

CORRECTED

Item No. 28

*Corrected to add votes for Recommendation No. 31. File No. [20-0600-S84](#)

BUDGET AND FINANCE COMMITTEE REPORT relative to the Second Financial Status Report (FSR) for Fiscal Year (FY) 2020-21.

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

1. APPROVE the recommendations of the City Administrative Officer (CAO) as detailed in the Second FSR for FY 2020-21, dated December 4, 2020, attached to Council file No. 20-0600-S84, as amended to incorporate the changes and additions as detailed in Recommendation Nos. 2-31.
2. TRANSFER \$387,000 from the Engineering Special Services Fund No. 682/50, Revenue Source Code No. 4903, Interest Income to the Sewer Capital Fund No. 761/50, Revenue Source Code No. 5161, Reimbursement of Expenditures.
3. REVISE Attachment 1A of said CAO report, Reduction-46, by replacing Account No. 001098, Overtime Variable Staffing with Account No. 001093, Constant Staffing Overtime.
4. REVISE Recommendation No. 15 of said CAO report as follows:
Transfer \$4,128,344.17 from various accounts within the Capital Improvement Expenditure Program Fund to the Unappropriated Balance Fund No. 100/58, Account No. 580230, Reserve for Unrealized Revenue, as specified in Attachment 2A of said report.
5. REVISE the *Transfer To Account* in Attachment 2A of said CAO report from Account No. 580196, Reserve for Mid-Year Adjustments to Account No. 580230, Reserve for Unrealized Revenue.
6. APPROPRIATE \$500,000 from the available cash balance within the Short-Term Rental Enforcement Trust Fund No. 62N/68 to the Planning Department Fund No. 100/68, Account No. 003040, Contractual Services.
7. TRANSFER / APPROPRIATE a total of \$80,000 to align with current expenditure patterns as follows:
 - a. \$40,000 from General City Purposes Fund No. 100/56, Account No. 000862 (CD 5 Council Fee Subsidy) to Council Fund No. 100/28, Account No. 1070 (Salaries As Needed).
 - b. \$40,000 from General City Purposes Fund No. 100/56, Account No. 000705 (CD 5 Community Services) to Council Fund No. 100/28, Account No. 1070 (Salaries As Needed).
8. AUTHORIZE the Controller to transfer funds up to \$1,850,000 as needed pursuant to a schedule provided by the Chief Legislative Analyst (CLA) from the *Census 2020/Redistricting Commissions* line item in the Unappropriated Balance Fund No. 100/58, Account No. 580317 to City Clerk Fund No. 100/14; and, AUTHORIZE the Controller to establish any accounts and in the appropriate amounts, to fund salary, contractual services, and administrative expenses of the Los Angeles City Council

Redistricting Commission and the Los Angeles Unified School District Redistricting Commission.

9. TRANSFER \$611,000 from the Los Angeles Department of Water and Power (LADWP) Blanket Authority No. 6757-5 (Work Order No. URR80) to the Transportation Trust Fund No. 840/94, Account No. 2200 (Miscellaneous Deposits) for overtime costs associated with Los Angeles Department of Transportation (LADOT) services during construction of the Stone Canyon and Sunset West Trunk Line Unit 1 Replacement.
10. AUTHORIZE the LADOT to transfer the above identified funds on an as needed basis from the Transportation Trust Fund No. 840/94, Account No. 2200 (Miscellaneous Deposits) to the Transportation Fund No. 100/94, Account No. 001090 (Salaries - Overtime) to pay for overtime costs associated with the above described project and to creditor reimburse the LADWP for any surplus amounts; and, AUTHORIZE the LADOT to make any technical corrections or clarifications to the above fund transfer instructions in order to effectuate the intent of this Motion.
11. INSTRUCT the CAO to report by January 30, 2021 relative to working with the Controller to draw down balances on all available special funds not controlled by the Proprietary departments for cash flow and close out any special funds without active transactions.
12. INSTRUCT the CAO to defer the reduction \$190,000 to the Controller's Accounting Assistance Program until January 30, 2021 and work with the Controller's office to avoid accounting service impacts for the controller and participating departments.
13. INSTRUCT the Los Angeles Department of Transportation (DOT) and the CAO to report to the committee on the reversal of the Mayor's 50 percent amnesty program for parking fines that are paid timely.
14. INSTRUCT the CAO to remove all travel budgets from all departments and place them in the reserve fund for budget balancing measures in Future FSRs
15. INSTRUCT the CAO to remove Council Heritage Month Funding and place in the reserve fund for budget balancing measures in Future FSRs
16. INSTRUCT the CAO to remove funding for Official Visits of Dignitaries and place in the reserve fund for budget balancing measures in Future FSRs.
17. INSTRUCT the CAO to defer membership fees for all organizations and place those funds in the reserve fund for budget balancing measures in Future FSR.
18. INSTRUCT the CAO to report to the Budget and Finance Committee by January 30, 2021, relative to utilizing the 2020-21 general fund contribution to the Ethics Campaign Matching Funds Trust Fund to the UB for Layoff Avoidance.
19. INSTRUCT the CAO to report to the Budget and Finance Committee by January 30, 2021, relative to sweeping the remainder of Ethics Trust Fund to the reserve fund for budget balancing measures in Future FSRs.

20. INSTRUCT the CAO to report to Executive Employees Relations Committee (EERC) with contract savings proposals for United Firefighters of Los Angeles City to be negotiated with labor in an amount sufficient to offset the service impacts of the proposed reductions to the Los Angeles Fire Department (LAFD) for FY 2020-21 and FY 2021-22, and to contribute to addressing revenue shortfalls.
21. INSTRUCT the CAO to report to EERC with contract savings proposals for Los Angeles Police Protective League to be negotiated with labor in an amount sufficient to offset the service impacts of the proposed reductions to the Los Angeles Police Department (LAPD) for FY 2020-21 and FY 2021-22, and to contribute to addressing revenue shortfalls.
22. INSTRUCT the CAO to report to EERC with contract savings proposals to be negotiated with all civilian unions to offset service impacts of proposed reductions in all departments for FY 2020-21 and FY 2021-22, and to contribute to addressing revenue shortfalls.
23. INSTRUCT the CAO to report to the Budget and Finance Committee with a list of contractual payments that the City will owe in the 4th Quarter of FY 2020-21, with recommendations for deferring those payments until FY 2021-22.
24. INSTRUCT the CAO to report at the next FSR with recommendations for more Municipal Improvement Corporation of Los Angeles project deferral/cancellation to free up additional credit capacity.
25. INSTRUCT the CAO to report with recommendations for revisions to departmental budgets based on expanded implementation of full cost recovery with fees.
26. **AMEND the report to reduce proposed potential layoffs in LAPD to match the Department's original recommendations to the CAO (355 sworn and 273 civilians); and, INSTRUCT the CAO to develop recommendations to Budget and Finance for offsetting solutions. (Ayes: Krekorian - Koretz - Blumenfield; Nays: Price - Bonin)
27. INSTRUCT the CAO, together with the Controller and the Personnel Department, to report to the Budget and Finance Committee with a timeline for implementation of all layoffs beginning on May 22, 2021, 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.
28. ELIMINATE General Fund funding for Clean and Green and Hire LA Youth, and sweep funds to the reserve fund for budget balancing measures in Future FSRs; and, INSTRUCT the CAO to ensure Clean and Green and Hire LA Youth are paid and provide recommendations to fund these programs from other sources, including Bureau of Sanitation (BOS) funds, UB Account No. 580318, AB 1290 funds, and other potential sources.
29. INSTRUCT the BOS and the Board of Public Works to reduce or eliminate the cost of living adjustments in outside vendor contracts.
30. INSTRUCT the CAO and departments to incorporate automatic annual inflation escalator to extent permissible by law for fee increases.

31. ***INSTRUCT the CAO to sweep any unspent and uncommitted balances from the Coronavirus Relief Fund funds after the December 30, 2020 deadline, regardless of whether Congress acts to extend that deadline. (Ayes: Krekorian - Koretz - Blumenfield; Nays: Price - Bonin)

Fiscal Impact Statement: The CAO reports that the Second FSR identifies a total of \$116.24 million in projected over-expenditures and \$12.70 million in additional General Fund appropriations required to supplement special fund revenue shortfalls. The CAO recommends transfers, appropriations, and other budgetary adjustments totaling approximately \$257.42 million in Sections 1, 2, and 3 of said CAO report.

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

Community Impact Statement: None submitted.

SUMMARY

At its special meeting held on December 7, 2020, the Budget and Finance Committee considered the CAO's Second FSR for FY 2020-21 dated December 4, 2020 (attached to C.F. No. 20-0600-S84). Said CAO report provides updated expenditure and revenue projections through October. The CAO reports that given the recent surge in COVID-19 cases and the extended Safer at Home Order which is contributing to a worsening revenue outlook, this report also presents a plan and specific reduction proposals to address the City's daunting budget gap.

The CAO provided the Committee with an introduction to the Second FSR. The CAO's Finance Specialist provided further detailed information related to the Second FSR, and read an amendment into the record. Councilmember Koretz introduced a motion relative to Stone Canyon and Sunset West Trunk Line Unit 1 Replacement project. During further discussion, at the request of the Chair and Members, representatives from the LAPD, City Attorney, BOS, Department of Animal Services, Bureau of Engineering, Board of Public Works, Controller, LAFD, LADOT, and the Department of General Services responded to questions relative to the Second FSR and their respective departments. An amendment introduced by the Chief Legislative Analyst was stated for the record.

After further consideration, and after providing an opportunity for public comment, the Committee approved the recommendations by the CAO contained in the Second FSR for FY 2020-21, as amended, as detailed above. A minority report was prepared for information purposes unless it is adopted by a motion. This majority report is now submitted to Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

VOTE FOR RECOMMENDATION NOS. 1-25 AND 27-31

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

**VOTE FOR RECOMMENDATION NO. 26

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
PRICE:	NO
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	NO

*** VOTE FOR RECOMMENDATION NO. 31

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
PRICE:	NO
KORETZ:	YES
BLUMENFIELD:	YES
BONIN	NO

MM12-7-20 Council file No. 20-0600-S84

-NOT OFFICIAL UNTIL COUNCIL ACTS-