

BUDGET AND FINANCE COMMITTEE REPORT relative to the First Financial Status Report (FSR) for Fiscal Year 2022-23.

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 First FSR for Fiscal Year 2022-23, dated October 20, 2022, attached to the Council file, as amended to incorporate the changes as detailed in Recommendation Nos. 2-3 below.
2. REMOVE the sixth transaction titled Transfers Between Departments and Funds, from Fund No. 53P, Account No. 281214, in the amount of \$1 million, listed on Attachment 5.
3. ADD one Community Affairs Advocate position without funding to the Civil, Human Rights and Equity Department.

Fiscal Impact Statement: The CAO reports that a total of \$78.08 million in projected over-expenditures are identified in the First Financial Status Report. Transfers, appropriations, and other budgetary adjustments totaling approximately \$146.24 million are recommended in Sections 1, 2, and 5 of this report. This includes \$4.62 million in transfers from the Unappropriated Balance Reserve for Mid-Year Adjustments Account and \$0.15 million in transfers from the Reserve Fund.

Financial Policies Statement: The CAO reports that the recommendations in this report comply with the City's Financial Policies as the recommended transactions use current revenues and balances to pay for current operations.

Debt Impact Statement: The CAO reports that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) debt is a General Fund obligation. The issuance of MICLA for the Fire Department Excavator and Demolition Attachments (\$1,617,371) and Zoo Department Computer Tomography Scanner (\$1,182,831) approved in the 2022-23 Adopted Budget would cause the City to borrow \$2,800,202 at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service for these capital equipment acquisitions is \$3,715,000, including interest of approximately \$915,000. During the life of the bonds, the estimated average annual debt service is \$371,000 over 10 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future. In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The 2022-23 Adopted Budget non-voter-approved debt ratio is 2.97 percent. The issuance of debt for the capital equipment acquisitions will not cause the City to exceed the six percent non-voter-approved debt limit.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on October 24, 2022, the Budget and Finance Committee considered a CAO report relative to the First FSR for Fiscal Year 2022-23.

A representative from the CAO provided an overview of the report and representatives from multiple departments answered questions posed by the Councilmembers. After an opportunity for public comment was held, the Committee recommended to approve the CAO recommendations as amended, to remove a transaction in the CAO attachment and to add a position to the Civil, Human Rights, and Equity department, as detailed above. 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
BLUMENFIELD	YES
RODRIGUEZ	ABSENT
PRICE	YES

AS 10/24/22
COUNCIL FILE 22-0600-S96

-NOT OFFICIAL UNTIL COUNCIL ACTS-