

CITY OF LOS ANGELES  
CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

FRANK T. MARTINEZ  
City Clerk

KAREN E. KALFAYAN  
Executive Officer

When making inquiries  
relative to this matter  
refer to File No.

06-0600-S67

Office of the  
CITY CLERK  
Council and Public Services  
Room 395, City Hall  
Los Angeles, CA 90012  
Council File Information - (213) 978-1043  
General Information - (213) 978-1133  
Fax: (213) 978-1040

CLAUDIA M. DUNN  
Chief, Council and Public Services Division  
[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

March 2, 2007

All Councilmembers  
Chief Legislative Analyst  
City Administrative Officer  
City Attorney (w/blue slip)  
Controller, Room 300  
Accounting Division, F&A  
Disbursement Division  
All City Departments

RE: THE SECOND FINANCIAL STATUS REPORT FOR FISCAL YEAR 2006-07

At the meeting of the Council held FEBRUARY 14, 2007, the following action was taken:

Attached report adopted as amended .....	<u>          X          </u>
Attached amending motion (Parks - Garcetti) adopted .....	<u>          X          </u>
Attached resolution adopted .....	<u>                          </u>
FORTHWITH .....	<u>                          </u>
Mayor concurred .....	<u>          02/26/07          </u>
Ordinance adopted .....	<u>                          </u>
Ordinance number .....	<u>                          </u>
Publication date .....	<u>                          </u>
Effective date .....	<u>                          </u>
Mayor approved .....	<u>                          </u>
Findings adopted .....	<u>                          </u>

City Clerk  
vdw



**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

Your **BUDGET AND FINANCE Committee**

reports as follows:

Public Comments: Yes No  
X    

BUDGET AND FINANCE COMMITTEE REPORT relative to the Second Financial Status Report for Fiscal Year 2006-07.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. TRANSFER \$12,128,410 between accounts within various departments and funds as specified in revised City Administrative Officer (CAO) Attachment 3, attached to this Committee report.
2. TRANSFER \$1,666,800 between various departments and funds, as specified in revised CAO Attachment 4, attached to this Committee report.
3. APPROPRIATE \$400,000 from the Unappropriated Balance Fund No. 100/58, Account 0055, Litigation Expense Account, and TRANSFER to the Office of the City Attorney Fund No. 100/12, Account 4200, Litigation.
4. APPROPRIATE \$375,000 from the Unappropriated Balance Fund No. 100/58, Account 0197 Outside Counsel including Workers' Compensation, and TRANSFER to the Office of the City Attorney Fund No. 100/12, Account 9302, Workers' Compensation Outside Counsel.
5. APPROPRIATE \$214,166 from the Unappropriated Balance Fund No. 100/58, Account 0195, New Fire Station, and TRANSFER to the Fire Department Fund No. 100/38, for expense items for Fire Station 81 and the Air Operations Facility, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
..... 3090	Field Equipment Expense	\$ 66,000
..... 6010	Office and Administrative	14,652
..... 6020	Operating Supplies	101,845
..... 9350	Communication Services	<u>1,669</u>
	TOTAL	\$ 214,166

6. APPROPRIATE \$2 million from the Unappropriated Balance Fund No. 100/58, Account 0196, New Police Facilities, and TRANSFER to the Police Department Fund No. 100/70, for expense and equipment items for the Los Angeles Regional Crime Laboratory and for the new Metro and Valley Bomb Squad Facilities, as follows:

ADOPTED AS AMENDED by Ccl. action of 2/14/07

5

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
3040	Contractual Services	\$ 586,205
6010	Office and Administrative	1,211,303
7300	Equipment	<u>202,492</u>
TOTAL		\$ 2,000,000

7. APPROPRIATE \$307,355 from the Unappropriated Balance Fund No. 100/58, Account 0181, LA Regional Crime Laboratory, and TRANSFER to the Police Department Fund No. 100/70, Account 6020, Operating Supplies.

8. AUTHORIZE the Controller to increase appropriations to General Services Department (GSD) Fund No. 100/40, in the amount of \$426,808 from the 1989 Library Construction Bond Fund No. 187/50, Alterations and Improvements Account No. K236, for work at the Fremont, Jefferson, Lake View Terrace, Studio City, Memorial, Washington Irving, Lincoln Heights and Mid-Valley branch libraries as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1014	Construction Salaries	\$ 256,083
3180	Construction Materials & Supplies	<u>170,725</u>
TOTAL		\$ 426,808

9. INSTRUCT the Board of Public Works, in accordance with Recommendation No. 8, to TRANSFER cash on an as-needed basis upon proper documentation from GSD and approval by the Program Manager and the CAO.

10. AUTHORIZE the Controller to APPROPRIATE \$88,046 from Department of Recreation and Parks Fund No. 302/88, Account 132A, Information Technology Agency, to the Information Technology Agency Fund No. 100/32, Account 9350, Communication Services, to move and install the Hollywood Sign Security System and for other communication services, and INSTRUCT the Department of Recreation and Parks to TRANSFER cash on an as-needed basis to reimburse the General Fund upon approval of expenditure reports submitted by the Information Technology Agency (ITA).

11. AUTHORIZE the Controller to increase appropriations to the Department of Recreation and Parks Fund No. 302/88 in the amount of \$34,800 from MICLA Fund No. 298/50, Account Y600, 2005 Storm Damage Repair, for hydroseeding services:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1090	Overtime Salaries	\$ 26,100
3160	Maintenance Materials & Supplies	<u>8,700</u>
TOTAL		\$34,800

12. INSTRUCT the Bond Fund Administrator, in accordance with Recommendation No. 11 above, to TRANSFER cash from MICLA Fund No. 298/50, to reimburse the Department of Recreation and Parks (DRP) on an as-needed basis upon proper documentation from the DRP and approval of the Project Manager and CAO.

13. AUTHORIZE the Controller to increase appropriations to the Information Technology Agency Fund No. 100/32, Account 1100, Salaries Hiring Hall Account, in the amount of \$134,510, from MICLA Fund No. 298/70, Account Y735, Police Headquarters, for the installation of additional airframe, avionics and mission equipment into Police Department helicopters.
14. INSTRUCT the Bond Fund Administrator to TRANSFER cash from MICLA Fund 298/70, to reimburse the General Fund on an as-needed basis upon proper documentation from the ITA and the approval of the CAO.
15. REQUEST the City Attorney to report back to the Budget and Finance Committee (Committee) on February 20, 2007, relative to the status of the Utility Users' Tax litigation and potential water revenue transfer litigation, and INSTRUCT the CAO to report back to the Committee relative to mitigation of the potential fiscal impact of the lawsuits upon the City.
16. INSTRUCT the GSD to report back to the Committee with a plan to meet the sale of Surplus Property revenue target, or increase other revenues and/or decrease expenditures to ensure that no new General Fund appropriation will be needed to cover the Surplus Property revenue.
17. TRANSFER \$205,465 from the Homeland Security Assistance Fund, No. 47N, Account Y138, Unappropriated Balance to the Fire Department, Fund 100, Department 38, Account 7300, Equipment.
18. TRANSFER \$134,410 within Fund 100, Department 38, Fire Department, from Account 1012 Sworn Salaries to Account 7300, Equipment.
19. AUTHORIZE the Mayor's Office to prepare Controller's instructions relative to recommendations 17 and 18, for any necessary technical adjustments subject to the approval of the CAO, and INSTRUCT the Controller to implement the instructions.
20. INSTRUCT the CAO and GSD to report back to the Committee relative to home - garaged vehicles, including how many there are and who has them. The report should include recommendations for possible efficiencies.
21. INSTRUCT the Department of Transportation (DOT) to report back to the Committee within 30 days relative to:
  - a. the shortfall in parking and parking citation revenue and the variables affecting parking revenue generation;
  - b. Motion (Parks - Greuel), under Council File No. 06-1232, concerning the status of the Department's Overtime Account and budget allocation shortfalls;
  - c. data pertaining to special event and/or project expenditures for which the DOT receives revenue but for which the funds are deposited to the General Fund and not the Department's budget, thus potentially having a negative impact on the Department's budget.

22. INSTRUCT the CAO to include in the Mid-Year Financial Status Report recommendations for fiscal restraints that may be implemented, if needed, before the end of the fiscal year, including but not limited to the following:
  - a. limiting intra-departmental fund transfers for departments already projecting budget deficits in Fiscal Year (FY) 206-07;
  - b. increasing vacancy rates for all departments to achieve higher salary savings;
  - c. substantial growth of Reserve Fund from FY 2006-07 to FY 2007-08.
23. AUTHORIZE the CAO to make technical corrections, as necessary, to those transactions included in this report to implement the Mayor and Council's intentions.

Fiscal Impact Statement: Transfers, appropriations and adjustments totaling \$17,775,895 are recommended in this report. Of this amount, \$12,128,410 are for transfers between accounts within various departments and funds, \$1,666,800 are for transfers between various departments and funds, \$3,296,521 are for appropriations from the Unappropriated Balance, and \$684,164 are for Bond and construction projects. Additionally, at this time there is no change from the 2006-07 Adopted Budget projected Reserve Fund balance at June 30, 2007.

#### SUMMARY

At its meeting of February 9, 2007, the Budget and Finance Committee considered the CAO's report relative to the Second Financial Status Report for Fiscal Year (FY) 2006-07. The CAO monitors the budget and transmits frequent reports detailing the City's current financial condition to both the Mayor and the Council. The Second Financial Status Report provides the status of the Reserve Fund, projected revenue data and employment levels, and makes recommendations for budgetary adjustments.

The CAO reports that the Contingency Reserve Account in the Reserve Fund has a current available balance of \$59.1 million. These funds could be used to cover current year shortfalls if necessary. The Emergency Reserve Account, which can only be used in the event of a declared emergency, has a balance of \$108.5 million. The balance of the two accounts totals approximately \$167.6 million. The CAO also reports that receipts through the first half of FY 06-07 remain close to plans. The current revenue projection is unchanged from the First Financial Status Report, with \$27.1 million more than the budgeted amount. This 0.6 percent variation is too close to plan to recommend budgetary adjustments.

The Five Year Forecast for the General Fund reflects a potential shortfall of approximately \$243 million for 2007-08. The current estimate does not include cost of living increases for civilian employees beyond their current labor contracts. The CAO, in development of the 2007-08 Proposed Budget, is working with the Mayor's Office to identify actions needed to offset the projected shortfall. The CAO will continue to make adjustments to the forecast in the coming months as information becomes available, but states in the Second Financial Status Report that the City must remain fiscally prudent and preserve any current year savings to help balance next year's budget.

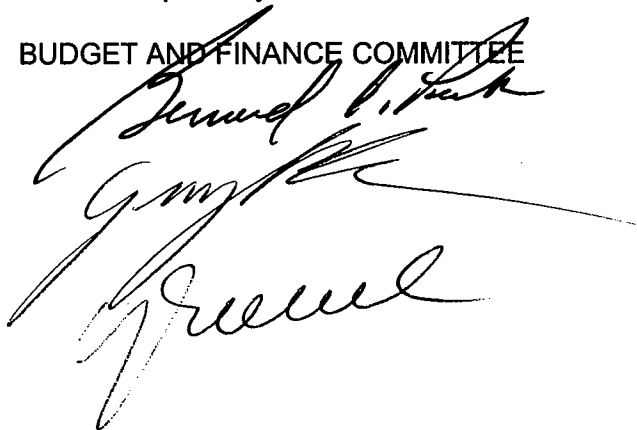
As a result of amendments made to the Second Financial Status Report, budgetary adjustments totaling \$17,775,895 are recommended in this report as follows:

- \$12,128,410 for transfers between accounts within various departments and funds;
- \$1,666,800 for transfers between various departments and funds;
- \$3,296,521 for appropriations from the Unappropriated Balance, and
- \$684,164 for Bond and construction projects.

Following the Committee's discussion, the Budget and Finance Committee recommended approval of the recommendations contained in the CAO's Second Financial Status Report as amended in Committee and reflected in this Committee report. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
GREUEL:	YES
SMITH:	YES
ROSENDAHL:	ABSENT
HUIZAR:	ABSENT

LB  
#060600.67  
2/12/07

Attachments

**ADOPTED**  
MOTION ADOPTED TO APPROVE COMMITTEE REPORT RECOMMENDATION AS AMENDED  
FEB 14 2007

**LOS ANGELES CITY COUNCIL**  
SEE MOTION ATTACHED

**MOTION**

I MOVE that the Budget and Finance Committee Report concerning a Communication from the City Administrative Officer relative to the Second Financial Status Report for Fiscal Year 2006-07 (C.F. 06-0600-S67), be amended to delete Recommendation No. 18 of the Report of the Budget and Finance Committee, as stated below, inasmuch as it is a duplication:

“18. TRANSFER \$134,410 within Fund 100, Department 38, Fire Department, from Account 1012 Sworn Salaries to Account 7300, Equipment.”

I FURTHER MOVE that the Budget and Finance Committee (C.F. 06-0600-S67), be amended include the following recommendation:

“Authorize the General Manager of the Information Technology Agency to expend funds from the Telecommunications Development Account in an amount not to exceed \$160,000, to purchase equipment to replace outdated technology in City Hall.”

PRESENTED BY

*Samuel L. Loh*

SECONDED BY

*E. G. ...*

MO.  
**ADOPTED**  
FEB 14 2007  
**LOS ANGELES CITY COUNCIL**

February 14, 2007

87