

**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 Fourth Financial Status Report (FSR) for Fiscal Year (FY) 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 Fourth FSR, dated April 5, 2012, attached to the Council file.
2. APPROVE corrected Attachment 3 of the Fourth FSR submitted by the CAO for a technical correction to a fund name, attached to the Committee report.
3. INSTRUCT the Emergency Management Department to report to the Council relative to policy issues, including the proposed scope of work, in regards to the contract for the City Disaster Planning Study.
4. REAPPROPRIATE \$5,000 from FY 2010-11, Department of Neighborhood Empowerment Fund No, 100/44B, Account Number 471046 South Robertson Neighborhood Council to FY 2011-12, Department of Neighborhood Empowerment Fund No, 100/44B Account Number 471046 South Robertson Neighborhood Council to ensure that funds are available to pay an outstanding Demand Warrant to SORO, Inc for the rail project.

Fiscal Impact Statement: In the Fourth FSR, the CAO reports that as reported in the Mid-Year Financial Status Report, the Citywide deficit has been addressed with the implementation of Department Operational Plans and the identification of surpluses in funds and accounts. Transfers, appropriations and other adjustments totaling approximately \$49.9 million are recommended in this report to allow departments to continue operations through the end of May.

Debt Impact Statement: The CAO reports that with the authorization to spend \$383,000 in Municipal Improvement Corporation of Los Angeles (MICLA) funds for systems equipment as recommended in the Fourth FSR, it is estimated that the City will need to borrow \$430,875 at a five percent interest rate. The total interest cost will be \$127,125. The estimated annual debt service will be \$55,800 over 10 years.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of April 9, 2012, the Budget and Finance Committee considered the CAO's Fourth FSR. The CAO reports, that as reported in the Mid-Year FSR, the projected Citywide deficit which had been identified in the Second FSR at \$72 million had been eliminated. This achievement was accomplished through the identification of savings across several funds and a

net decrease in projected department shortfalls. Moreover, the deficit was addressed without a transfer of funds from the Reserve Fund.

The CAO reports that the Fourth FSR provides recommendations for interim budget adjustments necessary to appropriately fund departments through the end of May. Transfers and appropriations totaling \$49.9 million are recommended, which includes \$5 million in appropriations from the Unappropriated Balance, Reserve for Economic Uncertainties. Status updates on departmental budgets are provided for those departments that have recommendations in this report. Additionally, the CAO reports that it will provide a final update on the current-year budget with the release of the Year-End FSR in May. The Year-End FSR will include discussion on any remaining departmental deficits, revenue changes, Reserve Fund status and the Four-Year Outlook, as necessary.

During Committee consideration, CAO representatives presented an overview of the report and responded to related questions from Committee members. Department representatives responded to questions relative to their respective departments. After further discussion and offering an opportunity for public comment, the Committee recommended to approve the CAO recommendations contained in the Fourth FSR dated April 5, 2012 and the amendments and instructions as reflected above. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
CARDENAS:	ABSENT
ROSENDAHL:	YES
KORETZ:	YES

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Attachment
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-Not Official Until Council Acts-

Attachment 3
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS
 Corrected as of 4/9/2012

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
City Administrative Officer <i>Risk management</i>	<u>Fund 100/56, General City Purposes</u>		<u>Fund 100/10 City Administrative Officer</u>	
	000506, Annual City Audit/Single Audit	\$ 116,290.00	1010 Salaries General	\$ 100,000.00
			6010 Office and Administrative Expense	\$ 16,290.41
	Subtotal	\$ 116,290.00	Subtotal	\$ 116,290.41
 <i>Debt management</i>	<u>Fund 100/53, Capital Finance Administration Fund</u>		<u>Fund 100/10 City Administrative Officer</u>	
	000306, MICLA AK	\$ 191,741.00	1010 Salaries General	\$ 100,000.00
			6010 Office and Administrative Expense	\$ 91,740.73
	Subtotal	\$ 191,741.00	Subtotal	\$ 191,740.73
Cultural Affairs <i>As-Needed deficit</i>	<u>Fund 844/30, Cultural Affairs Trust Fund</u>		<u>Fund 100/30, Cultural Affairs</u>	
	30003A, Watts Towers Conservation Program	\$ 157,000.00	001070, Salaries As-Needed	\$ 157,000.00
Finance <i>Reimbursement for Accounting Assistance from PP15-PP17</i>	<u>Fund 100/39, Finance</u>		<u>Fund 100/26, Controller</u>	
	001010, Salaries General	\$ 5,003.99	001070, Salaries As-Needed	\$ 5,003.99
Fire <i>Helicopter Pilot Training</i>	<u>Fund 40J/38, Fire</u>		<u>Fund 100/70, Police</u>	
	3840JB, State Educational Account	\$ 60,000.00	001092, Overtime Sworn	\$ 60,000.00
General Services <i>Wastewater mailing</i>	<u>Fund 760/50, Sewer Operations Maintenance</u>		<u>Fund 100/40, General Services</u>	
	50H082, Sanitation-Operation Related	\$ 165,000.00	009130, Mail Services	\$ 165,000.00
Public Works Street Lighting <i>Sun Valley Lighting Imprvt Ph. 3</i>	<u>Fund 100/84, Street Lighting</u>		<u>Fund 100/76, Contract Administration</u>	
	003040, Contractual Services (Fund 424/22)	\$ 25,000.00	001010, Salaries General	\$ 25,000.00
Transportation <i>ATSAC Trust Fund Work Orders</i>	<u>Fund 484/94 ATSAC Trust Fund</u>		<u>Fund 100/94 Transportation</u>	
	94H194 Transportation	\$ 2,500.00	001090, Overtime	\$ 2,500.00
 <i>Measure R funded Work Orders</i>	<u>Fund 51Q/94 Measure R</u>		<u>Fund 100/94 Transportation</u>	
	94H306, Bicycle Plan/Program	\$ 600,000.00	001010, Salaries-General	\$ 561,000.00
			001090, Salaries-Overtime	\$ 170,943.37
	<u>Fund 207/94, Local Transportation Fund</u>		Subtotal	\$ 731,943.37
	94314F, Bikeways Program	\$ 108,325.46		
	94314A, Bikeways Program	\$ 23,617.91		
	Subtotal	\$ 731,943.37		

Attachment 3
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS
 Corrected as of 4/9/2012

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
	<u>Fund 363/94 Special Parking Revenue Fund</u>		<u>Fund 100/40, Department of General Services</u>	
Transportation	94H070, Replacement Parts, Tools, and Equipment	\$ 8,500.00	001014, Construction Salaries	\$ 4,500.00
<i>Coin canisters and carts repair</i>			003180, Construction Materials and Supplies	\$ 4,000.00
	Subtotal	\$ 8,500.00	Subtotal	\$ 8,500.00
Capital Finance Administration	<u>Fund 100/53, Capital Finance Administration</u>	\$ 1,462,978.36	<u>Fund 100/26, Controller</u>	
<i>Proposed Event Center Project</i>	000339 Proposed Event Center Project	\$ 100,000.00	003040, Contractual Services	\$ 100,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 3,025,956.72		\$ 1,562,978.50