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CITY CLERK

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CALIFORNIA

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Council File No.: [17-0600-S114](#)

**OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL**

March 9, 2018

**Council File No.:** [17-0600-S114](#)

**Council Meeting Date:** March 09, 2018

**Agenda Item No.:** 9

**Agenda Description:** COMMUNICATION FROM THE CITY ADMINISTRATIVE OFFICER relative to the Mid-Year (Third) Financial Status Report for Fiscal Year 2017-18.

**Council Action:** BUDGET AND FINANCE COMMITTEE REPORT - ADOPTED

**Council Vote:**

YES	BLUMENFIELD	YES	HARRIS-DAWSON	ABSENT	O'FARRELL
YES	BONIN	YES	HUIZAR	YES	PRICE
ABSENT	BUSCAINO	YES	KORETZ	ABSENT	RODRIGUEZ
YES	CEDILLO	ABSENT	KREKORIAN	YES	RYU
YES	ENGLANDER	ABSENT	MARTINEZ	YES	WESSON

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**Pursuant to Charter/Los Angeles Administrative Code Section(s): 341**

FILE SENT TO MAYOR:

LAST DAY FOR MAYOR TO ACT:

**APPROVED**

**\*DISAPPROVED**

**\*VETO**

03/09/2018

Mayor

**DATE SIGNED**

BUDGET AND FINANCE COMMITTEE REPORT relative to the Mid-Year (Third) Financial Status Report (FSR) for Fiscal Year (FY) 2017-18.

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

1. APPROVE the recommendations of the City Administrative Officer (CAO) as detailed in the Mid-Year (Third) FSR for FY 2017-18 dated March 2, 2018 (attached to Council file [C.F.] No.17-0600-S114).
2. APPROVE the revised Attachment 5 of the Mid-Year FSR for FY 2017-18 (attached to C.F. No. 17-0600-S114) to transfer \$39,990,147.72 between accounts within various departments and funds (the revisions reduce total transfers within the Los Angeles Police Department (LAPD) Fund No. 100/70 accounts by \$116,764, from \$10,224,641 to \$10,107,877; transfers \$2,300,000 within the Mayor's Office Fund No. 100/46 to meet operational needs; and, deletes duplicate instructions for the Sidewalk Repair Program.
3. TRANSFER \$3,190,507 from the Los Angeles Public Library (Library) Fund No. 300/44, Account No. 003040, Contractual Services, to the Department of General Services (GSD) as follows:

	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
From:	300/44	003040	Contractual Services	\$3,190,507
To:	100/40	001101	Salaries, Hiring Hall	\$369,000
	100/40	001121	Benefits, Hiring Hall	258,752
	100/40	001014	Salaries, Construction Projects	542,255
	100/40	003180	Construction Materials and Supplies	<u>2,020,500</u>
			Total:	\$3,190,507

4. TRANSFER/APPROPRIATE \$850,000 from Council Fund No. 100/28, Account No. 001010 (Salaries General) to the following to better align with current expenditure patterns:
  - a. \$300,000 to Council Fund No. 100/28, Account No. 003040 (Contractual Services).
  - b. \$300,000 to Council Fund No. 100/28, Account No. 006010 (Office and Administration Expenses).
  - c. \$200,000 to Council Fund No. 100/28, Account No. 002120 (Printing and Binding).
  - d. \$50,000 to Council Fund No. 100/28, Account No. 002130 (Travel).
5. TRANSFER/APPROPRIATE \$500,000 in the Council Community Projects line item in the General City Purposes Fund No. 100/56 to be allocated or appropriated/transferred as detailed below for Clean Streets LA in Council District Nine:
  - a. \$300,000 to the Board of Public Works Contractual Services Account, Fund No.

100/74, Account No. 003040, to be allocated to the Coalition for Responsible Community Development for Clean Streets LA.

- b. \$200,000 to the Bureau of Sanitation (BOS), Fund No. 100/82, to the following accounts:
  - i. \$96,000 to Account No. 001090 (Salaries Overtime).
  - ii. \$66,000 to Account No. 003040 (Contractual Services).
  - iii. \$38,000 to Account No. 006020 (Operating Supplies and Expenses).

6. AUTHORIZE the CAO to make technical corrections as necessary to those transactions included in the Mid-Year (Third) FSR for FY 2017-18 to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that a total of \$69.37 million in projected over-expenditures and unbudgeted expenses are identified in this Mid-Year FSR for FY 2017-18. Transfers, appropriations, and other adjustments totaling approximately \$118.24 million are recommended in Sections 1, 2 and 4 of the Mid-Year FSR for 2017-18. This includes \$11.84 million in Reserve Fund loans to the Los Angeles Fire Department (LAFD) to be repaid in 2018-19.

Community Impact Statement: None submitted.

## SUMMARY

At its regular meeting held on March 5, 2018, the Budget and Finance Committee considered the CAO's Mid-Year (Third) FSR for FY 2017-18 dated March 2, 2018 (attached to C.F. No. 17-0600-S114). The CAO reports that the Third FSR provides an updated on the current-year budget -- including changes to the projected year-end over-expenditures, trends in revenue, the Reserve Fund, and current issues of concern and their potential impact to the City. Recommendations totaling approximately \$118.24 million for appropriations, transfers, and other budgetary adjustments are included in its report.

The CAO's Budget and Debt Finance Specialist (CAO representative) provided the Committee with a brief overview of the Mid-Year FSR, and responded to related questions. The CAO representative discussed the current over-expenditures in the amount of \$69.37 million, the Reserve Fund which is currently at 6.24 percent (an increase of approximately \$4.5 million), and the reduction in the Unappropriated Balance (UB) reserve from 8.13 percent to 7.95 percent of the Adopted Budget as the result of recommended expenditures in the Mid-Year FSR to offset citywide shortfalls and proposed Reserve Fund loans recommended in the report. Further, discussed were the over-expenditures due to various reasons such as: delay in reimbursements from the Intergovernmental Transfer Program to the LAFD for deployment to wild fires (which will require a Reserve Fund Loan), additional funding needed to cover the claims and settlement costs in the Ardon v. City of Los Angeles matter (Telephone Users Tax case), and shortfalls within the Human Resources Benefit Fund, the GSD, and BOS, as well as other factors, and the proposed mitigation measures.

The CAO submitted into the record a revised Attachment 5 to its Mid-Year FSR that proposes the transfer of \$39,990,147.22 between accounts within various departments and funds (reduces total transfers within LAPD Fund No. 100/70 from \$10,224,641 to \$10,107,877; transfers \$2,300,000 within the Mayor's Fund No. 100/46 to meet operational needs, and deletes duplication instructions for the Sidewalk Repair Program). Additionally, CAO proposes the transfer of \$3,190,507 from the Library Fund No. 300/44 to various accounts in GSD Fund 100/40 for miscellaneous repairs at various libraries which was discussed in the narrative of the Mid-Year FSR but omitted from its Attachment No. 6. The Chief Legislative Analyst also submitted an amendment into the record that proposes the transfer/appropriation of \$850,000 from Council Fund 100/28, Account 1010 - Salaries General to various accounts within the Fund to better align with current expenditure patterns, and the transfer/appropriation of \$500,000 in the Council Community Projects line item in the General City Purposes Fund No. 100/56 to be allocated or appropriated/transferred to various accounts in the Board of Public Works Fund No. 100/74 and BOS) Fund No. 100/82 for Clean Streets LA in Council District Nine.

Lastly, representatives from the following agencies and departments were asked to address the Committee and respond to questions relative to the Mid-Year FSR and their respective departments: LAPD, Personnel Department, BOS, Department of Animal Services, Los Angeles Zoo, Office of Finance, Office of the City Attorney, LAFD, Department of Recreation and Parks, and GSD. The Committee requested that several of the departments provide various reports in response to its questions.

After further consideration, and after providing an opportunity for public comment, the Committee approved the recommendations contained in the Mid-Year (Third) FSR for FY 2017-18, as amended. 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:	ABSENT

REW 3/6/18 FILE NO. 17-0600-S114

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**