



Presentation to the Central City Association

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Introduction

*The City Administrative Officer shall:
“keep the Mayor and Council advised of
the condition, finances and future needs
of the City, and make recommendations
as are appropriate.”*

-Charter of the City of Los Angeles

State of the Nation’s Cities

A *National League of Cities* Research Brief (Dec 2009) projects that all cities combined will face an estimated budget shortfall of \$56 to \$83 billion through 2012.

Los Angeles Fiscal Climate

The City of Los Angeles and its citizens are facing difficult financial times along with the rest of the nation and in many ways worse with an unemployment rate over 14% and a State in a financial quagmire.

Among their findings:

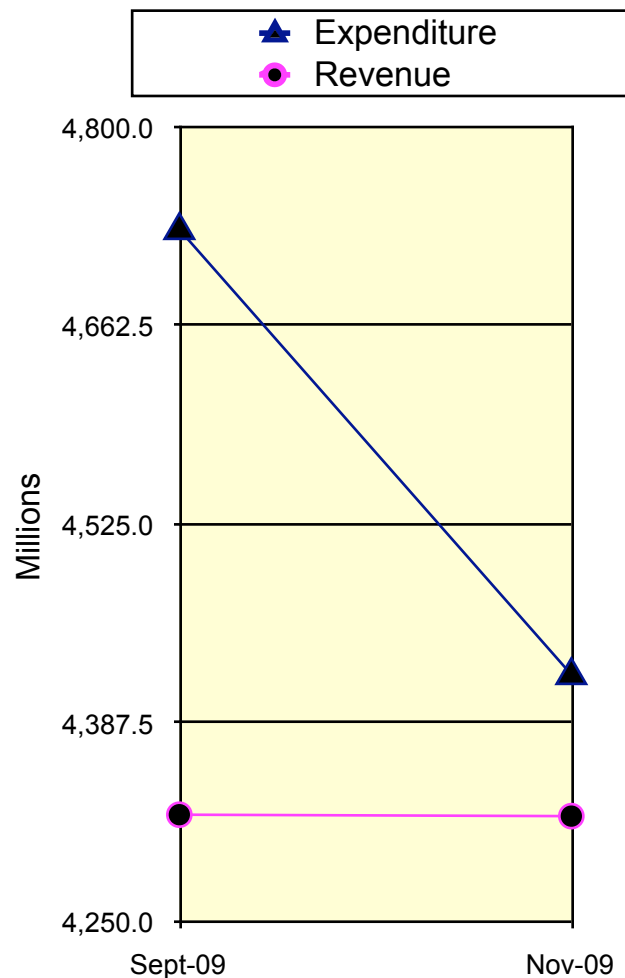
- ✓ Shortfalls driven by declining tax revenues, ongoing service demands and cuts in state revenues
- ✓ The low point for city fiscal conditions typically lags the bottom of an economic downturn by at least two years
- ✓ Cities are responding with layoffs, furloughs and payroll reductions; delaying and canceling capital infrastructure projects; and cutting city services



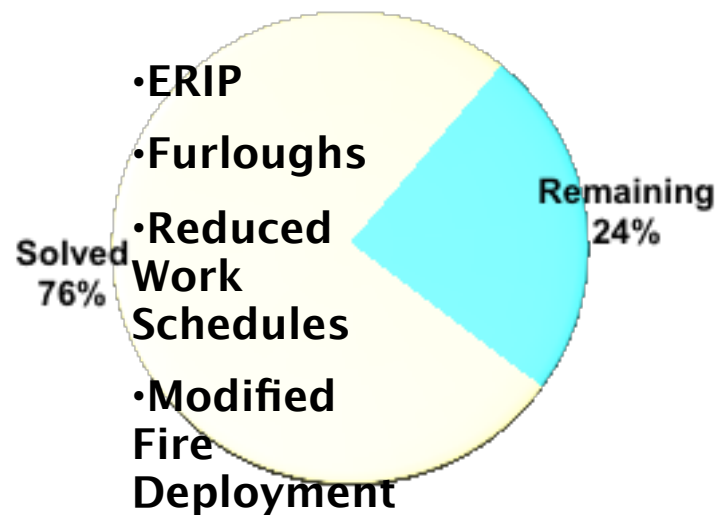


Closing the Gap, Part I

FY 10 Budget Gap Narrows



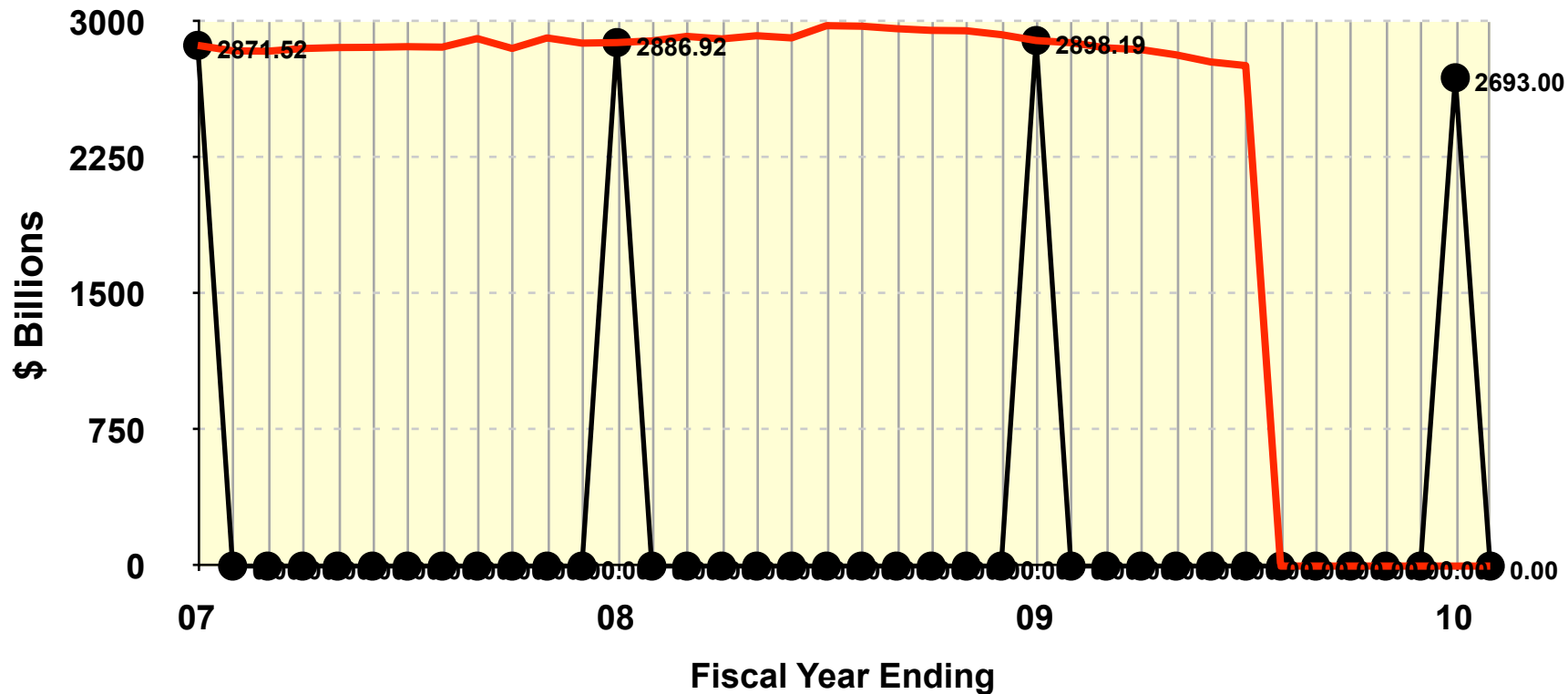
Closing the \$405 M Gap Sept 09 - Nov 09





Economically Sensitive Revenue

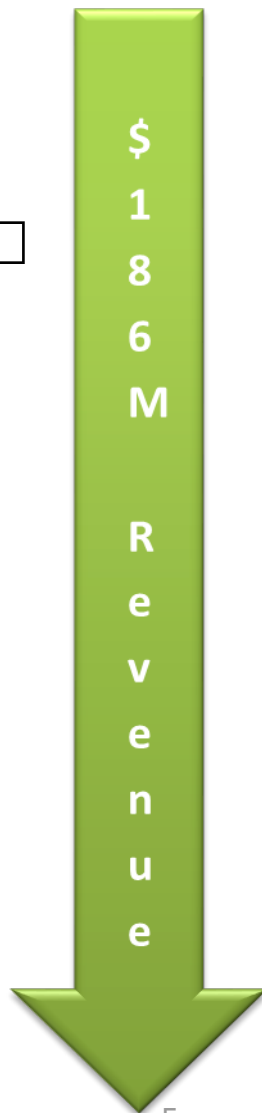
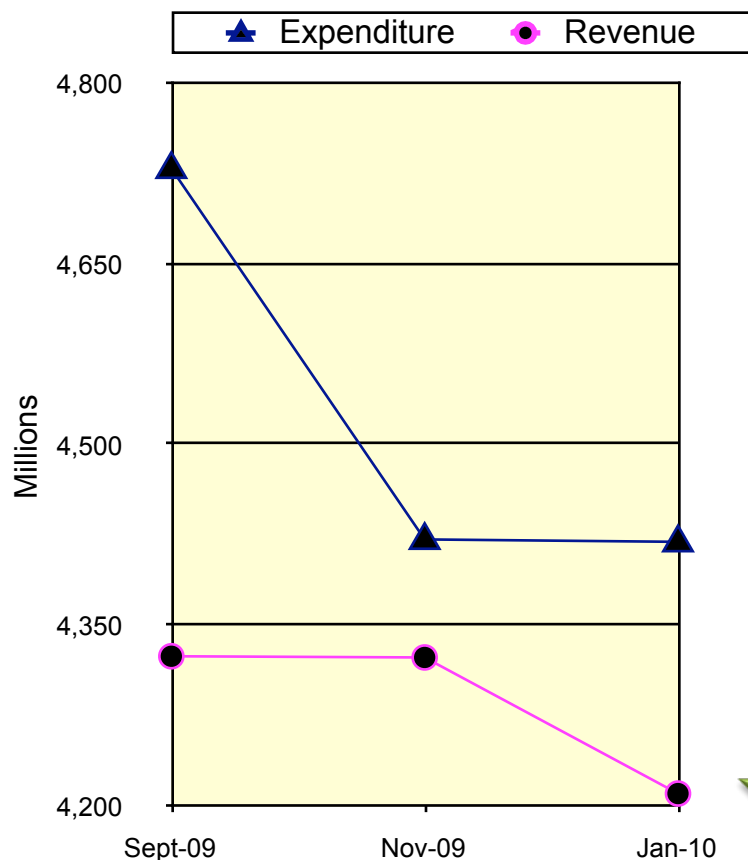
General Fund Taxes *





Closing the Gap, Part II

FY 10 Budget Gap Widens to \$209M



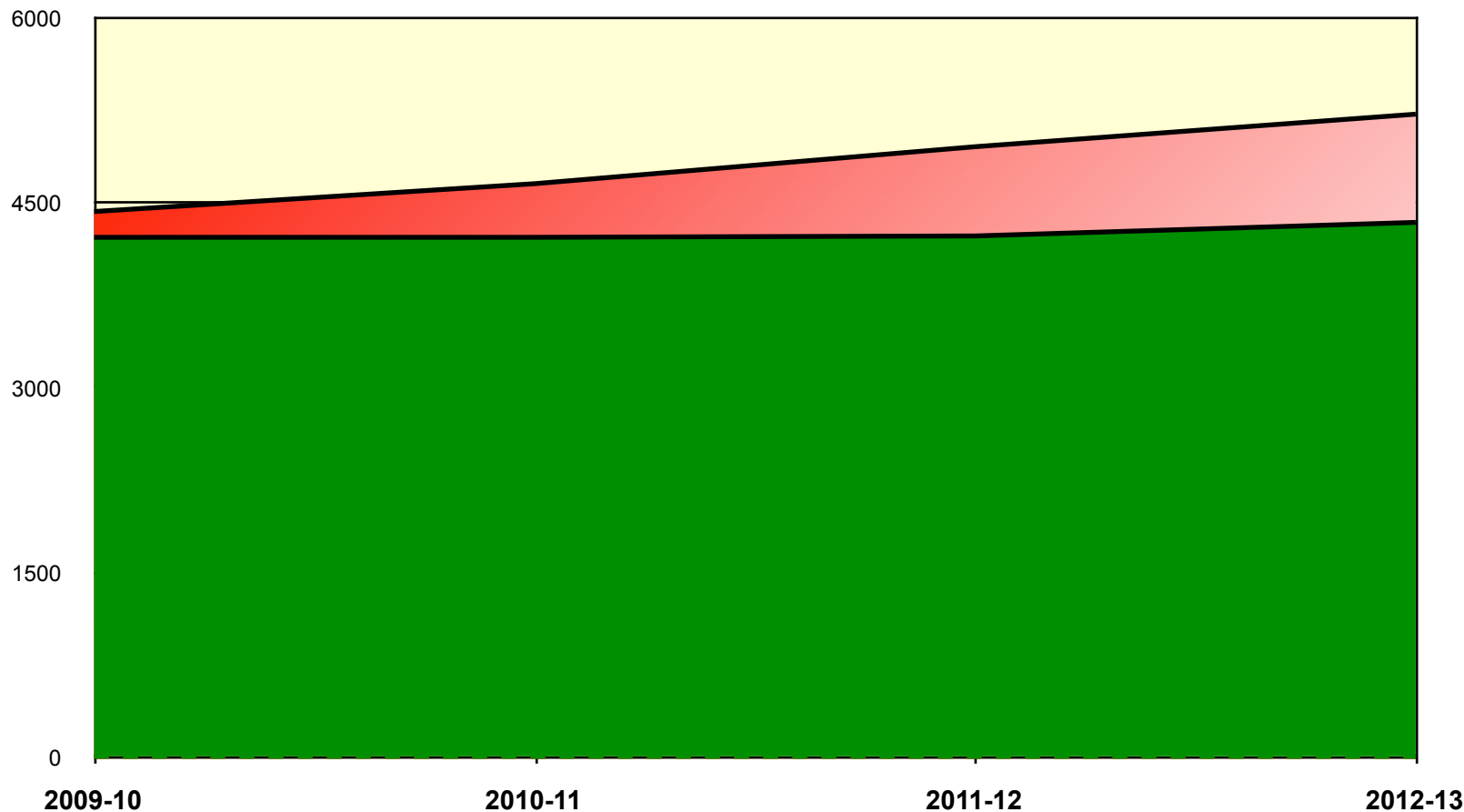
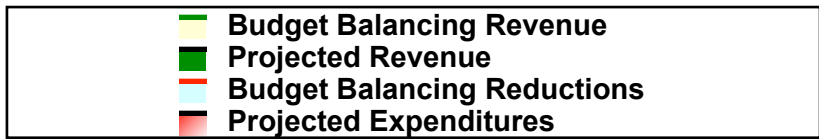
Short-Term Solutions

- 300 more Early Retirements
- Labor Contract Re-openers
- Furloughs/Layoffs
- Reserve Fund
- Financing Transaction to Bridge to **Long-Term Solutions**





Budget Outlook





Four Pillars for Sustainability

- I. Financial Management**
- II. Focus on Core Mission**
- III. Workforce Modernization**
- IV. Public-Private Partnership**





Financial Management

Adhere to Policies

- Establish and maintain 5% of General Fund Reserve by 2012
- Pay-As-You-Go by 2012
- Put Away the Credit Card
- Engage in Strategic Capital Policy & Planning

New Policies

- Long-Term Financial Planning
- Performance Management
- Multi-Year Budgeting

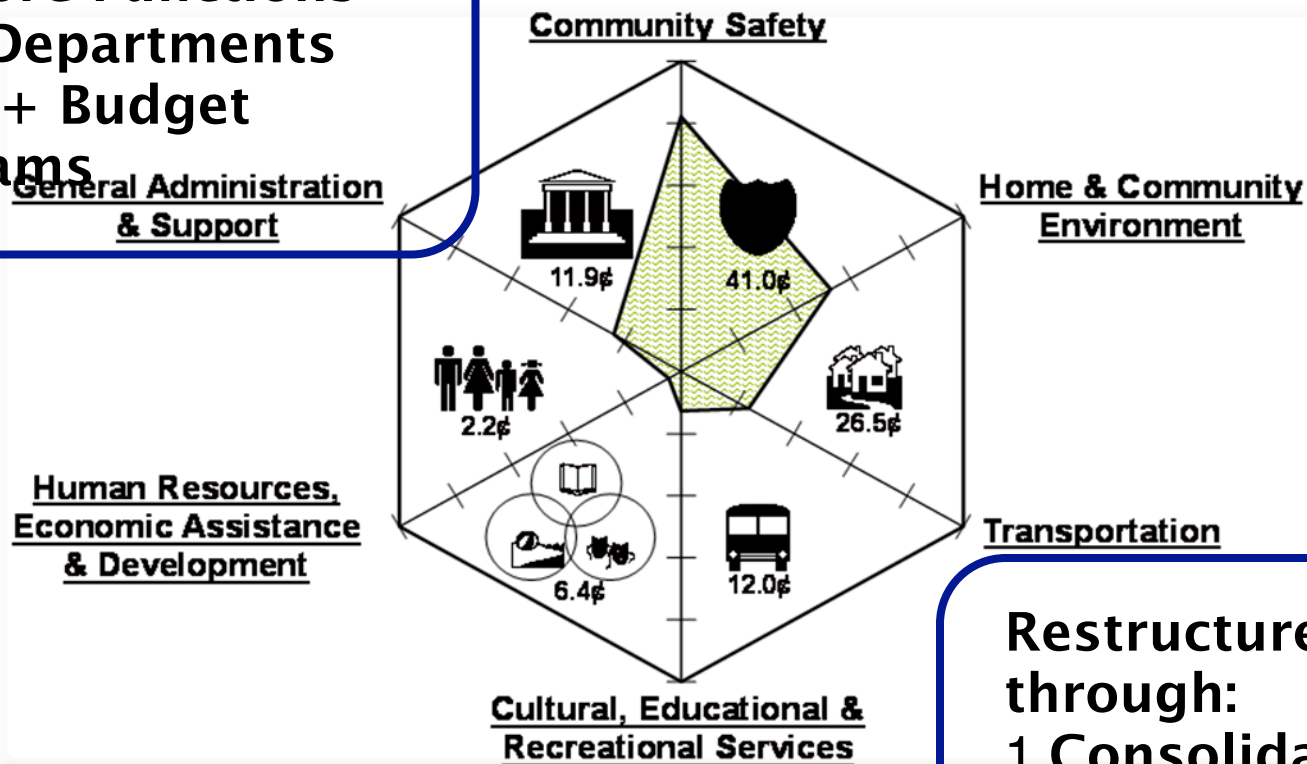




Focus on Core Mission

City Structure:

1. 6 Core Functions
2. 39 Departments
3. 200+ Budget Programs



- Restructure through:**
1. Consolidation
 2. Elimination
 3. Reduction





Public-Private Partnerships

Partnerships for Non-Core Functions

- Parking Garages
- Parking Meters
- Convention Center
- Zoo
- Golf
- Cultural Affairs
- Theaters



Managed Competition for Core Functions



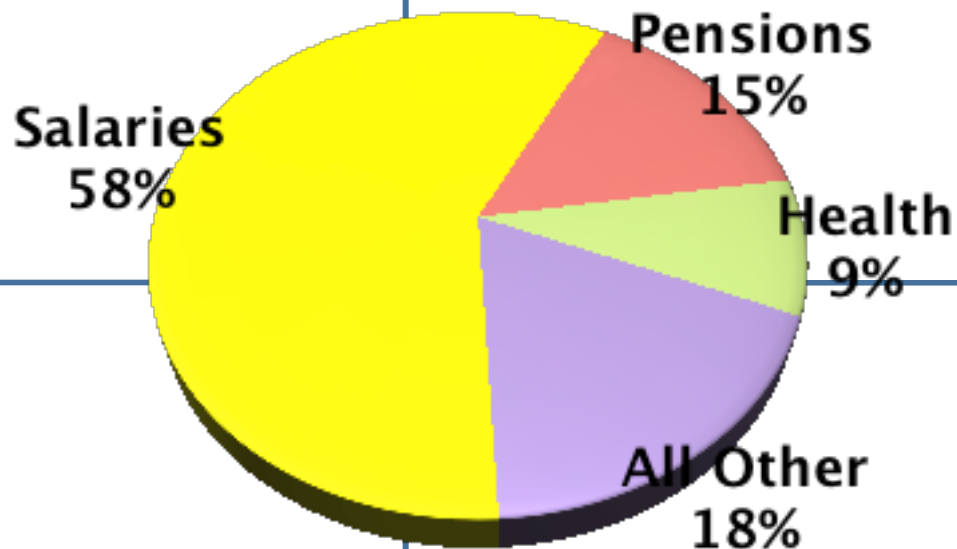


Workforce Modernization

Negotiate

Pensions

FY 10 Adopted Budget GF Obligations



Healthcare

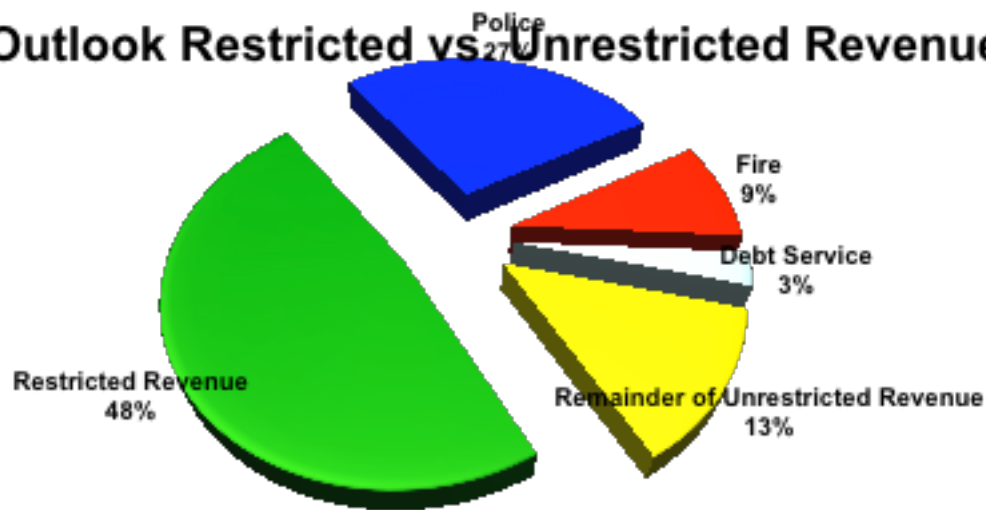
Reform





Making Hard Choices

2010-11 Budget Outlook Restricted vs Unrestricted Revenue (in millions)



2nd FSR FY 10

