

# City of Los Angeles

CALIFORNIA



ERIC GARCETTI  
MAYOR

HOLLY L. WOLCOTT  
CITY CLERK

GREGORY R. ALLISON  
EXECUTIVE OFFICER

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

OFFICE OF THE  
CITY CLERK

COUNCIL AND PUBLIC SERVICES  
DIVISION  
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SHANNON HOPPES  
DIVISION MANAGER

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November 6, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 14-0600-S250, at its meeting held November 5, 2014.



City Clerk  
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Mayor's Time Stamp  
OFFICE OF THE MAYOR  
RECEIVED  
2014 NOV -5 PM 2:41  
CITY OF LOS ANGELES

RECEIVED  
CITY CLERK'S OFFICE  
City Clerk's Time Stamp  
2014 NOV -5 PM 1:37  
CITY CLERK  
BY \_\_\_\_\_ DEPUTY

**FORTHWITH**

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 14-0600-S250

COUNCIL DISTRICT \_\_\_\_\_

COUNCIL APPROVAL DATE November 5, 2014

RE: FIRST FINANCIAL STATUS REPORT FOR FISCAL YEAR 2014-15

LAST DAY FOR MAYOR TO ACT NOV 17 2014  
(10 Day Charter requirement as per Charter Section 341)

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**DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY**

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APPROVED

  
\_\_\_\_\_

\*DISAPPROVED

\_\_\_\_\_  
\*Transmit objections in writing  
pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL November 5, 2014

  
\_\_\_\_\_  
MAYOR

wrq

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CITY CLERK'S OFFICE  
2014 NOV -6 AM 9:52  
CITY CLERK  
BY \_\_\_\_\_ DEPUTY

BUDGET AND FINANCE COMMITTEE REPORT relative to the First Financial Status Report (FSR) for Fiscal Year (FY) 2014-15.

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 FSR dated October 23, 2014, attached to the Council file.
2. AMEND Recommendation No. 4 of the First FSR to reflect the Revised Attachment 8, attached to the Council file, as technical corrections are necessary.
3. DELETE recommendations relative to appropriations for the Public Safety Technology Team as detailed on pages 56, 57 and Attachment 9 of the First FSR (appropriations from the UB, Police/Fire Dispatch System Consolidation line item), inasmuch as these funding transfers will be considered separately under Council file no. 14-1473.
4. TRANSFER \$2,740,000 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the 901 Olympic North Hotel Trust Fund, Fund No. 56N/10, to a new account to be established entitled "TOT Subvention Payment" for the receipt, retention and disbursement of monies apportioned by the Mayor and City Council as subvention payments for the Courtyard by Marriot and Residence Inn Hotel Project in accordance with the Subvention Agreements, C-120874 and C-123827, as set forth in Council File no. 13-0505.
5. AUTHORIZE the CAO to prepare the necessary warrants in an amount to be determined by the CAO that is equal to the monthly Transit Occupancy Tax amounts paid by the Courtyard by Marriot and Residence Inn Hotel in accordance with the Subvention Agreements, C-120874 and C-123827, as set forth in Council File no. 13-0505.
6. TRANSFER \$60,000 from the Reserve to the Unappropriated Balance Fund No. 100/58, and APPROPRIATE therefrom to the General City Purposes Fund No. 100/56, Account 000710, Community Services District 10, for reimbursement of the studies related to the Hotel Living Wage proposal.
7. AUTHORIZE the Controller to make the following transfers:
  - a. From: AB 1290 Fund 53P, Account Number 281204, CD 4 - \$357,000  
To: Council Fund 100/28, Salaries As Needed Account 001070, CD4
  - b. From : AB 1290 Fund 53P, Account Number 281214, CD 14 - \$350,000  
To: Council Fund 100/28, Salaries As Needed Account 001070, CD14
  - c. From: CLARTS Community Amenities Trust Fund 47S -\$250,000  
To: General City Purposes Fund 100/56, Community Services, Account Number 000714, CD 14
  - d. From: Street Furniture Fund 50/43D, CD15 - \$120,000  
To: Council Fund 100/28, Salaries As Needed Account 001070, CD15

8. Relative to Harbor related reimbursements that were deposited during FY 2013-14 and inadvertently reverted to the Reserve Fund and actions for FY 2014-15 reimbursement funds:
  - a. Authorize the Controller to transfer \$58,736 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to Council Fund 100/28, Account 001070 Salaries As Needed, to reimburse Council District 15 for prior year Harbor Department related activities.
  - b. Authorize the Controller to transfer/appropriate future reimbursements received from the Harbor Department to Council Fund 100/28, Account 001070 Salaries As Needed, for Council District 15 costs for Harbor Department related activities during FY 2014-15.
9. AUTHORIZE the CAO and CLA to make technical corrections as necessary to all of the additional recommendations above consistent with the intent of Mayor and City Council; and AUTHORIZE the Controller to make such transfers/technical corrections.

Fiscal Impact Statement: The CAO reports that based on preliminary estimates, \$95.28 million in expenditure shortfalls and major unbudgeted expenses are identified in this report. Transfers, appropriations and other adjustments totaling approximately \$137.3 million are recommended in Sections 1 and 2. Included in these recommendations is re-authorization of \$66.7 million in MICLA financing in accordance with the 2014-15 Adopted Budget. Appropriations and reappropriations from the Reserve Fund totaling \$19.78 million are recommended for public safety-related items and to meet contractual obligations. Appropriations of approximately \$28.52 million are recommended from various line items in the Unappropriated Balance. No adjustment to budgeted revenue is recommended at this time.

Debt Impact Statement: The CAO reports that the issuance of MICLA bonds is a General Fund obligation. The re-authorization to use MICLA financing provided for in the Adopted Budget will cause the City to borrow approximately \$62.8 million (includes cost of equipment, costs of issuance, and debt service reserve fund) at an estimated 5 percent interest rate. The total estimated debt service is \$81.3 million which includes the borrowing amount and interest (\$18.5 million). During the life of the bonds, the estimated average annual debt service is \$8.13 million over 10 years.

Community Impact Statement: None submitted.

## SUMMARY

At its meeting of November 3, 2014, the Budget and Finance Committee considered the CAO's First FSR dated October 23, 2014. The CAO reports that the First FSR summarizes the close-out of the 2013-14 budget and provides an update on the current-year budget deficit including the projected departmental deficits, early trends in revenue, the Reserve Fund, and current issues of concern and the potential impact to the City. The First FSR, attached to the Council file, includes a thorough discussion of the CAO's recommendations and other budget related items. The Los Angeles Fire Department (LAFD) submitted a report, also attached to the Council file, to provide an update on the establishment of a Public Safety Technology Team and to identify related staffing and expense needs.

During the discussion of this matter, the CAO provided an introduction to the First FSR, highlighted some of the challenges ahead including an update on pension reform efforts, and responded to related questions from Committee members. The CAO requested amendments to the FSR relative to a revised Attachment 8 for technical corrections, and appropriations from the Reserve Fund to a Special Fund for the Olympic North Hotel Subvention Agreement and for studies related to the Hotel Living Wage Proposal. The Chief Legislative Analyst (CLA) requested amendments to address current expenditure patterns for eligible costs and a Reserve Fund transfer for Harbor related reimbursements that were inadvertently reverted to the Reserve Fund.

Discussion continued with various department representatives addressing the Committee and responding to questions relative to their respective departments. Los Angeles Police Department and LAFD representatives provided information on the proposed Public Safety Technology Team.

After further consideration and having provided an opportunity for public comment, the Budget and Finance Committee recommended to approve the CAO recommendations contained in the First FSR and the amendments and instructions as reflected above. Additionally, the Committee recommended to delete the recommendations relative to appropriations for the Public Safety Technology Team as detailed on pages 56, 57 and Attachment 9 of the First FSR inasmuch as these funding transfers will be considered separately under Council file no. 14-1473. 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
KORETZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	YES

**ADOPTED**

NOV 5 2014

**LOS ANGELES CITY COUNCIL**

**TO THE MAYOR FORTHWITH**

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**