

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Council District: All

To: Eric Garcetti, Mayor
Nury Martinez, Council President
Paul Krekorian, Chair, Budget and Finance Committee

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

Reference: 2020-21 Budget

Subject: **UPDATE ON ACTIONS TAKEN TO IMPLEMENT AMENDMENTS TO THE
SECOND FINANCIAL STATUS REPORT OF 2020-21**

SUMMARY

In this extraordinary budget year, the City Council instructed this Office to report more frequently on the City's financial condition and required budgetary adjustments. After presenting our plan to address \$675 million of the 2020-21 General Fund budget gap but not the remaining \$20.8 million spending gap in the Second Financial Status Report of 2020-21 (Second FSR), conditions have again changed. In this report, we discuss the impacts of and solutions derived from the Mayor and City Council's amendments to the Second FSR, including from the pending changes to all of the City's labor contracts. While we have not updated our 2020-21 estimated \$600 million General Fund revenue shortfall, this analysis presents an increased total budget gap of \$750.7 million. We also propose budget solutions now totaling \$673.2 million. This leaves the City with a \$77.5 million budget gap (an increase from our earlier reported \$20.8 million gap) for which we have not proposed specific solutions.

The current year General Fund budget gap that we presented on December 4, 2020, in the Second FSR was comprised of the following components:

- Projected revenue shortfall (\$600 million).
- Public Works Trust Fund loan (\$75 million).
- Spending above budget in various departments and accounts (\$20.8 million).

In the report, the CAO proposed solutions to address the revenue shortfall and repay the Public Works Trust Fund loan, together valued at \$675 million. These solutions fell within five categories:

- Budget Reductions (Non-Layoff) (\$103 million).
- COVID-19 Reimbursements (Remaining) (\$69 million).

- General Fund Reserves (\$259 million).
- Debt Options – Working Capital (\$150 million).
- Labor Cost Savings (\$94 million): Layoffs (\$45 million) and Labor Concessions (\$49 million).

On December 8, 2020, the City Council amended and approved the Second FSR, and on December 21, 2020, the Mayor concurred in the City Council's actions. Several of the amendments identified alternative reductions and additional budget balancing actions and instructed the CAO to either implement them immediately or report on their feasibility. In this report, we make recommendations to enact or provide updates to the amendments to the Second FSR. We have incorporated each amendment into one of the budget balancing categories that we presented in the Second FSR, as follows:

Budget Reductions (Non-Layoff)

- *Alternative Budget Reductions:*
 - Identify alternative reductions in order to reduce and delay layoffs.
 - Sweep various expense accounts.
 - Propose an alternative to reducing the Controller's Accounting Assistance Program.
 - Seek alternative funding sources for the Clean and Green and Hire LA Youth programs.
- *Contract Spending Reductions*
 - Defer fourth quarter contract payments.
 - Reduce or eliminate cost of living adjustments for outside vendors.
- *Increased Revenues*
 - Seek full cost recovery from fees.
 - Add automatic inflator to fees.
 - Reverse the parking fine amnesty program.

COVID-19 Reimbursements (Remaining)

- Report on COVID-19 Federal Relief Fund balances.

General Fund Reserves

- *Special Fund Relief:*
 - Seek relief from the Campaign Matching Funds Trust Fund.
 - Sweep special funds balances to the General Fund.
- There was no amendment related to this category, but the CAO has identified account balances from prior years that can be reverted to the Reserve Fund at this time.

Debt Options – Working Capital

- Reduce MICLA project authority to increase debt capacity for working capital.

Labor Cost Savings

- Negotiate labor contract savings.

Additionally, in this report, we identify changes to our assumptions on which we based our combined General Fund budget gap of \$695.8 million. The largest change is the recent cancellation

of furloughs through labor negotiations. The 2020-21 Budget for departmental salaries included furlough savings. Cancelling them, therefore, increases projected departmental overspending by \$59.4 million and, combined with other smaller changes, increases the City's combined General Fund budget gap to \$750.7 million.

In order to address this General Fund budget gap, in this report we revisit the five categories of the budget balancing plan that we presented in the Second FSR. They included budget reductions, COVID-19 reimbursements, transfers from General Fund reserves, debt options, and labor cost savings. We adjust the proposed amount in each category based on amendments that the City Council and Mayor made to the Second FSR, recommendations in this report, and the impacts of the recent labor deals. In total, we now present \$673.2 million in budget balancing solutions, leaving the City with a \$77.5 million General Fund budget gap to solve in the remainder of this fiscal year.

(See table on next page)

Item	2 nd FSR Amount (Millions)	Change (Millions)	Current Amount (Millions)	Reason for Change
<i>Budget Gap</i>				
Revenue Shortfall	\$ 600.0	\$ --	\$ 600.0	
Public Works Trust Fund Loan	75.0	--	75.0	
Net Overspending	20.8	(4.5)	16.3	Correction of calculation error in Second FSR.
Furlough Cancellation	--	59.4	59.4	Eliminated through labor negotiations.
<i>Total Budget Gap</i>	<i>\$ 695.8</i>	<i>\$ 54.9</i>	<i>\$ 750.7</i>	
<i>Budget Solutions</i>				
Budget Reductions – (Non-Layoff)	\$ 102.9	\$ 54.6	\$ 157.5	New CAO budget reduction proposals in this report.
COVID-19 Reimbursements (Remaining)	68.9	--	68.9	No new relief funds identified.
General Fund Reserves	259.0	15.1	274.1	Increased through special fund, prior year encumbrances, and uncommitted balance sweeps.
Debt Options – Working Capital	150.0	--	150.0	No feasible debt-financed project reductions that increase the City's available debt capacity.
Labor Cost Savings				
Layoffs Required for 3% Reduction	45.2	(45.2)	--	Reduced through Second FSR amendments (\$36.6 million), and labor negotiations (\$8.6 million).
Labor Concessions	49.0	(26.3)	22.7	Achieved if currently pending labor contract amendments are ratified and approved.
<i>Total Budget Solutions</i>	<i>\$ 675.0</i>	<i>(\$ 1.8)</i>	<i>\$ 673.2</i>	
<i>Total Remaining Gap</i>	<i>\$ 20.8</i>	<i>\$ 56.7</i>	<i>\$ 77.5</i>	

Addressing the remaining \$77.5 million budget gap will be a significant challenge. Further, while we have not prepared updated 2020-21 revenue projections at this time, we believe that there is downside risk to the \$600 million shortfall we currently project. We will present a comprehensive update of our revenue projections in the Mid-Year FSR, in which we will be able to revise our Property Tax and Business Tax estimates based on significantly more data than we had before. We also will incorporate the impacts of the closures associated with the recent COVID-19 spike that occurred at the very time that our current revenue projections had assumed easing to the financial crisis.

Further, the City has already taken aggressive steps toward budget balancing. The \$157.5 million in proposed General Fund budget reductions makes identifying additional reductions that would not severely hamper service delivery extremely challenging. Through the recent tentative agreements reached with labor organizations, the City cannot lay off or furlough employees for the remainder of 2020-21, further limiting options for additional budget balancing. We anticipate reducing our General Fund reserves to 2.75 percent, with the Reserve Fund below the 5 percent minimum and at the lowest level in over a decade, and cumulative reserves well below the 10 percent policy target. Finally, the Mayor and City Council authorized the City's use of deficit borrowing for operating costs, which may be essential this year but is not consistent with best practices.

There may be more reason now to hope for additional federal relief than there has been in recent months. In addition to ongoing work on a new federal relief package, President Biden, by executive order, has directed the Federal Emergency Management Agency (FEMA) to increase its reimbursement percentage for COVID-19-related response activities from 75 percent to 100 percent of eligible costs both going forward and retroactively. We are evaluating this policy change and will report later on its impact on our estimate that we will receive approximately \$29 million in FEMA reimbursements to support budget balancing in 2020-21. The City, however, must take concrete steps to balance its budget using the tools within its control. At this time, federal relief funds are not among those available tools. Further, even if the federal government does approve a new relief package for local governments, the steps that the City will be likely to have taken – reducing the reserves, and significant deficit borrowing – will make it very difficult to restore services or address unanticipated financial challenges.

We will continue to work with the Mayor and the City Council to identify additional ways to close the remaining budget gap, and will report in future financial reports.

RECOMMENDATIONS

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

Citywide

1. Reduce \$47,606,469.27 in appropriations within various departments and funds and increase appropriations in the same amount in the Unappropriated Balance, Reserve for Unrealized Revenue as specified in Attachment 2A;
2. Reduce \$2,957,456.00 in appropriations within various departments and funds as specified in Attachment 2B;

Capital Improvement Expenditure Program – Measure W Projects

3. Authorize the Controller to disencumber up to \$36,232.87 in Fiscal Year 2018-19 encumbered balances for the Sycamore Grove Park project within Fund No. 100/54, Account No. 00R381, Arroyo Seco Urban Runoff Project 1 (Sycamore Grove Park), and authorize the early reversion of up to \$190,555.87 in uncommitted funds to the Reserve Fund, No. 101;
4. Authorize the Controller to disencumber up to \$33,495 in Fiscal Year 2018-19 encumbered balances for the Herman Dog Park project within Fund No. 100/54, Account No. 00R382, Arroyo Seco Urban Runoff Project 2 (Herman Dog Park), and authorize the early reversion of up to \$575,790 in uncommitted funds to the Reserve Fund, No. 101;
5. Authorize the Controller to disencumber up to \$33,495 in Fiscal Year 2018-19 encumbered balances for the 2nd Street project within Fund No. 100/54, Account No. 00R383, LA River Segment B Urban Runoff Proj 1 (2nd St/LAR Removal), and authorize the early reversion of up to \$508,980 in uncommitted funds to the Reserve Fund, No 101;
6. Authorize the Controller to disencumber up to \$33,495 in Fiscal Year 2018-19 encumbered balances for the Palmetto Street project within Fund No. 100/54, Account No. 00R384, LA River Segment B Urban Runoff Proj 2 (Palmetto St/LAR Removal), and authorize the early reversion of up to \$481,950 in uncommitted funds to the Reserve Fund, No. 101;
7. Authorize the Controller to disencumber up to \$33,495 in Fiscal Year 2018-19 encumbered balances for the Mission Road project within Fund No. 100/54, Account No. 00R385, LA River Segment B Urban Runoff Proj 3 (Mission Rd/LAR Removal), and authorize the early reversion of up to \$372,810 in uncommitted funds to the Reserve Fund, No. 101;
8. Authorize the early reversion of up to \$423,643, within the Fiscal Year 2017-18 Fund 100/54, Account No. 00P382, Arroyo Seco Urban Runoff Project 2 (Herman Dog Park) to the Reserve Fund, No. 101;
9. Authorize the early reversion of up to \$337,601, within the Fiscal Year 2017-18 Fund 100/54, Account No. 00P383, LA River Segment B Urban Runoff Proj 1 (2nd St/LAR Removal) to the Reserve Fund, No. 101;
10. Authorize the early reversion of up to \$316,986, within the Fiscal Year 2017-18 Fund 100/54, Account No. 00P384, LA River Segment B Urban Runoff Proj 2 (Palmetto St/LAR Removal) to the Reserve Fund, No. 101;
11. Authorize the early reversion of up to \$171,641.66, within the Fiscal Year 2017-18 Fund 100/54, Account No. 00P385, LA River Segment B Urban Runoff Proj 3 (Mission Rd/LAR Removal) to the Reserve Fund, No. 101;

12. Appropriate \$190,555.87 from the available cash balance in the Measure W Fund No. 60W/50, W Municipal Proj Fund, to Fund 60W/50, Account No. 50TAAA, Arroyo Seco Urban Runoff Project No 1 for the Sycamore Grove project;
13. Appropriate \$999,433 from the available cash balance in the Measure W Fund No. 60W/50, W Municipal Proj Fund, to Fund 60W/50, Account No. 50TAAB, Arroyo Seco Urban Runoff Project No 2 for the Herman Dog Park project;
14. Appropriate \$846,581 from the available cash balance in the Measure W Fund No. 60W/50, W Municipal Proj Fund, to Fund 60W/50, Account No. 50TAAD, LAR Segment B Urban Runoff Project No 1 for the 2nd Street project;
15. Appropriate \$798,936 from the available cash balance in the Measure W Fund No. 60W/50, W Municipal Proj Fund, to Fund 60W/50, Account No. 50TAAE, LAR Segment B Urban Runoff Project No 2 for the Palmetto Street project;
16. Appropriate \$544,451.66 from the available cash balance in the Measure W Fund No. 60W/50, W Municipal Proj Fund, to Fund 60W/50, Account No. 50TAAF, LAR Segment B Urban Runoff Project No 3 for the Mission Road project;

Capital Improvement Expenditure Program – Paseo Miramar

17. Authorize the reversion of up to \$200,000, within the Fiscal Year 2016-17 Fund 100/54, Account No. 00N242, Paseo Miramar, to the Reserve Fund, No. 101;

City Attorney

18. Authorize the Controller to disencumber up to \$706,761.85 in encumbered balances as outlined below for outside counsel contracts within Fund No. 100, Department No. 12, Account No. 009301, City Attorney Outside Counsel, and authorize the early reversion of up to \$706,761.85 in uncommitted funds to the Reserve Fund, No. 101:

Fiscal Year	Document ID	Contract No.	Contractor	Amount
2019-20	CO20129460A	C-129460	Colantuono & Levin	\$ 200,000.00
2019-20	CO20128213A	C-128213	Downey Brand	118,536.00
2018-19	CO19133343A	C-133343	Ice Miller	20,000.00
2014-15	MSACO15113155A	C-113155	Liebert Cassidy Whitmore	45,284.41
2015-16	MSACO16127651A	C-127651	Liebert Cassidy Whitmore	9,855.44
2012-13	MSACO13121421A	C-121421	Meyers Nave	34,586.00
2013-14	MSACO14121421A	C-121421	Meyers Nave	28,500.00
2019-20	CO20130402A	C-130402	Sanders Roberts	250,000.00
Total:				\$ 706,761.85

19. Authorize Controller to disencumber \$89,882 from Contract No. C-128735, Orbach Huff Suarez Henderson, within Fund No. 100, Department No. 12, Account 009301, Outside Counsel, and transfer the same amount of \$89,882 to Unappropriated Balance, Fund 100/58, Account 580230, Reserve for Unrealized Revenue;

City Planning

20. Reduce appropriations totaling \$149,979 as follows:

Planning Case Processing Fund, No 52D	Account 001090, Overtime General	\$ 50,000
	Account 006010, Office and Administrative	\$ 75,499
	Account 006020, Operating Supplies	<u>\$ 4,177</u>
		\$129,676
Planning Long Range Planning Fund, No. 52F	Account 001090, Overtime General	\$ 19,898
	Account 006020, Operating Supplies	<u>\$ 405</u>
		\$ 20,303

21. Increase appropriations totaling \$86,772 as follows:

Planning Case Processing Fund, No 52D	Account 68299T, Reimbursement of General Fund Costs	\$ 81,696
Planning Long Range Planning Fund, No. 52F	Account 68299T, Reimbursement of General Fund Costs	\$ 5,076

22. Recognize/increase departmental receipts for City Planning 100/68 RSC 5361 for a total of \$86,772;

23. Reduce the appropriation for City Planning, Fund 100/68, Account 003040 Contractual Services, by \$355,345 from the General Fund and increase appropriations in the same amount in the Unappropriated Balance, Fund No. 100/58, Account 580230 Reserve for Unrealized Revenue;

24. Transfer and appropriate \$355,345 from the available cash balance within the Short-Term Rental Enforcement Trust Fund, No. 62N, to City Planning, Fund 100/68, Account 003040, Contractual Services;

Ethics Commission

25. Consider the City Ethics Commission analysis, included as Attachment 3, of projected costs and estimated public funding needs for the next four years for the Public Campaign Matching Funds Trust Fund, and transfer \$3,431,847 from the Matching Campaign Trust Fund, No 875, to the Reserve Fund, No 101, to be repaid to the Trust Fund as part of the 2021-22 Adopted Budget in compliance with Charter Section 471(c)(2);

General City Purposes

26. Rescind recommendation Number 17 of the Budget and Finance Committee's report on the Second Financial Status Report of 2020-21 (C.F. 20-0600-S84) to defer membership fees for all organizations and to place those funds in the reserve fund for budget balancing purposes;
27. Transfer \$320,727.86 from Fund No. 100, Department No. 56, Account 000832, Heritage Month Celebration and Special Events Account to Fund No. 480, Department No. 30, Account 30T156, General City Purposes, and subsequently reduce the appropriation in the same amount in Fund No. 480, Department No. 30, Account 30T156, General City Purposes;

Information Technology Agency

28. Authorize the Controller to disencumber up to \$1,047,563.58 in Fiscal Year 2015-16, 2016-17, and 2017-18 encumbered balances for the Information Technology Agency as detailed in Attachment 4, and process the early reversion of \$1,047,563.58 to the Reserve Fund, No. 101;
29. Transfer \$349,286 from Fund No. 100, Department No. 32, Account 003040, Contractual Services Account, to Fund No. 834, Department No. 50, Account BSA1370, Advance to Other Funds, to partially pay back the loan for the LABAVN Replacement Project;

Department of Cannabis Regulation

30. Authorize the reversion of up to \$84,990, within the Fiscal Year 2018-19 Fund 60E, Account No. 13R201, Contractual Services Funding, to the Reserve Fund, No. 101;
31. Authorize the reversion of up to \$65,011, within the Fiscal Year 2018-19 Fund 60E, Account No. 13R203, Fee Deferral Funding, to the Reserve Fund, No. 101;

Public Works – Board

32. In lieu of a portion of prior instruction (Budget and Finance Committee report in C.F. 20-0600-S84, Recommendation 28), instruct the Board of Public Works to reduce the use of the Clean and Green Program by \$480,433 and the Hire LA Youth Program by \$112,500;

Subventions and Grants Fund

33. Authorize the Controller to disencumber up to \$2,598.51 in Fiscal Year 2001-02 encumbered balances for the El Pueblo project within Fund No. 305/50, Account No. 50S660, El Pueblo Projects;
34. Authorize the Controller to disencumber up to \$187,000 in Fiscal Year 2003-04 encumbered balances for the Foothill Blvd. Rockfall project within Fund No. 305/50, Account No. 50V057, Foothill Blvd Rockfall;

35. Authorize the Controller to disencumber up to \$37,462.93 in Fiscal Year 2003-04 encumbered balances for the Sheldon/Arleta project within Fund No. 305/50, Account No. 50V501, Sheldon/Arleta;
36. Authorize the Controller to disencumber up to \$200,570.34 in Fiscal Year 2005-06 encumbered balances for the Broadway & 3rd Street project within Fund No. 305/50, Account No. 50Y203, Broadway and 3rd Street;
37. Authorize the Controller to disencumber up to \$7,338.03 in Fiscal Year 2005-06 encumbered balances for the Osborne Street Bridge project within Fund No. 305/50, Account No. 50Y602, Osborne Street Bridge;
38. Transfer \$9,788,857.30 in appropriations within various accounts in the Subventions and Grants Fund, No 305/50, from the accounts identified in Attachment 5, to the Unappropriated Balance Fund No. 100/58, Account 580196, Reserve for Mid-Year Adjustments, and appropriate therefrom to the Reserve Fund, No. 101 (\$9,567,468.59) and the Street Lighting Assessment Fund, No. 347/50, RSC 5301, Reimbursement from Other Funds (\$221,388.71); and,

Technical

39. Authorize the Office of the City Administrative Officer to make technical corrections as necessary to those transactions included in this report to implement the Mayor and City Council's intentions.

FISCAL IMPACT STATEMENT

This report recommends budget balancing actions with a total value of \$69.7 million in the General Fund and \$2.9 million in various special funds. These actions are necessary to offset a portion of the \$750.7 million 2020-21 General Fund budget gap that the City is facing. Combined with actions taken and proposed in the Second Financial Status Report and pending changes to the City's labor contracts, these actions will reduce the City's 2020-21 General Fund budget gap to \$77.5 million.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies as the transactions recognize that current year appropriations are limited by the sum of available cash balances and revenues estimated to be received and seek to fund current operations with those current revenues.

FINDINGS

Through their amendments to the Second FSR, the Mayor and City Council instructed this Office to propose additional budget balancing solutions in recognition that the original report's proposed savings were reduced through their action to reduce and delay layoffs. Subsequent to the adoption of the Second FSR, several actions, including the anticipated impacts from pending labor contract amendments, have further impacted the CAO's budget balancing plan from the Second FSR.

The amendments to the Second FSR also instructed this Office, in collaboration with all City Departments, to pursue additional budget balancing opportunities. Below, we discuss the actions we have taken, and any associated recommendations, for each of the amendments. We discuss each amendment within the category of the budget-balancing plan that the CAO proposed in the Second FSR. These categories are:

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Budget Reductions (Non-Layoff)

Through the amendments to the Second FSR, the Mayor and City Council instructed this Office and City departments to propose additional budgetary reductions to address the current year budget gap and in an effort to offset the need for layoffs. We discuss our efforts to implement each of these specific budget reduction instructions below. While not all of these actions will result in quantifiable savings in this fiscal year, those that did result in our recommending additional budget reductions totaling \$57.3 million (\$54.6 million General Fund and \$2.7 million special funds), as follows:

- Identify alternative instructions to reduce layoffs – \$56.4 million (\$54.2 million General Fund, \$2.3 million special funds).
- Sweep various expense accounts – \$0.8 million (\$0.4 million General Fund, \$0.4 million special fund)

Combined with the actions that the Mayor and City Council approved in the Second FSR for non-layoff reductions of \$143.8 million (\$102.9 million General Fund and \$40.9 million special funds), these reductions proposals would increase the total non-layoff budget reductions in 2020-21 to \$201.1 million (\$157.5 million General Fund and \$43.6 million special funds).

Alternative Budget Reductions

Identify alternative reductions in order to reduce and delay layoffs (\$56,434,096: \$54,167,810 General Fund, \$2,266,286 special fund).

Reduce the proposed potential layoffs in the Second FSR in LAPD to match the Department's original recommendations to the CAO (355 sworn and 273 civilians), and instruct CAO to develop recommendations to Budget and Finance for offsetting solutions.

CAO, together with Controller and Personnel, to report to Budget and Finance with a timeline for implementation of all layoffs beginning on May 22, including all necessary further actions by Council and Mayor to implement, and also including all deadlines for approving offsetting savings or solutions that could be applied to avoid or defer such implementation.

In this section, and in response in part to the Mayor and City Council's request that we develop additional offsetting solutions, we identify and recommend budget reductions to departmental and non-departmental accounts. The total savings from these proposals, if approved would be \$56,434,096, including \$54,167,810 from the General Fund and \$2,266,286 in special funds. We have proposed achieving savings through appropriation reductions, shifting activities from the General Fund to special funds, and increasing related cost reimbursements to the General Fund.

As was the case in the Second FSR, we recommend that the Mayor and City Council approve the transfer of the General Fund portions of these amounts to the Unappropriated Balance – Reserve for Unrealized Revenue, which is an account not backed by cash that the City could use at year-end to offset the projected revenue shortfall. Of this total reduction amount, the Mayor and City Council previously approved \$5.7 million as part of its July 1, 2020 budget adjustment. This Office mistakenly neglected to include this action as a part of the budget balancing plan in the Second FSR. As it was a transfer from Police Department Sworn Overtime to this Unappropriated Balance account that does offset a portion of the City's projected revenue shortfall, we account for it for the first time here as part of our budget balancing plan.

The CAO worked with City departments to identify budget reductions in Second FSR in response to the Mayor and City Council's September, 2020, instruction that each department present a three percent budget reduction. The impact of a three percent budget reduction varied across departments. For the reductions proposed below, this Office did not pursue an across the board reduction from all departments. Instead, we identified reductions in departments and accounts that receive a significant General Fund appropriation and would be able to bear further cuts with comparatively low service impacts. Unless otherwise noted, the impacted departments have concurred with our conclusion that the proposed reduction will have minimal service impacts. We identify our proposed reductions by department or account, amount, and impact in the following table (Attachment 1 lists the recommended transactions associated with each reduction).

In the Second FSR, in order to meet the three percent reduction target, this Office proposed layoffs in 2020-21 for four departments, Animal Services, City Attorney, Police, and Public Works, Bureau of Engineering. These departments had the opportunity to present alternative reduction proposals to mitigate or eliminate layoffs. Animal Services and the Bureau of Engineering presented

proposals to eliminate all layoffs and fully comply with the three percent target. The City Attorney presented alternative reductions, although they fell short of the three percent target. The Police Department did not present an alternative reduction. In addition, the Second FSR included an instruction for the Fire Department to present an additional \$3.4 million reduction to meet its three percent target, which it did. This Office is presenting an alternative reduction that we describe in Attachment 1.

We propose reductions in the following departments and accounts in the net amounts listed below:

- Animal Services – \$0.7 million
- City Attorney – \$0.3 million
- City Planning – \$0.2 million
- Economic and Workforce Development – \$0.2 million
- Office of Finance – \$0.1 million
- Fire – \$3.4 million
- Housing and Community Investment – \$2.0 million
- Human Resources Benefits – \$6.0 million
- Information Technology Agency – \$0.9 million
- Police Department – \$5.7 million (recognition of prior action, not new reduction)
- Public Works, Engineering – \$0.7 million
- Tax and Revenue Anticipation Notes – \$35.4 million
- Transportation – \$0.7 million

Sweep various expense accounts (\$845,477: \$400,627 General Fund, \$444,850 special fund).
CAO to remove travel budgets and place them in the Reserve Fund for budget balancing in future FSRs.

Consistent with this instruction, this Office has identified 14 departments with travel budgets remaining totaling \$1,022,472. These include the Department of Aging (\$8,650), Office of Public Accountability (\$10,000), Economic and Workforce Development Department (\$100,093), City Council (\$89,122), Information Technology Agency (\$30,000), Employee Relations Board (\$3,000), Fire Department (\$3,070), Office of Finance (\$38,850), General Services Department (\$259,983), Housing and Community Investment Department (\$20,029), Mayor (\$50,335), Department on Disability (\$5,000), Personnel Department (\$4,000), and Police Department (\$400,340). The majority of these departments report that there will be minimal service impacts from these reductions. To mitigate more serious service impacts, we recommend the following partial exemptions:

- Mayor and City Council. To retain City leadership's capacity to engage in critical City business, we recommend only sweeping the City Council's 2020-21 budget amounts (\$24,845), but retaining Council's prior year balance of \$64,277 and the Mayor's full balance of \$50,335 in the accounts.
- General Services Department. Of the remaining \$259,983, General Services states that it needs \$83,000 for Helicopter Mechanics to travel for training, as required by the Federal

Aviation Administration, and it needs \$30,000 for travel to maintain Los Angeles Department of Water and Power helicopters engaging in out-of-state projects. We recommend sweeping the remaining \$146,983.

- Police Department. Of the remaining \$400,340, the Police Department states that it needs to retain \$380,092 for various purpose, including primarily extradition and investigative travel for the purposes of apprehending offenders who have fled the state before facing trial. The California Department of Correction and Rehabilitation – Extradition Unit reimburses extradition travel, which we estimate to be \$88,400. We recommend sweeping the remaining \$20,248.

Thus, in total, we recommend reducing travel appropriations by \$414,769 (\$290,647 General Fund and \$124,122 special funds) and transferring the General Fund reduction to the Unappropriated Balance, Reserve for Unrealized Revenue (Attachments 2A and 2B).

CAO to remove Heritage Month funding and place them in the Reserve Fund for budget balancing in future FSRs.

Consistent with this instruction, this Office has identified the remaining balance in the General City Purposes – Heritage Month Account to be \$445,728 (\$100,000 General Fund and \$345,728 special funds). Of this amount, \$207,663 (\$41,560 is General Fund and \$166,103 special funds) is the City Council portion while \$238,065 (\$58,440 General Fund and \$179,625 special funds) is the Mayor portion. While the Mayor and City Council's amendment to the Second FSR only referenced the City Council portion of this Account, the Mayor's Office has also agreed to sweep \$188,065 (\$33,440 General Fund and \$154,625 special funds).

Therefore, we recommend reducing the appropriation in this account by \$395,728 (\$75,000 General Fund and \$320,728 special funds) and transferring the General Fund reduction to the Unappropriated Balance, Reserve for Unrealized Revenue (Attachment 2A Recommendation 27).

CAO to remove Official Visits from Dignitaries funding and place them in the Reserve Fund for budget balancing in future FSRs.

Consistent with this instruction, this Office has identified the remaining balance in the General City Purposes – Official Visits of Dignitaries Account to be \$34,980 (General Fund). We recommend sweeping the full amount to the Unappropriated Balance, Reserve for Unrealized Revenue (Attachment 2A).

CAO to defer membership fees for all organizations and place them in the Reserve Fund for budget balancing in future FSRs.

Consistent with this instruction, this Office has identified 11 agencies in which the City holds active membership. Of these, there are five for which our membership fees have yet to be paid at a total cost of \$282,950 (General Fund). These five agencies include the California Contract Cities Association (\$11,250), the League of California Cities (\$104,400), the National League of Cities

(\$67,500), the San Fernando Valley Council of Governments (\$35,000), and the United States Conference of Mayors (\$64,800).

Our Office has been working with the City Clerk to reach out to the respective agencies to determine the impacts of deferring our 2020-21 membership dues to 2021-22. We are currently waiting on responses, but our Office recommends that the City pay the remaining membership fees to these agencies in the current year. The City incurred these payment obligations in 2020-21 and appropriated funding that is available to pay for these services. Deferring the payment of these membership fees to 2021-22 would obligate the City to appropriate additional funding in 2021-22, since the City would still be liable for the 2020-21 membership fees. Therefore, we recommend that the City Council and Mayor rescind this instruction.

Propose an alternative to reducing the Controller's Accounting Assistance Program.

Defer the \$190K reduction to the Controller's Accounting Assistance Program until January 30, and work with the Controller to avoid accounting service impacts for the Controller and participating departments.

In the Second FSR, this Office recommended reducing the Controller's Salaries, As-Needed account by \$190,000, sweeping the uncommitted balance remaining for front funding the temporary employees hired through the Controller's Accounting Assistance Program. Eliminating this front funding would require departments that use the Program, including the Controller, to either identify their own funding sources or terminate the temporary employees that they had hired through the Program. The City Council and Mayor amended this recommendation to defer the reduction until January 30, 2021, to determine if alternative reductions were feasible.

On January 21, 2021, the Office of the Controller sent this Office a letter proposing two revenue solutions to offset this proposed \$190,000 reduction. While the revenues may have exceeded the budgeted amount for each source, they are not new revenues initiated and generated for the purposes of current year budget balancing. Therefore, consistent with how this Office treated requests from several other departments to use revenues above budget from existing sources as an alternative to a portion of their three percent budget reduction target, we did not consider this proposal as a valid offset to that requirement. The specific proposals were to count reimbursements totaling \$97,744 from departments participating in the Accounting Assistance Program and to recognize an increase in e-payables revenue.

The CAO's proposal to in the Second FSR was not to eliminate this Program or its services, but to transfer the administration of the program to the participating departments that use these accounting services. The decentralization of this program would free up \$250,000 in revolving funds to meet the Mayor and City Council's three-percent budget reduction target. At the time of the Second FSR, only \$190,000 of this amount was available. Any participating department can still request the Mayor's Office to authorize a 120-day appointment and pay these employees directly from their payroll. Therefore, consistent with the amendment to the FSR and this Office's original recommendation, we recommend sweeping the remaining balance related to this Program. No action is necessary for this to occur.

Seek alternative funding sources for the Clean and Green and Hire LA Youth programs.

Eliminate the use of the General Fund for Clean & Green and Hire LA Youth, and sweep the funds to the Reserve Fund for budget balancing measures in future FSRs. Ensure that Clean and Green and Hire LA Youth program employees are paid. Provide recommendations to fund these programs from other sources, including Bureau of Sanitation funds, UB Account No. 580318 and AB 1290 funds and other potential sources.

In the Second FSR, this Office recommended General Fund reductions to the Clean and Green Program (\$480,433) and Hire LA Youth Program (\$112,500) within the Board of Public Works. The reduction to Clean and Green would result in the elimination of approximately 60 of the 175 contract jobs created through this program. The reduction to the Hire LA Youth Program would result in the elimination of approximately 75 of the 225 youth jobs created.

In the amendments to the Second FSR, the City Council and Mayor instructed that the General Fund appropriation reduction occur, but that the programs continue. Further, the amendments instructed this Office to provide recommendations for funding these programs instead through Bureau of Sanitation Funds, the Unappropriated Balance, Reserve or Preservation of City Services, Reinvestment in Disadvantaged Communities and Communities of Color, Reimagining Public Safety Service Delivery, Targeted Local Hire Program Account (UB – Reserve for Preservation), or AB 1290 funds.

This Office has reviewed the possible use of funds administered by the Bureau of Sanitation for these purposes but does not recommend doing so. Some of the services provided by the Clean and Green Program are eligible uses for several of the Bureau's special funds, but the 2020-21 Budget already appropriates the eligible amounts. Further, Sanitation's special funds are facing financial challenges and adding new expenditures would either increase the General Fund subsidy they are already receiving, or move them closer to requiring a subsidy.

Both the UB – Reserve for Preservation (\$88 million) and AB 1290 (\$52 million) funds are available for either of these programs. As this is a discretionary matter, we do not make a specific recommendation for funding at this time. In the absence of a separate action, the Board will no longer be able continue these programs at the current levels. We therefore recommend that the City Council rescind its action from the Second FSR, which would result in reducing these programs by the amounts we previously recommended.

Reduce Contract Spending

Defer fourth quarter contract payments.

CAO to report to Budget & Finance with a list of contractual payments that City will owe in the fourth quarter of 2020-21, with recommendations for deferring those payments until 2021-22.

In order to implement this instruction, this Office has asked all departments to provide us with a list of contracts with payments due in the fourth quarter of 2020-21 and identify the payments that the department could defer until 2021-22. Further, if a department believes that they cannot defer all or part of the payment, we asked them to justify the need to make the payment at this time.

Specifically, we asked them to state whether the payment was necessary because:

- The contract does not permit deferring payments.
- There are significant late fees or penalties.
- The City would lose the opportunity to achieve an early payment discount.
- Non-payment would cause significant harm to a local small business.
- The contract payment is legally mandated.

We will report with recommendation for payment deferrals and the associated budget relief in the Mid-Year FSR.

Reduce or eliminate cost of living adjustments for outside vendors.

Bureau of Sanitation and the Board of Public Works to reduce or eliminate the cost of living adjustments (COLAs) for outside vendor contracts.

The Board currently manages 42 contracts for graffiti abatement, clean up and beautification, tree planting/coordination, film and television, homelessness, and temporary employment services. Rates for 37 of the 42 contracts are based on minimum, living, or prevailing wage requirements. Of the remaining five contracts, one has a fixed fee schedule and four have negotiated rate increases. The Board is working with these vendors to defer these increases. Film and television service contracts are paid by permittees to the City and deferring rate increases will reduce General fund revenues.

The Bureau of Sanitation reports that it will prepare a separate report to the Budget and Finance Committee on opportunities to reduce or eliminate COLAs for outside contracts.

Increase Revenues

Seek full cost recovery from fees.

CAO to report with recommendations for revisions to departmental budgets based on expanded implementation of full cost recovery with fees.

This Office is currently working with the departments to identify 1) the policy as well as the budgetary impact of any proposed fee increase; and 2) the highest priority fee studies based on the amount of General Fund subsidy and potential costs recovery, the transaction volume, and the dollar amount of revenue. This Office will provide a report on these issues in a subsequent FSR. Due to the time required for the cost analysis and approval process, it is likely that any proposed fee increase would impact costs recovery in the next fiscal year rather than in 2020-21.

Add automatic inflator to fees. CAO and departments to incorporate automatic annual inflation escalator to extent permissible by law for fee increases.

This Office consulted the City Attorney to clarify whether it is legal to incorporate automatic annual inflation escalators for fee increases. According to the City Attorney, a fee study would be required

to justify a fee increase in order to comply with Proposition 26, a voter initiative approved in 2010.

Proposition 26 provides that any levy, charge or exaction of any kind imposed by a local government is defined as a tax and would require voter approval unless the fee falls within one of seven specified exceptions. Relevant here is the exception for fees that are imposed for reasonable regulatory costs to the City for issuing licenses and permits, performing related investigations, inspections, and audits, enforcing agricultural marketing orders, and for the administrative enforcement and adjudication thereof. To invoke this exception, the City would need to rely on a fee study to meet its burden of proving that the fee does not exceed the City's reasonable costs. The City Attorney has stated that the proposed inflationary fee escalators would constitute a tax under Proposition 26. Therefore, the City would have to either perform a fee study to support the increase or place the increase before the voters.

Reverse the parking fine amnesty program.

CAO and Department of Transportation to reverse the Mayor's 50 percent amnesty program for parking fines paid timely.

The Mayor initiated the Early Pay LA Program, which began on November 2, 2020, and will end on June 30, 2021. This economic relief program provides a \$20 early payment discount on street sweeping, oversized vehicle, and preferential parking permit parking citations that were previously relaxed due to Stay at Home Orders. The discount is available to those who pay the citation within 48 hours of its issuance. The Mayor and/or Council may modify the Early Pay LA Program as needed.

The Department of Transportation, Parking Enforcement Division, has issued approximately 167,000 street sweeping, oversized vehicle, and preferential parking permit citations that are eligible for Early Pay LA discounts. These citations have a value of \$1.5 million. Motorists have paid over 20,000 (or 12 percent) of those parking citations within 48 hours, for total discounts claimed of \$400,000. The City has collected \$1.1 million in citation revenues.

Early Pay LA has been available for two months. Therefore, the estimated monthly discount claimed is approximately \$200,000 per month. Although the data is limited, if the citation issuance and participation levels were to remain constant for the rest of the fiscal year, there would be an estimated \$200,000 a month in discounts, equaling about \$1.6 million in total discounts by the end of 2020-21.

Early Pay LA provides economic relief to those impacted by COVID-19 and any program changes are policy decisions for the Mayor and City Council.

COVID-19 Reimbursements (Remaining)

Report on COVID-19 Federal Relief Fund balances.

CAO to report on any unspent and uncommitted balances from the CRF funds after the December 30 deadline regardless of whether Congress acts to extend that deadline.

In the Second FSR, this Office reported that, consistent with prior Council action (C.F. 20-0147-S38 and C.F. 20-1450), the City could anticipate transferring \$40 million of COVID-19 Federal Relief Fund (CRF) to the Reserve Fund for reimbursement of the City's COVID-19-related expenditures. This was in addition to \$28.9 million that we anticipated that the General Fund would receive this fiscal year from reimbursement requests that the City has submitted to the Federal Emergency Management Agency. Together, these two sources of federal COVID-19 relief funding accounted for \$68.9 million of our proposed \$675.0 million of budget balancing solutions.

Through an amendment to the Second FSR, the Mayor and City Council instructed the CAO to report on any unspent and uncommitted balances from the CRF funds after December 30 regardless of whether Congress acted to extend the spending deadline for those funds. In December, Congress did act to extend the funding deadline until December 31, 2021.

On January 8, 2021, in response to this amendment to the Second FSR, this Office released a report in which we recommended the transfer of \$40.0 million in available CRF funds to the Reserve Fund, consistent with the budget-balancing plan in the Second FSR. We also identified \$37.6 million in uncommitted CRF funds that the City either could retain within the fund to provide additional COVID-19-related relief services or transfer to the Reserve Fund to reimburse the City for additional relief services that we have already performed. The City has since taken steps to designate \$2.0 of these funds for the Great Plates Program (\$1.5 million) and Project Safe Haven (\$0.5 million), which would leave a current balance of \$35.6 million. If transferred to the Reserve Fund as reimbursements, these funds would provide additional budget balancing relief. As an alternative, the City could use those funds for new eligible COVID-19-related relief spending. As we stated in the Second FSR, this is the only funding source currently available to pay for the City's COVID-19 relief activities at this time.

Use of this \$35.6 million is one of few options available to the City to address the remaining current year General Fund budget gap presented in this report.

General Fund Reserves

In the Second FSR, we reported that as the COVID-19 pandemic is a one-time, extraordinary event, it is appropriate for the City to access its General Fund reserves to address the budget challenges that the pandemic presents. At that time, we identified \$259.0 million in the Contingency Reserve Account of the Reserve Fund (\$141.9 million) and the Budget Stabilization Fund (\$117.1 million) that may be available at year-end for budget balancing. If the City takes these actions, we recognized that it would end the year with General Fund Reserves solely comprised of the Reserve Fund's Emergency Reserve Account, funded at \$183.90 million or 2.75 percent of General Fund

revenues. We stated that the City should endeavor to retain the Emergency Reserve at its Charter level in order to remain able to respond to any future unknown fiscal challenges or disasters.

The Mayor and City Council instructed this Office to identify opportunities to use available special fund balances for General Fund budget balancing. Any such actions would increase the size of the Contingency Reserve, which the City could then use for budget balancing at the end of the fiscal year. We have conducted a review of special fund balances and identified \$9,567,469 for transfer to the Reserve Fund at this time, as well as \$221,389 for transfer to the unrestricted balance of a special fund. In addition, we have also identified prior year encumbrances totaling \$5,484,284 that we recommend be reverted and transferred to the Reserve Fund at this time. Taken together, we recommend transferring \$15,273,142 to various City fund balances. Most significantly, the recommendations in this report will increase the balance of the Contingency Reserve by \$15,051,753, which the City can use at year-end to increase the transfer of General Fund reserves for budget balancing, if necessary.

Special Fund Relief

Seek relief from the Campaign Matching Funds Trust Fund.

CAO to report to B&F by January 30 relative to:

- *Using the 2020-21 General Fund contribution to the Ethics Campaign Matching Funds Trust Fund to the UB - Reserve for Layoff Avoidance.*
- *Sweeping the Ethics Trust Fund to the Reserve Fund for budget balancing in future FSRs.*

In the Second FSR, this Office reported that the City Ethics Commission has completed a preliminary evaluation of the Public Campaign Matching Funds Trust Fund (Trust Fund) and identified surplus funds above the amount necessary to cover anticipated current year expenditures and maintain the required minimum balance. At that time, it was our understanding that the City could withhold \$3.43 million in budgeted payments to the Fund this year pursuant to Charter Section 471(c). That section permits the transfer of those funds if the City Council has declared a fiscal emergency, and after consideration of the Ethics Commission's analysis of projected costs and public funding needs for the next four years. Subsequent to the release of the Second FSR, the City Attorney advised that the same Charter section requires any balance removed from that fund during the fiscal year to be repaid during the subsequent fiscal year.

Through the Second FSR, the City Council and Mayor instructed the Ethics Commission to prepare present the Charter-mandated analysis of the four-year projected costs and public funding needs for the Trust Fund, as a first step toward sweeping a current year surplus of \$3,431,847. Consistent with that recommendation, our budget balancing plan in the Second FSR assumed that this amount would be part of the solution to the 2020-21 Budget gap. Therefore, we do not reflect it as a new solution in this report.

Although our initial recommendation was based on the assumption that the City would not have to repay this amount, this one-time borrowing does offer advantages over additional reductions, which impact vital City services, or other sources of borrowing, which require interest payments. If the recommended borrowing is approved, the 2020-21 Budget will have to include a repayment of this

amount. If, however, the City declares a fiscal emergency again in 2021-22 and the Ethics Commission confirms that, after receiving the loan repayment, the Fund balance is adequate to meet the four-year projected cost of public funding, the City may be able to reduce the 2021-22 appropriation in such a way as to offset the cost of the repayment. Therefore, this Office recommends that the City Council consider the Ethics Commission's analysis of the Trust Fund's ability to meet the projected costs and public funding needs for the next four years, (See Attachment 3), and that the Mayor and Council approve the use of \$3,431,847 for current year budget balancing. We further recommend that the Mayor and City Council commit to repaying that amount as part of the 2021-22 Budget, consistent with the City Charter.

Sweep special funds balances to the General Fund.

CAO to report by January 30, 2021 on opportunities to drawdown balances of all available special funds not controlled by proprietary departments for cash flow purposes, and close-out any without active transactions.

This Office did not conduct a review of all special funds without active transactions that the City could be sweep to the Reserve Fund for budgetary relief. We last performed this comprehensive analysis in 2019 and the Mayor and City Council considered and approved our recommendations in May of 2019 (C.F. 18-0270). In that report, we collaborated with many special fund administrators to conduct a comprehensive analysis of 123 special funds with balances of over \$23 million. Of the full balance, we determined that the City could legally only transfer \$258,843 to the General Fund, and recommended that the Mayor and City Council do so.

In recent years, in an effort to ensure that special fund administrators actively seek to use their special funds as envisioned, the annual budget instructions to departments request them to report on the status and spending plans for all of their special funds. In addition, the City recently revised its Financial Policies to require special fund administrators to regularly evaluate and manage the balances within their funds to ensure their timely use, consistent with the fund's intent. These additional requirements should mitigate prior concerns with significant unspent balances building in special funds.

In response to this amendment to the Second FSR, on January 19, 2021, the Office of the Controller sent a letter to the CAO identifying the December 31, 2020, balances of all of the City's special funds that had experienced no expenditure activity in the prior two years. The Controller's Office recommended that we seek to transfer all balances to the Reserve Fund as loans, and then begin the process of escheating those funds as soon as legally permissible. The Controller did not identify which of these funds the City could legally escheat, or when the City could legally begin to do so. This Office does not support transferring these balances as loans to the Reserve Fund without certainty about whether the City can legally escheat them, as doing so would create a new General Fund liability without a specific, validated plan to address it. We encourage the Controller to work with the City Attorney and special fund administrators to perform this analysis.

Subventions and Grants Fund. The Subventions and Grants Fund is a holding account administered by the Board of Public Works. It accepts deposits for a variety of reasons, including reimbursements for projects or services that receive funding from outside entities such as other

governmental agencies. Upon receipt, the City deposits and holds funds in various departmental accounts. Once a department has completed the requested work, the City may revert any remaining balances to the appropriate fund. These balances are most likely the result of departments completing the work using their eligible current-year appropriations.

We worked with all of the departments with accounts within the Subventions and Grants Fund to determine whether the City must retain balances in their accounts for the designated work, or whether the City could sweep remaining, unneeded balances. Specifically, we worked with the Bureau of Engineering, the Bureau of Street Services, the Department of Transportation, the Bureau of Street Lighting, the Bureau of Contract Administration, the Department of General Services, the Information Technology Agency, and the Los Angeles Police Department. We also worked with the City Attorney and City Controller to ensure that it is legal and appropriate to sweep the specific balances that we propose in this report.

Based on this review we recommend transferring a total of \$9,567,469 to the Reserve Fund and \$221,389 to the Street Lighting Assessment Fund (Attachment 5). The funds transferred to the Reserve Fund are unrestricted, while the City must use the funds it transfers to the Street Lighting Assessment Fund in a manner consistent with the purposes of that Fund. We have identified several other balances within the Subventions and Grants Fund that the City should transfer to project accounts to support specific projects and to increase transparency. We will make recommendations to do so in future reports.

Early Reversions to the Reserve Fund

Capital Improvement Expenditure Program

Measure W Projects. The City is undertaking several projects to divert, filter, and treat polluted stormwater prior to discharging it into the Arroyo Seco and the Los Angeles River, in compliance with the City's Stormwater Discharge Permit. Prior to the City's receipt of Measure W funding, the City used other funding sources for these projects, including the General Fund. This Office has identified various projects that the City funded, in part, from the General Fund in 2017-18 and 2018-19 that the City can now shift to Measure W funding. Therefore, we recommend releasing \$170,213 in General Fund encumbrances for these projects, adding these amounts to the uncommitted balances for each project account, and then reverting the uncommitted General Fund amount of \$3,379,958 to the Reserve Fund. In order to ensure that there is no impact on the projects, we also recommend new Measure W-funded appropriations in the same amounts to the same projects.

The projects, and the General Fund amount we recommend swapping for Measure W, are as follows:

- Arroyo Seco Urban Runoff Project 1, Sycamore Grove Park – \$190,556, \$36,233 of which is released encumbrances.
- Arroyo Seco Urban Runoff Project 2, Herman Dog Park – \$999,433, \$33,495 of which is released encumbrances.

- LA River Segment B Urban Runoff Project 1, 2nd Street – \$846,581, \$33,495 of which is released encumbrances.
- LA River Segment B Urban Runoff Project 2, Palmetto Street – \$798,936, \$33,495 of which is released encumbrances.
- LA River Segment B Urban Runoff Project 3, Mission Road – \$544,452, \$33,495 of which is released encumbrances.

Paseo Miramar. This Office has identified \$200,000 in prior year funding for the Paseo Miramar project that the City can now release and revert to the Reserve Fund. The City completed this slope stabilization project in May 2017 and the remaining funds are no longer needed.

City Attorney

The City Attorney has identified \$706,762 in prior year encumbrances from seven outside counsel contracts that it is able to disencumber at this time. This Office recommends that the Controller disencumber these amounts and revert them to the Reserve Fund. In addition, the City Attorney has identified \$89,882 from a current year outside counsel contract that it can also disencumber. This Office recommends that, after disencumbering, the Mayor and City Council reduce the appropriation in the City Attorney's Contractual Services Account by the same amount and transfer is to the Unappropriated Balance, Reserve for Unrealized Revenues (See Attachment 1).

Department of Cannabis Regulation

This Office, in conjunction with the Department of Cannabis Regulation, has identified \$150,000 in prior year funding in the Cannabis Regulation Special Revenue Trust Fund initially from the General Fund that can now be reverted to the Reserve Fund. The funding is the remaining balance for appropriations provided for an expanded Social Equity Program analysis that is now complete (\$84,989), and for fee deferrals that are unlikely to be necessary as deferrals must be repaid in the summer of 2021 (\$65,011).

Information Technology Agency

The Information Technology Agency has identified \$1,047,564 in prior-year encumbrances from 2015-16, 2016-17, and 2017-18 within 67 different accounts (see Attachment 4) that are no longer required. This this Office recommends that the Controller disencumber these amounts and revert them to the Reserve Fund.

Debt Options – Working Capital

Reduce MICLA project authority to increase debt capacity for working capital.

CAO to report in the next FSR with recommendations for more MICLA project deferral/cancellation to free up additional credit capacity.

In the Second FSR, we presented several options to use debt to bridge this year's budget gap. In that report, we noted that this form of borrowing, otherwise known as deficit borrowing, carries with it a number of risk factors and rating agencies consider it as a credit negative due to the deferral of

near-term financial obligations and added expenses to the issuer as it pays off the debt over time. Nevertheless, if combined with an overall multi-year strategic plan to address the City's fiscal challenges, rating agencies can consider deficit borrowing to be an acceptable option.

Based on our review, we identified borrowing of up to \$150 million for working capital through the MICLA Commercial Paper (CP) Programs as the only viable option the City should consider pursuing for 2020-21. We strongly recommended that this strategy should include a repayment plan to ensure that the City quickly repays the debt issued to finance current year expenditures and uses revenues received over the next several years such as FEMA reimbursements, delayed receipts, and other one-time receipts. The speed with which the City repays the working capital debt will determine how fast the City can reinstate the deferred and delayed MICLA projects identified for reduction or begin new priority projects.

Through the Second FSR the Mayor and Council approved \$141.7 million in reductions within the MICLA Program, including \$25.2 million in reductions for capital projects and \$116.5 million in reductions for equipment purchases. In some cases, these reductions helped to create additional capacity within the City's MICLA CP Program to allow for \$150 million in borrowing for budget balancing. As an amendment to the Second FSR, the Mayor and City Council instructed this Office to present additional recommendations for MICLA project deferrals or cancellations in an effort to create additional credit capacity that the City could use to address the 2020-21 budget gap.

While we performed an additional evaluation of the remaining MICLA authority, we did not identify any accounts that we could cancel or defer to long enough to generate additional debt capacity in order to increase the proposed 2020-21 working capital borrowing. We will continue to assess our Commercial Paper Program and determine, if and when this borrowing becomes necessary, the amount that we are able to borrow to address the remaining budget gap.

Labor Cost Savings

Negotiate labor contract savings.

CAO to report to EERC with contract savings proposals to be negotiated with all civilian and sworn unions to offset service impacts of proposed reductions in all departments for 2020-21 and 2021-22, and to contribute to addressing revenue shortfalls.

Labor cost reductions are an essential part of balancing the 2020-21 Budget. Thus, the Second FSR included a current year labor cost savings target of \$94.2 million, including \$45.2 million in the elimination of filled positions, most likely through layoff, and \$49.0 million in unspecified labor concessions.

Specifically, this Office recommended the elimination of 1,894 filled positions, likely through layoff, which would achieve \$45.2 million in 2020-21 budget savings. The amendments to the FSR reduced the savings anticipated from layoffs by \$36.6 million from \$45.2 million to \$8.6 million by reducing the number of layoffs and their term. The amendments reduced the number of layoffs in the Police Department by 1,051 positions. This was comprised of a reduction in sworn layoffs by

596 positions, from 951 to 355, and a reduction in civilian layoffs by 455 positions, from 728 to 273. Also, the amendments set a layoff target date of May 22, which reduced the salary savings from each layoff from three months to 2.8 pay periods.

In the Second FSR, we also proposed \$49.0 million in unspecified labor concession. We recognized that these could be difficult to achieve, as most of the City's employees are in the midst of approved labor contracts that include upcoming salary increases. Therefore, the Mayor and City Council instructed us to meet with all civilian and sworn unions and report to the Executive Employee Relations Committee with proposals to help to address the City's revenue shortfall.

Through this work, this Office has separately presented, or will soon present, amendments to current employee contracts for the City Council and Mayor's approval. Cumulatively, these contracts will increase the 2020-21 General Fund Budget gap by \$94.3 million. They, however, will facilitate budget balancing in 2021-22 and in later years by reducing employee related costs including salary, benefit, and retirement costs.

The impacts in 2020-21 are as follows, with the amounts in parentheses representing combined General Fund and subsidized special funds, unless we state otherwise:

New Savings (\$22.7 million; \$30.7 million overall)

- Deferral of remaining civilian cost of living adjustments (\$11.9 million; \$15.5 million overall).
- Two civilian unpaid days (\$10.8 million; \$15.2 million overall).

Reductions to Previously Anticipated Savings (\$117.0 million)

- Cancellation of all civilian furloughs (\$59.4 million)
- Cancellation of remaining layoffs (\$8.6 million)
- Replacement of labor concession target from Second FSR with actual labor agreement (\$49.0 million)

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Attachments

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase				Impact	
	Total	General Fund	Special Funds			
<u>Animal Services</u>						
Animal Food / Feed and Grain Account (4580) Savings	\$	(296,700)	\$	(296,700)	\$ -	No impact. Reflects savings achieved due to lower animal populations due to the pandemic.
Medical Supplies Account (3190) Savings	\$	(315,000)	\$	(315,000)	\$ -	No impact. Reflects savings achieved due to lower animal populations due to the pandemic.
Various Expense Account Savings	\$	(78,137)	\$	(78,137)	\$ -	No impact. Reflects savings achieved due to lower animal populations due to the pandemic. Reductions Office and Administrative (\$42,247), and Operating Supplies (\$35,890) accounts.
Subtotal	\$	(689,837)	\$	(689,837)	\$ -	
<u>City Attorney</u>						
Release of Prior Year Encumbrances	\$	-	\$	-	\$ -	This proposal, to release \$706,762 in prior year encumbrances against outside counsel contracts, is included in the Transfers from General Fund Reserves Section of this report. No impact.
Disencumber Current Year Outside Counsel Contract Funds	\$	(89,882)	\$	(89,882)	\$ -	Funds are not currently needed. After disencumbering, the increased available balance in the City Attorney Outside Counsel Account (No. 9301) can be swept. No impact.
Litigation Account Reduction	\$	(150,000)	\$	(150,000)	\$ -	Reflects current savings as a result of pandemic-related court closures. No impact.
Bar Dues (2060) and Office and Administrative (6010) Account Reductions	\$	(57,000)	\$	(57,000)	\$ -	Reduction in Bar Dues (\$47,000) and Office and Administrative (\$10,000) accounts reflect current spending levels. No impact.
Subtotal	\$	(296,882)	\$	(296,882)	\$ -	

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase			Impact
	Total	General Fund	Special Funds	

City Planning

Home Sharing Ordinance Contractual Services Account (3040) for Enforcement Funding Swap	\$	-	\$ (355,345)	\$ 355,345	No impact. Replace a portion of the General Fund appropriation for this purpose with the Short-Term Rental Enforcement Trust Fund (62N).
Overtime General Account (1090) Reductions	\$	(74,898)	\$ (5,000)	\$ (69,898)	Minimal impact on staffing levels at community meetings and case processing times. Special funds include the Planning Case Processing Fund (\$50,000) and the Long-Range Planning Fund (\$19,898).
Office and Administrative (6010) and Operating Expense (6020) Accounts Savings	\$	(81,230)	\$ (1,149)	\$ (80,081)	Minimal impact, as savings are generated from efficiencies from remote working. Special funds include the Planning Case Processing Fund (\$79,676) and the Long-Range Planning Fund (\$405).
Increase Special Fund Related Cost Reimbursements to the General Fund	\$	-	\$ (86,772)	\$ 86,772	As a result of reductions above, the Planning Case Processing Fund (\$81,696) and the Long-Range Planning Fund (\$5,076) have available balances, a portion of which can be transferred to the General Fund as related cost reimbursements. No impact.
<i>Subtotal</i>	\$	(242,900)	\$ (448,266)	\$ 205,366	

Economic and Workforce Development

Business Source Center Salary Savings (Account 1010)	\$	(98,446)	\$ (98,446)	\$ -	Minimal impact as this reflects one existing vacancy associated with this program.
Jobs and Economic Development Incentive Zone Salary Savings (Account 1010)	\$	(147,670)	\$ -	\$ (147,670)	Minimal impact as this reflects two existing vacancies associated with this program (Economic Development Trust Fund).
<i>Subtotal</i>	\$	(246,116)	\$ (98,446)	\$ (147,670)	

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase			Impact
	Total	General Fund	Special Funds	

Finance

LATA Modernization Project					No impact as this reflects that the contract has cost less than expected.
Contract Services Account					
(3040) Savings	\$	(130,000)	\$	(130,000)	\$ -
<i>Subtotal</i>	\$	(130,000)	\$	(130,000)	\$ -

Fire

Unused Sick Time Account					Only 10 percent of the \$5.4 million account has been expended to date, so reduction reflects current spending patterns.
(1050) Reduction	\$	(2,500,000)	\$	(2,500,000)	\$ -
Salaries Sworn Account					Department had proposed that the full reduction come from this account. This reduction will further reduce staffing and potentially increase response times.
(1012) Reduction	\$	(924,790)	\$	(924,790)	\$ -
<i>Subtotal</i>	\$	(3,424,790)	\$	(3,424,790)	\$ -

Housing and Community Investment

Special Fund Salary Savings					Minimal impact. Reductions to various special funds reflect current vacancies, including Accessible Housing Fund (\$230,000), Community Development Trust Fund (\$250,000), Affordable Housing Trust Fund (\$75,000), Low and Moderate Income Housing Fund (\$600,000), HOME Investment Partnership Program Fund (\$500,000), and Municipal Housing Finance Fund (\$250,000).
(Account 1010)	\$	(1,905,000)	\$	-	\$ (1,905,000)
Lease Account (6030)					Minimal impact as it reflects projected savings in this account (Community Development Trust Fund).
Savings	\$	(50,000)	\$	-	\$ (50,000)
<i>Subtotal</i>	\$	(1,955,000)	\$	-	\$ (1,955,000)

Human Resources Benefits

Workers' Compensation					No impact. Reflects savings due to lower than anticipated costs in the California State Assessment Fee and fewer claim settlements.
Account (9910) Savings	\$	(6,000,000)	\$	(6,000,000)	\$ -
<i>Subtotal</i>	\$	(6,000,000)	\$	(6,000,000)	\$ -

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase			Impact
	Total	General Fund	Special Funds	
<u>Information Technology Agency</u>				
Regional Procurement Portal Contractual Services (3040) Savings	\$ (449,286)	\$ (100,000)	\$ (349,286)	No impact. Savings are due to project delays. This same amount will need to be appropriated in 2021-22 in order to complete the project. Special Fund is the Public Works Trust Fund.
Americans with Disabilities Act Compliance Contract Services Account (3040) Savings	\$ (63,000)	\$ (63,000)	-	No impact. Reflects current spending estimates for this purpose.
Mainframe Enterprise Server Contractual Services Account (3040) Savings	\$ (100,000)	\$ (100,000)	-	No impact. Reflects current spending estimates for this purpose.
Communication Services Account (9350) Savings	\$ (250,000)	\$ (250,000)	-	Minimal impact, as department may need to identify a way to absorb costs of current voice and data services. This proposal, to release \$1,047,564 in prior year encumbrances against various contracts is included in the Transfers from General Fund Reserves Section of this report.
Prior Year Encumbrance Release	\$ -	\$ -	\$ -	No impact.
Subtotal	\$ (862,286)	\$ (513,000)	\$ (349,286)	

Police Department

Recognition of Prior Transfer of Reimbursable Overtime to the Unappropriated Balance, Reserve for Unrealized Revenues	\$ (5,719,000)	\$ (5,719,000)	-	As part of the July 1, 2020, changes to the Budget, the Mayor and City Council reduced reimbursable overtime and recognized the associated lost revenues by transferring the appropriation to the UB - Reserve account. This Office did not appropriately recognize this adjustment in the Second FSR
<i>Subtotal</i>	<i>\$ (5,719,000)</i>	<i>\$ (5,719,000)</i>	<i>-</i>	

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase			Impact
	Total	General Fund	Special Funds	

Public Works - Bureau of Engineering

Transfer Four General Fund Positions to Special Funded Projects	\$	(230,466)	\$	(230,466)	\$	-	One positions will work on SB1 funded sidewalk projects, and three will work on special funded wastewater projects. Various projects currently paid by the General Fund could be negatively impacted.
Contract In for Various Projects to Shift General Fund Appropriations to Special Funds and Project Funds	\$	(480,502)	\$	(480,502)	\$	-	The Bureau will receive new appropriations for the Silver Lake Reservoir (\$150,502), SR-710 Mobility Improvement (\$150,000), the Elysian Valley Shared Path (\$100,000), and various Prop K projects (\$80,000). No impact
Shift Staff Work from Stressed Special Funds to Healthy Special Funds.	\$	(19,696)	\$	-	\$	(19,696)	Will relieve the Stormwater Pollution Abatement Fund (\$17,045) and Gas Tax (\$2,651).
<i>Subtotal</i>	\$	(730,664)	\$	(710,968)	\$	(19,696)	

Tax and Revenue Anticipation Notes

Budgetary Savings for Tax and Revenue Anticipation Notes (TRAN) Debt Service	\$	(35,443,151)	\$	(35,443,151)	\$	-	Savings generated as a result of TRAN interest rates being lower at the time of issuance than they were projected at the time of the 2020-21 Proposed Budget release. No impact.
<i>Subtotal</i>	\$	(35,443,151)	\$	(35,443,151)	\$	-	

ATTACHMENT 1
PROPOSED DEPARTMENTAL AND NON-DEPARTMENTAL REDUCTIONS

Item Name	Expenditure Reduction / Revenue Increase			Impact
	Total	General Fund	Special Funds	

Transportation

				Employees will move to available positions in Measure M (six positions), Measure R (two positions), Mobile Source (one position), Permit Parking Revenue Fund (one position), and Prop C (eight positions). This will not impact the overall amount of work performed, but special funded work will benefit while General Funded work will be delayed.
Transfer 18 General Fund Employees to Special Funded Authorities	\$ (693,470)	\$ (693,470)	\$	-
<i>Subtotal</i>	<i>\$ (693,470)</i>	<i>\$ (693,470)</i>	<i>\$</i>	<i>-</i>

<u>Reduction Total</u>	<u>\$ (56,434,096)</u>	<u>\$ (54,167,810)</u>	<u>\$ (2,266,286)</u>
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**ATTACHMENT 2A
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Aging				
	<u>Fund 100/02, Aging</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 8,650.00	580230, Reserve for Unrealized Revenue	\$8,650.00
Animal Services				
	<u>Fund 100/06, Animal Services</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	004580, Feed and Grain	\$ 296,700.00	580230, Reserve for Unrealized Revenue	\$689,837.00
	003190, Medical Supplies	\$ 315,000.00		
	006010, Office and Administrative	\$ 42,247.00		
	006020, Operating Supplies	\$ 35,890.00		
	Subtotal	<u>\$ 689,837.00</u>		
City Attorney				
	<u>Fund 100/12, City Attorney</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	004200, Litigation	\$ 150,000.00	580230, Reserve for Unrealized Revenue	\$ 207,000.00
	002060, Bar Dues	\$ 47,000.00		
	006010, Office and Administrative	\$ 10,000.00		
	Subtotal	<u>\$ 207,000.00</u>		
City Planning				
	<u>Fund 100/68, City Planning</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	001090, Overtime General	\$ 5,000.00	580230, Reserve for Unrealized Revenue	\$ 6,149.00
	006020, Operating Supplies	\$ 1,149.00		
	Subtotal	<u>\$ 6,149.00</u>		
Council				
	<u>Fund 100/28, Council</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 24,845.00	580230, Reserve for Unrealized Revenue	\$ 24,845.00

**ATTACHMENT 2A
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Disability				
	<u>Fund 100/65, Disability</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 5,000.00	580230, Reserve for Unrealized Revenue	\$ 5,000.00
Economic and Workforce Development				
	<u>Fund 100/22, Economic and Workforce Development</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	001010, Salaries General	\$ 98,446.00	580230, Reserve for Unrealized Revenue	\$ 98,446.00
Employee Relations Board				
	<u>Fund 100/36, Employee Relations Board</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 3,000.00	580230, Reserve for Unrealized Revenue	\$ 3,000.00
Finance				
	<u>Fund 100/39, Finance</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	003040, Contractual Services	\$ 130,000.00	580230, Reserve for Unrealized Revenue	\$ 168,850.00
	002130, Travel	\$ 38,850.00		
	Subtotal	<u>\$ 168,850.00</u>		
Fire				
	<u>Fund 100/38, Fire</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	001050, Unused Sick Time	\$ 2,500,000.00	580230, Reserve for Unrealized Revenue	\$ 3,427,860.00
	001012, Salaries Sworn	\$ 924,790.00		
	002130, Travel	\$ 3,070.00		
	Subtotal	<u>\$ 3,427,860.00</u>		
General City Purposes				
	<u>Fund 100/56, General City Purposes</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	000306, Official Visits of Dignitaries	\$ 34,980.00	580230, Reserve for Unrealized Revenue	\$ 109,980.00
	000832, Heritage Month Celebration & Special Event	\$ 75,000.00		
	Subtotal	<u>\$ 109,980.00</u>		
General Services				

**ATTACHMENT 2A
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

TRANSFER FROM			TRANSFER TO	
REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
	<u>Fund 100/40, General Services</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 146,983.34	580230, Reserve for Unrealized Revenue	\$ 146,983.34
Human Resources Benefits				
	<u>Fund 100/61, Human Resources Benefits Fund</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	009910, Workers' Compensation	\$ 6,000,000.00	580230, Reserve for Unrealized Revenue	\$ 6,000,000.00
Information Technology Agency				
	<u>Fund 100/32, Information Technology Agency</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	003040, Contractual Services	\$ 263,000.00	580230, Reserve for Unrealized Revenue	\$ 543,000.00
	009350, Communication Services	\$ 250,000.00		
	002130, Travel	\$ 30,000.00		
	Subtotal	\$ 543,000.00		
Police				
	<u>Fund 100/70, Police</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 20,248.38	580230, Reserve for Unrealized Revenue	\$ 20,248.38
Public Accountability				
	<u>Fund 100/11, Office of Public Accountability</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	002130, Travel	\$ 10,000.00	580230, Reserve for Unrealized Revenue	\$10,000.00
Tax Revenue Anticipate Notes				
	<u>Fund 100/62, Non-Departmental</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	620P15, Tax Revenue Anticipate Notes	\$ 35,443,150.55	580230, Reserve for Unrealized Revenue	\$ 35,443,150.55
Transportation				
	<u>Fund 100/94, Transportation</u>		<u>Fund 100/58, Unappropriated Balance</u>	
	001010, Salaries General	\$ 693,470.00	580230, Reserve for Unrealized Revenue	693,470.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 47,606,469.27		\$ 47,606,469.27

ATTACHMENT 2B
FY 2020-21 BUDGET ADJUSTMENTS
REDUCTION OF APPROPRIATION ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REDUCTION FROM		
SPECIAL FUND	FUND/ACCOUNT	AMOUNT
Workforce Innovation Opportunity Act Fund <input type="checkbox"/>		
	<u>Fund 57W/22, Workforce Innovation Opportunity Act Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 99,031.00
LA County Department of Probation Grants Fund		
	<u>Fund 60A/22, LA County Department of Probation Grants Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 1.00
DOJ Second Chance Act Fund		
	<u>Fund 56T/22, DOJ Second Chance Act Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 5.00
EWDD Summer Youth Program-Other Sources Fund		
	<u>Fund 56L/22, EWDD Summer Youth Program - Other Sources Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 13.00
General Fund- Various Program Fund		
	<u>Fund 551/22, General Fund-Variou s Program Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 494.00
High Risk/High Need Services Program Fund		
	<u>Fund 45D/22, High Risk/High Need Services Program Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 35.00
LA County Youth Job Program Fund		
	<u>Fund 56E/22, LA County Youth Job Program Fund.</u>	
	22T122, Economic and Workforce (002130)	\$ 126.00
Gang Injunction Curfew Settlement Fund		
	<u>Fund 10B/22, Gang Injunction Curfew Settlement Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 173.00
LA County WIOA Fund		
	<u>Fund 59Q/22, LA County WIOA Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 4.00
LA RISE - City GF Homeless Program Fund		
	<u>Fund 10C/22, LA RISE- City GF Homeless Program Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 75.00
DOL Youth Re-entry Grant Fund		
	<u>Fund 59R/22, DOL Youth Re-entry Grant Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 3.00
Mayor's Fund for Los Angeles Fund		
	<u>Fund 62E/22, Mayor's Fund for Los Angeles Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 8.00
LA County Project Invest Fund		
	<u>Fund 60K/22, LA County Project Invest Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 17.00

ATTACHMENT 2B
FY 2020-21 BUDGET ADJUSTMENTS
REDUCTION OF APPROPRIATION ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REDUCTION FROM		
SPECIAL FUND	FUND/ACCOUNT	AMOUNT
LA County Juvenile Justice Crime Prevention Act Fund		
	<u>Fund 59X/22, LA County Juvenile Justice Crime Prevention Act Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 11.00
LA County LA RISE Measure H Fund		
	<u>Fund 59N/22, LA County LA RISE Measure H Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 44.00
LA County Systems Involved Youth Fund		
	<u>Fund 62H/22, LA County Systems Involved Youth Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 33.00
Prison to Employment Program Fund		
	<u>Fund 62P/22, Prison to Employment Program Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 17.00
Trade and Economic Transition National Dislocated Worker Grant Fund		
	<u>Fund 62F/22, Trade and Economic Transition National Dislocated Worker Grant Fund</u>	
	22T122, Economic and Workforce (002130)	\$ 3.00
Economic Development Trust Fund		
	<u>Fund 62L/22, Economic Development Trust Fund</u>	
	22T122, Economic and Workforce (001010)	\$ 147,670.00
Accessible Housing Fund		
	<u>Fund 10D/43, Accessible Housing Fund</u>	
	43T143, Housing and Community (001010)	\$ 230,000.00
Community Development Trust Fund		
	<u>Fund 424/43, Community Development Trust Fund</u>	
	43T143, Housing and Community (001010)	\$ 250,000.00
	43T143, Housing and Community (006030)	\$ 50,000.00
	43T143, Housing and Community (002130)	\$ 4,674.00
	Subtotal	\$ 304,674.00
City of LA Affordable Housing Fund		
	<u>Fund 44G/43, City of LA Affordable Housing Fund</u>	
	43T143, Housing and Community (001010)	\$ 75,000.00
	43T143, Housing and Community (002130)	\$ 174.00
	Subtotal	\$ 75,174.00
Low and Moderate Income Housing Fund		
	<u>Fund 55J/43, Low and Moderate Income Housing Fund</u>	
	43T143, Housing and Community (001010)	\$ 600,000.00
	43T143, Housing and Community (002130)	\$ 560.00
	Subtotal	\$ 600,560.00
Home Investment Partnership Program Fund		
	<u>Fund 561/43, Home Investment Partnership Program Fund</u>	
	43T143, Housing and Community (001010)	\$ 500,000.00
	43T143, Housing and Community (002130)	\$ 762.00
	Subtotal	\$ 500,762.00

ATTACHMENT 2B
FY 2020-21 BUDGET ADJUSTMENTS
REDUCTION OF APPROPRIATION ACCOUNTS WITHIN DEPARTMENTS AND FUNDS

REDUCTION FROM		
SPECIAL FUND	FUND/ACCOUNT	AMOUNT
Municipal Housing Finance Fund		
	<u>Fund 815/43, Municipal Housing Finance Fund</u>	
	43T143, Housing and Community (001010)	\$ 250,000.00
	43T143, Housing and Community (002130)	\$ 978.00
	Subtotal	<u>\$ 250,978.00</u>
Housing Production Revolving Fund		
	<u>Fund 240/43, Housing Production Revolving Fund</u>	
	43T143, Housing and Community (002130)	\$ 85.00
Systematic Code Enforcement Fee Fund		
	<u>Fund 41M/43, Systematic Code Enforcement Fee Fund</u>	
	43T143, Housing and Community (002130)	\$ 5,797.00
Community Service Block Grant Trust Fund		
	<u>Fund 428/43, Community Service Block Grant Trust Fund</u>	
	43T143, Housing and Community (002130)	\$ 152.00
Rent Stabilization Trust Fund		
	<u>Fund 440/43, Rent Stabilization Trust Fund</u>	
	43T143, Housing and Community (002130)	\$ 1,824.00
Federal Emergency Shelter Grant Fund		
	<u>Fund 517/43, Federal Emergency Shelter Grant Fund</u>	
	43T143, Housing and Community (002130)	\$ 24.00
Housing Opportunities for Persons with AIDS Fund		
	<u>Fund 569/43, Housing Opportunities for Persons with AIDS Fund</u>	
	43T143, Housing and Community (002130)	\$ 111.00
Traffic Safety Education Program Fund		
	<u>Fund 45C/43, Traffic Safety Education Program Fund</u>	
	43T143, Housing and Community (002130)	\$ 4,888.00
City Employees Ridesharing Fund		
	<u>Fund 525/66, City Employees Ridesharing Fund</u>	
	66166T, Personnel (002130)	\$ 4,000.00
Sewer Capital Fund		
	<u>Fund 761/50, Sewer Capital Fund</u>	
	50T178, Bureau of Engineering (001010)	\$ 710,968.00
Stormwater Pollution Abatement Fund		
	<u>Fund 511/50, Stormwater Pollution Abatement Fund</u>	
	50T178, Bureau of Engineering (001010)	\$ 17,045.00
Special Gas Tax Improvement Fund		
	<u>Fund 206/50, Special Gas Tax Improvement Fund</u>	
	50T178, Bureau of Engineering (001010)	\$ 2,651.00
TOTAL ALL DEPARTMENTS AND FUNDS		<u>2,957,456.00</u>

Los Angeles City
ETHICS COMMISSION

December 22, 2020

To: Jacqueline Vernon Wagner, Chief Administrative Analyst

From: Heather Holt, Executive Director 

Cc: Angelo Yenke, Management Assistant

Subject: Matching Funds Projections [Updated]

This memo answers follow-up questions, analyzes updated data, and supersedes the memo dated November 25, 2020.

A. Legal Requirements

The City is required by Los Angeles City Charter (Charter) § 471 to have a matching funds program to help qualified City candidates pay for their election campaigns. The program is funded through a mandatory annual appropriation of \$2 million adjusted for CPI since 1991. This fiscal year, the mandatory appropriation is \$3,431,847, which is being paid in monthly installments of \$285,987 to the Public Matching Funds Trust Fund (the trust fund).

There are two ways that the City may use matching funds money for other purposes. One is to reduce or eliminate the annual appropriation, and one is to borrow against money that has already been appropriated to the trust fund. Very specific criteria must be met before either of those actions may be taken. *See* Charter §§ 471(c)(1)-(2). Both actions require all of the following:

- 1) The trust fund balance must be at least \$8,000,000 adjusted for CPI since 1991. Currently, the minimum balance is **\$13,727,392**.
- 2) The City Council must declare a **fiscal emergency by resolution** for the fiscal year in which the action is taken;
- 3) The City Council must consider the **Ethics Commission's analysis** regarding projected costs and estimated public funding needs for the next four years.
- 4) The City Council must take the action by a **two-thirds vote**;

Additional criteria apply when funds are borrowed from money that has already been appropriated. First, the amount borrowed may not cause the trust fund balance to dip below the minimum balance (\$13,727,392 for Fiscal Year 2020-21). Second, the amount borrowed must be paid back to the trust fund by the earlier of the date the Ethics Commission determines the funds are needed for their intended purpose or the end of the next fiscal year.

The details of the matching funds program are specified in the Los Angeles Municipal Code (LAMC) and the Los Angeles Administrative Code. In order to receive public funding,

City candidates must meet specific qualification criteria. The amount of public money that a qualified candidate may receive is limited and is based on both the type of candidate and the type of election. *See* LAMC § 49.7.29. The maximums are adjusted every year for CPI. The current maximums are identified in the table below.

2020* Maximum Per-Candidate Matching Funds Payments		
Seat	Primary Election	General Election
Mayor	\$1,007,000	\$1,208,000
City Attorney	\$453,000	\$528,000
Controller	\$403,000	\$453,000
City Council	\$151,000	\$189,000

**The maximums are adjusted annually for CPI.*

B. Request

As part of ongoing discussions regarding this fiscal year's budget, a question has been posed regarding whether trust fund monies may be used to help address the City's current financial situation. As a result, we have been asked to provide projected costs and estimated trust fund needs under Charter § 471(c).

C. Analysis

The table on the next page identifies estimated trust fund needs through Fiscal Year 2025-26. Our projections are based on maximum per-candidate payments, the historic number of candidates who qualify to receive matching funds, whether an incumbent is running for re-election, the likelihood that races will result in runoff elections, and the potential for special elections.

The table extends one year beyond the mandatory four-year lookback, but that additional year must be considered because of the very low reserves that we project will result following the 2026 primary elections. We project that the trust fund will have a balance of just over \$1 million at the end of Fiscal Year 2025-26, which may be the lowest balance the trust fund has ever had. Furthermore, the 2026 general elections will not occur until Fiscal Year 2026-27 and could easily require further payments of over \$6 million to qualified candidates.

While we take many factors into consideration and attempt to forecast in as reliable a way as possible, these are only projections. At this stage in the life cycle of the matching funds program, there are new and emerging issues that add complexity to forecasting. The current program, which lowered candidate qualification thresholds and increased matching funds payments to candidates, has only been in place for one City Council election cycle, and it will apply to Citywide races for the first time in the highly competitive open-seat 2022 elections. It is challenging to determine the number of candidates who will participate in the future in light of both this new program and the fact that City elections are now aligned with state elections. It is also challenging to account for potential special elections and, as we saw this year, competitive incumbent races.

Projected Matching Funds Payments and Trust Fund Balances
By Fiscal Year

Seat	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Council	\$1,992,626	\$4,105,000	\$1,368,000	\$4,166,200	\$1,409,600	\$4,293,600
Controller	\$0	\$856,000	\$978,400	\$0	\$0	\$908,400
Attorney	\$0	\$964,000	\$1,124,000	\$0	\$0	\$1,007,800
Mayor	\$0	\$3,213,000	\$2,568,000	\$0	\$0	\$3,360,000
Starting Balance	\$19,378,163	\$17,385,537	\$8,247,537	\$5,657,635	\$4,991,660	\$7,134,789
Appropriation	\$0	\$0	\$3,448,498	\$3,500,225	\$3,552,729	\$3,606,020
(Projected Payments)	(\$1,992,626)	(\$9,138,000)	(\$6,038,400)	(\$4,166,200)	(\$1,409,600)	(\$9,569,800)
Ending Balance	\$17,385,537	\$8,247,537	\$5,657,635	\$4,991,660	\$7,134,789	\$1,171,008

Assumptions:

- A fiscal emergency is declared by resolution for FY20-21 and FY21-22, and all other criteria in the Charter have been met.
- The trust fund appropriation and the maximum per-candidate funding is adjusted 1.5 percent annually for CPI.
- The number of qualifying candidates for FY21-22 through FY25-26 is the average number of candidates for each type of seat who met the relevant contribution threshold in each City election from 2007 to 2020.
- Half of the qualifying candidates receive the maximum matching funds, and half receive 50 percent of the maximum.
- Every open seat race (using two terms for Citywide candidates and three terms for City Council candidates) goes to a runoff.
- No incumbent race goes to a runoff.
- Both candidates in a runoff election receive the maximum matching funds.

D. Potential Actions

Based on our current projections, and assuming all of the criteria mandated by the Charter are met, we do not believe that taking one or more of the following actions will have a detrimental effect on the matching funds program in the short term. However, as depicted in the table above, the long-term effects of these actions could significantly affect the trust fund balance by Fiscal Year 2025-26.

<i>Action</i>	<i>Amount</i>
Discontinue future installment payments in Fiscal Year 2020-21	\$1,715,922
Borrow installment payments already made in Fiscal Year 2020-21	\$1,715,922
Eliminate the appropriation for Fiscal Year 2021-22	\$3,464,617
	\$6,896,461

It is important to note that funds borrowed this year must be *repaid* to the trust fund by the end of Fiscal Year 2021-22 (no later than June 30, 2022). It is also important to consult with the City Attorney's office regarding discontinuing future installment payments this fiscal year. Although \$1,715,922 has not yet been paid into the trust fund, the entire \$3,431,847 has been appropriated. If the City Attorney's office determines that discontinuing future payments this year qualifies as borrowing against the trust fund, then \$3,431,847 must be repaid to the trust fund by the deadline. If discontinuing unpaid installments is deemed to be simply a reduction in the appropriation, then \$1,715,922 must be repaid by the deadline.

If there is a desire to borrow more than this year's appropriation, the amount borrowed may not cause the trust fund balance to fall below \$13,727,392 this fiscal year or \$13,858,466 in Fiscal Year 2021-22. And, again, the entire amount borrowed must be paid by the end of the following fiscal year.

E. Policy Considerations

The matching funds program has a number of goals memorialized in City law. The program was enacted by a vote of the people to, among other things, encourage participation in the electoral process, help candidates communicate their views, limit campaign spending, reduce excessive fundraising, increase the value of smaller contributions, and avoid the actual or apparent corruption that can result from ties between elected officials and special interests. *See* Charter § 471(a).

To achieve these goals, the matching funds program must be attractive. Candidates must feel confident that they will receive the amount of matching funds for which they qualify and on which they have based campaign strategies. Using matching funds money for other purposes is, therefore, intentionally difficult. To protect the voters' vision of the matching funds program and its intended impact on City elections, the trust fund must thrive despite inevitable ebbs in the City's fiscal strength.

E. Conclusion

The financial challenges the City is currently facing are serious and warrant consideration of trust fund appropriations. As always, the Ethics Commission will do what it can to help the City family weather the fiscal storm.

We believe that as much as \$6,896,461 in trust fund dollars may be used in the short term. However, it is also critical to ensure that the Ethics Commission's projected funding needs are considered and that the voters' policy goals for the matching funds program are safeguarded.

The City Attorney's office should be consulted regarding whether the use of unpaid installments this fiscal year qualifies as borrowing and must, therefore, be repaid. In addition, because of variations in actual appropriations to and payments from the trust fund, a new Ethics Commission analysis must be considered for every year that action under Charter § 471(c) is desired. We are happy to answer any further questions you may have.

ATTACHMENT 4
INFORMATION TECHNOLOGY AGENCY PRIOR YEAR ENCUMBRANCES TO BE RELEASED

Fiscal Year	Dept	Document Code	Document ID	Appr Code	Vendor Name	Encumbrance Amount	
2016	32	CPO	0001676184	009350	INTELLI-FLEX INC.	\$	3,168.00
2016	32	OPO	0001679792	009350	VISLINK INC.	\$	20,171.54
2017	32	BPOCNV	0001740921	003040	UPLINK SECURITY INC	\$	178.80
2017	32	CPO	0001738921	006020	DAILEY-WELLS COMMUNICATIONS INC	\$	2,131.20
2017	32	CPO	0001773636	009350	HILTI INC	\$	4,760.91
2017	32	CPO	0001779103	009350	HILTI INC	\$	6,571.44
2017	32	CPO	0001779825	006020	DAILEY-WELLS COMMUNICATIONS INC	\$	2,079.18
2017	32	CPO	0001782520	006020	ALCATEL-LUCENT USA INC.	\$	13,599.49
2017	32	CPO	0001792700	006010	INSIGHT PUBLIC SECTOR INC	\$	1,875.90
2017	32	CPO	0001800086	006020	DAILEY-WELLS COMMUNICATIONS INC	\$	2,746.28
2017	32	CPO	0001806314	009350	GRAYBAR ELECTRIC CO INC	\$	1,547.15
2017	32	CPO	0001806364	009350	GRAYBAR ELECTRIC CO INC	\$	1,152.15
2017	32	CPO	0001810373	006020	DAILEY-WELLS COMMUNICATIONS INC	\$	1,526.31
2017	32	CPO	0001830460	009350	DELL MARKETING L P	\$	16,596.50
2017	32	CPO	0001843607	003040	I B M	\$	69,950.00
2017	32	CPO	0001843610	003040	I B M	\$	69,950.00
2017	32	CPO	0001843611	003040	I B M	\$	69,950.00
2017	32	CPOCNV	0001741471	006020	TIFCO INDUSTRIES	\$	1,563.13
2018	32	BPO	180000202300	006010	OFFICE DEPOT BUSINESS SVCS DIV	\$	96.68
2018	32	BPO	180000218668	003040	TOYOTA LIFT OF LOS ANGELES INC	\$	13.29
2018	32	BPO	180000223192	006010	OFFICE DEPOT BUSINESS SVCS DIV	\$	246.38
2018	32	BPO	180000226325	006010	REHAB SOLUTIONS DBA ERGONOMIC CONNECTION	\$	139.45
2018	32	CPO	180000421155	009350	GRAINGER	\$	128.94
2018	32	CPO	180000429650	003040	UNITED SITE SERVICES OF CALIFORNIA INC.	\$	18.83
2018	32	CPO	180000429934	006010	PRINTING TECHNOLOGY, INC.	\$	59.46
2018	32	CPO	180000433026	009350	GRAYBAR ELECTRIC CO INC	\$	43.14
2018	32	CPO	180000433610	003040	ORACLE AMERICA INC	\$	42,093.17
2018	32	CPO	180000438296	009350	FIRST FIRE SYSTEMS INC	\$	29.55
2018	32	CPO	180000442781	006010	GRAINGER	\$	964.34
2018	32	CPO	180000449465	009350	VERIZON WIRELESS	\$	182.60
2018	32	CPO	180000453078	009350	INTELLI-FLEX INC.	\$	1,496.00
2018	32	CPO	180000456942	006010	DELL MARKETING L P	\$	4,923.96
2018	32	CPO	180000457117	009350	T-MOBILE	\$	1,020.75

ATTACHMENT 4
INFORMATION TECHNOLOGY AGENCY PRIOR YEAR ENCUMBRANCES TO BE RELEASED

Fiscal Year	Dept	Document Code	Document ID	Appr Code	Vendor Name	Encumbrance Amount
2018	32	CPO	180000457120	006010	HP INC.	\$ 84.00
2018	32	CPO	180000457181	006010	INSIGHT PUBLIC SECTOR INC	\$ 2,173.43
2018	32	CPO	180000459525	003040	INSIGHT PUBLIC SECTOR INC	\$ 22,426.70
2018	32	CPO	180000462480	006020	TEMPEST TELECOM SOLUTIONS, LLC	\$ 56.40
2018	32	CPO	180000463520	003040	NEOCOMP SYSTEMS INC	\$ 109,888.00
2018	32	CPO	180000463729	003040	NEOCOMP SYSTEMS INC	\$ 109,888.00
2018	32	CPO	180000463792	003040	NEOCOMP SYSTEMS INC	\$ 109,888.00
2018	32	CPO	180000463809	003040	NEOCOMP SYSTEMS INC	\$ 109,888.00
2018	32	CPO	180000463814	003040	NEOCOMP SYSTEMS INC	\$ 109,888.00
2018	32	CPO	180000470693	009350	INTELLI-FLEX INC.	\$ 14,100.00
2018	32	CPO	180000474660	006010	OFFICE DEPOT BUSINESS SVCS DIV	\$ 133.29
2018	32	CPO	180000477027	003040	NESTLE WATERS N.A. BRAND: ARROWHEAD	\$ 3.82
2018	32	CPO	180000480325	009350	WORLD WIDE TECHNOLOGY, INC.	\$ 48,841.38
2018	32	CPO	180000481974	003040	NESTLE WATERS N.A. BRAND: ARROWHEAD	\$ 3.82
2018	32	CPO	180000483687	003040	KONICA MINOLTA BUSINESS SOLUTIONS	\$ 0.06
2018	32	CPO	180000484168	003040	KONICA MINOLTA BUSINESS SOLUTIONS	\$ 0.10
2018	32	CPO	180000484293	006020	GRAYBAR ELECTRIC CO INC	\$ 47.61
2018	32	CPO	180000484615	009350	WORLD WIDE TECHNOLOGY, INC.	\$ 4.68
2018	32	CPO	180000485146	006010	DELL MARKETING L P	\$ 3,528.82
2018	32	CPO	180000485177	003040	DELL MARKETING L P	\$ 96.50
2018	32	CPO	180000488158	003040	DS SERVICES OF AMERICA, INC.	\$ 92.45
2018	32	CPO	180000488760	003040	NESTLE WATERS N.A. BRAND: ARROWHEAD	\$ 36.06
2018	32	CPO	180000489921	009350	DAILEY-WELLS COMMUNICATIONS INC	\$ 1,737.95
2018	32	CPO	180000489939	009350	MOTOROLA INC - CGISS	\$ 880.95
2018	32	CPO	180000494940	003040	DS SERVICES OF AMERICA, INC.	\$ 73.96
2018	32	CPO	180000498839	009350	TEMPEST TELECOM SOLUTIONS, LLC	\$ 346.79
2018	32	CPO	180000499724	003040	NESTLE WATERS N.A. BRAND: ARROWHEAD	\$ 1.10
2018	32	GAEID	ID189000003	009350	Board of PW/Contract Administration	\$ 8,000.00
2018	32	OPO	180000300242	003040	I B M	\$ 10.34
2018	32	OPO	180000301792	003040	BILFINGER MAUELL CORPORATION	\$ 750.00
2018	32	OPO	180000301867	006020	VISLINK INC.	\$ 25,864.23
2018	32	SC	CO18123338P	003040	RASHMI GOEL	\$ 5,000.00
2018	32	SC	CO18123346P	003040	ALFRED CASTELLANOS MAGALLON	\$ 20,000.00

ATTACHMENT 4
INFORMATION TECHNOLOGY AGENCY PRIOR YEAR ENCUMBRANCES TO BE RELEASED

Fiscal Year	Dept	Document Code	Document ID	Appr Code	Vendor Name	Encumbrance Amount	
2018	32	SC	CO18123400P	003040	MARTIN MARTINEZ	\$	2,854.62
						Total \$	1,047,563.58

ATTACHMENT 5
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<u>305/50, Subventions and Grants Fund</u>		<u>101, Reserve Fund</u>	\$ 9,567,468.59
501090 - VERMONT - 182ND TO 190TH ST (BFY 1987)	\$ 899.26		
501110 - WESTERN AV BETWEEN SLAUSON (BFY 1987)	\$ 2,896.60		
501210 - SHERMAN WAY - HAYVENHURST AV (BFY 1987)	\$ 16,832.47		
501240 - APPLE STREET FROM WEST OF FAIR (BFY 1987)	\$ 4,200.00		
501370 - WULLILLOUGHBY AV (BFY 1987)	\$ 50,000.00		
501400 - ALLEY W/O CRENSHAW BLVD FROM H (BFY 1987)	\$ 1,000.00		
501510 - FLOWER ST BETWEEN 6TH & 8TH ST (BFY 1987)	\$ 88,338.14		
501750 - MELROSE AV FM CROFT AV TO EDIN (BFY 1987)	\$ 430,170.75		
501940 - WESTERN AV FROM 79TH ST TO MAN (BFY 1987)	\$ 5,471.53		
502940 - BARHAM BL-FOREST LAWN DR (BFY 1987)	\$ 16,006.75		
502960 - DOHENY DR AT BURTON WAY (BFY 1987)	\$ 1,306.01		
503460 - MANCHESTER AV-SEPULVEDA WESTWA (BFY 1987)	\$ 19,308.09		
503470 - DE SOTO AVE DEVONSHIRE SEPULVE (BFY 1987)	\$ 85,214.49		
508250 - NATIONAL BLVD BTWN SANTA MONIC (BFY 1987)	\$ 20,546.12		
508330 - TYBURN ST-SAN FERNANDO RD (BFY 1987)	\$ 2,000.00		
508340 - RESEDA BL & PARTHENIA ST (BFY 1987)	\$ 59,781.12		
508350 - LA BREA AV BETWEEN STOCKER ST (BFY 1987)	\$ 13,494.76		
509050 - E ST-AVALON BL TO SANFORD AV (BFY 1987)	\$ 150,374.64		
50I003 - JEFFERSON BL (BFY 1987)	\$ 211,058.16		
50I005 - WESTERN AVE-MANCHESTER AVE TO (BFY 1987)	\$ 29,858.42		
50I007 - WESTERN AV BTWN ADAMS BL & SLA (BFY 1987)	\$ 35,050.90		
501060 - WEST LOS ANGELES BIKEWAYS-PHAS (BFY 1987)	\$ 190,500.00		
501070 - SAN PABLO & ZONAL I D (BFY 1987)	\$ 132.24		
501140 - LOS ANGELES-CENTRAL AVE-AVE 50 (BFY 1987)	\$ 12,470.41		
502950 - SEPULVEDA BLVD BRIDGE REPLACEM (BFY 1987)	\$ 1,553.15		
508270 - GLENDALE WATER RECLAMATION PLA (BFY 1987)	\$ 1,679.14		
508290 - CENTURY BL GRADE SEPARATION (BFY 1987)	\$ 11,987.74		
508310 - LA-GLENDALE WATER RECLAMATION (BFY 1987)	\$ 254,002.95		
508360 - L A PUBLIC FACILITIES (BFY 1987)	\$ 276,023.00		
509060 - SIXTH ST RRR-WALL ST TO GRANS (BFY 1987)	\$ 0.03		
50I008 - L A -GLENDALE WATER RECLAMATIO (BFY 1987)	\$ 381,678.88		
50Y005 - AVE 26 IDELL ST FIGUEROA ST (BFY 1988)	\$ 7.46		
50I305 - PUBLIC TRANSPORTATION IMP PH2 (BFY 1989)	\$ 54,008.50		
50E140 - GSD (BFY 1991)	\$ 13,716.77		
50J117 - ARLINGTON AV-27TH ST TO JEFFER (BFY 1995)	\$ 1,680.28		

ATTACHMENT 5
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
50M618 - 97-98 EL NINO EMERG MGMT ASST (BFY 1998)	\$ 308,795.53		
50M019 - EL NINO ENGINEERING (BFY 1998)	\$ 262,762.00		
50M234 - EL NINO CONSTRUCTION (BFY 1998)	\$ 72,170.19		
50M615 - HARBOR WALKWAY PROJECT (BFY 1998)	\$ 217,736.77		
50N194 - DOT (BFY 1999)	\$ 32,652.36		
50N623 - ARLINGTON AV-STA MON FWY-27TH (BFY 1999)	\$ 20,076.36		
50R186 - PW-STREET SERVICES (BFY 2001)	\$ 43,000.00		
50R627 - BENEDICT CANYON SD N/O HUTTON (BFY 2001)	\$ 124,470.13		
50S660 - EL PUEBLO PROJECTS (BFY 2002)	\$ 336,847.13		
50T30H - EAST VALLEY YARD (BFY 2003)	\$ 1,254.00		
50V194 - DOT (BFY 2004)	\$ 6,300.00		
50V211 - TUJUNGA CANYON BLVD NE CARDAMI (BFY 2004)	\$ 624.08		
50V057 - FOOTHILL BLVD ROCKFALL NETTING (BFY 2004)	\$ 474,840.69		
50V501 - SHELDON/ARLETA (BFY 2004)	\$ 44,677.93		
50W520 - CRA PROJECTS - VARIOUS (BFY 2005)	\$ 0.81		
50W186 - PW-STREET SERVICES (BFY 2005)	\$ 103,355.79		
50W502 - SILVERLAKE RETAINING WALL (BFY 2005)	\$ 0.13		
50Y203 - BROADWAY & 3RD ST SIDEWALKS (BFY 2006)	\$ 200,570.34		
50Y601 - SDR TUJUNGA AVE WASHOUT PROJEC (BFY 2006)	\$ 596,079.71		
50Y602 - OSBORNE STREET BRIDGE PROJECT (BFY 2006)	\$ 7,338.03		
50Y605 - CHANDLER BLVD WIDENING PROJECT (BFY 2006)	\$ 1,102.02		
50A186 - PW-STREET SERVICES (BFY 2007)	\$ 31,788.92		
50E176 - PW-CONTRACT ADMINISTRATION (BFY 2009)	\$ 14,591.00		
50E186 - PW-STREET SERVICES (BFY 2009)	\$ 979,903.47		
50E178 - PW-ENGINEERING (BFY 2009)	\$ 4,655.30		
50F176 - PW-CONTRACT ADMINISTRATION (BFY 2010)	\$ 122,100.00		
50F140 - GSD (BFY 2010)	\$ 17,000.00		
50F186 - PW - ST. SERVICES (BFY 2010)	\$ 65,517.22		
50F178 - PW-ENGINEERING (BFY 2010)	\$ 237,191.80		
50F995 - GRANT REIMB-LA RIVER & PRK PRJ (BFY 2010)	\$ 580,422.00		
50G170 - POLICE (BFY 2011)	\$ 55,005.80		
50G186 - PW - ST SERVICES (BFY 2011)	\$ 656,534.86		
50G605 - SILVERLAKE RESERVOIR IMPV PH 3 (BFY 2011)	\$ 50,000.00		
50G606 - SILVERLAKE RESERVOIR IMPV PH4 (BFY 2011)	\$ 218,159.72		
50H140 - GENERAL SERVICES (BFY 2012)	\$ 55,018.18		
50H194 - TRANSPORTATION (BFY 2012)	\$ 13.90		
50H186 - PW - ST. SERVICES (BFY 2012)	\$ 91,005.23		
50J132 - ITA (BFY 2013)	\$ 180.64		
50J194 - TRANSPORTATION (BFY 2013)	\$ 53,182.82		

ATTACHMENT 5
FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS

TRANSFER FROM		TRANSFER TO	
FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
50J186 - STREET SERVICES (BFY 2013)	\$ 12,893.47		
50K186 - PW-STREET SERVICES (BFY 2014)	\$ 555,492.24		
50L194 - TRANSPORTATION (BFY 2015)	\$ 124,039.40		
50L186 - PW-STREET SERVICES (BFY 2015)	\$ 331,996.48		
50M186 - PW-STREET SERVICES (BFY 2016)	\$ 12,873.38		
<i>Subtotal</i>	<i>\$ 9,567,468.59</i>		
<u>305/50, Subventions and Grants Fund</u>		<u>347/50, Street Lighting Assessment Fund</u>	
50R347 - ST LIGHTING ASSESSMENT FUND (BFY 2001)	\$ 15,000.00	RSC 5301 - Reimbursement from Other Funds	\$ 221,388.71
50T184 - PW-STREET LIGHTING (BFY 2003)	\$ 189,800.00		
50A184 - PW-STREET LIGHTING (BFY 2007)	\$ 16,588.71		
<i>Subtotal</i>	<i>\$ 221,388.71</i>		
	\$ 9,788,857.30		\$ 9,788,857.30