

09-0600-3203
#3

FINANCIAL STATUS REPORT RECOMMENDATIONS

(Refer to Discussion Sections 2 and 3)

That the Council, subject to the approval of the Mayor:

1. Appropriate \$466,436.30 to Department accounts as specified in Attachment 3;
2. Transfer \$4,280,000.00 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$2,736,248.72 between various departments and funds as specified in Attachment 5;
4. Appropriate \$150,000.00 to Department accounts from the Unappropriated Balance as specified in Attachment 6;
5. Transfer \$48,547,196.72 from various Department and Fund accounts to the Unappropriated Balance, Reserve for Economic Uncertainties account, as specified in Attachment 7;

City Clerk

6. Authorize the Controller to unencumber \$650,000 of 2002-03 funds provided for election related equipment in City Clerk Fund No. 100/14, Account No. 4170, Elections; revert to the Reserve Fund; transfer to the Unappropriated Balance Fund No. 100/58; and reappropriate to the same account, to implement a vote-by-mail system;
7. Authorize the use \$800,000 in funds appropriated for the Council District 2 Special Election (C.F. No. 09-0753) for other election-related activities, including referendum petitions such as Medical Marijuana or other signature verification processes for recall efforts, in order to mitigate the need for additional appropriations;

Community Development

8. Transfer \$25,000 within the Community Development Trust Fund (CDBG) Fund to pay for the Information Technology Agency (ITA) labor and materials costs associated with communications and technology for regional offices, as follows:
 - a) Transfer \$25,000 from Account No. F122, CDD to Account No. F132, ITA within CDBG Fund No. 424/22 and appropriate therefrom to ITA Fund No. 100/32, Account No. 9350 Communications Expense and,
 - b) Decrease appropriations in the amount of \$25,000 in CDD Fund No. 100/22, Account No. 1090, Salaries Overtime;
9. Approve the following adjustments within the Workforce Investment Act (WIA), Community Services Block Grant (CSBG) and Community Development Block Grant (CDBG) funds to allow the CDD to pay for \$752,964 in direct and indirect costs related to grant activities:
 - c) Decrease appropriations in account F122, CDD, in the amount of \$158,827 within WIA, Fund No. 44A;

- d) Increase appropriations in account F122, CDD, in the amount of \$158,827 within CSBG, Fund No. 428;
- e) Establish new account F741, CDD Admin and appropriate \$454,137 within CDBG, Fund No. 424; and,
- f) Increase appropriations in account F299, Related Costs in the amount of \$140,000 within CDBG, Fund No. 424.

Cultural Affairs (REVISED)

~~10. Approve the following actions to decrease salary appropriations in the Cultural Affairs Department and use the savings to reimburse the General Fund for related costs:~~

- ~~a) Transfer \$214,000 in appropriations within the Arts and Cultural Facilities and Services Fund No. 480/30 from Account No. F130, Cultural Affairs, into Account No. F299, Related Costs;~~
- ~~b) Decrease appropriations by \$214,000 in Cultural Affairs Fund No. 100/30, Account No. 1010, Salaries General;~~
- ~~c) Instruct the Department to reimburse a total of \$214,000 from Fund No. 480/30, Account No. F299, Related Costs, to the General Fund No. 100/46, Revenue Source Code No. 4641, Arts and Cultural Facilities Related Costs;~~

10. Approve the following actions to decrease appropriations in the Cultural Affairs Department and use the savings to reimburse the General Fund for related costs:

- a) Transfer \$214,000 in appropriations within the Arts and Cultural Facilities and Services Fund No. 480/30 from Account No. F130, Cultural Affairs, into Account No. F299, Related Costs;
- b) Decrease appropriations by a total of \$214,000 in Cultural Affairs Fund No. 100/30, Account 9010, Cultural Grant - Families and Youth (\$194,860), Account 9234, Outdoor Festivals and Parades (\$4,540), and Account 9633, Youth Arts and Education Series (\$14,600);
- c) Instruct the Department to reimburse a total of \$214,000 from Fund 480/30, Account No. F299, Related Costs, to the General Fund No. 100/46, Revenue Source Code No. 4641, Arts and Cultural Facilities Related Costs.

Emergency Management (DELETED)

~~11. Authorize the Emergency Management Department to refund a total of \$113,547.70 deposited to Fund No. 100/35, Revenue Source Code No. 3702 to the County of Los Angeles for the overpayment for the City's participation in H1N1 Influenza Virus Vaccination Clinics.~~

Mayor

12. Approve the following actions to reimburse \$125,234 of City Attorney salary costs in support of the Community Law Enforcement and Recovery (CLEAR) Program:

- a) Transfer appropriations totaling \$88,270.08 within the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, from Account No. E212, City Attorney Salary Reserve, to a new Account No. F112, City Attorney Salaries;
- b) Increase appropriations within the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, Account No. F112 by \$4,681.60;

- c) Increase appropriations by \$92,951.68 to the City Attorney Fund No. 100/12, Account No. 1010, Salaries General, from the FY07-08 Earmark CLEAR Foothill Fund No. 51B/46, Account No. F112, City Attorney Salaries; and
 - d) Authorize the Controller to reimburse the City Attorney and Mayor Fund Nos. 100/12 and 100/46, Revenue Source Code 4610, Reimbursement from Other Funds, a total of \$32,282.50 from the FY07-08 Earmark CLEAR Foothill Fund 51B/46, Account E299, Fringe Benefits – Mayor & City Attorney, on an as-needed basis for reimbursement of grant-funded related costs;
13. Approve the following actions to reimburse \$44,495 in Police Department salary costs in support of the CLEAR Program:
- a) Create a new appropriation Account No. F270, LAPD Reimbursement, within the Local Law Enforcement Block Grant (Justice Assistance Grant) Fund No. 40B/46, and increase appropriations within the new account by \$34,023.43;
 - b) Transfer appropriations totaling \$10,472.00 within the Local Law Enforcement Block Grant Fund No. 40B/46, from Account No. C201, Other Availables, to Account No. F270, LAPD Reimbursement; and
 - c) Authorize the Controller to reimburse the Police Department Fund No. 100/70, Revenue Source Code 4610, Reimbursement from Other Funds, a total of \$44,495.43 from the Local Law Enforcement Block Grant Fund No. 40B/46, Account No. F270, LAPD Reimbursement, on an as-needed basis for reimbursement of prior year salary expenditures;
14. Approve the following actions to partly address the loss of approximately \$4 million in Supplemental Law Enforcement Services (SLESF) Fund appropriations to the Police Department due to decreased State funding:
- a) In accordance with recommendation 3 (Attachment 5) to replace \$1,073,000 in SLESF Fund appropriations with Community Law Enforcement and Recovery Funds, decrease appropriations in Police No. 100/70, Account No. 1012, Salaries Sworn by \$1,073,000; and thereafter decrease appropriations within SLESF Fund No. 667/46, Account No. F170, Los Angeles Police Department;
 - b) Decrease appropriations in Police No. 100/70, Account No. 1092, Sworn Overtime by \$500,000; and thereafter decrease appropriations within SLESF Fund No. 667/46, Account No. F170, Los Angeles Police Department to reflect decreased State funding of the Supplemental Law Enforcement Services Fund;

Personnel

15. Authorize resolution employment authority for five (5) positions of Licensed Vocational Nurse, Class Code 2332, in the Personnel Department for the period of April 1, 2010 through June 30, 2010, subject to classification determination by the Personnel Department, to backfill emergency and basic health care services on an as-needed basis in the City's jail facilities;

Police (Recommendation No. 18 DELETED)

16. Recognize \$14,810 in revenue to reimburse the City for replacement of a Smart Trailer that was damaged by a motorist, and appropriate the same amount to Police Fund No. 100/70, Account No. 7300, Furniture, Office and Technical Equipment;

17. Authorize the Controller to unencumber \$75,982 of 2008-09 funds in Police Fund No. 100/70, Account No. 4430, Uniforms; revert to the Reserve Fund; transfer to the Unappropriated Balance Fund No. 100/58; and reappropriate to the same account, to complete the purchase of bomb suits;
- ~~18. Authorize the Controller to reappropriate \$25,000 from the Reserve Fund to Police Fund No. 100/70, Account No. 6010, Office and Administrative Expense, into the same account for the purchase of a Sexual Assault Kit Tracking System;~~
19. Transfer \$22,000,000 from the Unappropriated Balance Fund No. 100/58, Account No. 0037, Reserve for Economic Uncertainties, to Police Fund No. 100/70, Account No. 1012, Salaries, Sworn to provide sufficient funding for sworn salaries through pay period 25;

Public Works, Engineering

20. Reduce appropriations in the amount of \$500,000 in the Bureau of Engineering Fund No. 100/78, Account No. 1010, Salaries General; and thereafter reduce appropriations by \$500,000 in Waste Water System Commercial Paper B Construction Fund 70X/50, Account No. F178, PW-Engineering, to reflect salary savings in the fund by the Bureau;
21. Reduce appropriations in the amount of \$100,000 in the Bureau of Engineering Fund No. 100/78, in various accounts detailed below; and thereafter reduce appropriations by \$100,000 in Special Gas Tax Street Improvement Fund No. 206/50, Account No. F178, PW-Engineering, to reflect salary savings in the fund by the Bureau:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 50,000
1090	Salaries Overtime	50,000
	Total	\$ 100,000

Public Works, Sanitation

22. Decrease appropriations in Bureau of Sanitation Fund No. 100/82, Account No. 1010, Salaries General by \$2,000,000; and thereafter decrease appropriations by the same amount within the Sewer Operations and Maintenance Fund No. 760/50, Account No. F182, Bureau of Sanitation to reflect salary savings in the fund by the Bureau;
23. Decrease appropriations from the Multifamily Bulky Item (MFBI) Program in the Department of General Services (GSD) by \$601,197 and transfer funding to the Solid Waste Resources Revenue Fund (SWRRF) as reimbursement for the cost of maintaining the reassigned refuse vehicles and to the MFBI cash balance as follows:
- a) Decrease appropriations in the amount of \$472,447 within General Services Fund No. 100/40 in the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 151,774
1090	Overtime	32,667

3090	Equipment Expense	134,750
3230	Petroleum Products	152,031
4430	Uniforms	<u>1,225</u>
	Total	\$ 472,447

- b) Decrease appropriations in the amount of \$472,447 in the MFBI Revenue Fund No. 50D/50, Account No. F140, General Services;
- c) Establish and appropriate \$330,713 within the MFBI Revenue Fund No. 50D/50, in a NEW Account, entitled "SWRRF Reimbursement"; and thereafter transfer to SWRRF Fund No. 508/50, RSC No. 4552, Reimbursement of Expenditures;
- d) Decrease appropriations in the amount of \$128,750 in MFBI Revenue Fund No. 50D/50, Account No. F299, Related Cost;
- e) Increase appropriations in the amount of \$90,125 within MFBI Revenue Fund No. 50D/50, in the Account entitled "SWRRF Reimbursement"; and thereafter transfer to SWRRF Fund No. 508/50, RSC No. 4552, Reimbursement of Expenditures;

Treasurer

- 24. Direct the Office of the Treasurer to prepare a report on actual and projected 2009-10 bank service fee expenditures, detailed by Department;

General City Purposes

- 25. Reduce appropriations within General City Purposes Fund No. 100/56, Account No. 0577, Pensions by \$129,466; and thereafter transfer to the Los Angeles Fire and Police Pension System Excess Benefit Fund No. 918/64, Revenue Source Code 4711, Pension Retirement Contribution – Employer for reimbursement of the City's retirement contribution subsidy;

Human Resources Benefits (REVISED)

- 26. Authorize the Personnel Department to negotiate and execute a contract with Los Angeles County's Third Party Administrator to administer the City's Civilian WC Program, effective July 1, 2010;
- 27. In accordance with the above recommendation, transfer \$3,000,000 within the Human Resources Benefits Fund No. 100/61, from Account No. 9910, Workers' Compensation, to a new account entitled "Contractual Services";

Liability Claims

- 28. Write off \$1,000,000 in a Liability Claims Reserve Fund loan (C.F.09-2627) inasmuch as it will not be reimbursed by the issuance of Judgment Obligation Bonds as previously anticipated;

Reserve

- 29. Transfer \$80,000,000 from the Reserve Fund to the Unappropriated Balance and therefrom to Nondepartmental General Fund No. 100/62 Revenue Source No. 4825, Interfund Operating Transfer-Reserve, to reduce the anticipated current-year revenue shortfall and provide sufficient cash flow in May;

Unappropriated Balance

30. Authorize the Controller to transfer \$50,000 from the Unappropriated Balance Fund No. 100/58, Account No. 0037, Reserve for Economic Uncertainties to the Century Corridor Business Improvement District Fund No. 40R/14 to fund a market analysis of the Airport Hospitality Enhancement Zone;

Technical

31. Authorize the City Administrative Officer to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions;

Finance (NEW)

32. Direct the Office of Finance provide to the Office of the Treasurer a detailed calculation supporting the \$1.7 million bank service fee savings; and

Public Works, Engineering (ADDITION)

33. In accordance with Recommendation No. 3, for salary appropriations to Street Services from MICLA, authorize the Controller to transfer cash from MICLA on an as-needed basis to reimburse the General Fund upon proper documentation submitted by the Bureau of Street Services and approval of the Bureau of Engineering project manager and the Office of the CAO.

FISCAL IMPACT STATEMENT

The 2009-10 Budget deficit is now estimated at \$222.4 million, which reflects \$36.8 million in savings identified since the approval of the Mid-Year Financial Status Report, increased property tax revenue of \$26 million, and the loss of the \$73.5 million power revenue transfer from the Department of Water and Power.

With the approval of the recommended transfer of \$80 million from the Reserve Fund to the General Fund, the Reserve Fund balance is estimated at \$126.7 million (consisting of \$120.9 million in the Emergency Reserve Account and \$5.7 million in the Contingency Reserve Account). The Reserve Fund balance at the year-end is estimated to be \$39.3 million, assuming the receipt of anticipated receipts and judgment obligation bond proceeds and the subsequent transfer of funds from the Reserve to the General Fund to cover the remaining \$142.4 million deficit.

Transfers, appropriations and other adjustments totaling approximately \$168.0 million are recommended in Sections 2 and 3 of this report, which includes a \$22 million proposed transfer from the Unappropriated Balance, Reserve for Economic Uncertainties to the Police Department sworn salary account.