

CITY OF LOS ANGELES

CALIFORNIA

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

SHANNON HOPPES
Council and Public Services
Division

www.cityclerk.lacity.org

When making inquiries relative to
this matter, please refer to the
Council File No.

November 15, 2012

To All Interested Parties:

The City Council adopted Recommendation Nos. 1-11 in the Budget and Finance Committee report, as attached, under Council File No. 12-0600-S166, at its meeting held November 13, 2012. Recommendation Nos. 12-14 in the Budget and Finance Committee report were referred back to the Budget and Finance Committee.

A handwritten signature in cursive script, appearing to read 'June Lagmay', is written in black ink.

City Clerk
io

Mayor's Time Stamp
OFFICE OF THE CITY OF
RECEIVED
2012 NOV 13 PM 2:30
CITY OF LOS ANGELES

City Clerk's Time Stamp
CITY CLERK
2012 NOV 13 PM 2:27
CITY CLERK
BY _____
DEPUTY

FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 12-0600-S166

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE November 13, 2012

RE: THE FIRST FINANCIAL STATUS REPORT FOR FISCAL YEAR 2012-13

LAST DAY FOR MAYOR TO ACT NOV 26 2012
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

✓

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL

NOV 14 2012


MAYOR

BY _____
CITY CLERK
DEPUTY
2012 NOV 15 AM 10:11

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 (FSR) for Fiscal Year (FY) 2012-13.

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

1. APPROVE recommendation nos. 1 through 35, 39 and 40 of the City Administrative Officer (CAO) contained in the First FSR dated October 23, 2012, attached to the Council file.
2. APPROVE revised Attachment 4 of the First FSR, attached to the Committee report, which includes a technical correction to specify the correct Fund No. for a transfer for the Bureau of Sanitation.
3. APPROVE revised Attachment 5 of the First FSR, attached to the Committee report, which deletes a \$2,000,000 transfer to the Department of Transportation's Salaries Overtime account as the funds were recently approved for transfer pursuant to Council file no. 12-0937-S1.
4. APPROVE the following updated instruction included in the 2011-12 Adopted Budget, but inadvertently omitted from the 2012-13 Adopted Budget:

Authorize the Controller to transfer up to \$1,948,000 from various funds and accounts during fiscal year 2012-13, including Council funds and other Council discretionary Funds, pursuant to a schedule to be provided by the Chief Legislative Analyst (CLA) to address the Council's ten percent budget reduction contained in the 2011-12 Budget.

5. AUTHORIZE the Controller to transfer the specified amounts from the following accounts to Council Fund 100/28, Salaries As-Needed Account Number 1070:
 - a. AB1290 Fund 53P, Account 281204, CD4 - \$150,000
 - b. General City Purposes Fund 100/56, CD4 Fee Subsidy Account No. 000861 - \$200,000
6. AUTHORIZE the Controller to transfer \$50,000 from the CD7 portion of AB1290 Fund 53P, Account 281207 to General City Purposes Fund 100/56, Community Services, CD7, Account Number 000707.
7. AUTHORIZE the Controller to transfer ~~\$50,000~~ ^{*\$75,000} from CLARTS Community Amenities Trust Fund 47S to General City Purposes Fund 100/56, Community Services, CD14, Account Number 000714.
8. INSTRUCT the CLA to submit technical corrections, as necessary, to accomplish the intent of the above actions and AUTHORIZE the Controller to make such transfers.

9. INSTRUCT the CAO and CLA, to work with the Personnel Department, as they compile the list of filled positions that would be eliminated per the existing adopted budget, and report back with any potential options to achieve a \$40 million Budget Stabilization Fund and to preserve the remaining filled positions after all bumping has occurred in order to maintain City services.
10. INSTRUCT the Fire Department to report to the Budget and Finance Committee on a weekly basis, until the Mid-Year FSR is released, on the following items (and to the Public Safety Committee on recommendation no. 10b. only):
 - a. The status of the Sworn Constant Staffing Overtime account.
 - b. The status of the department's efforts to switch the Fire Dispatch Center staffing to a 5/40 work schedule.
 - c. The status of the efforts to seek reimbursements for ambulance transport costs under AB 678.
11. INSTRUCT the CAO to report back by January 1, 2013 with an analysis of the impacts of the proposed elimination of civilian positions in the Los Angeles Police Department.

SUBMITS WITHOUT RECOMMENDATION the following recommendations of the CAO (recommendation nos. 36, 37, and 38 contained in the CAO's First FSR):

12. INSTRUCT the CAO, for submittal to the City Council, to make the necessary changes to the 2012-13 Personnel Authority Resolution and the 2012-13 Departmental Personnel Ordinance for the City Attorney's Office to reflect the deletion of eight Assistant City Attorney, 12 Deputy City Attorney IV, 24 Deputy City Attorney III and six Deputy City Attorney II positions effective January 1, 2013 (50 total positions).
13. ADOPT a Department Personnel Ordinance that eliminates eight Assistant City Attorney, 12 Deputy City Attorney IV, 24 Deputy City Attorney III and six Deputy City Attorney II positions within the Office of the City Attorney (Criminal/Special Litigation) for the current fiscal year.
14. REQUEST the City Attorney to initiate the layoff process in accordance with the Rules adopted by the City Council on July 8, 1975 pursuant to Charter Section 1050 (formerly Charter Section 42) for the 50 positions by November 15, 2012 with a separation date of December 31, 2012; and provide detailed final results of the layoff process to the Mayor and Council.

Fiscal Impact Statement: The CAO reports that based on preliminary estimates, \$16.6 million in expenditure shortfalls and major unbudgeted expenses are identified in this report. An appropriation of approximately \$2.2 million is recommended from the Unappropriated Balance, Layoff Avoidance line item to offset a portion of this deficit. No adjustment to budgeted revenue is recommended at this time. Transfers, appropriations and other adjustments totaling approximately \$57 million are recommended in Sections 1 and 2. Included in these recommendations is re-authorization of \$31.3 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing as per the 2012-13 Adopted Budget.

Debt Impact Statement: The CAO reports that the issuance of MICLEA bonds is a General Fund obligation. With the authorization to use MICLEA financing provided for in the adopted budget, it is estimated that the City will need to borrow a total of \$35,233,620 (includes cost of equipment, costs of issuance, and debt service reserve fund) at a 5 percent interest rate. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot predict what interest rates will be in the future. The total estimated debt service is \$45,203,620 which includes the borrowing amount and interest (\$9,970,000). During the life of the bonds, the estimated average annual debt service is \$4,520,362 over 10 years.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of October 29, 2012, the Budget and Finance Committee considered the CAO's First FSR for FY 2012-13 dated October 23, 2012 and an addendum to the report dated October 26, 2012. The First FSR provides an update on the current-year budget deficit, revenue shortfall and reserve fund status, and it highlights current issues of concern and the potential impact to the City. In addition, it provides an update on department revenues and expenditures, which includes recommendations totaling approximately \$57 million for appropriations, transfers and other budgetary adjustments, and status reports on the City's spending and savings efforts.

The CAO's addendum to the First FSR provides additional information on the 209 positions identified for elimination including a list of the 209 resolution authorities by department and classification. The CAO notes that no additional action is necessary on the part of Council in regards to these positions. The adopted budget authorized these positions only as temporary authorities and provided the authorization for the Mayor to commence the layoff process in departments.

During discussion of this matter, the CAO presented an overview of the First FSR and responded to related questions from Committee members. Department representatives responded to questions relative to their respective departments. The City's Inspector General provided a brief update on the status of debt collections, Attachment 14 of the First FSR, and indicated that a draft collection reform strategic plan would soon be submitted to Council for consideration. Additionally, the City Attorney addressed the Committee and submitted a letter in response to the proposed recommendation to eliminate 50 positions in his Office. The Committee also heard public comments from various employees and the public regarding the proposed position eliminations in the City Attorney's Office.

After lengthy consideration and discussion, the Committee recommended to approve CAO recommendation nos. 1 through 35, 39 and 40 contained in the First FSR and the amendments and instructions as reflected above. Additionally, the Committee recommended to submit to Council without recommendation the CAO recommendation nos. 36, 37 and 38 relative to position eliminations in the City Attorney's Office.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,
BUDGET AND FINANCE COMMITTEE

Paul Kekorian

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

ep
Attachments
12-0600-S166_rpt_bfc_10-30-12

-Not Official Until Council Acts-

Recommendations 1-11

ADOPTED
*As Amended **
NOV 13 2012

LOS ANGELES CITY COUNCIL
FORTHWITH

Recommendations 12-14

NOV 13 2012 **REFERRED TO BUDGET AND FINANCE**