

BUDGET AND FINANCE COMMITTEE REPORT relative to the Mid-year (third) Financial Status Report (FSR) for Fiscal Year (FY) 2018-19.

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

1. REAPPROPRIATE \$1,111,783.03 from various special funds are noted in Attachment 3 of the Mid-year FSR, dated February 28, 2019 (attached to Council file [C.F.] No. 18-0600-s164).
2. APPROPRIATE \$5,288,117.88 to Department accounts as specified in Attachment 4 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
3. TRANSFER \$27,682,102.59 between accounts within various departments and funds as specified in Attachment 5 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
4. TRANSFER \$8,991,640.34 between various departments and funds as specified in Attachment 6 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
5. APPROPRIATE \$6,727,507.00 from various departments and funds to the Unappropriated Balance, Reserve for Mid-Year Adjustments account as specified in Attachment 7 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
6. APPROPRIATE \$27,434,251.00 from the Unappropriated Balance to various departments and funds as specified in Attachment 8 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
7. INCREASE the appropriations in the amount of \$366,335 in the Senior Human Services Program Fund No. 42J/02, within the following accounts to reflect Program Year 44 Community Development Block Grant Consolidated Plan revisions that adjusted Community Development Block Grant funding for Department of Aging Programs:

<u>Account Title</u>	<u>Amount</u>
02R102 Aging	\$32,350
02R332 EARS	30,538
02R340 Evidence Based Programs	<u>303,447</u>
	Total \$366,335

8. INSTRUCT Department of Animal Services, El Pueblo De Los Angeles (El Pueblo), Los Angeles City Ethics Commission, Department of General Services (GSD), Los Angeles Housing and Community Investment Department (HCIDLA), Library Department, Department of Recreation and Parks (RAP), Bureau of Sanitation (Public Works), and Zoo Department to work with the Office of Finance to establish departments' direct payment of merchant service fees related to credit card transactions by June 1, 2019 with the intent of

defraying all General Fund expenditures on such fees

9. TRANSFER up to \$2.6 million corresponding to FY 16 SAFER Grant funds, as needed, from Fund 335/38, Account No. 38909P, 2016 FEMA SAFER Grant, to FY 2019, Fund 100/38, Account No. 001012, Salaries Sworn, or Account No. 1030, Sworn Bonuses, or Revenue Source Code 5161, Reimbursement of Prior Year Salary, as appropriate, upon submission of proper documentation by Los Angeles Fire Department (LAFD), subject to approval of the City Administrative Officer (CAO), of direct costs incurred during the grant performance period.
10. TRANSFER FY 2016 SAFER Grant funds up to \$1.82 million from Fund 335/38 to FY 2019, Fund 100/38, Revenue Source Code 5346, Reimbursement of Related Costs from Grants, or Revenue Source Code 5331, Reimbursement of Related Costs - Prior Year, as appropriate, for fringe benefits and related costs upon submission of proper documentation by LAFD, subject to CAO approval, of related costs incurred during the grant performance period.
11. AUTHORIZE the LAFD to transfer \$2,566,050 from the Med-Cal IGT Trust Fund No. 59F/38, Account No. 38P401, Medi-Cal Inter-governmental Transfer, to the Reserve Fund to reimburse a loan authorized in the FY 2017-18 Year End FSR (C.F. 17-0600-S119) in connection with the 2016-17 Inter-governmental Transfer Program.
12. AUTHORIZE the Controller to disencumber up to \$59,684 in FY2017-18 encumbered balances for Gang Reduction and Youth Development Service Provider Contracts within Mayor Fund No. 100/46, Account No. 3040, Contractual Services, and request the Controller to revert the unencumbered funds to the Reserve Fund; TRANSFER up to \$59,684 to the Unappropriated Balance Fund No. 100/58; and, APPROPRIATE therefrom to the Recreation and Parks Fund No. 302/88, Account No. 003040, Contractual Services, to support Summer Night Lights activities as noted below.

<u>Fiscal Year</u>	<u>Account Title</u>	<u>Enc. Doc. ID</u>	<u>Amount</u>
2019	003040 Contractual Services	C018124228M	\$54,752
2019	003040 Contractual Services	C018126268M	<u>4,932</u>
			Total \$59,684

13. REDUCE appropriations in the amount of \$229,569 in the FY 2016 Urban Areas Security Initiative Grant Fund No. 59E/46, within Account No. 46N135, Emergency Management account to align with Council actions in the 2018-19 Budget (C.F. 18-0600), this transaction is required to correct a prior action that resulted in a new appropriation instead of a reappropriation.
14. AUTHORIZE a Reserve Fund loan in the amount of \$895,557 to the Los Angeles Police Department (LAPD); TRANSFER \$895,557 from the Reserve Fund to the Unappropriated Balance; and, APPROPRIATE therefrom to the following accounts within the Police Fund No. 100/70, to be reimbursed by the LAPD upon receipt of Los Angeles County Metropolitan Transportation Authority funding in FY 2018-19:

<u>Account Title</u>	<u>Amount</u>
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001010 Salaries General	\$149,916
001012 Salaries Sworn	367,779
003090 Field Equipment	286,367
004430 Uniforms	12,375
006010 Office and Administrative	29,120
006020 Operating Supplies	<u>50,000</u>
	Total \$895,557

15. AUTHORIZE the Controller to process the revision of the FY 2017-18 Year-End Reversion Worksheet submitted by the Bureau of Engineering (BOE) on October 2, 2018.
16. REDUCE FY 2018-19 appropriations to the Bureau of Contract Administration (BCA), Fund No. 100/76, Account No. 001010, Salaries General, by \$432,010 from the Special Gas Tax Improvement Fund No. 206/50 to offset the Gas Tax revenue shortfall, instead the BCA will use the projected salary surplus in Measure M funds.
17. REDUCE FY 2018-19 appropriations to the BOE, Fund No. 100/78, Account No. 001010, Salaries General, by \$1,600,000, from the Special Gas Tax Improvement Fund No. 206/50; and, further instruct the BOE to use a projected \$1,000,000 salary surplus in the Proposition C Fund instead of Gas Tax funding, the remaining balance represents the BOE's projected salary surplus in the Gas Tax Fund.
18. REDUCE FY 2018-19 appropriations for the Bureau of Street Services (BSS), Fund No. 100/86, Account No. 003030, Construction Expense, by \$6,000,000 from the Special Gas Tax Improvement Fund No. 206/50; and, correspondingly increase appropriations by \$6,000,000 to the same account from the Measure M Fund No. 59C/94
19. REDUCE FY 2018-19 appropriations for the BSS, Fund No. 100/86, Account No. 001010, Salaries General, by \$1,707,990 from the Special Gas Tax Improvement Fund No. 206/50 as Gas Tax revenues are anticipated to be lower than budget; and, further instruct the Bureau to use a \$500,000 Proposition C salary surplus in lieu of the Gas Tax funding with the remaining \$1,207,990 to be transferred from the BCA as noted in Attachment 6 of the Mid-year FSR, dated February 28, 2019 (attached to C.F. No. 18-0600-s164).
20. REDUCE appropriations within the Special Gas Tax Improvement Fund No. 206/50, Account No. 50RKGH, Glendale Blvd/Silverlake Blvd Rockfall Mitigation project, by \$531,000 as the project is no longer needed because the adjacent property owner will construct the project. The reduction is required as Gas Tax revenues are coming in lower than budget.
21. REDUCE FY 2018-19 appropriations to the GSD, Fund No. 100/40, Account No. 001010, Salaries General, by \$400,000 from the Special Gas Tax Improvement Fund No. 206/50, this reduction will be offset by a \$400,000 surplus in the Salaries General and Petroleum accounts in the Street Damage Restoration Fee Fund No. 41A/50.
22. Reduce 2018-19 appropriations to the Los Angeles Department of Transportation (LADOT), Fund No. 100/94, Account No. 001010, Salaries General, by \$124,000 from the

Special Gas Tax Improvement Fund No. 206/50 to offset the Gas Tax revenue shortfall; and, INSTRUCT the LADOT to use its salary surpluses in Measure R and Measure M funds.

23. REDUCE FY 2018-19 appropriations to the LADOT, Fund No. 100/94 from the Special Gas Tax Improvement Fund No. 206/50 by a total of \$2,640,000 as listed below; and, INSTRUCT the LADOT to use surpluses in Measure M and Measure R identified by the department in lieu of Gas Tax funding

Account Title	Amount
001010 Salaries General	\$1,784,965
003040 Contractual Services	378,000
003350 Paint and Sign Maintenance	<u>477,035</u>
	\$2,640,000

24. AUTHORIZE the HCIDLA to execute a first amendment to the contract with Prosperity Now, C-130829, to add \$50,000 and to extend the term for an additional 12 months, retroactively from January 1, 2019 to December 31, 2019, to continue coordinating efforts for implementing a manageable roll out of the children's savings account program in the City.
25. AUTHORIZE the Controller to transfer \$50,000 from Account No.1010 Salaries-General to Account No. 3040 Contractual Services, within Fund No. 100/43.
26. TRANSFER and APPROPRIATE \$400,000 from Council Fund No. 100/28, Account No. 1010, Salaries General, to the following to better align with current expenditure patterns:

Fund	Account Title	Amount
100/28 3040	Contractual Service	\$150,000
100/28 6010	Office and Administrative	<u>250,000</u>
	Total	\$400,000

27. TRANSFER \$285,000.00 from the El Pueblo Historical Monument Revenue Fund No. 737/33 to the El Pueblo General Fund No.100/33, Account No. 001070 Salaries As-Needed account for staffing needs required to assist with art and cultural activities at El Pueblo. These funds have been approved as part of the FY 2018-19 Budget.
28. AUTHORIZE the Controller to transfer and appropriate \$121,800 from the Unappropriated Balance Fund No. 100, Lanark Park Security Account No. 58250, to Department of Recreation and Parks Grant Fund No. 205, Account No. to-be-determined, for security enhancements at Lanark Park located at 21816 Lanark Street, Canoga Park, 91304 in Council District 3.
- a. AUTHORIZE the Controller, Department of Recreation and Parks, or any other relevant City departments to make technical corrections, clarifications, revisions, and changes to recommendation no. 28 to effectuate the intent of recommendation no. 28.

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

Fiscal Impact Statement: The CAO reports there is a total of \$69.65 million in projected over-expenditures and unbudgeted expenses are identified in the accompanying Mid-Year FSR dated February 28, 2019. Transfers, appropriations, and other adjustments totaling approximately \$91.57 million are recommended in Sections 1,2, and 6 of the accompanying report. This includes a \$0.90 million Reserve Fund loan to the Police Department to be repaid in FY 2018-19 and FY 2019-20.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on March 4, 2019, the Budget and Finance Committee considered the CAO's Mid-year FSR for FY 2018-19 dated February 28, 2019 (attached to C.F. No. 18-0600-S164). The CAO reports the Mid-year FSR provides an update on the current-year budget, projected department over expenditures, trends in revenue, the status of the Reserve Fund, and discussion of current issues of concern. The Mid-year FSR contains recommendations totaling approximately \$92.76 million for appropriations, transfers, and other budgetary adjustments.

During consideration, the CAO and the CAO's budget and debt finance specialists provided the Committee an overview of the report including the budget outlook and expected over expenditures. The CAO noted the over expenditure outlook in the Mid-year FSR assumes the recommendations from the Sworn Overtime Task Force report are adopted (attached to C.F. No. 19-0219). The Chief of Police addressed the Committee regarding the Committee's questions about sworn overtime, civilian hiring, and the general expenditures outlined in the Mid-year FSR and the Sworn Overtime Task Force report. The Chief of Police stated the ongoing and inherited issues regarding sworn overtime are being addressed. Additionally representatives from BSS, LADOT, and Office of Finance addressed the Committee and responded to the Committee's questions regarding its concerns in the Mid-year FSR for FY 2018-19.

After providing an opportunity for public comment, the Committee approved the recommendation in the Mid-year FSR for FY 2018-19 as amended by including additional recommendation submitted by the Chair and Members of the Committee (attached to the C.F. 18-0600-S164). This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN	YES
PRICE	YES

KORETZ YES
BONIN YES
BLUMENFIELD YES

AC 18-0600-S164 3-4-19

-NOT OFFICIAL UNTIL COUNCIL ACTS-