



Mayor Antonio R. Villaraigosa

**Budget Update
and
Mayor's Budget Survey Results**
"Tough Choices for a Brighter Future"

Finance and Performance Management Team



Agenda

- **Welcome**

- **Introductions**
 - Ben Ceja, Associate Director, Finance & Performance Management
 - Paul Girard, Policy Analyst, Finance & Performance Management
 - City Administrative Office: Ellen Sandt, Terry Munoz, Mary Higgins, David Hirano, Matias Farfan, Wilson Poon, and Staci Sosa

- **Budget Process Overview**

- **Budget Challenges**

- **Budget Survey Results**

- **Closing**



It Takes Ten Months to Build a Budget!

Mayor's Budget Policy Letter Released

Sept 2005

Community Budget Day

Oct 2005

Preliminary Departmental Budgets Submitted

Nov 2005

CAO and Mayor's Office Preliminary Review

Dec 2005

Neighborhood Council Roundtables

Today

Departmental Hearings with the CAO

Jan 2006

Preliminary Revenue Estimates &
Departmental Hearings with the Office of the Mayor

Feb 2006

Gut Check—Revised Revenue Estimates &
Second Round of Budget Hearings to Balance the Budget

Mar 2006

Mayor's Budget Released

April 2006

City Council Hearings

April /May 2006

Budget Adoption

June 2006



FY 2006-2007 Budget Challenges

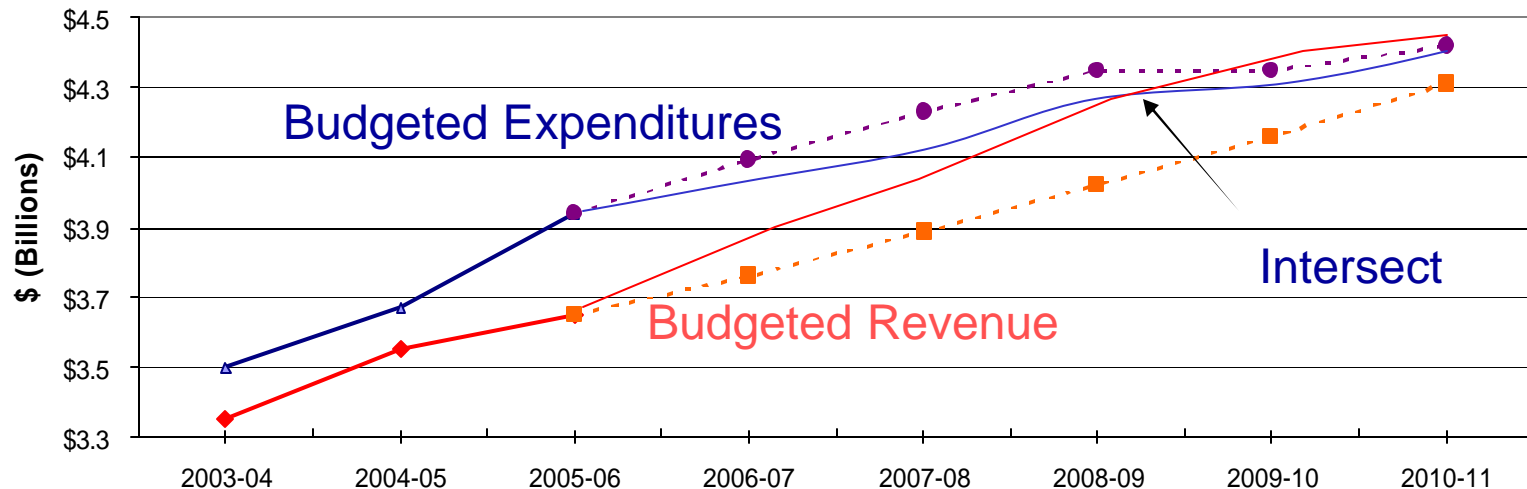
- **Labor Costs**
 - City contributions to employee pensions rose by a significant amount as a result of accounting changes and the rising cost of retiree healthcare benefits.
 - \$200 million in additional pension contribution to Fire, Police, and civilian pension funds.
- **City Infrastructure**
 - Repairs and maintenance at City Buildings, Parks, Swimming Pools, and Golf Courses have been deferred for too long.
 - 60% of pools are 40 years or older.
- **Construction and Commodities Costs**
 - Steel, Lumber, Concrete, Petroleum, Natural Gas prices on the rise.



FY 2006-2007 Budget Challenges

- **“Structural Deficit”**

- A structural deficit occurs when your ongoing expenditures exceed your ongoing revenues.
- Every year, the City has scraped together a few one-time windfalls to balance the budget and make sure the City had a minimal reserve fund.
- The current reserve fund of \$158.1 million covers only about 2 weeks of normal City operating costs.
- We are in a pinch.





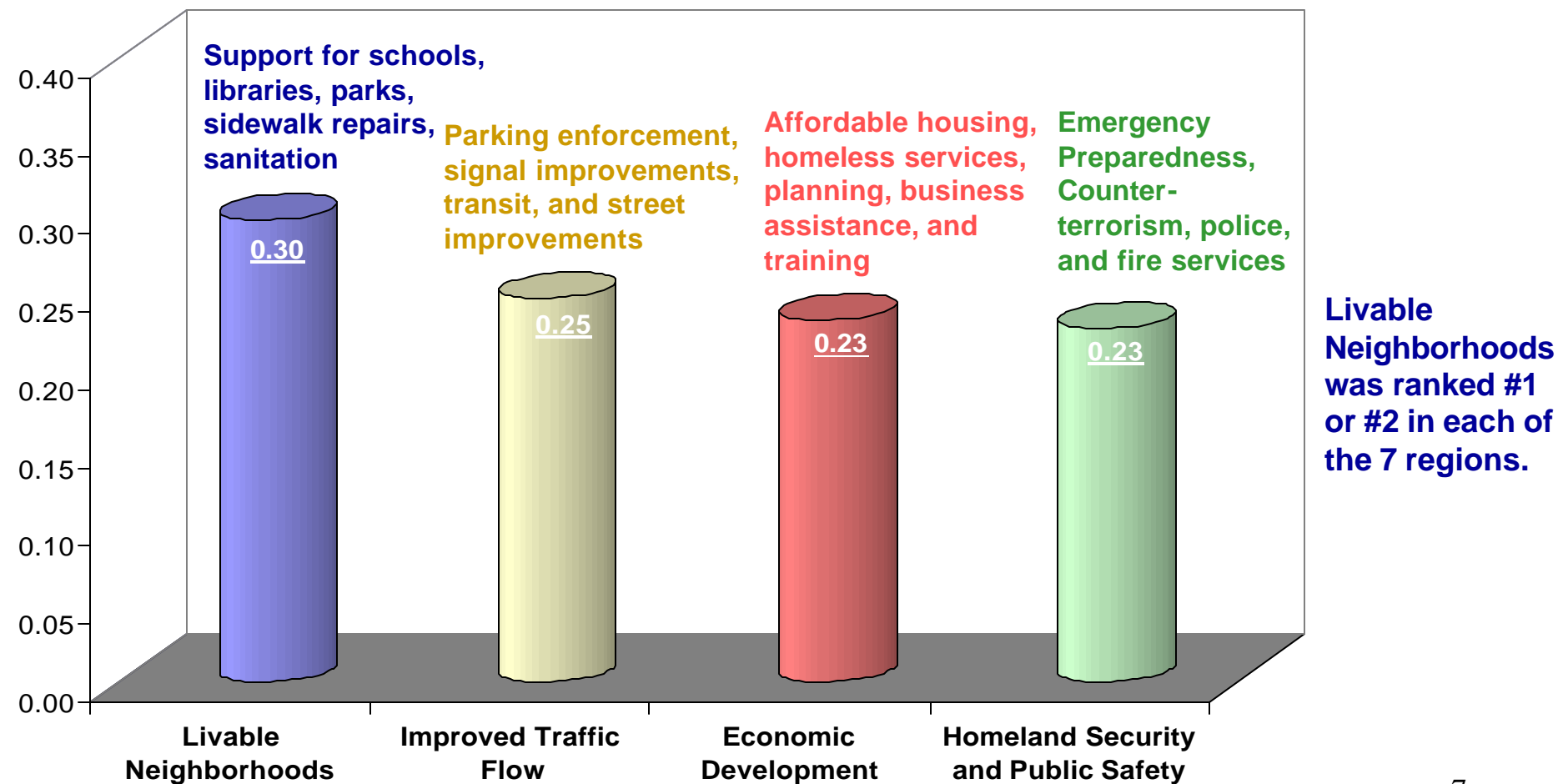
Budget Survey Results

- **Number of surveys distributed to Neighborhood Council Board Members: 1688**
- **Number of surveys completed and returned: 466**
- **Response Rate: 28%**
- **Neighborhood Council Participation Rate: 65% of Neighborhood Councils submitted surveys**
- **Following results are for all respondents. Regional results for 7 areas will be reviewed in the breakout sessions: Central, East, Harbor, North Valley, South, South Valley, and West**



Ranking of Budget Priorities

How would you shape the budget to best serve Los Angeles?

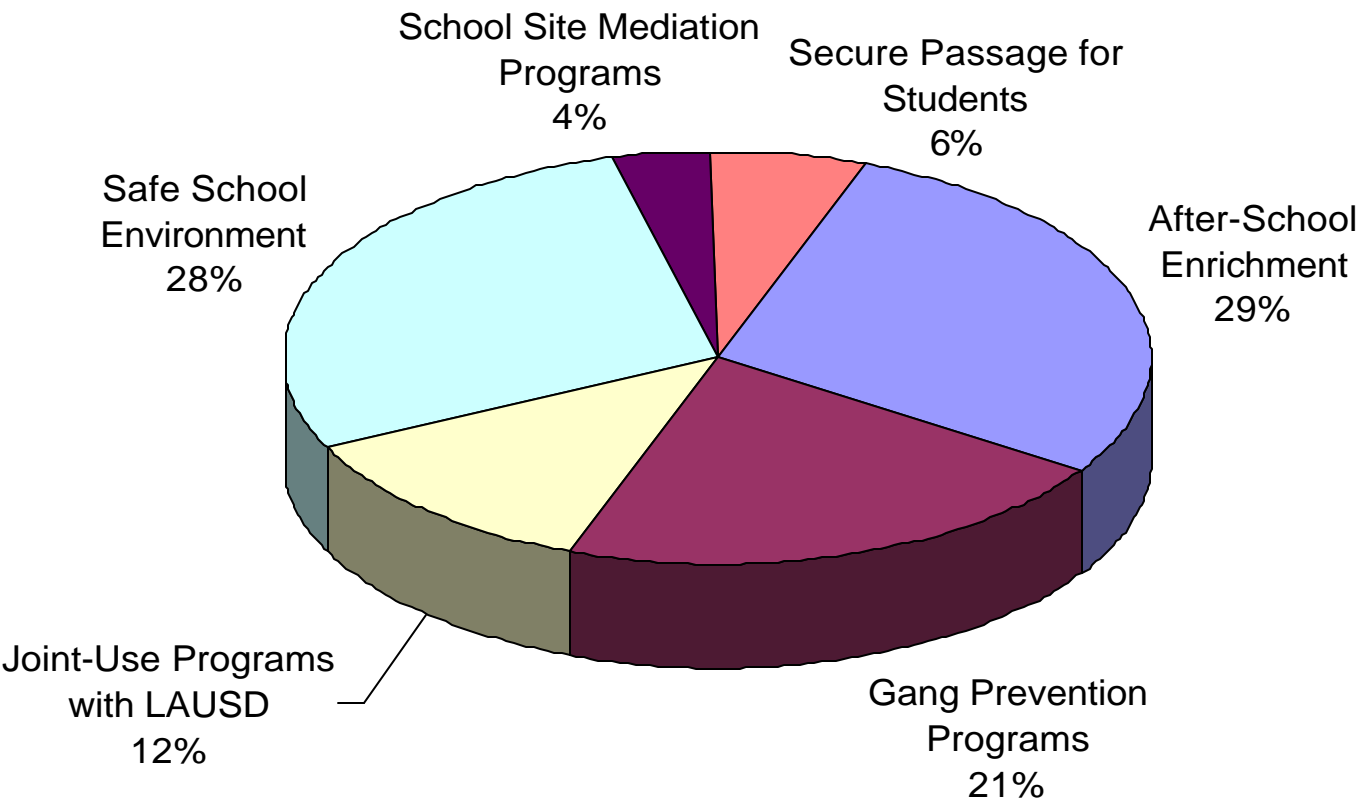


Rankings based on a .4 scale where .4 is the top possible score.



Spending on Education

Which type of education program do you think should be the first priority for receiving additional funds?

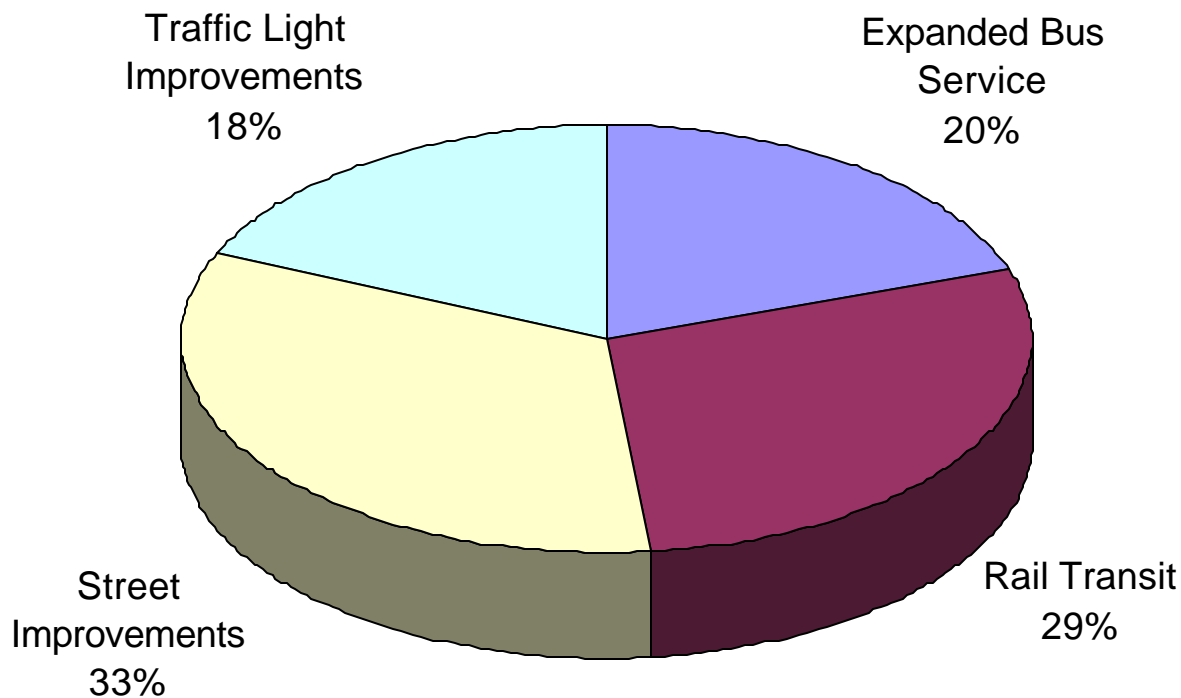


Student achievement as represented by desire for after-school enrichment programs is the priority, but students must be provided with a safe environment that is conducive to learning.



Spending on Transportation

Which type of transportation program do you think should be the first priority for receiving additional funds?

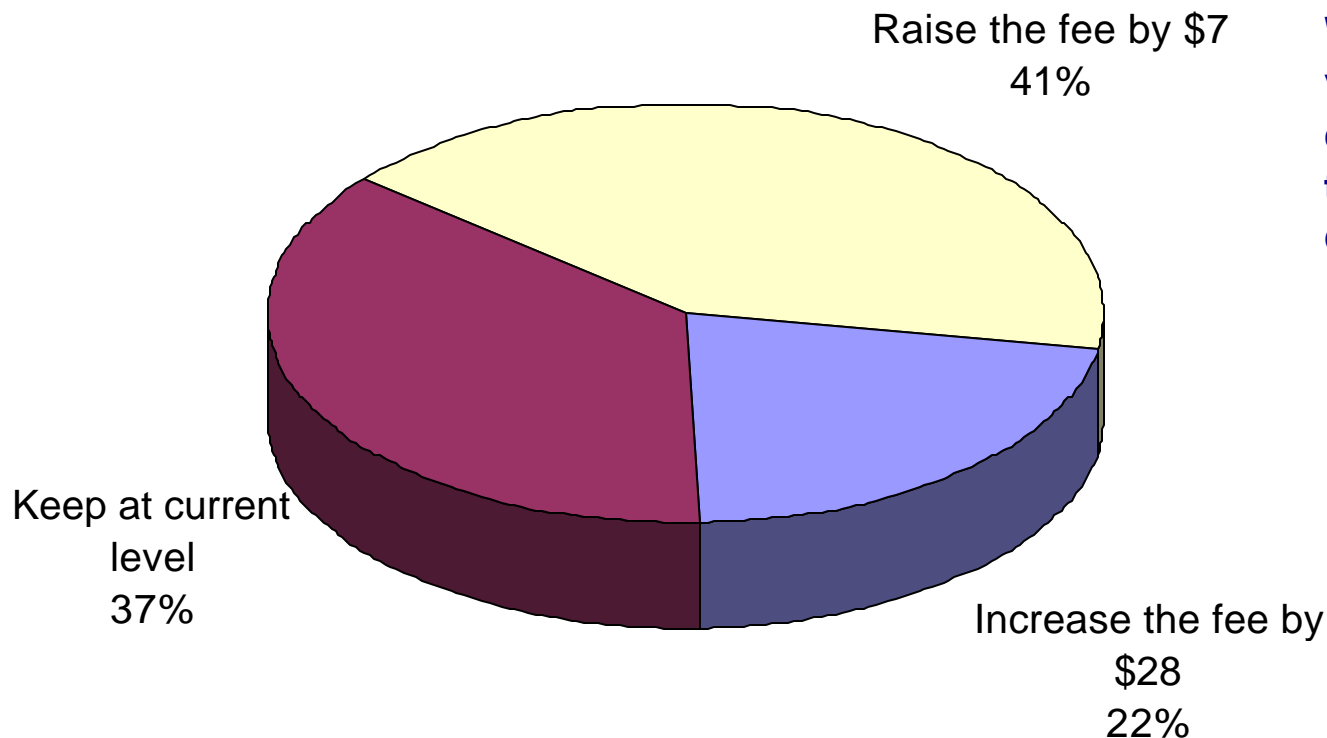


No one option will solve our gridlock. A comprehensive approach to improving the flow of traffic is required.



Dealing with the Rising Cost of Trash Disposal

It costs the City \$315 million a year to dispose of trash. Residents pay for 33% and the City pays 67%. As the cost of trash disposal increase, the City has to cover those costs. Do you think the City should:

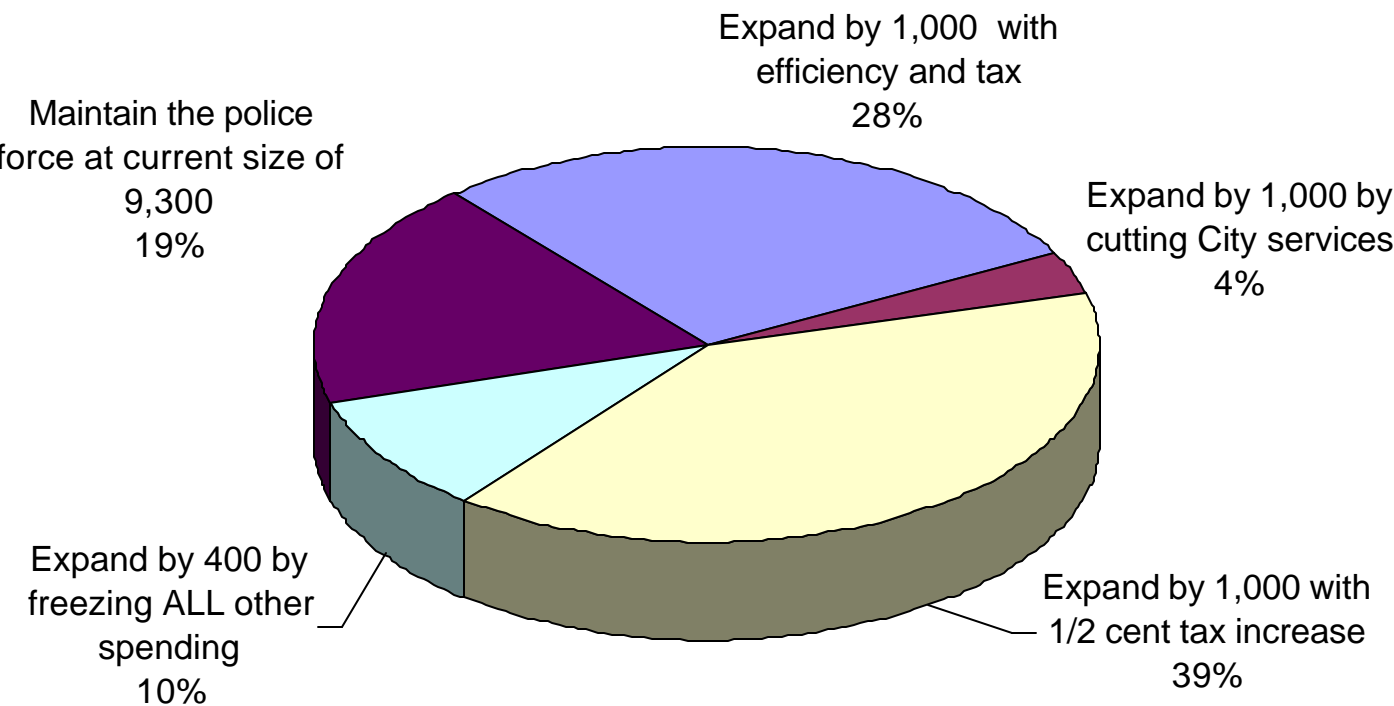


We understand the value of trash disposal and the need to recover some costs.



Police Protection

The City has fewer officers per 100,000 residents than other major cities. The City can add over 1,000 officers over the period of 4 years at a cost of \$206 million. Do you think the City should:

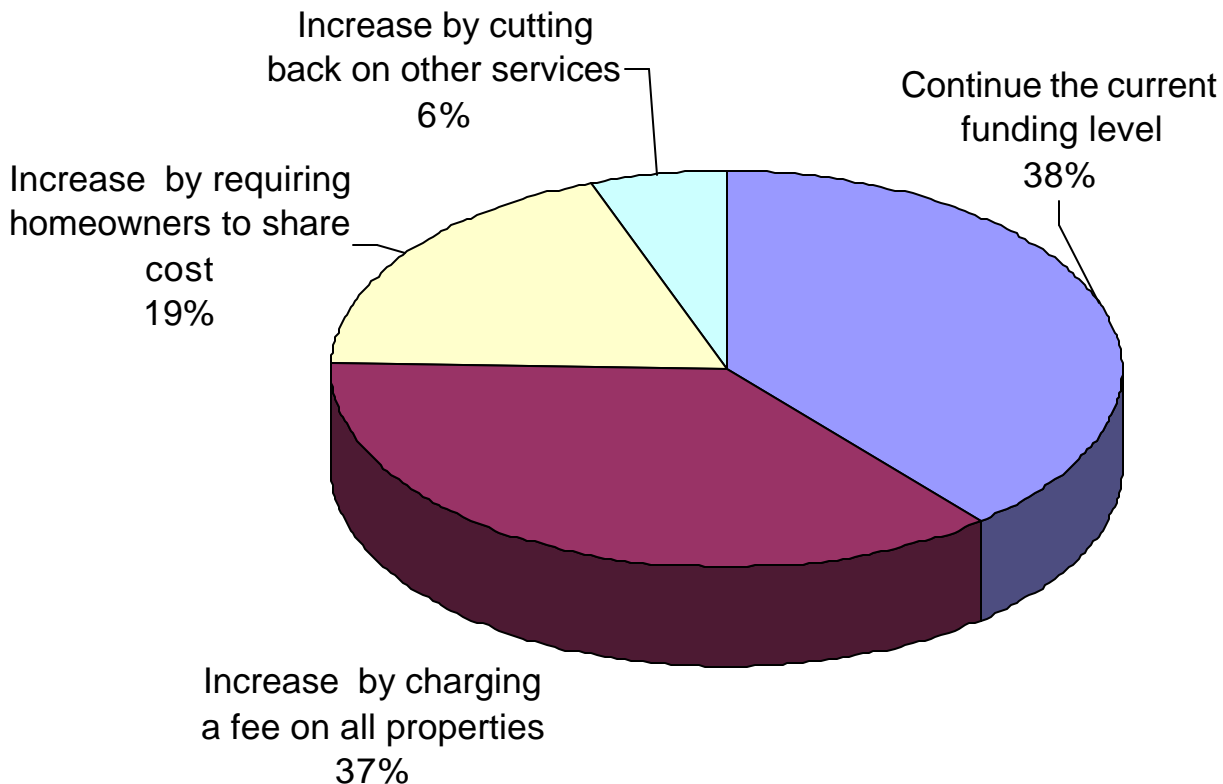


Additional officers are needed. However, there are a number of different approaches that many want the Mayor to examine instead and/or in addition to supporting a tax increase.



Sidewalk Repair

Last year the City provided funding for repairing 90 miles of sidewalks. This includes a voluntary cost-sharing program where homeowners pay for 50% of the costs. At the current rate, it will take more than 50 years to address all sidewalks that require repair. Do you think the City should:

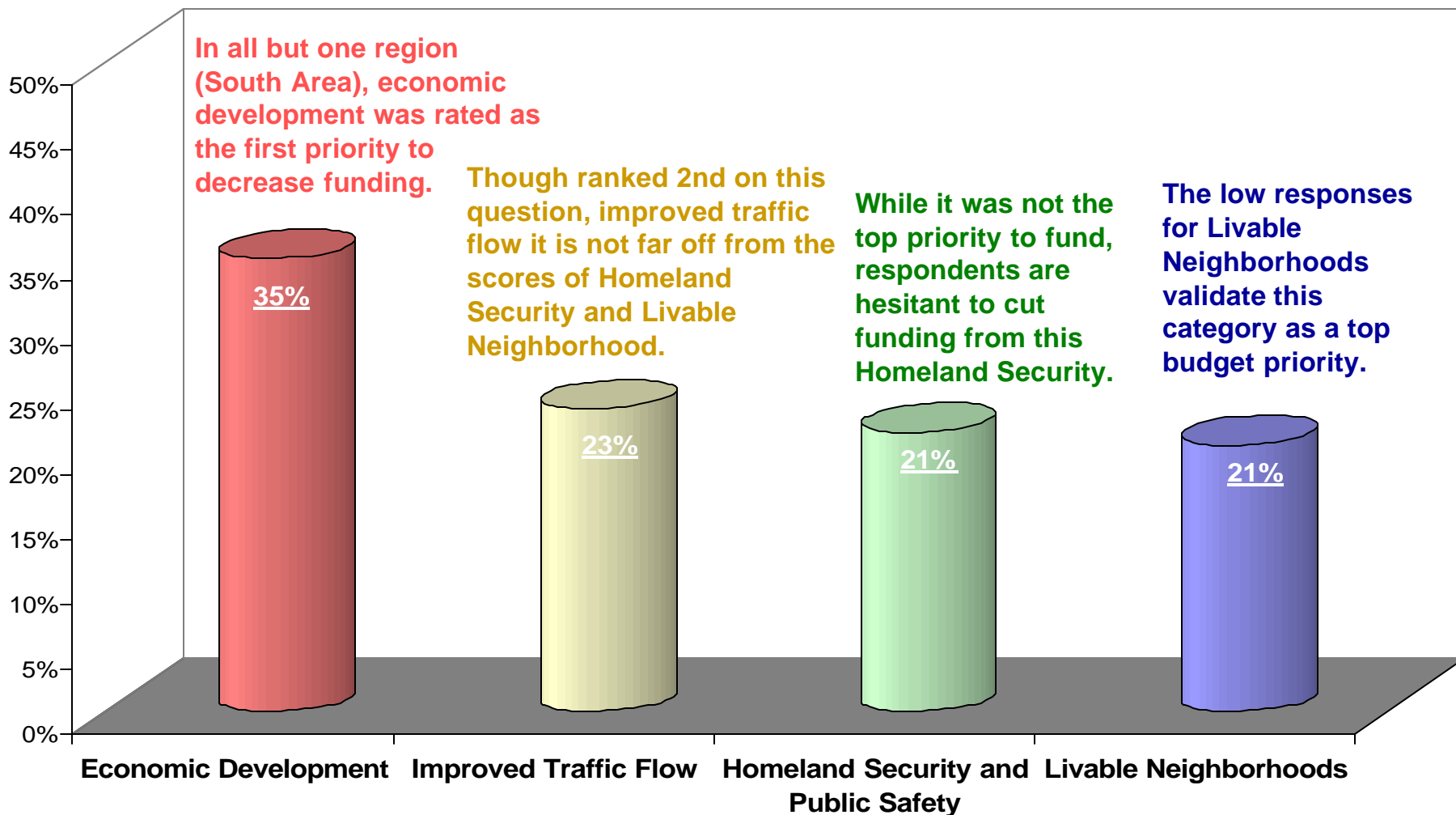


City is a full-service city. We need to be able to pay for things like sidewalks that we use everyday by looking for revenue options but also for creativity in the delivery of City services and/or potential efficiencies.



Ranking of Budget Priorities, Revisited

Given the tough choices that face the City, in which priority area would you decrease funding?





Next Steps – Closing Remarks

Your Role in the Breakout Session

- **Compare your area's responses to the citywide results and discuss the similarities and differences.**
- **Give us the reasoning behind your area's position on the questions asked.**
- **Looking at your area's results, what is the message that you want the Mayor to hear from your region.**
- **Focus on the budget priorities. Do to our limited time today, let's save the discussion for improvements to the survey and the community input process for a different time.**



Next Steps – Closing Remarks

- **Look for this presentation and answers to some of the questions we received about the survey and other matters by visiting:**

<http://www.lacity.org/mayor/budget>

- **Information will be posted by January 24, 2006**