	34,944,130
Controller	16,220,263	1,027,648	-	-	17,247,911
Convention Center	1,675,732	40,000	-	5,000	1,720,732
Council	20,974,270	908,219	-	-	21,882,489
Cultural Affairs	4,809,329	553,262	-	4,166,817	9,529,408
Department on Disability	1,490,978	316,792	-	153,863	1,961,633
Economic and Workforce Development	16,695,848	1,399,404	-	-	18,095,252
El Pueblo de Los Angeles	1,330,808	406,957	-	-	1,737,765
Emergency Management	1,773,611	71,036	-	-	1,844,647
Employee Relations Board	323,687	78,320	-	-	402,007
Environmental Affairs	-	-	-	-	-
Ethics Commission	2,129,001	337,046	-	-	2,466,047
Finance	29,586,257	8,545,169	-	-	38,131,426
Fire	530,936,643	30,309,188	-	-	561,245,831
General Services	108,758,356	123,331,422	120,000	3,594,814	235,804,592
Housing and Community Investment	55,891,464	6,533,041	-	500,000	62,924,505
Department of Human Services	-	-	-	-	-
Information Technology Agency	46,946,087	20,202,118	153,314	17,160,893	84,462,412
Mayor	5,737,005	389,256	-	-	6,126,261
Neighborhood Empowerment	1,920,961	149,747	-	6,000	2,076,708
Personnel	46,143,022	6,514,879	-	1,873,564	54,531,465
Police	1,265,036,890	60,206,933	13,170,464	-	1,338,414,287
Board of Public Works	7,230,913	6,426,631	-	-	13,657,544
Bureau of Contract Administration	28,769,123	1,717,328	-	-	30,486,451
Bureau of Engineering	69,639,322	3,262,604	386,103	-	73,288,029
Bureau of Sanitation	218,523,824	7,685,716	27,000	-	226,236,540
Bureau of Street Lighting	20,828,493	1,497,874	1,000	4,182,330	26,509,697
Bureau of Street Services	78,538,360	86,191,708	-	-	164,730,068
Transportation	119,096,063	20,736,832	183,533	-	140,016,428
Treasurer	-	-	-	-	-
Zoo	16,588,681	3,142,326	-	-	19,731,007
Total-Budgetary Departments	2,997,746,984	418,820,035	14,143,204	31,643,281	3,462,353,504
Appropriations to Library Fund	-	-	-	139,401,339	139,401,339
Appropriations to Recreation and Parks Fund	-	-	-	154,355,080	154,355,080
Appropriation to City Employees' Retirement	-	-	-	93,718,332	93,718,332
Appropriations to Fire & Police Pension Fund	-	-	-	-	-
Total-Appropriations	-	-	-	387,474,751	387,474,751
Total-Departmental	2,997,746,984	418,820,035	14,143,204	419,118,032	3,849,828,255
Tax & Revenue Anticipation Notes	-	-	-	1,048,102,618	1,048,102,618
Bond Redemption and Interest	-	-	-	148,889,669	148,889,669
Capital Finance Administration Fund	-	-	-	240,095,761	240,095,761
CIEP -Municipal Facilities	-	-	-	11,612,000	11,612,000
CIEP -Physical Plant	-	-	-	13,925,825	13,925,825
CIEP -Wastewater	-	-	-	183,800,000	183,800,000
General City Purposes	-	-	-	103,706,241	103,706,241
Human Resources Benefits	-	-	-	619,338,916	619,338,916
Judgment Obligation Bonds Debt Service Fund	-	-	-	9,028,225	9,028,225
Liability Claims	-	-	-	47,910,000	47,910,000
Proposition A Local Transit Assistance Fund	-	-	-	257,435,822	257,435,822
Prop. C Anti-Gridlock Transit Improvement Fund	-	-	-	26,339,808	26,339,808
Special Parking Revenue Fund	-	-	-	43,166,102	43,166,102
Local Transportation Fund	-	-	-	902,000	902,000
Unappropriated Balance	-	-	-	106,380,177	106,380,177
Wastewater Special Purpose Fund	-	-	-	463,170,037	463,170,037
Water and Electricity	-	-	-	40,843,000	40,843,000
Other Special Purpose Funds	-	-	-	885,640,612	885,640,612
Total-Nondepartmental	-	-	-	4,250,286,813	4,250,286,813
Total	2,997,746,984	418,820,035	14,143,204	4,669,404,845	8,100,115,068

NON-DEPARTMENTAL EXPENDITURES

SUMMARY OF RECEIPTS

GENERAL RECEIPTS

Receipts:	Total	% of Total
Property Tax	\$ 1,630,361,000	0.201
Property Tax - Ex-CRA Increment	48023000	0.006
Utility Users' Tax	632600000	0.078
Licenses, Permits, Fees, and Fines	811250709	0.1
Business Tax	459500000	0.057
Sales Tax	374100000	0.046
Documentary Transfer Tax	196800000	0.024
Power Revenue Transfer	261000000	0.032
Transient Occupancy Tax	194100000	0.024
Parking Fines	165900000	0.02
Parking Users' Tax	98400000	0.012
Franchise Income	43153000	0.005
State Motor Vehicle License Fees	1700000	0
Grants Receipts	10240000	0.001
Tobacco Settlement	9006000	0.001
Transfer from Telecommunications Dev. Account	5223022	0.001
Residential Development Tax	3280000	0
Special Parking Revenue Transfer	30635342	0.004
Interest	13491000	0.002
Transfer from Reserve Fund	128765509	0.016
Transfer from Budget Stabilization Fund	0	
Total General Receipts	\$ 5,117,528,582	0.632

SPECIAL RECEIPTS

Property Tax - City Levy for Bond Redemption and Interest	148889669	0.018
Sewer Construction and Maintenance Fund	757832209	0.094
Proposition A Local Transit Assistance Fund	148861089	0.018
Prop. C Anti-Gridlock Transit Improvement Fund	71137883	0.009
Special Parking Revenue Fund	43952113	0.005
L. A. Convention and Visitors Bureau Fund	14931000	0.002
Solid Waste Resources Revenue Fund	326488021	0.04
Forfeited Assets Trust Fund	0	0
Fines--State Vehicle Code	7260000	0.001
Special Gas Tax Street Improvement Fund	115200000	0.014
Housing Department Affordable Housing Trust Fund	1000000	0
Stormwater Pollution Abatement Fund	30915831	0.004
Community Development Trust Fund	22495657	0.003
HOME Investment Partnerships Program Fund	5018122	0.001
Mobile Source Air Pollution Reduction Fund	4698000	0.001
City Employees' Retirement Fund	93718332	0.012
Community Services Administration Grant	1596503	0
Park and Recreational Sites and Facilities Fund	2000000	0
Convention Center Revenue Fund	8622230	0.001
Local Public Safety Fund	40750000	0.005
Neighborhood Empowerment Fund	5547617	0.001
Street Lighting Maintenance Assessment Fund	54102520	0.007
Telecommunications Development Account	21895235	0.003
Older Americans Act Fund	2746480	0
Workforce Investment Act	16822900	0.002
Rent Stabilization Trust Fund	14571450	0.002
Arts and Cultural Facilities and Services Fund	15273725	0.002
Arts Development Fee Trust Fund	1222680	0
City Employees Ridesharing Fund	3527100	0
Allocations from Other Sources	36094896	0.004
City Ethics Commission Fund	2391364	0
Staples Arena Special Fund	6030000	0.001
Citywide Recycling Fund	21506000	0.003
Special Police Comm./911 System Tax Fund	10000	0
Local Transportation Fund	4361605	0.001
Planning Case Processing Revenue Fund	19920398	0.002
Disaster Assistance Trust Fund	56850000	0.007
Landfill Maintenance Special Fund	4599748	0.001
Household Hazardous Waste Special Fund	3393000	0
Building and Safety Enterprise Fund	135690771	0.017
Housing Opportunities for Persons with AIDS	782849	0
Code Enforcement Trust Fund	32745806	0.004
El Pueblo Revenue Fund	4754000	0.001
Zoo Enterprise Fund	19324665	0.002
Local Law Enforcement Block Grant Fund	0	0
Supplemental Law Enforcement Services	5051500	0.001
Street Damage Restoration Fee Fund	8014000	0.001
Municipal Housing Finance Fund	3274000	0
Measure R Traffic Relief and Rail Expansion Fund	44974000	0.006
Efficiency and Police Hires Fund	0	0
Central Recycling and Transfer Fund	3553421	0
Multi-Family Bulky Item Fund	6450000	0.001
Total Special Receipts	\$ 2,400,848,389	0.296

SUMMARY OF RECEIPTS (CONT.)

DEPARTMENTAL EXPENDITURES

Available Balances:

Sewer Construction and Maintenance Fund	61753344	0.008
Proposition A Local Transit Assistance Fund	116230634	0.014
Prop. C Anti-Gridlock Transit Improvement Fund	4591119	0.001
Special Parking Revenue Fund	5068039	0.001
L.A. Convention and Visitors Bureau Fund	1396971	0
Solid Waste Resources Revenue Fund	118304987	0.015
Forfeited Assets Trust Fund	5558938	0.001
Traffic Safety Fund	985	0
Special Gas Tax Fund	35088834	0.004
Housing Department Affordable Housing Trust Fund	2096000	0
Stormwater Pollution Abatement Fund	0	0
Community Development Fund	0	0
HOME Fund	0	0
Mobile Source Air Pollution Reduction Fund	553836	0
CERS	0	0
Community Services Admin	0	0
Park and Recreational Sites and Facilities	0	0
Convention Center Revenue Fund	0	0
Local Public Safety Fund	1363950	0
Neighborhood Empowerment Fund	203091	0
Street Lighting Maintenance Asmt. Fund	6918799	0.001
Telecommunications Development Account	23649767	0.003
Older Americans Act Fund	0	0
Workforce Investment Act Fund	0	0
Rent Stabilization Trust Fund	8236104	0.001
Arts and Cultural Facilities and Services Fund	84413	0
Arts Development Fee Trust Fund	1145461	0
City Employees Ridesharing Fund	91000	0
Allocations From Other Sources	0	0
City Ethics Commission Fund	257237	0
Staples Arena Special Fund	8114047	0.001
Citywide Recycling Fund	30293657	0.004
Special Police Comm./911 System Tax Fund	2187280	0
Local Transportation Fund	649720	0
Planning Case Processing Revenue Fund	9711055	0.001
Disaster Assistance Trust Fund	5769754	0.001
Landfill Maintenance Trust Fund	490355	0
Household Hazardous Waste Special Fund	2733964	0
Building and Safety Enterprise Fund	70313119	0.009
HOPWA	0	0
Code Enforcement Trust Fund	38905000	0.005
El Pueblo Revenue Fund	176247	0
Zoo Enterprise Trust Fund	2278259	0
Local Law Enforcement Block Grant Fund	0	0
Supplemental Law Enforcement Services Fund	1258932	0
Street Damage Restoration Fee Fund	2826207	0
Municipal Housing Finance Fund	285000	0
Measure R Traffic Relief and Rail Expansion Fund	2766491	0
Efficiency and Police Hires Fund	0	0
Central Recycling and Transfer Fund	3056134	0
Multi-Family Bulky Item Fund	7329367	0.001

Total Available Balances

\$ 581,738,097 0.072

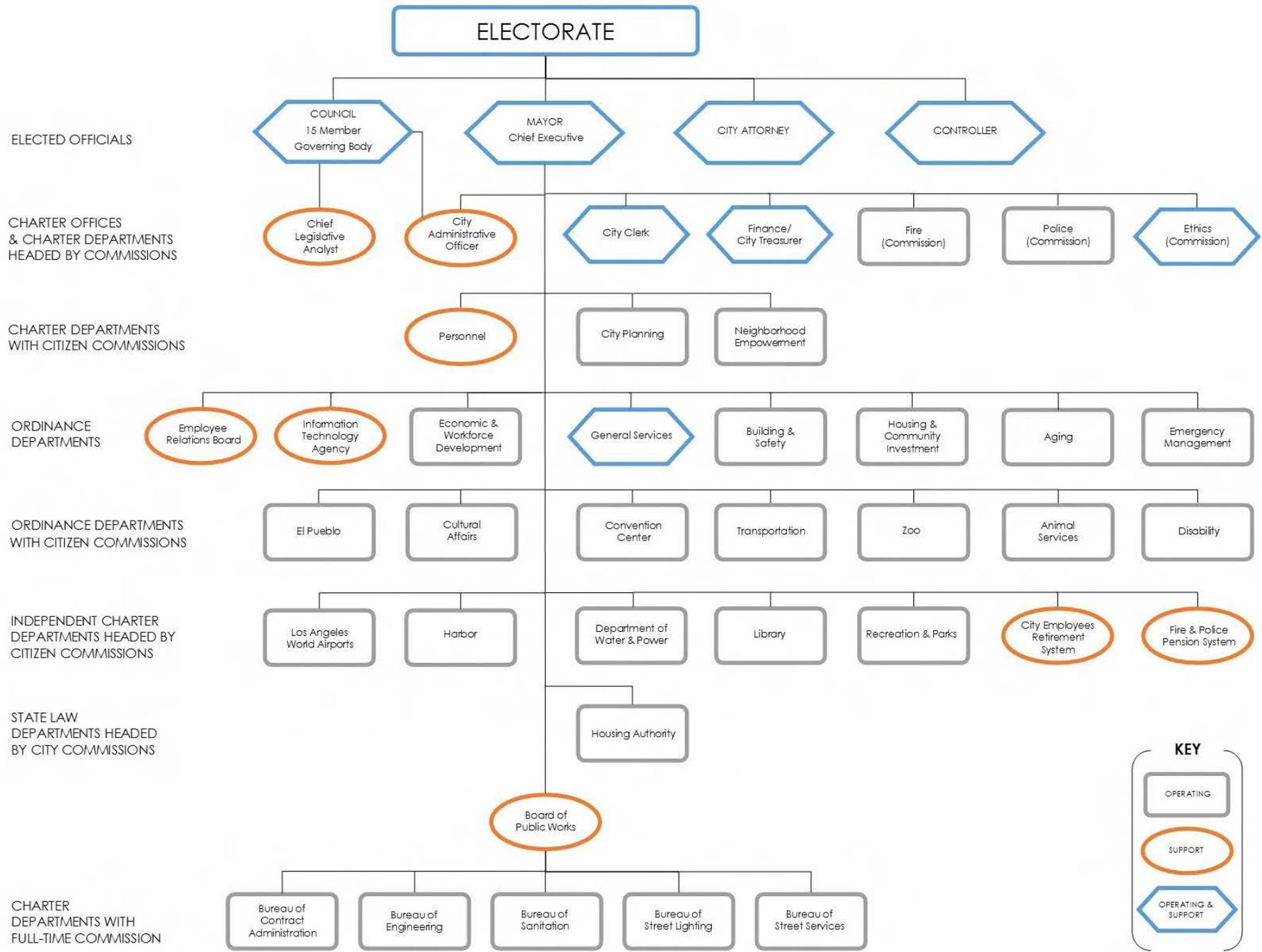
Total Receipts

\$ 8,100,115,068 1





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