

**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 Year-End (Fourth) Financial Status Report for Fiscal Year (FY) 2010-11.

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

1. APPROVE the recommendations of the City Administrative Officer (CAO) contained in the Year-End (Fourth) Financial Status Report (FSR), dated May 20, 2011, attached to the Council file.
2. APPROVE the recommendations of the CAO contained in the Addendum to the 2010-11 Year-End FSR, dated May 20, 2011, relative to Bureau of Street Services Transfers and Reappropriations, attached to the Council file.
3. APPROVE the recommendations of the CAO contained in the Addendum to the 2010-11 Year-End FSR, dated May 27, 2011, attached to the Council file.
4. TRANSFER \$1,800,000 from the Reserve Fund to the Unappropriated Balance and therefrom to the City Attorney Fund No. 100/12, Account No. 1010 Salaries General as a Reserve Fund loan to be reimbursed by the Consumer Protection Trust Fund No. 550/12 in the first quarter of FY 2011-12 as revenue from consumer protection litigation settlements is received.
5. CORRECT the fund number specified in Recommendation No. 3 (Attachment 6, page 2) of the Year-End FSR for the Bureau of Engineering ARRA Transportation Projects from Fund No. 298/50 MICLA CP to Fund No. 299/50 MICLA CP as shown on Attachment 6 Revised, (attached to Committee report).
6. REVISE Recommendation No. 7 (Attachment 16) in the May 27, 2011 Addendum to the Year End FSR to transfer a total \$2,856,570.00, as specified on Attachment 16 Revised (attached to Committee report), from accounts within department funds (\$2,663,259) and from the Unappropriated Balance Fund, Reserve from Economic Uncertainty account (\$193,311) to department salary accounts to address deficits attributable to reduced savings from furloughs for Coalition-represented employees.
7. INSTRUCT the CAO to report back with an analysis of the overall Cost Allocation Plan in August 2011.
8. INSTRUCT the Los Angeles Convention Center (LACC) to report back on:
 - a. status of the Request for Proposal for food concessions at the LACC
 - b. employee bonuses for sales and marketing staff

9. INSTRUCT the CAO to report back on the following related to the Office of Finance:
 - a. consolidation with Office of the Treasurer
 - b. special funds

10. REQUEST the City Attorney to report back on the implementation delays for the following from the Status of Fee Increases Funding the 2010-11 Budget (Attachment 14):
 - a. Fire – Industrial Building Inspection
 - b. Engineering – New Fees

11. INSTRUCT the CAO and Chief Legislative Analyst to report back on the final departmental structure for the Department of Neighborhood Empowerment.

12. INSTRUCT the CAO to report back relative to Commercial Paper policy on drawing down the available balance and MICLA policy on purchasing vehicles.

13. TRANSFER \$50,000 from the CLARTS Community Amenities Trust Fund 47S, to General City Purposes, Council District Community Services Fund 100/56, Account No. 0714, Council District (CD) 14.

14. TRANSFER the following amounts to Council Fund 100/28, Salaries As Needed Account No. 1070:
 - a. Council Fee Subsidy Fund 100/56, Account No. 0871, CD 14 - \$77,823.95
 - b. CLARTS Community Amenities Trust Fund 47S, CD 14 - \$125,000

Fiscal Impact Statement: The CAO reports that the previously reported deficit of \$4.1 million has been eliminated reflecting revised projections for revenue and expenditures. Transfers, appropriations and other adjustments totaling approximately \$112.0 million are recommended in Sections 1 and 2 of the year-end FSR, which if approved, will eliminate the shortfalls in department and non-departmental accounts. The Reserve Fund balance is now estimated to be \$193.8 million, consisting of \$120.3 million in the Emergency Reserve and \$73.5 million in the Contingency Reserve. Further, the CAO reports that approval of the requested transfers in the Addendum report on Bureau of Street Services transfers and reappropriations will mitigate the potential assignment of these costs to the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its special meeting of May 31, 2011, the Budget and Finance Committee considered three CAO reports related to the Year-End (Fourth) FSR for FY 2010-11. The CAO reports that the Year-End FSR provides an update on the current-year budget, the Reserve Fund, and the previously reported deficit. As detailed in the report, the current-year deficit has been eliminated without a transfer from the Reserve Fund. Additionally, changes to revenue and expenditures since the Third FSR in March are provided, as well as the corresponding impact to department shortfalls and the total Citywide deficit. Finally, this close-out report includes recommendations totaling \$112.0 million for appropriations, transfers and other budgetary adjustments for departments and funds to fully fund projected expenditures through year-end and to offset the remaining revenue shortfalls, thus balancing the current-year deficit.

Additionally, the CAO reports that the addendum dated May 20, 2011 is required due to the receipt of additional information from the Bureau of Street Services. The Bureau of Street Services is not anticipating any budgetary shortfalls in accounts or funds administered by the Bureau. Based on initial salary projections, savings of approximately \$160,000 are expected. General Fund receipts appear to be lower than projected, though processing overhead reimbursements related to Measure R, Proposition 1B, and Proposition A will bolster General Fund receipts. The CAO will work with the Bureau to minimize impacts on the General Fund and to avoid the creation of Reserve Fund loans.

The third CAO report is an addendum to the Year-End FSR dated May 27, 2011 which includes recommendations for technical corrections and modifications to transfers recommended in the Year-End report, as well as new recommendations for requests received after the release of the report. Additionally, replacement pages for the Year-End FSR, provided for informational purposes, are attached to reflect technical corrections and other changes recommended in this addendum.

Representatives of the CAO presented an overview of the three reports on the Year-End FSR and provided detailed recommendations for each department to the Budget and Finance Committee. During Committee discussion, City Attorney representatives submitted a request for a Reserve Fund Loan of \$1.8 million to be repaid in the first quarter of FY 2011-12 from 17200 funds that are currently being processed. City Attorney representatives provided clarification of the request and responded to related questions from the Committee. Committee members continued to discuss the need to be consistent when transferring funds to departments to cover budget shortfalls and when to consider these funds a loan to the department.

The three BF Committee members voted on whether to consider the transfers to the City Attorney and Department of General Services as Reserve Fund loans to be reimbursed by funds identified by the respective department. The Committee Chair and Vice Chair voted yes on identifying these transfers as Reserve Fund loans. Councilmember Koretz voted no on identifying these transfers as Reserve Fund loans, thus, those recommendations are not included in this Committee report.

After additional consideration and an opportunity for public comment, the Committee recommended approval of the CAO recommendations contained in the Year-End FSR, the two addendums dated May 20, 2011 and May 27, 2011, and the additional amendments and instructions as reflected above.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

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

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Attachments
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-Not Official Until Council Acts-

Attachment 16 Revised

FY 2010-11 BUDGET ADJUSTMENTS

INTRADEPARTMENTAL TRANSFERS AND APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE, RESERVE FOR ECONOMIC UNCERTAINTY

Coalition (MOU 3 and MOU 18) Furlough Saving Offset

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Animal Services <i>Salaries General Deficit - UB Reserve Appropriation</i>	<u>Fund 100/58, Unappropriated Balance</u> 0037, Reserve for Economic Uncertainty	\$ 48,000.00	<u>Fund 100/06, Animal Services</u> 1010, Salaries, General	\$ 48,000.00
City Attorney <i>Salaries General and Proprietary Deficits - UB Reserve Appropriation</i>	<u>Fund 100/58, Unappropriated Balance</u> 0037, Reserve for Economic Uncertainty	\$ 145,311.00	<u>Fund 100/12, City Attorney</u> 1010, Salaries, General 1080, Salaries Proprietary	\$ 131,946.00 \$ 13,365.00
	Subtotal	\$ 145,311.00	Subtotal	\$ 145,311.00
Finance <i>Salaries General Deficit - Internal Transfer</i>	<u>Fund 100/39, Finance</u> 1090, Overtime General	\$ 33,000.00	<u>Fund 100/39, Finance</u> 1010, Salaries, General	\$ 33,000.00
General Services <i>Salaries General Deficit - Internal Transfer</i>	<u>Fund 100/40, General Services</u> 1090, Overtime 3170, Custodial Supplies	\$ 65,000.00 \$ 30,000.00	<u>Fund 100/40, General Services</u> 1010, Salaries, General	\$ 95,000.00
	Subtotal	\$ 95,000.00	Subtotal	\$ 95,000.00
Police <i>Salaries General Deficit - Internal Transfer</i>	<u>Fund 100/70, Police</u> 1092, Sworn, Overtime	\$ 2,500,000.00	<u>Fund 100/70, Police</u> 1010, Salaries, General	\$ 2,500,000.00
Public Works - Engineering <i>Salaries General Deficit - Internal Transfer</i>	<u>Fund 100/78, Engineering</u> 1090, Salaries, Overtime	\$ 35,259.00	<u>Fund 100/78, Engineering</u> 1010, Salaries, General	\$ 35,259.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 2,856,570.00		\$ 2,856,570.00

Attachment 6 Revised
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

		TRANSFER FROM				TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT		FUND/ACCOUNT		AMOUNT	
Public Works - Engineering <i>ARRA Transportation Projects (from BCA)</i>	<u>Fund 100/76, Contract Administration</u>			<u>Fund 299/50, MICLA CP*</u>			
	1010, Salaries General (F298/50)	\$ 10,000.00		G250, ARRA Projects	\$ 10,000.00		
<i>ARRA Transportation Projects (to GSD)</i>	<u>Fund 299/50, MICLA CP*</u>			<u>Fund 100/40, General Services</u>			
	G250, ARRA Projects	\$ 10,000.00		1010, Salaries General	\$ 6,000.00		
				1090, Salaries Overtime	\$ 4,000.00		
		Subtotal	\$ 10,000.00		Subtotal	\$ 10,000.00	
Public Works - Sanitation <i>Special Events Collections</i>	<u>Fund 100/82, Sanitation</u>			<u>Fund 508/50, Solid Waste Resources Revenue Fund</u>			
	3040, Contractual Services (HHW)	\$ 72,145.00		RSC 4610, Reimb from Other Funds/Depts	\$ 72,145.00		
<i>Community Amenities</i>	<u>Fund 100/82, Sanitation</u>			<u>Fund 47S/14, CLARTS/City Clerk</u>			
	3040, Contractual Services (SWRF)	\$ 293,040.00		3040, Contractual Services	\$ 296,177.00		
	<u>Fund 47R/50, CLARTS Trust Fund</u>						
	G330, Community Amenities Fee	\$ 3,137.00					
		Subtotal	\$ 296,177.00		Subtotal	\$ 296,177.00	
<i>Street Sweeping and ITA Support</i>	<u>Fund 760/50, Sewer Operations & Maintenance Fund</u>			<u>Fund 100/86, Street Services</u>			
	G282, Sanitation Exp & Equip	\$ 17,590.84		RSC 4552, Reimbursement of Expenditures	\$ 17,446.00		
				<u>Fund 100/32, Information Technology Agency</u>			
				1100, Hiring Hall	\$ 144.84		
		Subtotal	\$ 17,590.84		Subtotal	\$ 17,590.84	
Public Works - Street Lighting <i>Stairway & Walkway Lighting</i>	<u>Fund 206/50, Special Gas Tax</u>			<u>Fund 100/84, Street Lighting</u>			
	F977, Stairway & Walkway Lighting Unit 6	\$ 150,000.00		1090, Salaries Overtime	\$ 60,000.00		
				8780, Street Lighting Imprvmt/Supplies	\$ 90,000.00		
		Subtotal	\$ 150,000.00		Subtotal	\$ 150,000.00	
Transportation <i>Annual Parking Operations</i>	<u>Fund 363/94, Special Parking Revenue Fund (FY11)</u>			<u>Fund 100/94 Department of Transportation</u>			
	0060, Parking Meter and Off Street Administration	\$ 4,209,500.00		1010, Salaries	\$ 3,800,000.00		
				1090, Salaries Overtime	\$ 350,000.00		
				<u>Fund 100/12, City Attorney</u>			
				1010, Salaries	\$ 59,500.00		
		Subtotal	\$ 4,209,500.00		Subtotal	\$ 4,209,500.00	