

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

Your **BUDGET AND FINANCE** Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to an analysis of revenue projections for the Community Development Department (CDD) according to the currently approved Cost Allocation Plan (CAP) and an assessment of its General Fund reimbursements over past years.

Recommendations for Council action:

1. CONTINUE the practice of budgeting the Community Development Block Grant Budget (CDBG) using the most recent adopted CAP available.
2. INSTRUCT the CDD to submit to the City Administrative Officer (CAO) a long-term hiring plan for Fiscal Years 2011-12 and 2012-13, which takes into consideration all positions; funding sources; vacancies; other potential staffing changes; and the elimination of all General Fund support and the balance between program costs and personnel costs pursuant to Council File number 11-0600. This hiring plan may be considered when positions are presented to the Managed Hiring Committee on a case-by-case basis.
3. CONTINUE the discussion regarding budgeting, billing and application of CAP rates relative to CDBG with the CDD, CAO, the Chief Legislative Analyst (CLA) and the Mayor's Office to ensure consistency across departments and compliance with any applicable HUD regulations. Further, instruct the CLA and CAO to include any best practices emerging from that discussion in their joint report with recommendations relative to the 38th Program Year CDBG Budget.
4. REFER the request from CDD relative to one new exempt Senior Management Analyst I position authority to the Personnel Committee for further consideration (recommendation number three from the CDD report dated January 5, 2011).

Fiscal Impact Statement: The CLA and CAO report that there is no General Fund impact associated with the recommendations in this report at this time. Proposed changes from current practice relative to General Fund reimbursements of related costs from CDBG may impact future years of the Community Development Block Grant Budget.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on June 27, 2011, the Budget and Finance Committee considered a CDD report and joint CLA/CAO report relative to an analysis of revenue projections for CDD according to the currently approved CAP and an assessment of its General Fund reimbursements over past years. The CLA/CAO report, attached to the Council file, provides a summary and background information on this matter. In December 2010, the Council and Mayor instructed the CDD to report to Council with an analysis of a proposed, additional 2010-11 revenue reduction for 2009-10 payments to the General Fund, and an assessment of CDD's

General Fund obligation and corresponding General Fund contributions for indirect salary costs over the past five years. The CDD responded in a report dated January 5, 2011, also attached to the Council file.

The CDD report includes a request to use unexpended CDBG funds that were previously appropriated to CDD, but not expended, for payment of CDD salaries and associated related costs in Fiscal Year (FY) 2011-12. CDD also requests the addition of one Senior Management Analyst I exempt position authority and direction to expeditiously fill this position and other grant-funded vacancies in the Department in order to meet revenue projections for the General Fund from related costs and provide transfer opportunities to employees in general-funded positions.

When this item was considered by the Budget and Finance Committee on May 23, 2011, the Committee continued the matter and instructed the CLA/CAO to review CDD's report. During the review, CDD indicated that the funds they requested to use in FY 2011-12 were no longer available as a result of reprogramming approved by the Council when actions were taken regarding the Year-End Financial Status Report and the 37th Program Year Consolidated Plan. Therefore, this request is no longer relevant.

After additional discussion and an opportunity for public comment, the Committee recommended approval of the recommendations contained in the joint CLA/CAO report dated June 24, 2011. Additionally, the Committee recommended to refer the request from CDD relative to one new exempt Senior Management Analyst I position authority to the Personnel Committee for further consideration (recommendation number three from the CDD report dated January 5, 2011). 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:	ABSENT
ROSENDAHL:	YES
HUIZAR:	ABSENT
KORETZ:	YES

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