

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 27, 2019

CAO File No. 0220-05534-0001
Council File No. 14-1499-S7 et al
Council District: ALL

To: City Council
Energy, Climate Change and Environmental Justice Committee

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Bureau of Sanitation Deployment Plan for HOPE/CSLA

Subject: **REPORT BACK ON OVERTIME FUNDING FOR PROPOSED BUREAU OF
SANITATION HOPE/CSLA DEPLOYMENT PLAN (C.F. 14-1499-S7, 14-1499-S8,
19-0600-S89, 19-0600-S156, 19-0609)**

RECOMMENDATION

That the City Council, subject to the approval of the Mayor:

1. Authorize the Controller to:

- a. Disencumber up to \$200,000 in Fiscal Year (FY) 2016-17 encumbered balances MSACO17121334M and MSACO16121334M for Clean Harbors (Vendor Code 100012183) within the Bureau of Sanitation Fund No. 100/82, Account 3040, Contractual Services, and request the Controller to process an early reversion of the unencumbered funds to the Reserve Fund;
- b. Disencumber up to \$1,340,351.91 in encumbered balances provided on the table below for Lifeline Subsidy Payments within the General City Purposes Fund No. 100/56, Account No. 000855, Lifeline Rate Program, and request the Controller process an early reversion of the unencumbered funds to the Reserve Fund;

<u>Fiscal Year</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
2015	000855	Lifeline Rate Program	561,174.03
2016	000855	Lifeline Rate Program	431,902.70
2017	000855	Lifeline Rate Program	64,632.81
2018	000855	Lifeline Rate Program	282,642.37
Total			\$1,340,351.91

- c. Disencumber up to \$306,580.64 in encumbered balances provided on the table below within the General City Purposes Fund No. 100/56, Account No. 000856, Solid Waste Fee Reimbursement, and request the Controller process an early reversion of the unencumbered funds to the Reserve Fund;

<u>Fiscal Year</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
2017	000856	Solid Waste Fee	247,286.11
		Reimbursement	
2018	000856	Solid Waste Fee	59,294.53
		Reimbursement	
		Total	\$306,580.64

- d. Authorize the Controller to process an early reversion from savings within the Bureau of Sanitation Fund 100/82, Account 001010 Salaries General in the amount of \$240,000 to the Reserve Fund.

2. Instruct the City Clerk to place on the agenda of the first regular Council meeting on July 1, 2019, or shortly thereafter:

- a. Authorize the Controller to transfer up to \$2,086,932.55 from the Reserve Fund to the Unappropriated Balance Fund No. 100/58 and appropriate therefrom to the Bureau of Sanitation Fund No. 100/82, Account No. 001090, Overtime General;
- b. Authorize the Controller to transfer \$4,785,000 from the Unappropriated Balance Fund 100/58, Account No. 580300, Clean Streets LA/HOPE Expansion to the Bureau of Sanitation Fund No. 100/82, to the following accounts for costs to be incurred in FY 2019-20:

<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
100/82	001010	Salaries General	2,311,000
100/82	001090	Salaries Overtime	10,000
100/82	003040	Contractual Services	1,155,000
100/82	003090	Field Equipment	726,000
100/82	004430	Uniforms	44,000
100/82	006010	Office and Administration	66,000
100/82	006020	Operating Supplies	473,000
		Sub-total	4,785,000

- c. Authorize the Controller to transfer and appropriate \$990,000 from the Unappropriated Balance Fund 100/58, Account No. 580300, Clean Streets LA/HOPE Expansion account to the General City Purposes Fund No. 100/56, 000915 Clean Streets Related Costs to pay for the use of vehicles and fuel that are front-funded by Bureau of Sanitation special funds;

3. Authorize the City Administrative Officer to make technical corrections as necessary to transactions included in this report to implement Mayor and Council intentions.

SUMMARY

On June 18, 2019, the Energy, Climate Change and Environmental Justice Committee (Committee) considered a Report prepared by the Bureau of Sanitation (BOS) relative to a new deployment plan addressing livability services, specifically homeless encampment and illegal dumping clean-ups (C.F. 14-1499-S7, et al). The Committee requested the City Administrative Office (CAO) to report back on the funding of proposed overtime expenditures and the potential use of special funds to support the program.

BOS' report proposed two overtime options for enhanced deployment during the months of July, August and September: (1) crews work 18 hours per person per week at a cost of \$2,589,523; or, (2) crews work ten hours per person per week at a cost of \$1,438,624. Based on direction provided by the Committee, this Office has been working with BOS to identify funding for the first option costing approximately \$2.6 million.

The General Fund is the only source of funds that can be used to support BOS' livability services.

CAO has thus far confirmed a total of \$2,096,932 in General Fund savings in BOS' budget and in the General City Purposes account used to fund Lifeline and Low Income reimbursements from prior years that are available to reprogram for overtime. Also, \$10,000 from the Clean Streets LA/HOPE Expansion line item in the Fiscal Year 2019-20 Unappropriated Balance will be used to support overtime. Current year savings are primarily due to continued hiring challenges in key classifications that BOS is working through. CAO will continue to work with BOS to identify the remaining \$500,000 needed to fund the balance and will report back either separately or in the first Financial Status Report.

BOS' report proposed the appropriation and transfer of funds from the Fiscal Year 2019-20 Unappropriated Balance to various accounts. These funds will not be available until July 1, 2019, therefore this report includes recommendations to facilitate these transactions for next Fiscal Year. BOS' report also recommended the transfer of \$693,000 to pay for related costs, however, those costs are recovered through the Human Resources Benefits Fund (HRB) and contributions to the Los Angeles City Employees Retirement System (LACERS) through separate transactions. These funds will be moved separately in a future Financial Status Report.

It should be noted that the Reserve Fund relies on the reversion of prior year funds and that this Office assumed a certain level of reversions for the 2019-20 Reserve Fund. The reprogramming of General Fund savings that would have reverted to the Reserve Fund will impact our calculations and require monitoring to determine if actions are needed in the future to preserve the Reserve Fund. This Office will continue to report on the status of the Reserve Fund in future Financial Status Reports.

The recommendations in this report are in compliance with the City's Financial Policies.

FISCAL IMPACT STATEMENT

Approval of these recommendations will transfer \$440,000 in General Fund appropriations within the Bureau of Sanitation's current year budget, approximately \$1.6 million in prior year funds from the Lifeline Rate Program Account in the General City Purposes Fund and allocate \$6.5 million in the Unappropriated Balance of the Fiscal Year 2019-20 Adopted Budget.

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