

CITY OF LOS ANGELES

CALIFORNIA



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MAYOR

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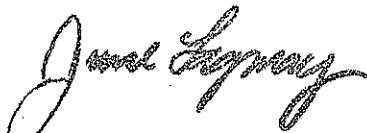
KONRAD CARTER
Acting Chief, Council and Public Services
Division

www.cityclerk.lacity.org

December 8, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file
No. 09-0600-S151 at its meeting held on November 25, 2009.



City Clerk
jr

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2009 DEC -1 PM 4: 20
CITY OF LOS ANGELES

RECEIVED
City Clerk's Time Stamp
CITY CLERK'S OFFICE
2009 DEC -1 PM 4: 10
CITY CLERK
BY _____
DEPUTY

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 09-0600-S151

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE NOVEMBER 25, 2009

RE: THE SECOND FINANCIAL STATUS REPORT FOR FISCAL YEAR (FY) 2009-10

LAST DAY FOR MAYOR TO ACT DEC 1 1 2009
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

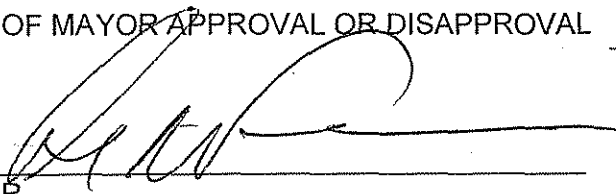
✓

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL DEC 04 2009

MAYOR



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2009 DEC -7 AM 10: 48
BY _____
CITY CLERK
DEPUTY

39

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 Second Financial Status Report for Fiscal Year (FY) 2009-10.

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

1. APPROPRIATE \$841,366.28 to accounts as specified in Attachment 5 of the City Administrative Officer (CAO) Report (Attached).
2. TRANSFER \$4,508,781.35 between accounts within various departments and funds as specified in CAO Attachment 6.
3. TRANSFER \$23,422,209.81 between various departments and funds as specified in CAO Attachment 7.
4. APPROPRIATE \$280,000 to the Fire Department from the Unappropriated Balance as specified in CAO Attachment 8.
5. DIRECT departments to cease all expenditures in Salaries, Overtime (refer to CAO Attachment 9) except for cash payouts mandated by Memoranda of Understanding with labor organizations or the Administrative Code, unless otherwise authorized by the Council.
6. APPROVE the following actions to allow the Community Development Department (CDD) to reimburse the General Fund for costs associated with the Enterprise Zone Tax Credit Program as authorized by Ordinance No. 176632:
 - a. Establish new accounts and APPROPRIATE \$429,087 within the Enterprise Zone Tax Credit Fund No. 48L/22 from the available cash balance as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
F122	Community Development	\$ 282,434
F299	Related Costs	<u>146,653</u>
	Total	\$ 429,087

- b. In accordance with the above recommendation, APPROPRIATE \$282,434 from the Enterprise Zone Tax Credit Fund No. 48L/22, Account F122, Community Development, to various accounts within CDD Fund No. 100/22 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$ 250,736
6010	Office and Administrative	1,000
6030	Rent and Parking	<u>30,698</u>
	Total	\$ 282,434

7. APPROVE the following actions to allow the CDD to reimburse the General Fund for administrative expenses related to Workforce Investment Act (WIA) - American Reinvestment and Recovery Act (ARRA) activities:

- a. TRANSFER \$533,825 within WIA - ARRA Fund No. 51G/22, from Account No. F279, WIA - Rapid Response - ARRA, to the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
F122	Community Development	\$ 484,842
F299	Related Costs	<u>48,983</u>
	Total	\$ 533,825

- b. In accordance with the above recommendation, APPROPRIATE \$484,825 from CDD WIA - ARRA Fund No. 51G/22, Account F122, Community Development, to various accounts within CDD Fund No. 100/22 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$ 83,746
3040	Contractual Services	200,000
6010	Office and Administrative	30,000
6020	Operating Supplies	167,292
6300	Rent and Parking	<u>3,804</u>
	Total	\$ 484,842

8. TRANSFER expenditures from WIA Fund No. 44A/22 to WIA - ARRA Fund No. 51G/22 in an amount not-to-exceed \$2,500,000 upon proper demand of the General Manager, CDD, or designee, to move expenditures into the correct fund.
9. TRANSFER expenditures from L.A. Hope Fund No. 48D/22 to WIA Fund No. F44A/22 in an amount not-to-exceed \$7189.98 upon proper demand of the General Manager, CDD, or designee, to reimburse expenditures previously paid by WIA.
10. AUTHORIZE CDD and the Controller to change the title of Fund No. 51J from "Department of Education - Youth Program" to "Department of Education - Improvement of Education Program" to appropriately describe the receipts and disbursements to be tracked in this fund.

11. TRANSFER \$774,000 from the Reserve Fund to the Unappropriated Balance and APPROPRIATE therefrom to Fund No. 100/56, Account 0506, Annual City Audit/Single Audit to complete payment for audit services performed in 2008-09.
12. APPROPRIATE \$150,000 within the Central Los Angeles Recycling and Transfer Station Fund No. 47S/14 to new Account No. F128, entitled "#Council" from the available cash balance; and APPROPRIATE therefrom to Council Fund No. 100/28, Account No. 1070, Salaries As-Needed. ** Council District 14 * (Hunger-Parks)*
13. REAPPROPRIATE funds totaling \$59,038 in Cultural Affairs Fund No. 100/30 from the unencumbered 2008-09 balance of Account 9832, entitled "Matching Grant Program" into the same account for the Cultural Exchange International Program.
14. INSTRUCT El Pueblo to prepare the necessary documents to repay \$103,000 of its outstanding \$418,465 Reserve Fund Loan from available cash within the El Pueblo Historical Monument Fund No. 737/33.
15. DIRECT the Fire Department to identify alternate savings to offset unrealized savings originally expected from the Modified Deployment Plan and report back with recommendations.
16. AUTHORIZE the Controller to decrease appropriations by \$365 within Federal Emergency Shelter Grant Fund No. 517/43, Account No. F299, Related Costs to reflect the final entitlement award from the U.S. Department of Housing and Urban Development for the Emergency Shelter Grant (ESG).
17. AUTHORIZE the Controller to increase appropriations in the amount of \$27,462 within Housing Opportunities for Persons with AIDS (HOPWA) Fund No. 569/43, Account F143, Housing, and correspondingly increase appropriations by a like amount in Housing Department Fund 100/43, Account 1010, Salaries General to reflect the final entitlement award from the U.S. Department of Housing and Urban Development.
18. AUTHORIZE the Controller, in accordance with Recommendation Nos. 2 and 17, to expend funds not to exceed the noted amounts from Fund Nos. 569, 440, and 41M upon proper written demand of the General Manager, LAHD, or designee.
19. APPROVE the use of \$8,862,000 in Municipal Investment Corporation of Los Angeles (MICLA) financing included in the 2009-10 Budget for the following seven projects in the amounts identified below:

a. 18 GHz Microwave Replacement	\$ 900,000
b. Police Department Fiber Upgrade	3,600,000
c. Mount Lee Electrical Upgrade	1,280,000
d. Network Infrastructure	2,200,000
e. Consolidated Server Infrastructure	232,000
f. Fire Department Antenna System Upgrade	250,000
g. 800 MHz Radio System Upgrade	<u>400,000</u>
Total	\$8,862,000

20. TRANSFER \$629,568 previously reappropriated under Budget authority from Mayor Fund No. 100/46, Account No. 3040, Contractual Services to City Attorney Fund No. 100/12 Account No. 1010, Salaries General, for services performed in support of the CLEAR Program;
- a. Reduce Appropriations previously reappropriated under Budget authority by \$376,472 in the Mayor's Office Fund No. 100/46, Contractual Services Account No. 3040, to recognize related costs associated with services performed by the City Attorney's Office for the CLEAR Program.
21. AUTHORIZE the Controller to increase appropriations by \$224,172.81 from grant reimbursement funds in the Office of Traffic Safety Fund No. 48F/46, Account No. C202, Contractual Services, to Mayor Fund No. 100/46, Account No. 3040, Contractual Services for Safe Moves DUI - Prevention expenditures.
22. AUTHORIZE the Mayor's Office to accept a reimbursement in the amount of \$133,979.04 from Community Partners and deposit as a General Fund receipt; and thereafter AUTHORIZE the Controller to increase appropriations to Mayor Fund No. 100/46, Account No. 1070, Salaries As-Needed for salary costs associated with the Million Trees LA.
23. TRANSFER \$45 million in appropriations within Police Department Fund 100/70 from Account No. 1092, Sworn Overtime, to Account No. 1012, Sworn Salaries, to offset the deficit using savings from the recently approved agreement with the Los Angeles Police Protective League.
24. REAPPROPRIATE \$77,626 in the Police Department Fund No. 100/70, from the unencumbered 2008-09 account balances as detailed below, into the same accounts for purchases for new facilities:
- | <u>Account No.</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------------|--------------------------------------|---------------|
| 6010 | Office and Admin. Expense | \$ 42,435 |
| 7300 | Furniture, Office and Tech Equipment | <u>35,191</u> |
| | Total | \$ 77,626 |
25. RESCIND Recommendation No. 13 in the First Financial Status Report (CF 09-0600-S141), in accordance with Recommendation No. 2 concerning transfers within the Forfeited Assets Trust Fund corresponding with the revised Forfeited Assets Trust Fund Schedule 3.
26. TRANSFER \$150,000 in appropriations within the Community Development Trust Fund No. 424/22 from Account No. F431, River Rangers, to Account No. F174, Public Works Board; and APPROPRIATE therefrom to Public Works Board Fund No. 100/78, Account No. 3040, Contractual Services.
27. DIRECT the Bureau of Sanitation and the Office of the City Administrative Officer (CAO) to report back within 60 days on the fiscal impact of modifying the current Solid Waste Fee Lifeline Program to be consistent with other existing City Lifeline Programs (e.g. Sewer Service Charge, Department of Water and Power fees).

28. REAPPROPRIATE \$929,229.96 from the Community Development Trust Fund No. 424/22 as follows to enable the PW - Bureau of Street Lighting to complete various lighting improvement projects initiated in 2008-09:

a. TRANSFER appropriations totaling \$929,229.96 within the Community Development Trust Fund No. 424/22, into new Account No. F184 entitled "Public Works Street Lighting" from the accounts as specified below:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
E421	Sun Valley Lighting Imprv	\$ 7,321.67
E184	Public Works Street Lighting	921,908.29
	Total	\$ 929,229.96

b. APPROPRIATE, in accordance with the above recommendation, \$929,229.96 from the Community Development Trust Fund No. 424/22, Account No. F184, Public Works - Street Lighting to accounts within the PW - Bureau of Street Lighting Fund No. 100/84 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 36,721.96
1090	Salaries, Overtime	88,300.00
3040	Contractual Services	734,208.00
8780	St. Lighting Improvement Supplies	70,000.00
	Total	\$ 929,229.96

29. APPROPRIATE \$307,799 within the Subventions and Grants Fund No. 305/50 to new Account No. F186, entitled "PW - St. Services" from receipts in Revenue Source Code No. 3741, Revenue from Community Redevelopment Agency, for the Bonnie Brae/Pico Blvd, Case Street and 6th Street projects.

b. APPROPRIATE \$307,799, in accordance with the above recommendation, from Subventions and Grants Fund No. 305/50, Account No. F186, PW - St. Services, to various accounts within Street Services Fund No. 100/86 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$ 172,368
1090	Salaries, Overtime	43,092
3030	Construction Expense	61,559
3040	Contractual Services	3,078
6010	Office and Administrative	9,234
6020	Operating Supplies	18,468
	Total	\$ 307,799

30. APPROPRIATE \$13,225 within the Subventions and Grants Fund No. 305/50 to Account No. F186, PW - St. Services from receipts in Revenue Source Code No. 3734, Reimbursement from Other Funds/Departments, for street print repairs.

- a. APPROPRIATE, in accordance with the above recommendation, \$13,225 from Subventions and Grants Fund No. 305/50, Account No. F186, PW - St. Services, to various accounts within Street Services Fund No. 100/86 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$ 7,405
1090	Salaries, Overtime	1,852
3030	Construction Expense	2,645
3040	Contractual Services	133
6010	Office and Administrative	397
6020	Operating Supplies	<u>793</u>
Total		\$13,225

31. REAPPROPRIATE \$393,472 from the Public Works Trust Fund No. 834/50, Account 186E, Bureau of Street Services and TRANSFER to accounts within the Bureau of Street Services Fund No. 100/86, as detailed below:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries, General	\$ 49,472
1090	Salaries, Overtime	24,000
1100	Hiring Hall, Salaries	24,000
1120	Hiring Hall, Benefits	8,000
1190	Hiring Hall, Overtime	4,000
3030	Construction Expense	224,000
3040	Contractual Services	4,000
3330	Utilities Expense	4,000
6010	Office & Administrative	8,000
6020	Operating Supplies	<u>44,000</u>
Total		\$393,472

32. RESCIND Recommendation No. 2 in the Personnel Committee Report relative to funding for the One Stop Special Events Permit Procedure and Fee Subsidy Program (CF 09-0600-S135) as the funding is already provided for this purpose within the Street Services Fund.
33. INSTRUCT the City Clerk to unencumber \$90,059.98 in the 2008-09 General City Purposes Fund 100/56, Account No. 0306, Official Visits of Dignitaries.
- a. AUTHORIZE the Controller, in accordance with the above recommendation, to process an early reversion in the amount of \$90,059.98 from the Uncommitted Balance in the 2008-09 General City Purposes Fund 100/56, Account 0306, Official Visits of Dignitaries to the Reserve Fund; and APPROPRIATE therefrom to the 2009-10 General City Purposes Fund 100/56, Account No. 0306, Official Visits of Dignitaries.
34. AUTHORIZE the Controller, in accordance with Recommendation No. 3 concerning MICLA appropriations to the Department of General Services (GSD), Information Technology Agency (ITA) and Bureau of Street Services (BSS), to TRANSFER cash from the appropriated MICLA account to reimburse the General Fund on an as needed basis upon proper documentation from GSD, ITA or BSS, and approval of the requesting departments and the CAO.

35. AUTHORIZE the CAO to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.
36. DIRECT Departments to immediately return vehicles flagged for inventory reduction to the GSD.
37. FIND that the current status of the Reserve Fund indicates that a transfer of \$13 million from the fund to cover the remaining Shared Responsibility and Sacrifice for the Fire Department is not feasible (CF 09-1861).
38. INSTRUCT the CAO, with the Zoo Department, to report back to the Budget and Finance Committee relative to the feasibility of implementing parking fees at the Los Angeles Zoo and Botanical Gardens.
39. INSTRUCT the CAO to report back to the Council relative to expenditures made in response to requests for Mutual Aid, which upon reimbursement are then deposited into the General Fund rather than the departments which have expended the funds, thus creating deficits in the concerned department budgets.

Fiscal Impact Statement: The City Administrative Officer reports that the remaining 2009-10 Budget deficit is estimated at \$98.1 million, which reflects projected savings from the implementation of new agreements with the Coalition of City Unions and the Los Angeles Police Protective League, the Early Retirement Incentive Program, and other proposed budget-balancing measures. The projected shortfall in revenue is estimated at \$75 million. Other impacts from pending lawsuits and shortfalls in department accounts cannot be accurately quantified at present, but will be addressed in future reports. Accounting for proposed Reserve Fund loans and transfers, including reappropriations recommended in this report, the current Reserve Fund balance is estimated at \$122 million (consisting of \$121 million in the Emergency Reserve Account and \$1 million in the Contingency Reserve Account).

Transfers, appropriations and other adjustments totaling approximately \$90.8 million are recommended in this report. It is also recommended that departments be directed to cease spending approximately \$28.6 million in uncommitted funds in department overtime accounts - with the exception of cash pay outs mandated by Memoranda of Understanding between the City and labor organizations or the Administrative Code - unless otherwise authorized by Council.

Community Impact Statement: None submitted

SUMMARY

At its meeting of November 16, 2009, the Budget and Finance Committee considered the CAO's Second Financial Status Report (2nd FSR) for FY 2009-10. This report provides: (1) an estimate of the remaining 2009-10 deficit and a summary of identified savings; (2) reviews the status of City receipts; (3) provides a four-year outlook on revenue and expenditures; (5) advises on issues that may affect the current year budget; and, (6) provides recommendations for budget adjustments totaling \$90.8 million.

The CAO reports that at this time the projected 2009-10 deficit is estimated to be \$98.1 million, which includes both implemented and pending budget-balancing measures. The projected revenue

shortfall remains at \$75 million. The CAO estimates a \$410 million budget shortfall for Fiscal Year 2010-11.

During the Committee discussion, several departments expressed concerns relative to the CAO's recommendation to cease all expenditures in their Salaries, Overtime accounts. Inasmuch as the ability to fill positions through the Managed Hiring Process is limited, departments expressed concern relative to the CAO's recommendation to cease non-mandated overtime expenditures. The Convention Center reported to the Committee that they are currently operating with a 25 percent personnel vacancy factor, which is expected to increase to a 41 percent vacancy rate with the Early Retirement Incentive Program; the City Clerk expressed concerns relative to the Department's ability to adequately staff upcoming elections, including Neighborhood Council elections. These, as well as several additional departments addressed the Committee with their concerns relative to a freeze in their Salaries, Overtime accounts, and the possible sweeping of these funds in the near future. The Committee instructed the CAO to work with departments to mitigate these issues to the extent possible. The Committee additionally stressed that the CAO work with departments which receive grant funding, so departments are not in a position of having to return grant funds due to the inability to fill positions necessary to accomplish the purpose of the grants.

The Budget and Finance Committee recommended approval of the recommendations contained in the CAO's 2nd FSR. Additionally, the CAO was instructed to report back to the Committee on the feasibility of implementing parking fees at the Los Angeles Zoo and Botanical Gardens, and on the issue of expenditures by departments such as Police and Fire when responding to Mutual Aid requests, wherein the reimbursements when received are deposited into the General Fund instead of being returned to the concerned 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
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	YES
KORETZ:	YES

LB
09-0600-S151_rpt_bfc_11-18-09

Attachment

NOV 24 2009 CONTINUED TO NOV. 25, 2009

ADOPTED

NOV 25 2009
As Amended (Rec # 12)
LOS ANGELES CITY COUNCIL

-NOT OFFICIAL UNTIL COUNCIL ACTS-

MAYOR WITH FILE