

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

Your

**BUDGET AND FINANCE Committee**

**reports as follows:**

BUDGET AND FINANCE COMMITTEE REPORT relative to the Mid-Year Financial Status Report for Fiscal Year 2008-09.

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

1. APPROVE the recommendations contained in the City Administrative Officer's (CAO) Mid-Year Financial Status Report (attached to the Committee report), dated February 26, 2009, with the following amendments:
  - a. AMEND CAO Recommendation No. 3 as follows:

APPROPRIATE funds in the amount of \$13,960,036 from the Unappropriated Balance to the departments and funds as specified in the Revised Attachment 7 (attached to the Committee report).
  - b. REFER back to the Budget and Finance Committee CAO Recommendation No. 30, relative to a transfer of \$1,500,000 for front funding the initiation of the Light Emitting Diode (LED) Conversion program, and INSTRUCT the CAO and Bureau of Street Lighting to report back to the Public Works and Budget and Finance Committees relative to a cost analysis of this program as well as an assessment of the contract between the Department of Water and Power and the Bureau of Street Lighting.
  - c. AMEND Recommendation No. 34 to include that upon the sale of the Mangrove property, funds will be restored into the respective Council District accounts.
  - d. AMEND Recommendation No. 37 to include that implementation by the Department of Recreation and Parks of the Department's "clustering" proposal be implemented in conjunction with discussions with the Councilmembers of the concerned Council Districts.
  - c. REVISE CAO Attachment 13, Hiring Criteria, to reflect that the hiring criteria include consideration of the following:
    - i. revenue generating positions;
    - ii. grant positions that require front funding and/or matching funds;
    - iii. not approving substitute authority positions;
    - iv. whether or not the City is below its Table of Organization (TO).
2. APPROVE the recommendations contained in the CAO's Addendum to the Mid-Year Financial Status Report for Fiscal Year 2008-09, dated March 2, 2009 (attached to the Committee report).

3. INSTRUCT the CAO and the Chief Legislative Analyst (CLA) to identify cash in the Special Parking Revenue Fund in order to increase the transfer to the budget.
4. INSTRUCT the CAO and CLA, during the Fiscal Year 2009-10 budget deliberations, to provide alternatives for the Committee/Council to consider should the state fail to restore Proposition 1B funds and should upcoming ballot measures related to the State's budget not be approved by the electorate.
5. INSTRUCT the CAO to report back to the Committee relative to CAO Recommendation No. 15, transfer of \$45,930 to cover costs associated with the government service buy-back program, inasmuch as this program was presented to the Council as being cost-neutral.
6. INSTRUCT the CAO, with the City Attorney, to report back to the Committee relative to the legality of the transfer of funds from the Systematic Code Enforcement Fee Fund to the Los Angeles Housing Department to offset projected deficits in the Department's Contractual Services and Lease accounts.
7. INSTRUCT the CAO, CLA and the Department of Neighborhood Empowerment to report back to the Committee relative to a clarification of issues related to neighborhood councils' credit card usage; available funds versus demand warrants; how much of the allotment to neighborhood councils has been spent and how much remains unspent.
8. INSTRUCT the Los Angeles Police Department to report back to the Committee relative to a \$4 million appropriation from the Unappropriated Balance for reimbursable sworn overtime, shown in CAO Attachment 7, and how much of this reimbursable amount is expected to be received before June 30, 2009.
9. INSTRUCT the CAO and CLA to report back to the Committee relative to a full analysis of the Mayor's Gang Reduction Program. The report should address the following issues:
  - a. Of the \$24 million designated for the Gang Reduction Program, how much has been spent and what is the projected time line for spending the remainder of the \$24 million?
  - b. Of the \$24 million, how much has been spent on intervention, prevention, suppression and re-entry programs?
  - c. In the \$7.4 million in savings, how much of this money is General Fund or grants from the Federal and State governments?
10. INSTRUCT the CAO and CLA to identify how much money was spent for contractual services to date for prevention and intervention programs by Gang Reduction Zones.
11. INSTRUCT the CAO and CLA to report back to the Committee this fiscal year on the impact and total costs associated with the increase/decrease in services at Recreation and Parks facilities within and outside the Gang Reduction Zones.
12. INSTRUCT the CAO and CLA, with the Department of Animal Services and the Los Angeles Fire Department, to report back to the Committee relative to the status of Federal Emergency Management Agency (FEMA) reimbursements.

13. INSTRUCT the Bureau of Sanitation to report back to the Committee relative to the amount of revenue anticipated from the collection of unpaid extra-capacity container fees, and the amount collected to date.
14. INSTRUCT the CAO to report back to the Committee relative to the status of parking lot leases at Venice Beach.
15. INSTRUCT the CAO, with the Community Development Department, to report back to the Committee relative to CAO Recommendation No. 7 concerning the LA's Hope Grant Program and the LA's Hope-Ending Chronic Homelessness Fund. The report should describe the Program and provide the current status of the Program.
16. INSTRUCT the CAO and CLA, at each Budget and Finance Committee meeting for the remainder of the year, to provide a status report relative to the impacts to the City budget from the State and Federal budget actions.

Fiscal Impact Statement: The CAO reports that transfers, appropriations and other adjustments totaling approximately \$62.5 million are recommended in this report to meet current-year obligations. The current Reserve Fund balance is estimated at \$160 million (consisting of \$125 million in the Emergency Reserve Account and \$35 million in the Contingency Reserve Account). In the CAO's Addendum report the CAO reports that approval of those recommendations will reduce the year-end projected deficit identified in the Mid Year Financial Status Report from \$35.29 million to approximately \$33.3 million due to an increase in related cost reimbursements to the General Fund from the Street Damage Restoration Fee Special Fund.

Community Impact Statement: None submitted

## SUMMARY

At its meeting of March 2, 2009, the Budget and Finance Committee considered the CAO's Mid Year Financial Status Report (FSR) for Fiscal Year 2008-09, and an addendum report dated March 2, 2009. The CAO reports identify changes to the City's overall deficit, based on current revenue estimates and department expenditure data, since the Third FSR, released on December 12, 2008, and the Mayor's Mid Year Budget Adjustments Report.

The CAO reports that based on the latest data, the projected year-end deficit has increased by \$18.28 million, from \$17.01 million to approximately \$35.29 million mainly due to revenue and expenditure changes. After accounting for current departmental deficits, non-departmental offsets, cumulative year-to-date budget balancing initiatives, and recommendations in the CAO reports, expenditure savings of \$43.67 million are identified to partially offset the revenue deficit. The CAO notes, however, that projected departmental expenditure deficits have increased from the \$15.4 million estimate after the Mayor's Mid Year Adjustments, to \$21.6 million. The most significant changes are due to increased deficits for Police and Bank Service Fees paid by the Treasurer, and the elimination of the anticipated Proposition 1B funding swap for the Bureau of Street Services.

Following a lengthy discussion and review of the CAO reports, the Committee recommended approval of the recommendations contained in the CAO's Mid-Year FSR, as amended in Committee. The Committee additionally recommended approval of the recommendations in the CAO's Addendum to the Mid-Year report. Amendments made by the Committee are reflected in the

Committee report recommendations, as well as requests for reports back from various City departments. 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:	ABSENT
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	ABSENT

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**