



CITY OF LOS ANGELES
L A ANIMAL SERVICES



Date: November 13, 2007

To: Board of Animal Services Commissioners

From: Edward A. Boks, General Manager

Subject: ADDITIONAL INFORMATION FOR 2008-09 BUDGET REQUEST

The City Administrative Officer provides bi-monthly financial status reports to the Mayor and City Council reporting the financial condition of the City and recommending actions. Provided below are excerpts from the Second Financial Status Report released on October 19, 2007 with comments on the impact of the Report on the Department.

The Report states that the projected City budget deficit this year will be \$75 million and in 2008-09, the deficit will be \$296 million, or four times larger than the projected deficit this year. As a result of these projected deficits, reductions in expenditures will be required this year and even greater reductions will be required next year to balance these budgets. The Report recommends the following immediate actions:

Departments should mitigate potential budgetary shortfalls by managing hiring and identifying internal savings that can be used to offset expenditures.

What this means to us: The Department will have to live within our existing budget by limiting expenses and holding vacant positions open, or delay filling vacant positions, to generate savings. The savings will be used to offset unbudgeted costs such as cost-of-living increases in salaries, and added care center supplies.

The Report also recommends that the City immediately:

- *Freeze all appropriations from the Unappropriated Balance*
- *Halt execution of all non-critical discretionary contracts*
- *Identify reductions or efficiencies in management*
- *Limit equipment purchases, and*
- *Restrict all non-essential travel*

What this means to us: The Department will have to either justify each new contract, equipment purchase or business trip while cutting other budgeted items to pay for them; or just forego new items entirely. Contractual services and equipment purchases are relevant, but the impact of these recommendations is not known at present.

The Report states that:

Even with these reductions, there will still be a projected remaining deficit of over \$10 million this fiscal year.

What this means to us: Additional restrictions on our base budget are expected before the fiscal year ends, such as reductions in one or more of our accounts; or enacting an extended “hard” freeze prohibiting the Department from hiring or filling any vacant position.

What this financial situation means to the 2008-09 budget: The Department must manage operations within the set budgeted amount. In order to receive funding for a new service initiative, the Department must demonstrate an exceptional need for the new service and an inability to reduce the cost of existing lower-priority services in an equivalent amount. In spite of these restrictions, the Department seeks additional funding in 2008-09.

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