

Executive Summary

A Strong Budget For LA

What is a Strong Budget?

It's \$432 million in solutions that don't cut parks, libraries, public safety and neighborhood services.

LA City workers have a plan to keep our city strong and vibrant. These solutions add up to real money and concrete recommendations to the City Council.

We need to change how city government works to focus on what matters: our neighborhoods and the services that sustain them.

How big is the problem?

For a city that serves 3.8 million residents, the \$432 million deficit for FY 2010-11 represents a 10% cut to our \$4.4 billion budget. LA has historically provided a full range of critical services including public safety, engineering, parks, street services, libraries and one of the nation's busiest harbors and airports.

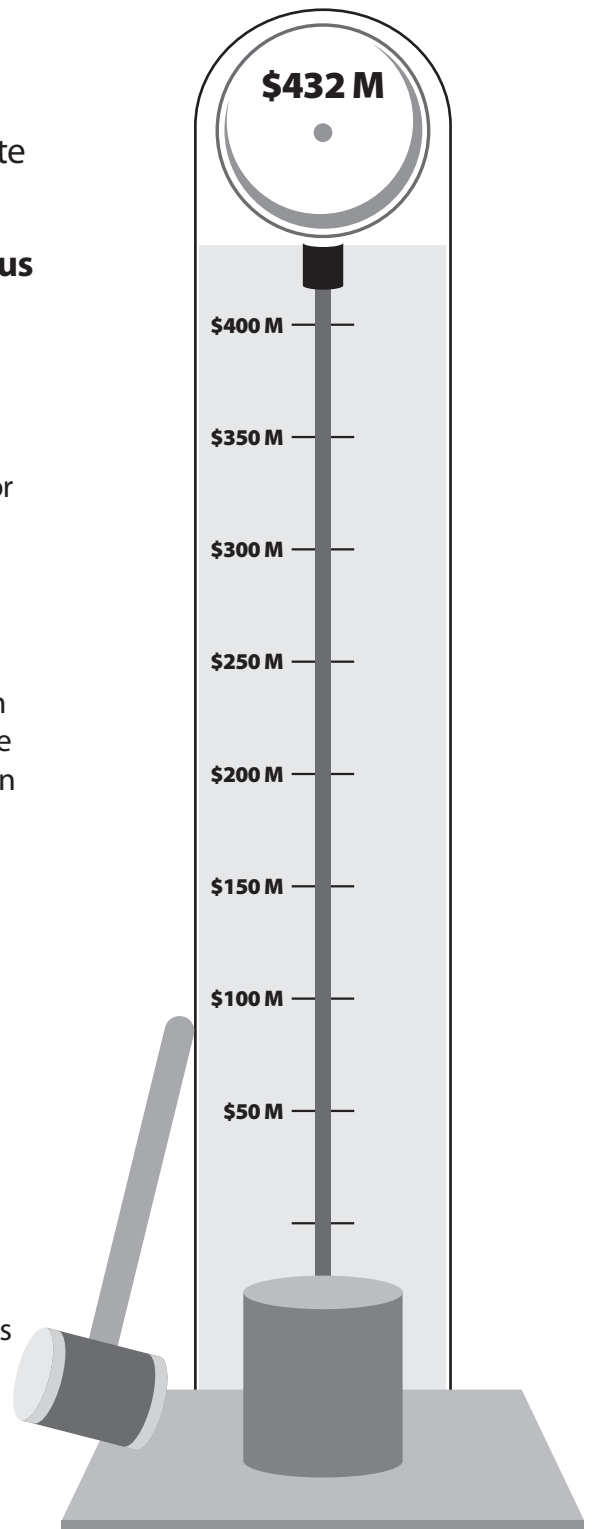
City workers began to address the budget challenge last year, when they approved a comprehensive package of structural and one-time cost-savings. Without that, the FY 2010-11 shortfall would have been \$542 million, not \$432 million.

What is wrong with the mayor's plan?

The mayor's budget plan will make it harder to do business here, harder to raise a family and harder to keep neighborhoods safe. Thousands of layoffs and pay cuts through furloughs would ravage local businesses and the economy. His call for pay cuts for low-wage workers would take the wind out of the sails of the economic recovery.

What is the solution?

City workers are proposing a package of new revenues, finance fixes and savings for this year and the future. After the Mayor's budget release, we will be working alongside neighborhood groups to implement this plan. The Strong Budget is a project of firefighters represented by the United Firefighters of Los Angeles City and the civilian workers represented by the Coalition of LA City Unions.



What are the Building Blocks to a Strong Budget?

City workers have researched solutions to save money and increase revenue with the goal of saving critical services Angelenos depend on. Here are our top recommendations:

Trim or eliminate expensive outside contracts

\$59.6 million

LA outsources more than \$244 million every year for services such as engineering, painting and maintenance.

Top recommendations:

- Aggressively implement the 10% cut on contractors approved by the City Council by eliminating automatic increases, profit margins and mark-ups (Savings: \$24.4 million)
- Integrate tree-trimming in the Bureau of Street Services and cut existing DWP contract (Savings: \$10.2 million)

Collect from deadbeat debtors

\$38.2 million

Big debtors owe \$450 million, of which at least \$38.2 million is collectible.

Top recommendations:

- Aggressively collect outstanding debt (Projected revenue: \$38.2 million)
- Create a centralized debtor database to collect from potential vendors
- Expand the responsible contractor ordinance to ban debtors like parking lot operators from city contracts

Implement city worker solutions

\$121.6 million

Last year city workers in the Coalition of LA City Unions approved an agreement to save millions through pay deferrals, furloughs, overtime changes and an early retirement plan.

Top recommendations:

- Expand the early retirement (Savings: \$16.4 million)

- Accept wage concessions of 5.75% with no layoffs of city workers (Savings: \$32.2 million)
- Transfer workers to non-general fund openings (Savings: \$73 million)

Restructure to prioritize front-line services

\$49.4 million

Streamline management and waive capital spending requirement to prioritize front-line services.

Top recommendation:

- Waive the 1% spending requirement on capital projects for FY2010-11 (Savings: \$39 million)

Maximize revenue collection

\$33 million

LA can do more to recover costs and maximize every penny of revenue.

Top recommendations:

- Increase dog license fees to \$20 per year (from \$15) and improve collections (Projected revenue: \$2.4 million)
- Increase street parking enforcement (Projected revenue: \$11.7 million)

Reduce retirement plan costs

\$46 million

City worker retirement plans have fueled investment and contributed to the city's long-term growth. Smart finance fixes can reduce the impact of market losses and ensure their long-term health.

Top Recommendation:

- Implement amortization and smoothing policy changes (Savings: \$44.8 million)

Demand big banks do their part to fix neighborhoods

\$79.1 million

Banks helped create the budget crisis with toxic lending practices. Now they need to help solve it. SB 1137 lets municipalities fine banks that fail to maintain foreclosed residences. Enforcing that law for LA's approximately 25,000 foreclosed properties could generate

significant revenue and improve neighborhoods.

Top recommendations:

- Implement a city ordinance that fines banks for failing to maintain foreclosed properties (Projected revenue: \$56.3 million)
- Impose a registration fee to fund proactive tracking and abatement (Projected revenue: \$3.9 million)
- Renegotiate interest rate swaps on bond debt and direct savings to the general fund (Savings: \$19 million)

Maintain public safety

\$5.4 million

The City of LA is safer today than in decades. That's because police, firefighters and civilian workers have taken a neighborhood-based approach to crime prevention through services such as CLASS parks, library programs, neighborhood prosecutors and community policing. LA should not abandon this successful approach. It's also time to restore emergency fire services.

Top recommendations:

- Temporary hold on police hiring for FY 2010-11 (Savings: \$7.7 million)
- Restore EMS and fire suppression while streamlining management (Cost: \$25.6 million)
- Maximize police officer deployment by utilizing civilian workers wherever appropriate, as recommended by the Police Protective League (Savings: \$7.3 million)
- Increase ambulance cost recovery (Projected revenue: \$16 million)

Note on sources: These figures are based on City of Los Angeles Budget Fiscal Year 2009-10, Personnel Department Report (Council File 07-1206), Updated Options for Revenue Generation (CF 09-0600-S178), the Segal Company Report, Quarterly Report on the City's Accounts Receivable (CF-09-0600-S171), Service Contracts with Outside Vendors (CF: 10-0288) and other documents from the CAO, Office of Finance, city departments, City Clerk, City Controller; conversations with LA City employees; Senate Bill 1137 and City ordinances. Figures are based on most current available information.