

BUDGET AND FINANCE COMMITTEE REPORT relative to the City's financial health for the remainder of the 2019-2020 Fiscal Year (FY) and upcoming 2020-2021 FY.

Recommendations for Council action:

1. NOTE and FILE the City Administrative Officer (CAO) report dated May 7, 2020, from the CAO Relative to COVID-19 Emergency Response and Expenditures and Funding.
2. NOTE and FILE the Office of Finance (Finance) report dated May 7, 2020, relative to revenue impacts of the pandemic.
3. INSTRUCT the CAO to continue to work with departments to refine furlough plans, identify service impacts and calculate total savings from the proposed furloughs in the Mayor's proposed budget for FY 2020-2021.
4. INSTRUCT the CAO and the Chief Legislative Analyst (CLA) to compile the requests included in all department letters on Council file No. 20-0600, the Mayor's proposed budget, into a single report and verify department calculations and budgetary impact for accuracy and provide comments as to the efficacy of those requests on City services.
5. INSTRUCT the CAO to work with Labor partners to explore additional alternate measures to generate budget savings including detailed scenario and cost modeling to ensure that any projected savings are verifiable and sufficient, within the context of the three scenarios detailed in the Finance report dated May 7, 2020 (attached to the Council file), with the CLA to assist in cost verification.
6. INSTRUCT the CAO and CLA to report to the Budget and Finance Committee every month with updates on City revenues, the pace at which departments are expending funds, and the status of any reimbursement of costs.
7. INSTRUCT the CAO to report to the Budget and Finance Committee on Councilmember requests relative to departmental furlough plans as detailed in Attachment 1 of this Budget and Finance Committee report dated May 11, 2020.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

SUMMARY

At its special meeting held on May 11, 2020, the Budget and Finance Committee considered a CAO report dated May 7, 2020 (attached to the Council file) relative to the COVID-19 emergency response, and expenditures and funding for the remainder of FY 2019-20; a Finance report dated May 7, 2020 (attached to the Council file) relative to the revenue impacts for the current and upcoming fiscal years related to the COVID-19 pandemic; a joint CAO and CLA report dated May 8, 2020 (attached to the Council file) relative to an overview of the City's financial position in the face of the COVID-19 pandemic; and communications from City departments relative to furlough implementation plans. In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to concerns over COVID-19, the Committee meeting was conducted entirely telephonically and was broadcast live on Cable Television Channel 35 and on the Lacity.org website.

The committee meeting began with a joint presentation by the CAO and CLA which closely followed the joint CAO and CLA report dated May 8, 2020 (attached to the Council file). The CAO and the CLA responded to questions posed by the Committee members. At that point, the Chair opened up the Committee meeting for public comment. Pursuant to the Governor's Executive Order N-29-20 (March 17, 2020), public comment was conducted entirely telephonically. At the conclusion of public comment, the Committee took a brief recess.

Upon returning from a brief recess, the CAO presented to the committee relative to the COVID-19 emergency response, and expenditures and funding for the remainder of FY 2019-20. Next, the civilian labor partners represented by the Service Employees International Union, and the Neighborhood Council Budget Advocates presented their perspective and ideas for the remainder of the 2019-20 FY and upcoming budget process for 2020-21 FY. The committee took a brief recess.

Upon returning from a second recess, the Director of Finance/City Treasurer presented on the Finance report dated May 7, 2020 (attached to the Council file) relative to the revenue impacts for the current and upcoming fiscal years related to the COVID-19 pandemic. The Director/City Treasurer and representatives from Finance responded to questions posed by the Committee members.

The Committee then considered communications from City departments relative to furlough implementation plans. Committee members made a variety of requests to the CAO to report to the Budget and Finance Committee, as detailed in Attachment 1 of this report. The Committee moved that the recommendations be transmitted to the full Council for consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
PRICE:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

MM 5/11/20 Council file No. 20-0500

-NOT OFFICIAL UNTIL COUNCIL ACTS-

Attachment 1 to Budget and Finance Committee Report dated May 11, 2020

Department of Aging

- Instruct the City Administrative Officer (CAO), with assistance of Aging, to report on the furlough impact to the Senior Meals Delivery Program, as well as the impact to other programs for vulnerable populations.

Department of Animal Services (DAS)

- Instruct the CAO, with assistance of DAS, to report on the service impact resulting from furloughs and hiring freeze, including any impact to the euthanasia rate and return of fosters.

Department of Cannabis Regulation (DCR)

- Instruct the CAO to report on the how the Department of Cannabis's ability to process permits will be impacted by furloughs.
- Instruct the CAO to report on the impact of furloughs on revenue generation and special funds.

CAO

- Instruct the CAO to report on the furlough impact to the General Fund revenues related to reimbursement of overhead costs.
- Instruct the CAO to report on the feasibility on alternative plans to furloughs, including an analysis of the Coalition's proposal for a retirement incentive.
- Instruct the CAO to report on the cost of contact tracing and the whether these costs are eligible for reimbursement.

City Attorney

- Instruct the CAO, with the assistance of the City Attorney, to report on how the furloughs will impact the City Attorney's core functions, especially to reduce legal liabilities. Report to include the impact on criminal prosecutions, civil litigation and ordinance preparation.

Citywide

- Instruct the Chief Legislative Analyst (CLA) and CAO, with assistance of departments, to report on the ability to provide departments with the maximum amount of flexibility during the hiring freeze.
- Instruct the CAO to provide a list of departments that are subject to one-time salary reductions. Were the departments subject to these reductions selected because they were able to absorb those reductions?
- Instruct the CAO to report on how furloughs will interact with overtime? Does the City have management capacity to avoid scheduling overtime due to furloughs?

- Instruct the CAO to continue to work with departments to refine the furlough plan, identify the service impacts, and to calculate any savings.
- Instruct the CAO and CLA to compile all requests from departmental letters to a single report and to verify the departments' calculations for efficacy and accuracy.
- Instruct the CAO to work with labor partners to identify alternative measures to generate budget savings.
- Instruct the CAO and CLA to report on a monthly basis regarding the City's revenues, department expenditures, and reimbursement of COVID-19 costs.
- Instruct the CAO to identify the City's core functions and missions. Identify what goes beyond our core mission and whether the objective is essential or non-essential to the City's core mission.
- Instruct the CAO to report on the City's core missions impacted by the furloughs.

Controller

- Instruct the CAO to report on whether Controller will be able to meet obligatory expenses without ability to hold positions vacant.
- Instruct the CAO to report on how departments will fill vacancies during a hiring freeze and to clarify the procedure on how to obtain a request for exemption from the hiring freeze.
- Instruct the CAO, with the assistance of the Controller, to report on how the Controller will be able to perform its critical functions such as implementation of cost-of-living adjustments or furloughs during a hiring freeze.

Economic and Workforce Development Department (EWDD)

- Instruct the CAO, with the assistance of EWDD, to report on what the furlough impact will be on EWDD's ability to provide small business loans or to meet grant deadlines and the impact on grant funding.

Emergency Management Department (EMD)

- Instruct the CAO to report on the impact of furloughs on EMD's emergency response services.

Finance

- Instruct the CAO to report on the revenue impacts related to the Los Angeles Department of Water and Power (LADWP) bill grace period.

Los Angeles Fire Department (LAFD)

- Relative to LAFD Revenue, instruct the CAO to determine how much revenue will be lost due to furloughs? Will this affect emergency response times?
- Instruct the CAO to report if it is possible to fully-fund new LAFD recruits.
- Instruct the CAO to report on the Emergency Incident Technician in Battalion 14 that was not continued in the Proposed Budget.
- Instruct the CAO to report on a new Fire Captain position the LAFD requested.

General Services Department (GSD)

- Instruct the CAO, with the assistance of GSD, to determine if there are supplies that the City can purchase because prices are lower and can the City buy those supplies in bulk?

Los Angeles Housing and Community Investment Department (HCIDLA)

- Instruct the CAO to report on the impact of furloughs to services related to tenants and the Independent Living Center settlement, including the impact on the Federal Department of Housing and Urban Development Voluntary Compliance Agreement.
- Instruct the CAO to report on HCIDLA's proposal to increase the department's salary savings rate compared to furloughs.
- Instruct the CAO to report on how the furloughs will impact affordable housing projects, domestic violence programs, and family source centers?

Information Technology Agency (ITA)

- Instruct the CAO to report on how the furloughs will impact ITA's services on 311 wait times and telecommuting operations?
- Instruct the CAO, with the assistance of ITA, to report on if there are lower priority projects that can be deferred in-lieu of cybersecurity and Human Resource and Payroll Project.

Personnel

- Instruct the CAO to report on positions in Personnel that are considered front line and the impact of exempting them from furlough during the emergency. Provide the impact of the Department's request to exempt Advanced Practice Providers and Background Investigators from the furlough.
- Instruct the CAO to report on what the impact will be to the Human Resources and Payroll Project due to the furloughs.

- Instruct the CAO to report on if the City expects to rely on anytime / anywhere testing. Does this impact the City's ability to hire essential workers and sworn personnel?
- Instruct the CAO to report on what amount of funding is needed to engage outside vendors to ramp up DSW services.

Department of City Planning

- Instruct the CAO, with the assistance of DCP, to report on the budget reductions related to the Wildlife Corridors. Are any savings generated from fully funding the program? What is the impact of the Department of Fish and Game ruling relative to mountain lions and the response for every hillside development?
- Instruct the CAO, with the assistance of DCP, to report on a request to keep the Wildlife Biologists and Planners as unfunded positions.

Los Angeles Police Department (LAPD)

- Instruct the CAO to report on the impact of civilian furloughs on patrol hours. Include which civilian positions are likely to be filled by sworn personnel and the associated costs.
- Instruct the CAO to report on the ability for LAPD to partially fund graffiti removal.

Public Works, Board (BPW)

- Instruct the CAO to report on how furloughs will impact essential services under BPW purview (e.g. Petroleum Administrator and Office of Community Beautification)? Will there be an impact in hiring a Petroleum Administrator?

Public Works, Bureau of Street Lighting (BSL)

- Instruct the CAO, with the assistance of BSL, to report on how furloughs will impact copper wire theft and street light repair. Report on the impact of exempting BSL's special funded position from furloughs.

Public Works, Bureau of Street Services (BSS)

- Instruct the CAO to report if additional revenues can be obtained through increasing contractual services to Metro or LADWP for BSS?
- Instruct the CAO to, with the assistance of BSS, to report on the seven resolution position authorities mentioned in the department's letter. Is it possible to manage BSS through salary reductions instead of implementing a furlough?
- Instruct the CAO, with the assistance of BSS, to report on the liability impacts for deferring sidewalk/tree maintenance.

- Instruct the CAO to report on what is covered in the \$3.7 million reimbursement of General Fund costs from Measure W. Can these funds be used for Urban Forestry?
- Instruct the CAO to report relative to Los Angeles Department of Transportation (DOT) /Bureau of Engineering /BSS - What are the impacts on the sidewalk repair program due to furloughs?
- Instruct the CAO to report on the department request to apply budget reductions instead of implementing furloughs and evaluate BSS proposal as an alternative to furloughs.
- Instruct the CAO to report on broadening the definition of public safety to include sidewalk repair.
- Instruct the CAO to report on possibility of adding more flexibility for managers to manage without furloughs.

Recreation and Parks (RAP)

- Instruct the CAO to report on how furloughs will impact the City's ability to staff RAP emergency facilities, park operations, and safety. Is it possible to be reimbursed by the CARES Act to avoid furloughs?
- Instruct the CAO to report on if Park Rangers are included in furloughs. How will that impact RAP's operations and safety? Report to include other frontline workers
- Instruct the CAO, with the assistance of RAP, to report on how to open playgrounds at 25-percent capacity. How will RAP provide enforcement?
- Instruct the CAO, with assistance of RAP, to report on what happened to the funding that has traditionally been allocated for Summer Night Lights. Will there be an alternative program for the youth?

LADOT

- Instruct the CAO to report on broadening the definition of public safety.
- Instruct the CAO to report on the impact of the furloughs on the following programs: Safe Routes to School, Crossing Guards, BSS re-stripping coordination, traffic control officers?
- Instruct the CAO to report on the revenue loss that would result from the furlough of parking enforcement officers.

- Instruct the CAO to report on why traffic control officers not exempt from furloughs?
- Instruct the CAO to report on if LADOT furloughs will impact grant funds and grant funded projects.
- Instruct the CAO to report on what can be done to ensure that the furloughs and hiring freeze do not impact traffic signal installation.
- Relative to Vision Zero, instruct the CAO to report on what can be done to ensure that Vision Zero projects are equitably distributed throughout the City.
- Instruct the CAO to report if LADOT will have adequate staff to design and review transportation grant projects.
- Instruct the CAO to report on the status of the Encino Hills Traffic Management Plan and include if this will be impacted by furloughs and the hiring freeze.