

**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 First Financial Status Report and Addendum Report for Fiscal Year 2011-12.

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

1. APPROVE the recommendations of the City Administrative Officer (CAO) contained in the First Financial Status Report (FSR) for Fiscal Year (FY) 2011-12, dated September 29, 2011, attached to the Council file.
2. APPROVE the recommendations of the CAO contained in the Addendum Report to the 2011-12 First FSR, dated September 30, 2011, relative to the Los Angeles Housing Department, attached to the Council file.
3. INSTRUCT the CAO to report back relative to the General Fund impact of the approximately \$2.9 million allocation to the Community Development Department at the end of FY 2010-11.
4. INSTRUCT the CAO to report back relative to Municipal Improvement Corporation of Los Angeles (MICLA) policies in regards to vehicle expenditures.
5. INSTRUCT Finance to report back on the status of the four pending Request for Proposals (RFPs) related to specific collection efforts for documentary transfer tax, sales tax, etc.
6. INSTRUCT the CAO to report back relative to the General Fund impact of the transfer of the parking lot sweeping program from the Bureau of Street Services back to the Department of General Services.
7. INSTRUCT the Information Technology Agency to review and analyze the strategic plans and studies conducted over past years related to information technology services and incorporate those findings into the new RFP for a Strategic Advisor for Technology Services prior to release of the RFP.
8. INSTRUCT the CAO and Los Angeles Police Department to report back on the fiscal impact of the elimination of the City's Photo Red Light Traffic Citation Program on the Traffic Safety Fund which provides funding for the Bureau of Street Services and Los Angeles Department of Transportation (LADOT).
9. INSTRUCT the LADOT to provide a first year update relative to the department's five year parking plan.

10. INSTRUCT the CAO to report back on the implementation delays for the fee increases identified on the Status of Fee Increases Funding the 2011-12 Budget (Attachment 10 of the First FSR).

Fiscal Impact Statement: The CAO reports that based on preliminary estimates, departments are projecting combined shortfalls between \$10.3 million and \$13.3 million from expenditures in excess of budget. No adjustment to budgeted revenue is recommended at this time. Instructions to departments to address projected reported shortfall and to process reimbursements are included in Sections 1 and 3 of the First FSR. Transfers, appropriations and other adjustments totaling approximately \$129.9 million are recommended in Sections 1 and 2. Included in these recommendations is \$10.5 million authorization to utilize MICLA financing.

Further, the CAO reports that approval of the actions in the CAO's Addendum Report will mitigate the potential assignment of these costs to the General Fund. \$90,000 is available from 36th Program Year Community Development Block Grant savings, should the Council and Mayor determine that this amount can be reprogrammed to provide temporary emergency shelter beds.

Debt Impact Statement: The CAO reports that with the authorization to use MICLA financing provided for in the adopted budget, it estimated that the City will need to borrow a total of \$12,115,000 at a 4 percent interest rate. The total interest cost is \$2,703,600. The estimated annual debt service is \$1,481,860 over 10 years.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of October 3, 2011, the Budget and Finance Committee considered the CAO's First FSR and Addendum Report for FY 2011-12. The CAO reports that pursuant to the City Charter, its Office monitors the budget and transmits periodic reports to the Mayor and Council detailing the City's current financial condition. As such, the CAO is transmitting the First FSR this fiscal year. This report summarizes the close-out of the 2010-11 budget and provides an update on the current-year budget, including the projected departmental deficits, early trends in revenues, the Reserve Fund, and current issues of concern and their potential impact to the City. Recommendations totaling \$129.9 million for appropriations, transfers and other budgetary adjustments are included in this report.

Additionally, the CAO reports that it is transmitting an Addendum Report dated September 30, 2011 which includes new recommendations for a request received from the Los Angeles Housing Department after the release of the First FSR.

Representatives of the CAO presented an overview of the two reports and provided detailed recommendations for each department to the Budget and Finance Committee. During Committee discussion, CAO and department representatives responded to related questions from Committee members.

After further consideration and an opportunity for public comment, the Committee recommended approval of the CAO recommendations contained in the First FSR dated September 29, 2011 and the Addendum Report dated September 30, 2011; and recommended the additional instructions as reflected in recommendation numbers three through ten above.

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
CARDENAS:	YES
ENGLANDER:	YES
ROSENDAHL:	YES
KORETZ:	ABSENT

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