

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to the First Financial Status Report (FSR) for Fiscal Year 2024-25 (FY 24-25).

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

1. APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated October 25, 2024, attached to Council file No. 24-0600-S111, relative to the First FSR for FY 24-25.
2. AMEND and APPROVE Recommendation No. 5 contained in the CAO report dated October 25, 2024, attached to the Council file, respectively, as follows:

INSTRUCT the CAO to initiate a budget balancing exercise, including but not limited to evaluating available departmental and non-departmental surpluses, delaying contracts and infrastructure projects, increasing revenue collections, shifting employees from positions paid by the General Fund or subsidized specials funds pay to fully-funded special funds, evaluating citywide duplication of services that could be reduced, and reducing appropriations, and report on the exercise results, no later than the Mid-Year FSR, with a discussion of the potential service impacts of all proposed reductions. The exercise should account for grant funded obligations and liability-mandated obligations as a priority to ensure there is no loss of funding. This exercise should also include the use of an equity index and an evaluation of all Capital and Technology Improvement Policy scoring criteria to score the results of infrastructure projects and determine a citywide prioritization list.

3. ADD and APPROVE the following recommendations, respectively, to the CAO report dated October 25, 2024, attached to the Council file, as follows:
 - a. TRANSFER and APPROPRIATE \$70,000 from the available cash balance of the Arts and Cultural Facilities and Services Trust Fund to the Special Appropriations III Account for the Northeast Jazz Festival.
 - b. TRANSFER and APPROPRIATE \$359,621 from the Unappropriated Balance Fund No. 100/58, Account No. 580132 (Equipment and Expenses, Alterations and Improvements) to the following departments in the amounts specified for City Hall improvements:
 - i. Bureau of Engineering Fund No. 100/78, Account 1010 (Salaries General), \$100,000
 - ii. Department of General Services (GSD) Fund No. 100/40, Account No. 1101 (Hiring Hall Construction), \$200,000
 - iii. GSD Fund No. 100/40, Account No. 1014 (Salaries, Construction), \$43,537
 - iv. GSD Fund No. 100/40, Account No. 3180 (Construction Materials), \$16,084
 - c. TRANSFER and APPROPRIATE \$120,000 from the AB1290 Fund No. 53P, Account No. 281203 (Council District Three Redevelopment Projects – Services) to the Bureau of Sanitation Fund No. 100/82, Account No. 1010 (Salaries General) to be used for additional Sanitation services in Council District Three.
 - d. TRANSFER \$2,000,000 within City Attorney Fund No. 100/12, from Salaries General Account No. 001010, to Litigation Expense Account No. 004200, to ensure funding availability for litigation costs through the Second FSR.

Fiscal Impact Statement: The CAO reports that a total of \$215.96 million in projected over-expenditures are identified in the First FSR. Transfers, appropriations and other budgetary adjustments totaling approximately \$832.76 million are recommended in Sections One, Two, and Five of this report. This includes \$6.73 million in transfers to the Reserve Fund.

Financial Policies Statement: The CAO reports that the above 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 the meeting held on October 30, 2024, your Budget, Finance and Innovation Committee considered a CAO report relative to the First FSR for FY 24-25.

After an opportunity for public comment was held, the Committee recommended to move forward the recommendations contained in the CAO report. Additionally, the Committee approved an amendment introduced by Councilmember Rodriguez and seconded by Councilmembers Blumenfield and Park, as well as amendments introduced by the CAO and the Chief Legislative Analyst, as detailed above, as amended. This matter is now submitted to the Council for consideration.

Respectfully Submitted,



BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
RODRIGUEZ:	YES
McOSKER:	YES
YAROSLAVSKY:	YES
PARK:	YES

LV 10.30.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-