

BUDGET AND FINANCE COMMITTEE REPORT relative to the Second Financial Status Report (FSR) for Fiscal Year (FY) 2015-16.

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

1. REAPPROPRIATE \$1,575,770.42 from various special funds as noted in Attachment 3 of the City Administrative Officer's (CAO) Second FSR dated December 4, 2015 (attached to the Council file).
2. APPROPRIATE \$6,085,540.00 to the department accounts as specified in Attachment 4 of the CAO's Second FSR dated December 4, 2015 (attached to the Council file).
3. TRANSFER \$6,080,000.00 between accounts within various departments and funds as specified in Attachment 5 of the CAO's Second FSR dated December 4, 2015 (attached to the Council file).
4. TRANSFER \$3,508,925.11 between various departments and funds as specified in Attachment 6 of the CAO's Second FSR dated December 4, 2015 (attached to the Council file).
5. APPROPRIATE \$2,000,000 from the Library Fund No. 300/44, Available Cash Balance, to a new account to be established within the same Fund entitled Library Budget Reserve Fund, account number to be determined, to be used to stabilize revenue during economic downturns, address unforeseen circumstances, and provide for any necessary capital improvements pursuant to Library Resolution No. 2015-49 (C-39).
6. AUTHORIZE the Controller to appropriate up to \$1,100,000, upon receipt of these funds, into the Mayor's Fund No. 100/46, Account No. 003040, Contractual Services for the implementation of the City's Watts Regional Strategy (relative to the allocation of \$1.1 million in Payment in Lieu of Taxes funds which was adopted by the Council on May 27, 2014 [Council file No. 14-0360] -- see CAO report dated April 23, 2014, Recommendation No. 4a).
7. TRANSFER a total of \$285,000 to the Information Technology Agency (ITA) Fund No. 100/32, Account No. 001100, Hiring Hall Salaries, for the installation of communications equipment in Fire Department vehicles; and, AUTHORIZE the Controller to reimburse the General Fund upon receipt of ITA labor services invoice(s) from Municipal Improvement Corporation of Los Angeles (MICLA):
 - a. \$120,000 from MICLA Fund No. 290/38, Account No. 38J232, Communications Labor, to Fund No. 290/38, Account 38M132, ITA, and to further reimburse the General Fund.
 - b. \$165,000 from MICLA Fund No. 298/38, Account No. 38J206, Communications Equipment Replacement, to Fund No. 298/38, Account 38M132, ITA, and to further reimburse the General Fund.

8. AUTHORIZE the Controller to transfer \$29,000,000 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Liability Claims Fund 100/59, Account 009780, Liability Payouts, for anticipated expenditures prior to the release of the Mid-Year FSR.
9. AUTHORIZE the Controller to transfer \$2,000,000 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Attorney Conflict Panel Fund 46T/10, Account 100594, to address year-end shortfalls.
10. TRANSFER, relative to the City's Homelessness Initiative, \$12,450,000 from the Unappropriated Balance Fund No. 100/58, Account 580215, Serving and Housing LA's Homeless, to the Affordable Housing Trust Fund No. 44G/43, and appropriate within the fund to new accounts as follows:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
43M344	Rapid Rehousing - Veterans	\$5,100,000
43M345	Rapid Rehousing	5,000,000
43M346	Technology Upgrades - Homeless Services	550,000
43M347	Winter Shelter Expansion	1,700,000
43M348	Housing Source Centers	<u>100,000</u>
		Total: \$12,450,000

11. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department, to negotiate and execute any contract document, including, but not limited to, an amendment to City Contract No. C-126258 with Los Angeles Homeless Services Authority (LAHSA), to increase compensation in an amount not to exceed \$12,450,000, for the purposes specified in Council file No. 15-1138-S3 (and discussed in the Second FSR), subject to the approval of the City Attorney as to form and compliance with the City's contracting requirements.
12. REQUEST LAHSA to report with a more detailed breakdown on the use of the Technology Upgrades - Homeless Services budget and its utilization, and to consult with ITA relative to LAHSA's proposed program to purchase heavy-duty tablet computers for outreach workers to use in the field.
13. PROVIDE Resolution Authority for Fiscal Year 2015-16 to the Personnel Department for the following positions:

<u>No.</u>	<u>Classification</u>	<u>Code</u>
1	Senior Personnel Analyst I	9167-1
3	Personnel Analyst II	1731-2
3	Senior Clerk Typist	1368

14. INSTRUCT the CAO to locate the necessary funding to fill the Resolution Authority positions for the Personnel Department, identified in Recommendation No. 13 above.

15. AUTHORIZE the CAO to make technical corrections as necessary to the transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that based on preliminary estimates, \$97.24 million in expenditure shortfalls and major unbudgeted expenses are identified in its report. Transfers, appropriations and other adjustments totaling approximately \$64.6 million are recommended in Sections 1, 2, 3, and 4. Included in these recommendations are \$31 million in Reserve Fund appropriations for liability claims and Attorney Conflict Panel expenditures.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on December 7, 2015, the Budget and Finance Committee considered the CAO's Second FSR for FY 2015-16 dated December 4, 2015. The CAO reports that the Second FSR provides an update of the current-year budget (including changes to projected departmental deficits, early revenue trends, the Reserve Fund, and issues of concern and the potential impact to the City. The CAO recommends approximately \$64.6 million for appropriations, transfers, and other budgetary adjustments.

Representatives of the CAO addressed the Committee and provided an overview of the Second FSR and responded to related questions from the Committee. Discussion of the FSR continued with representatives from the Police, Fire, Transportation, Animal Services, Personnel, and Housing departments addressing the Committee and responding to questions relative to the Second FSR and their respective departments. The Committee requested various reports in response to its questions to the departments.

In its discussion with the Personnel Department, the Committee approved the allocation of 7 Resolution Authority positions (listed in Recommendation No. 13 above) to further assist the Personnel Department with ramping up hiring as detailed in the CAO report relative to a proposed agreement with the Coalition of Los Angeles City Unions to hire up to 5,000 permanent civilian employees by Fiscal Year 2017-18 (Council file No. 15-1423).

Additionally, LAHSA's Interim Chief Financial Officer and Director of Programs addressed the Committee relative to the \$12.9 million in funding proposed in the Second FSR for the City's Homeless Initiative as administered by LAHSA. The Committee discussed LAHSA's proposal to utilize a portion of the \$1 million allocated to Technology Upgrades - Homeless Services to purchase heavy-duty tablet computers for outreach workers to access assessments and enter data in the field, and the Committee expressed concern as to whether the tablets would be upgradeable with new software and whether heavy-duty cases for standard tablets would be more cost effective than heavy-duty tablets. The Committee requested LAHSA to report with a more detailed breakdown on the use of the Technology Upgrades - Homeless Services budget and its utilization, and that LAHSA consult with ITA on the proposed purchase of the tablet computers. The Committee then reduced the technology upgrade appropriation by \$450,000 (the cost of the proposed tablet program) from \$1 million to \$5,500,000, and the overall \$12.9 million

appropriation to \$12.45 million pending LAHSA's report.

After further consideration, and after providing an opportunity for public comment, the Budget and Finance Committee approved the recommendations of the CAO contained in the Second FSR for FY 2015-16 as amended to include 7 Resolution Authority positions for the Personnel Department, and to reduce the City's Homeless Initiative appropriation by \$450,000 and for LAHSA to report. 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:	ABSENT
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW
12/7/15
FILE NO. 15-0600-S90

-NOT OFFICIAL UNTIL COUNCIL ACTS-