

BUDGET AND FINANCE COMMITTEE REPORT relative to the Second Financial Status Report (FSR) and addendum report for Fiscal Year 2021-22.

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 Fiscal Year 2021-22, dated December 2, 2021, attached to the Council file, as amended to incorporate the changes and additions as detailed in Recommendation Nos. 2-8 below.
2. TRANSFER / APPROPRIATE \$200,000 from Council Fund No. 100/28, Account No. 1010, Salaries General, to Council Fund No. 100/28, Account No. 6010, Office and Administration Expenses, to better align with current expenditure patterns.
3. TRANSFER \$120,000 from the General City Purposes Fund No. 100/56 GRYD Expansion and Other Programs for Underserved Communities, Council District 2, Account No. 00431, to the Los Angeles Police Department Fund No. 100/70, Overtime Sworn, Account No. 001092 to address gang violence at the Whittsett Soccer Complex and other North Hollywood division parks.
4. TRANSFER \$1,881,432 from the Unappropriated Balance Fund No. 100/58, Account No. 580132, Equipment, Expenses, and Alterations & Improvements, to various accounts within the Mayor's Fund No. 100/46 as follows: \$1,300,000 Salaries General, Account No. 0001010, and \$581,432 Salaries As-Needed, Account No. 001070, to align with current expenditures.
5. TRANSFER \$2,663,293 from the Unappropriated Balance Fund No. 100/58, Equipment, Expense, Alteration & Improvements, Account No. 580132, to various funds and accounts as follows: \$1,763,293 to Council Fund No. 100/28, Salaries As Needed, Account No. 001070, and \$900,000 to the Capital Improvement Expenditure Program Fund No. 100/54, City Facilities Maintenance and Improvements, Account No. 00K046.
6. AMEND Recommendation No. 9 in the Second FSR to reflect an updated equipment list deviation for the Los Angeles Police Department by substituting six Dodge Durangos for six Ford Explorers, for an authorized total of 154 units at \$8,058,300, due to recent updates from one of their vehicle manufacturers.
7. AMEND Exhibit H Recommendation H.14 in the 2021-22 Adopted Budget, to authorize the CAO to finalize and execute a Memorandum of Agreement (MOA) for the development of a Transportation Communication Network (TCN) Program, with the Los Angeles County Metropolitan Transportation Authority (Metro), subject to the City Attorney approval as to form. The MOA should include terms that:
 - a. Do not obligate the City to move forward with implementing a TCN Program.
 - b. Set a 20-year term on the MOA.
 - c. Establish a revenue sharing framework that provides the City with 50 percent of net revenue from outdoor advertising on TCN structures located within the boundaries of the City.
 - d. Provide flexibility on the use of the City's shared revenue for variety of transportation related uses.
 - e. Reserve and maintain the City's police power with regard to enacting an ordinance to enable outdoor advising on the TCN structures or taking any other legislative action

related to MOA.

- f. Condition the implementation of the MOA upon the City enacting an ordinance that allows off-site advertising to be displaced on the TCN structures through the duration of this MOA and subject to any design and development standards, including any mitigation measures.
 - g. Include the take-down of static billboards.
 - h. Identify Metro as the lead agency for California Environmental Quality Act (CEQA) compliance.
 - i. Limit the City's share of CEQA costs to \$1 million if the TCN program is not implemented.
8. AUTHORIZE the CAO to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that a total of \$62.08 million in spending above budget related to departments and non-departmental accounts (\$50.18) and special fund imbalances that may require General Fund support (\$11.90). They recommend transfers, appropriations, and other budgetary adjustments totaling approximately \$25.72 million using available funding sources. The recommendations in this report will trigger two Reserve Fund actions and reduce the balance by \$1.51 million.

From the addendum report, the CAO reports that the fund transfers recommended in the addendum report will have no additional impact on the General Fund as these are included as part of the 2021-22 Adopted Budget. Should the CAO execute a MOA for the TCN Program which includes terms similar to those described above, the City's obligation for CEQA costs is limited to no more than \$1 million. The TCN Program once fully implemented is expected to generate annual revenue for the City although the amount of revenue to be derived from the TCN Program for the City cannot be determined at this time.

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.

From the addendum report, the CAO reports that the recommendations in the addendum report comply with the City's adopted financial policies in that the proposed changes have been presented for review and approval of the Mayor and the City Council, and instructions to negotiate the MOA for the TCN Program was considered during the course of the annual budget development process.

Community Impact Statement: None submitted

SUMMARY

At the special meeting held on December 6, 2021, the Budget and Finance Committee considered a CAO report and addendum relative to the Second FSR for Fiscal Year 2021-22.

A representative from the CAO provided an overview of the report and addendum. After an opportunity for public comment was held, the Committee recommended to approve the CAO recommendations from the Second FSR and addendum report as amended to add recommendation no. two, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN	YES
BLUMENFIELD	YES
DE LEON	YES
RODRIGUEZ	YES
PRICE	ABSENT

AS 12/6/21
COUNCIL FILE 21-0600-S110



-NOT OFFICIAL UNTIL COUNCIL ACTS-