

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 18, 2021

CAO File No. 0590-00098-5194
Council File No. 19-0600
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: **THIRD (MID-YEAR) FINANCIAL STATUS REPORT**

SUMMARY

This Office is transmitting the Third (Mid-Year) Financial Status Report (FSR) for Fiscal Year 2020-21. This report provides an update on the current-year budget including projected department over-expenditures, trends in revenue, the status of the Reserve Fund, and current issues of concern and their potential impacts on the City. This report contains recommendations totaling approximately \$74.72 million for appropriations, transfers, and other budgetary adjustments. These recommendations will ensure that departments have sufficient funds to sustain current operations until the Year-End FSR. A key focus of this Third FSR is the anticipated impact of the recently enacted American Rescue Plan (ARP) on the City's finances and on the City's previously authorized actions to balance the budget for the current year.

Almost one year ago, the World Health Organization declared the novel COVID-19 coronavirus a global pandemic. In response, City leaders took immediate actions to protect Angelenos, prevent and slow the spread of COVID-19, and provide relief and assistance to those affected by the crisis. Nevertheless, despite extraordinary efforts on multiple fronts to respond to this health and economic emergency, the human toll of the COVID-19 pandemic has been tremendous. While the collective challenge we face remains, the widening distribution of vaccines and now the unprecedented federal relief just adopted through the ARP gives us all hope that the worst is behind us.

We expect the ARP to provide the City with \$1.354 billion in federal relief funds over two years. This direct federal relief will be augmented by additional federal relief from the ARP directed at homelessness, income protection, rent relief, and economic development.

Without the ARP, the recommendations in this Third FSR would be significantly different. As a result of the City Council and Mayor's approval of the use of earlier federal relief for budget balancing and some reduction in expenditures, we have eliminated the remaining \$77.5 million General Fund budget gap that we reported in February. This tentative balance still relies on the use of the City's reserves and deficit borrowing. Rather than having to continue down the path of extraordinary fiscal decisions this Office had recommended in our prior FSRs, the funding within the ARP earmarked for the City allows us to reshape our financial future. Instead of borrowing and

creating generational inequity, or making additional cuts to already strained departments to balance our budget, the ARP funds will help stabilize the City's finances while the City's economy recovers.

In this Third FSR, this Office has revised the prior budget-balancing plan approved in light of the anticipated ARP funding. Contingent on ARP funding available for lost revenue replacement, we recommend that the City use ARP funds first to address the 2020-21 budget gap, replacing the current budget-balancing proposal to use General Fund reserves and MICLA commercial paper for working capital. Upon addressing the current-year gap, we then recommend using the funds to restore to the Reserve Fund the losses from the 2019-20 revenue shortfall. Only then, should remaining funds be used for other purposes, as determined through the 2021-22 Budget development process.

There is one significant caveat to these recommendations. The amount of ARP funds available for lost revenue replacement will be contingent on guidance from the Biden Administration. If the ARP funds are restricted in certain ways, it may be necessary to continue with some or all of our existing budget balancing plan. Still, we are hopeful that Administration regulations will enable us to put the City's finances back in order.

Based on expenditures through the end of December, this Office projects \$108.78 million in expenditures above plan and \$8.13 million in additional General Fund appropriations to supplement special fund revenue shortfalls for a total of \$116.91 million in unbudgeted General Fund expenditures. In addition, we continue to recommend planning for a \$600 million revenue shortfall based on receipts through the end of February and continued uncertainty regarding revenues. The Reserve Fund balance is \$360.31 million, which represents 5.39 percent of 2020-21 General Fund revenues.

Budget Balancing Update

On February 5, 2021, this Office reported that the City was facing a total General Fund budget gap of \$750.7 million, comprised of a revenue shortfall (\$600 million), a pending loan repayment to the Public Works Trust Fund (\$75 million), and spending above budgeted levels (\$75.7 million), which included the estimated \$59.4 million in lost savings from cancelling remaining civilian furloughs. At that time, we proposed budget solutions totaling \$673.2 million. These included budget reductions (\$157.5 million), COVID-19 reimbursements (\$68.9 million), the use of the Budget Stabilization fund and the Contingency Reserve, in their entirety (\$274.1 million), issuing MICLA commercial paper for working capital (\$150.0 million), and labor concessions (\$22.7 million). This left the City with a \$77.5 million budget gap for which we did not propose specific solutions.

We now report that the City's current General Fund budget gap is \$688.7 million and in this report we present budget solutions that offset this entire amount. It now appears likely that the City will receive significant additional relief through the recently enacted ARP. If the City receives this funding during this fiscal year and in an amount adequate to address the remaining budget gap, this Office recommends that the City use those funds instead of transferring funds from the General Fund reserves and using MICLA commercial paper for working capital to close the remaining budget gap. We discuss the ARP, and our alternative proposal to close the budget gap, in more detail below.

The components of the remaining budget gap, the budget solutions absent ARP relief, and the major changes to both of these since our last report, are as follows:

Budget Gap (\$688.7 million)

- Revenue Shortfall (\$600 million): Based on our analysis of General Fund revenue through February 2021, we continue to recommend planning for a General Fund revenue shortfall of \$600 million as we have since the Second FSR.
- Public Works Trust Fund Loan (\$75 million): We continue to assume that the City will repay the loan from the Public Works Trust Fund during 2020-21, which the City used to front-fund the City's COVID-19 response efforts.
- Net Overspending (\$13.7 million): In our last report, we identified net overspending of \$75.7 million. This estimate was comprised of \$16.3 million reported in the Second FSR and \$59.4 million in lost savings from an agreement to cancel all remaining civilian furloughs. In this FSR, we identify appropriations and savings that the City can use to offset all but \$13.7 million of this amount. A portion of these savings is from recent labor agreements to defer salary adjustments and add two unpaid days for all civilians during this fiscal year. Departments have also generated, and continue to project, savings through their adherence to aggressive fiscal constraint actions including the hard hiring freeze, delays in new contracts, and suspension of all non-emergency overtime.

Budget Solutions (\$688.7 million)

- Budget Reductions (\$157.5 million): This amount reflects reductions that the Mayor and City Council have already approved. This Office is not recommending additional budget reductions to use for budget balancing at this time.
- COVID-19 Reimbursements (\$103.9 million): We previously reported that the City could use \$68.9 million of COVID-19 reimbursements toward budget balancing from the Coronavirus Relief Fund (CRF) (\$40 million) and the Federal Emergency Management Agency (\$28.9 million). The City Council, pending Mayoral concurrence, has recently taken action to transfer to the Reserve Fund both the \$40 million from CRF that we anticipated, and the remaining balance from that Fund, which we estimate to be an additional \$35 million (C.F. 20-0147-S38). This new transfer increases the total amount of COVID-19 reimbursements that the City will use for budget balancing to \$103.9 million.
- General Fund Reserves (\$293.9 million): This is comprised of the full balances of the Budget Stabilization Fund (\$117.5 million) and the Contingency Reserve Account of the Reserve Fund (\$176.4 million). If the City fully expends these funds, only the Emergency Reserve Account in the Reserve Fund (\$183.9 million) will remain of the General Fund reserves. The actual amount eventually transferred from the Contingency Reserve will be approximately \$75 million higher because of the transfer of CRF reimbursements, discussed above.

- Debt Options – Working Capital (\$133.4 million): In our prior budget balancing plans, we requested authority to issue up to \$150.0 million in MICLA commercial paper for working capital to offset a portion of the estimated budget gap. As a result of our lower overspending projections and the increased availability of other budget solutions discussed above, we now project that we will only need to issue \$133.4 million in MICLA commercial paper for working capital. We propose reducing this solution because issuing debt for operating costs is generally inconsistent with best practices and the City will incur interest costs in future years as it repays this debt.
- Labor Concessions (\$0): We last reported that the recent labor agreements would generate \$22.7 million in General Fund savings through deferred compensation adjustments and two unpaid days for all civilian employees. In this report, we have incorporated those adjustments into our spending projections for each department. They partially explain our reduced net overspending estimate of \$13.7 million. As we have incorporated these savings into our overspending estimate, we no longer include them in this line.

Table 1. Budget Balancing Update (in Millions)				
Item	Update to 2nd FSR Amount	Change	Current Amount	Reason for Change
<i>Budget Gap</i>				
Revenue Shortfall	\$ 600.0	\$ --	\$ 600.0	
Public Works Trust Fund Loan	75.0	--	75.0	
Net Overspending	16.3	(2.6)	13.7	Incorporates furlough cancellation amount and savings from labor concessions.
Furlough Cancellation	59.4	(59.4)	--	Incorporated in Net Overspending amount, above.
<i>Total Budget Gap</i>	<i>\$ 750.7</i>	<i>(\$ 62.0)</i>	<i>\$ 688.7</i>	
<i>Budget Solutions</i>				
Budget Reductions – (Non-Layoff)	\$ 157.5	\$ --	\$ 157.5	No new proposals for reductions for budget balancing purposes in this report.
COVID-19 Reimbursements (Remaining)	68.9	35.0	103.9	Estimated increase from transfer of the remaining balance of the CRF to the Reserve Fund (C.F. 20-0147-S38).
General Fund Reserves	274.1	19.8	293.9	Reflects activity since prior report.
Debt Options – Working Capital	150.0	(16.6)	133.4	Amount reduced to the lowest required amount.
Labor Cost Savings				
Layoffs Required for 3% Reduction	--	--	--	
Labor Concessions	22.7	(22.7)	--	\$22.7 million in savings achieved and added to the overspending item above.
<i>Total Budget Solutions</i>	<i>\$ 673.2</i>	<i>\$ 15.5</i>	<i>\$ 688.7</i>	
<i>Total Remaining Gap</i>	<i>\$ 77.5</i>	<i>(\$ 77.5)</i>	<i>\$ --</i>	

America Rescue Plan – Proposed Use Recommendation No. 1

The recent enactment of the ARP, which we describe in more detail below, appears likely to enable the City to balance the current year budget without using the Reserve Fund or issuing MICLA commercial paper for working capital. This assumes that the City receives funds during this fiscal year, these funds are adequate to offset the remaining budget gap, and federal guidance is consistent with our analysis of the eligible uses of these funds. According to the legislation, the City can expect to receive half of its allotment in the current fiscal year.

Based on our analysis of the legislation, local governments may use ARP funds for, among other purposes, revenue replacement. To the extent that it is supported, we believe that the City should identify our use of these funds as being for revenue replacement as doing so will provide the City with the maximum flexibility to program the funds. Further, we also recommend that the City first use the funds to address the current year budget gap, then to restore the General Fund reserves, before being used for other purposes.

Pandemic-Related Revenue Losses

Based on our initial analysis, which we will have to conduct again upon receipt of federal guidance on the methodology for calculating revenue loss, we believe that the City's pandemic-related General Fund and special fund combined revenue losses are at least equal to our likely ARP allocation of \$1.354 billion. Our actual, estimated, and projected pandemic-related General Fund revenue losses are \$1.256 billion, as follows:

- 2019-20 Actual: \$196 million (City Controller, Preliminary Financial Report).
- 2020-21 Estimated: \$600 million (CAO, Mid-Year FSR).
- 2021-22 Projected: \$460 million (Comparing the CAO's June 2019 projection for 2021-22 revenue of \$6,887.7 million with the City Controller's March 1, 2021 projection for 2021-22 revenue of \$6,427.7 million).

In addition to the City's General Fund revenue losses, various special funds also experienced revenue loss resulting from the pandemic. The pandemic impacted tourism and travel, special events, park attendance, parking, transit use, and building activity, all of which reduced revenues in various special funds. For 2019-20 and 2020-21, we identified a preliminary estimate of \$340 million in revenue loss among Transportation, Gas Tax, Convention Center, Recreation and Parks, Zoo, El Pueblo, Building and Safety, and Planning funds (\$155 million and \$185 million, respectively). While we have not completed a full analysis of special funds, we will continue to refine this analysis if required to do so to comply with federal guidance on the ARP.

Proposed Use of American Rescue Plan Funds

We recommend that the City use ARP first to address the 2020-21 budget gap, replacing the current budget balancing proposal to use MICLA commercial paper for working capital and General Fund reserves. Upon addressing the current-year gap, we then recommend using the funds to restore to the Reserve Fund the losses from the 2019-20 revenue shortfall. Only then, should remaining funds be used to address special fund revenue shortfalls or for other purposes, as determined through

the 2021-22 Budget development process. Further, the City should also delay programming any funds remaining after budget balancing until after we can fully assess the potential programmatic uses of the remaining more restricted elements of the ARP. Upon fully programming these restricted funds, the City can develop strategic decisions about the use of the balance of what we hope will be these unrestricted revenue replacement funds.

Specifically, we recommend that the City transfer any ARP funds received this year to the Reserve Fund, and use them as follows, and in the following priority order:

<u>Priority</u>	<u>Proposed Use of American Rescue Plan Funds</u>	<u>Amount (Millions)</u>
	<i>Estimated 2020-21 receipts from the American Rescue Plan</i>	<u>\$ 677.0</u>
<u>Budget Balancing and Reserve Restoration Proposals</u>		
1	Replace or repay and MICLA commercial paper for working capital amount issued or proposed for budget balancing.	\$ 133.4
2	Replace Contingency Reserve funds used and proposed for budget balancing.	\$ 176.4
3	Replace Budget Stabilization Fund funds used and proposed for budget balancing.	\$ 117.5
4	Retain funds in the Reserve Fund equal to the 2019-20 General Fund revenue losses in order to restore the Reserve Fund.	\$196.0
<u>Subtotal, Budget Balancing and Reserve Restoration Proposals</u>		<u>\$ 623.3</u>
5	Retain balance in the Reserve Fund to address special fund revenue shortfalls, as necessary, and for urgent one-time spending, identified through the 2021-22 Budget development process.	\$ 53.7

Taking these actions, as proposed, would result in increasing the Reserve Fund from \$183.9 million, or 2.75 percent of General Fund receipts if the City uses the entire Contingency Reserve for budget balancing, to \$631.3 million. This represents 2.75 percent of General Fund receipts in the Emergency Reserve and 6.69 percent of General Fund receipts in the Contingency Reserve. Combined with the Budget Stabilization Fund balance, which is equivalent to 1.76 percent of General Fund Reserves, this brings the City total General Fund reserves to 11.20 percent. This would exceed the City's Financial Policy goal to maintain cumulative General Fund reserves at ten percent of General Fund receipts. A high reserve balance is likely to be necessary to address budget challenges in the coming years. The Controller has projected that 2021-22 General Fund revenues will be \$460 million below our last pre-pandemic Budget Outlook for those revenues. At this time, we cannot predict the pace of the economic recovery or the associated revenue growth in future budgets. Healthy reserves will help the City to maintain critical services during the period of our recovery.

Using these new funds to pay for current obligations, as proposed, is consistent with the City's Financial Policies. Specifically, the Financial Policies state that the City should first apply new or expanded unrestricted revenue sources to supporting existing obligations prior to funding new programs.

The City should also adhere to its Financial Policies when considering how to use any remaining balances from these funds. First, these funds will be one-time in nature. As such, the Financial Policies state that the City should use one-time revenues for one-time expenditures. While we do recommend using these funds for budget balancing purposes in the current and future years, which we recognize includes ongoing expenditures, we must remain cognizant that they can only bridge the gap until our revenues fully recover. Therefore, the City should not use these funds to restore or initiate ongoing programs.

Further, the Financial Policies state that the City should consider requests for new or expanded services through the annual budget process. Therefore, the City should consider how to program any funds that remain after addressing this year's budget gap as part of the 2021-22 Budget development process in the context of considering all of the City's funding needs and priorities.

America Rescue Plan – Program Details

This Office has been monitoring and providing verbal updates to the Budget and Finance Committee regarding President Biden's ARP, which Congress approved on March 10, 2021, and the President signed on March 11, 2021. The two key provisions that provide budgetary relief to the City are 1) funding for state and local jurisdictions and 2) additional funds to FEMA to provide for 100 percent cost reimbursement. The other provisions of the ARP will assist the City with programmatic goals.

State and Local Funding.

The ARP allocates a total of \$45.57 billion for metropolitan cities and distributes it using a modified Community Development Block Grant (CDBG) formula. Per the information available to us, the estimate is that the City would be eligible to receive \$1.354 billion. We note that this is an increase from our last reported number and this new estimate, also issued by the House Oversight Committee, reflects a correction from the earlier version.

The Department of Treasury will distribute the funds in two tranches of 50 percent each, with the first tranche of \$677 million distributed within 60 days of enactment. Treasury will distribute the second \$677 million no earlier than 12 months after the first tranche so, at earliest, by the late spring of 2022. Additionally, the enacted legislation now includes a December 31, 2024 deadline for expenditure.

The final version of the bill has revised the eligible expenditure language from what we previously reported although the focus is still on addressing the impact of COVID-19. The final language on eligible expenditures is as follows:

- (A) To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (B) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, non-entitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- (C) For the provision of government services to the extent of the reduction in revenue of such metropolitan city, non-entitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, non-entitlement unit of local government, or county prior to the emergency; or,
- (D) To make necessary investments in water, sewer, or broadband infrastructure.

Similar to the CRF, we anticipate that Treasury will issue formal guidance and FAQ's on the uses of these funds. In terms of when the City would actually receive the first tranche of funds, when the CRF was enacted through the CARES Act, we received our funds in about a week once we submitted the required certification. There does not appear to be a certification requirement in the final language for the ARP funds.

Federal Emergency Management Agency (FEMA).

The legislation provides FEMA \$50 billion to remain available until Sept 30, 2025 to carry out the purposes of the Disaster Relief Fund for costs associated with major disaster declaration. The President also issued an Executive Memorandum directing FEMA to provide 100 percent reimbursement for COVID response public assistance activities. FEMA has indicated that it will be issuing formal guidance regarding the 100 percent reimbursement, including which public assistance activities will qualify, but as of this writing, has not yet issued official guidance. The City projects for testing, senior meals, EOC/DOC response, and Project Roomkey have already had their reimbursement percentage changed from 75 percent to 100 percent in the FEMA grants portal. Our Surge Hospital project remains at 75 percent reimbursement as of this report but may change once final guidance is issued.

Reinstate Managed Hiring Recommendation Nos. 2 and 3

As part of the actions on the 2020-21 Budget (C.F. 20-0600), the Council and Mayor approved a hiring freeze. At that time, the Council and Mayor also approved a process for departments to request an exemption to this hiring freeze. Technical or administrative requests were automatically exempt from the hiring freeze. Requests to promote employees or hire new employees were not automatically exempt and the Managed Hiring Committee, comprised of the CAO, Mayor, and Chief Legislative Analyst, conducted a detailed analysis and review of those requests. They evaluated whether the requests met the hiring freeze exemption criteria of essential to public health and safety, legally mandated, revenue-generating, or fully special funded.

As part of the Second FSR, the Mayor and City Council approved a hard hiring freeze, suspending hiring and promotions and only allowing departments to submit requests for hiring freeze exemption that are technical or administrative in nature. At that time, we stated that we would report in the Mid-Year FSR with recommendations as to whether the City should reinstate the previous hiring freeze exemption-request process, continue the temporary moratorium, or institute an alternative hiring review process.

In light of the recent enactment of the American Rescue Plan, this Office recommends rescinding the moratorium on hiring and promotions and returning to a hiring freeze, as approved in the budget and amended by C.F. 20-0600-S79. The prior, and now proposed, hiring freeze includes a process for departments to request exemptions for positions that are essential to public health and safety, legally mandated, revenue generating, or fully special funded. It will enable departments to fill positions that are essential while ensuring oversight over hiring, as required in light of the continued economic uncertainty that the pandemic has caused.

General Fund Revenue Attachment 1 – General Fund Receipts

Key Findings/Recommendations

- *In the Second FSR, we estimated that the potential year-end shortfall from adopted budget revenue may reach \$600 million as a result of the renewed restrictions on business activity intended to control surges in COVID-19 infections.*
- *Total 2020-21 revenue through February is \$3.34 billion, \$364.6 million below the adopted plan of \$3.71 billion, with large shortfalls in economically sensitive tax receipts and department reimbursements. These receipts are not expected to be recovered.*
- *Total February receipts-to-date are 92.3 percent of General Fund receipts of \$3.62 billion this time last year. Estimates for 2020-21 year-end receipts by this Office and the Office of Controller predict General Fund revenues will end below receipts recorded in the prior two fiscal years. The Controller estimated that 2020-21 receipts would fall \$550 million below budget. We continue to believe that the City should plan for a \$600 million revenue shortfall in order to account for continued uncertainty related to current year revenues and potential downside risk.*
- *The forecasting of revenues remains extremely challenging since accuracy depends on knowing when the various closures and social distancing restrictions impacting business activities will end, as well as determining the economic impact and recovery rate of the business sectors that support City tax and departmental receipts.*

2020-21 Revenue

The 2020-21 City Budget includes \$6.69 billion in General Fund revenue, equivalent to a 4.9 percent increase from actual 2019-20 year-end receipts of approximately \$6.37 billion. Due to pandemic-related economic losses, however, receipts continue to fall well below the adopted monthly plan, as well as below the actual receipts of the prior year.

Excluding the receipt of CARES Act pass-through monies, total General Fund revenue through February is \$3.34 billion, \$364.6 million below the adopted plan of \$3.71 billion and an increase from the \$130.3 million shortfall reported in October. This total shortfall is attributed solely to the pandemic and its impact to economically sensitive revenues (property, utility, business, sales, transient occupancy, and parking occupancy taxes), as well as departmental receipts and parking fines. Despite reported improvements in revenues at the State level, reduced City services and restrictions on travel and business activity are still in place, placing a growing burden on the City's specific revenue mix. With monthly receipts in some categories at only 30 percent of the prior year, the \$364.6 shortfall is expected to increase through the end of the fiscal year.

The table below along with Attachment 1 provides a summary and additional details on known and anticipated variances from the adopted revenue budget.

Table 2. 2020-21 General Fund Revenue and Variance through February
(Thousand dollars)

	2020-21 Budget	Plan Through February	Receipts Through February	Receipts as Percent of Budget	Variance of Receipts from Plan
Property Tax	\$2,297,080	\$1,333,703	\$1,275,250	55.5%	(\$58,453)
Property Tax Ex-CRA Inc.	95,900	32,040	54,552	56.9%	22,512
State Motor Vehicle License Fees	3,198	3,198	-	0.0%	(3,198)
Documentary Transfer Tax	215,835	140,075	151,546	70.2%	11,471
Residential Development Tax	3,693	2,373	2,981	80.7%	608
Utility Users' Tax	614,620	418,450	401,949	65.4%	(16,501)
Power Revenue Transfer	224,100	-	-	0.0%	-
Department receipts	1,335,289	676,906	595,387	44.6%	(81,519)
Transient Occupancy Tax	244,860	139,734	60,216	24.6%	(79,518)
Parking Fines	140,477	93,207	58,038	41.3%	(35,169)
Parking Occupancy Tax	102,000	61,040	35,333	34.6%	(25,707)
Special Parking Revenue Transfer	27,721	-	-	0.0%	-
Franchise Income	81,226	60,145	58,930	72.6%	(1,215)
Business Tax	686,540	336,174	269,582	39.3%	(66,592)
Sales Tax	557,055	372,885	347,438	62.4%	(25,447)
Interest Income	34,613	31,623	24,189	69.9%	(7,434)
Grant Receipts	12,521	5,654	7,168	57.3%	1,514
Tobacco Settlement	10,615	0	0	0.0%	-
Total General Fund	\$6,687,342	\$3,707,207	\$3,342,559	50.0%	(\$364,647)

Aside from the impact of delinquent payments, the pandemic has not greatly impacted trends in receipts based on property value, the real estate market, and construction activity.

Property taxes, former CRA/LA distributions, and motor vehicle license fees: The current \$58.5 million shortfall for receipts through February are due to lower secured, unsecured, and supplemental receipts and are partly offset by higher redemptions as taxpayers become current. With growth in assessed value remaining stable, the current shortfall is instead attributed to delinquencies. As such, there is downside risk that delinquencies, which reduced prior tax year receipts by \$28.2 million, will again reduce receipts for the current property tax period, resulting in a similar year end shortfall. Current year CRA/LA tax increment receipts through February are \$22.5 million above plan, which likely includes delayed receipts previously anticipated for the June 2020 remittance. Remittances for CRA/LA distributions and state motor vehicle license fees, a property tax on vehicle value, may have mitigated downside risk from delinquent payments.

Documentary transfer tax: Receipts through February are \$11.5 million above plan due to an atypically large remittance in January. Receipts continue to show improvement from early pandemic lows, sustained by low interest rates. Recent increases in these rates and limited inventory are downside risks to price appreciation and sale volume.

Residential development tax: A larger decline from prior-year construction activity was assumed for pandemic-related closures, resulting in receipts through February being \$600,000 above plan. Construction activity and receipts are expected to remain stable through year-end.

Utility user tax receipts, which also are impacted by delinquent payments, have remained consistent with the pandemic-related shift from commercial users to residential users.

Utility users tax and Power Revenue Fund transfer: The total \$16.5 million shortfall for receipts through February reflects the late recording of communication (CUT) and gas user tax remittances and a \$4.3 million shortfall in electricity user tax (EUT) receipts. In the First FSR, the Department of Water and Power (DWP) reduced its projected EUT estimate by \$12.2 million, from the adopted budget amount of \$434.8 million to \$422.6 million. DWP's most recent estimate predicts receipts closer to \$415.1 million reflecting the impact of a lower collection rate, for a \$19.7 million estimated year-end shortfall. The DWP Board approved a lower transfer estimate of \$218.4 million based on net operating income from 2019-20, equating to a \$5.7 million year-end shortfall. CUT, which is \$1.8 million below plan after including late receipts, is predicted to fall short of budget by year end due to the continuing trend in declining landline usage and competitive cellular market. Gas users tax receipts may end above budget with higher receipts from winter.

With the implementation of travel restrictions and business closures to control the spread of COVID, receipts dependent on hotel and parking activities have dropped by as much as 70 percent. Components of department receipts and franchise fee revenue have also been directly impacted by closures will also miss budgeted targets.

Department receipts: Revenue from licenses, permits, fees and fines (LPFF), and direct and related costs reimbursements through October is \$595.4 million, which is \$81.5 million below plan. The net shortfall through February includes related costs and other reimbursements (\$25.3 million), fees and other revenues (\$20.0 million), ambulance billing (\$17.1 million) and LA Metro police services billings (\$36.9 million), offset by earlier-than-planned reimbursements from proprietary departments (\$16.8 million). The total shortfall will increase through year-end as demand for services and the availability of special funds for reimbursement continue to be constrained by business closures and the resulting recession.

Transient occupancy tax (TOT): Receipts through February are \$79.5 million below budget for both hotel and short-term rental activity. This current shortfall will not be recovered and will increase with next month's tax collection. Receipts-to-date are at 28.5 percent of last year's level. There are significant downside risks to year-end hotel receipts based on industry projections for a long recovery for the that sector. While short-term rental receipts are closer to plan, receipts may be at risk with increasing enforcement of short-term rental restrictions.

Parking fines: Parking fine revenue through February is \$35.2 million below plan, and receipts-to-date are at 44.1 percent of last year's level. Monthly receipts have increased with the end of the relaxed parking enforcement program. This current shortfall will not be recovered and will increase through year-end with reduced parking activity with existing closures, reduced street sweeping frequency, and the undetermined impact of staff retirements.

Parking occupancy tax: Receipts for parking occupancy tax through February are \$25.7 million below plan due to the pandemic-related business closures and resulting recession. This shortfall will increase by year-end as curtailed business, sporting and entertainment activities continue reduce parking demand. Receipts-to-date remain at 44.1 percent of last year's level.

Special Parking Revenue Fund Transfer: The decline in special parking fund revenues have mirrored declines in parking occupancy tax. At this time, no surplus funds are anticipated to be available for transfer resulting in a year-end shortfall of \$27.7 million.

Franchise income: The current \$1.2 million shortfall for receipts through February is attributed to lower receipts in pipeline, solid waste collection and official police garage (OPG) franchises. While the monthly loss in OPG franchise may improve with the end of relaxed parking enforcement, the current shortfall will not be recovered, resulting in a year-end shortfall. There are downside risks to other economically sensitive franchise revenues. Revenue from resuming collection of taxicab franchise fees, which were not assumed in the budget, will partially offset shortfalls.

Business and sales tax receipts will reflect the impact of pandemic-related business closures and recession and are key indicators to the City's economic health. These receipts lag economic activity, annually for business taxes and quarterly for sales tax. Therefore, we will see continuing shortfalls for both during recovery.

Business tax: February receipts are \$66.6 million below plan, which includes the shortfall from receipts that were recorded in 2019-20. Revenue-to-date of \$269.6 million includes receipts from the current business tax amnesty as well as the first two months of remittances for the 2021 tax renewal period. With business tax filings due at the close of February, these receipts should be processed in early March to enable a revised estimate; however, there is significant downside risk based on the receipts recorded to date.

Sales tax: Sales tax revenue through February is \$25.4 million below plan. While the City has recovered late remittances from the State's action last spring to extend the tax filing due date for the first quarter of 2020 taxable sales, current receipts are impacted by the State's subsequent action to again extend filing due dates by 90 days, which may delay some receipts until July 2021.

Interest Earnings: Finance reports significant downside risk to interest earnings due to the 2 percent drop in General Funds available to invest.

Other receipts: Budgeted grant receipts and the tobacco settlement will not be adversely impacted by the pandemic.

Expenditures

Key Findings/Recommendations

- *This Office has identified approximately \$108.78 million in projected overspending and unfunded items across various departments and funds, which represents an \$8.16 million reduction to the previously reported overspending of \$116.94 million.*
- *This Office has also identified approximately \$8.13 million in General Fund appropriations required to supplement special fund revenue shortfalls. This combined with the \$108.78 million in projected overspending results in a total year-end overspending of \$116.91 million.*
- *The recommendations in this FSR address \$12.53 million of this overspending leaving \$104.38 million to be addressed. This Office has identified anticipated future actions that would offset an additional \$90.64 million, reducing year-end overspending to \$13.74 million.*

Based on expenditure data through the end of December, this Office has identified approximately \$108.78 million in projected overspending and unfunded items across various departments and funds. Tables 3 and 4 detail these amounts, which we attribute primarily to the elimination of civilian furloughs and retirement payouts for participants of the City's Separation Incentive Program (SIP), and to a lesser extent due to pandemic-related spending.

The year-end expenditure imbalance is detailed in Table 3 to follow and is mostly attributed to the following categories:

- The 2020-21 Budget included \$139 million in savings for 26 civilian furlough days. The City has previously partially offset the lost savings from the elimination of furloughs by deferring salary increases, adding negotiated unpaid days for civilians, and setting aside funding in the Unappropriated Balance for such purpose.
- Projected expenditures include the Citywide budget reductions that were approved in the Second FSR. Many departments that previously reported surpluses are now reporting expenditures above plan as these departments were initially planning to use their surplus funds to address the deferral of furloughs and unbudgeted retirement payouts for SIP participants.
- The pandemic has also put pressure on some spending, most notably in the Fire Department and as the City has used the General Fund to cover the costs of operations at El Pueblo and the Zoo, as their operations-related revenues have been severely curtailed.

(See Table 3 on next page)

Table 3. Mid-Year FSR Projected Overspending/Unfunded Expenditures (in Millions)

Department/ Initiative	Second FSR	Change	Third FSR	Reason
Fire	\$28.67	\$6.63	\$35.30	Increase attributed to elimination of civilian furloughs and increased overtime to support COVID-19 testing and response.
Police	5.84	21.19	27.03	Increase attributed to elimination of civilian furloughs, sworn hiring, and increased payouts for banked sworn overtime hours.
General Services	--	8.35	8.35	Increase attributed to elimination of furloughs and SIP payouts.
City Attorney	3.60	3.78	7.38	Increase attributed to elimination of furloughs.
Personnel	2.68	2.88	5.56	Increase attributed to elimination of furloughs.
Public Works-Sanitation	16.23	(10.84)	5.39	Reduction attributed to adjusting work plan for Livability Services Program.
Public Works-Street Services	2.14	1.92	4.06	Increase attributed to elimination of furloughs.
Public Works-Engineering	--	2.40	2.40	Increase attributed to elimination of furloughs and SIP payouts.
Animal Services	3.20	(1.03)	2.17	Reduction attributed to new savings identified in alternative reduction to layoffs and UB transfer.
Transportation	--	1.80	1.80	Increase attributed to the elimination of furloughs.
Public Works-Contract Administration	--	1.66	1.66	Increase attributed to elimination of furloughs and SIP payouts.
Information Technology	1.80	(0.40)	1.40	Reduction attributed to decreased use of overtime and hiring hall employees.
Controller	1.00	0.30	1.30	Increase attributed to elimination of furloughs and SIP payouts.
Clerk	0.68	0.33	1.01	Increase attributed to elimination of furloughs and SIP payouts.
Zoo*	0.60	0.41	1.01	Increase attributed to the elimination of furloughs.
Finance	--	0.90	0.90	Increase attributed to elimination of furloughs and SIP payouts.
CAO	0.15	0.50	0.65	Increase attributed to elimination of furloughs.
Housing and Community Investment	1.70	(1.14)	0.56	Reduction attributed to General Fund reappropriation in the First FSR.
Board of Public Works	0.09	0.29	0.38	Increase attributed to elimination of furloughs.
Planning	0.07	0.15	0.22	Increase attributed to elimination of furloughs.
Emergency Management	0.08	0.02	0.10	Increase attributed to elimination of furloughs.
Disability	--	0.08	0.08	Increase attributed to elimination of furloughs and SIP payouts.
El Pueblo*	0.03	0.02	0.05	Increase attributed to elimination of furloughs.
Employee Relations	--	0.02	0.02	Increase attributed to elimination of furloughs.
Non-Departmental				
LOA Furloughs Deferral	40.60	(40.60)	--	Costs of deferral of seven furlough days now reflected in departmental expenditures.

Human Resources Benefits	6.78	(6.78)	--	Overspending addressed with savings in workers' compensation expenses.
Insurance and Bond Premiums Fund	1.00	(1.00)	--	Overspending addressed with available cash balance within the Fund.
Total Year-End Overspending**	\$116.94	(8.16)	\$108.78	

* Special fund overspending for the Zoo and El Pueblo, which require a General Fund appropriation. These were inadvertently omitted from the previous FSR Table and have been included in the revised Total Year-End Overspending amount.

** The previous FSR Table reported total year-end overspending of \$116.24. The revised total of \$116.94 includes \$0.60 for the Zoo, \$0.03 for El Pueblo, and \$0.07 to correct an inadvertent calculation error.

Current Year Budget Balancing

As noted in Table 4 below, excluding the General Fund revenue shortfalls, we project \$108.78 million in current year expenditures above plan and additional General Fund appropriations of \$8.13 million to supplement special fund revenue shortfalls for a total spending above plan of \$116.91 million. The recommendations in this report will reduce these over-expenditures by \$12.53 million and potential future actions will further reduce overspending by \$90.64 million, resulting in a year-end budget gap of \$13.74 million.

Table 4.		
2020-21 Budget Balancing Solutions		
(Millions)		
Mid-Year FSR Over-Expenditures	\$ (108.78)	
Special Fund Revenue Shortfalls Requiring General Fund Subsidies		
Zoo and El Pueblo	(4.47)	Projected revenue shortfall attributed to limited operations at the Zoo (\$4.09 million) and El Pueblo (\$0.38 million).
Traffic Safety Fund	(1.87)	Revenue shortfall attributed to reduction in traffic citation revenue.
Sidewalk and Park Vending Trust Fund	(1.79)	Revenue shortfall attributed to reduction in permit fee revenue.
Total FSR Revenue Shortfall	\$ (8.13)	
Total Spending Above Budget	\$ (116.91)	
Mid-Year FSR Recommendations		
UB, Reserve for Mid-Year Adjustments	\$ 9.93	Transfers to General Services (\$2.0 million), Information Technology Agency (\$0.60 million), Bureau of Street Services (\$3.49 million), Transportation (\$2.77 million), and Zoo (\$1.06 million) to address expenditures above plan.
UB, Climate Change	0.06	Transfer to the Board of Public Works for Climate Change salaries expenses.

UB, Zoo and El Pueblo Revenue Shortfall	1.34	Transfer to the Zoo to address revenue shortfalls.
GSD Petroleum Account	1.20	Reappropriation of prior-year funds in the Petroleum Account to address current year expenditures above plan.
Mid-Year FSR Subtotal	\$ 12.53	
Potential Future Actions		
UB, Reserve for Mid-Year Adjustments	\$ 50.64	Transfer to address Citywide overspending.
UB, Reduction of Furloughs	40.00	Transfer to address deferral of eight furlough days.
Future Actions Subtotal	\$ 90.64	
Total Budget Solutions	\$ 103.17	
Remaining Year-End Overspending	\$ (13.74)	

City Reserves

Key Findings/Recommendations

- The City maintains budgetary reserves to help manage its risks and ensure sufficient resources to meet contingencies. Including the recommendations made in this report, the City's General Fund reserves total approximately \$528.48 million or 7.91 percent of the total 2020-21 General Fund revenue.

Reserves	Balance (in Millions)	%	Purpose
UB, 2020-21 Reserve for Mid-Year Adjustments account	\$ 50.64	0.76%	Used to address shortfalls in the current year.
Reserve Fund	360.31	5.39%	Minimum balance required by the City Charter. Preserved for the most critical needs and matters of urgent economic necessity and are not to be used for ongoing expenses.
Budget Stabilization Fund	117.53	1.76%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
Total Reserves	\$ 528.48	7.91%	

Unappropriated Balance, 2020-21 Reserve for Mid-Year Adjustments

After accounting for transactions since the last FSR, the balance in the UB Reserve for Mid-Year Adjustments was \$43.19 million. This report recommends transferring \$17.38 million to this account from the General City Purposes Fund (\$3.70 million), Subventions and Grants Fund (\$5.00 million), Capital Finance Administration Fund (\$5.37 million), and Engineering Special Services Fund (\$3.31 million). This report also recommends transferring funds from this account to the General Services Department (\$2.00 million), Information Technology Agency (\$0.60 million), Bureau of Street Services (\$3.49 million), Transportation (\$2.77 million), and Zoo (\$1.06 million). These actions result in a net increase to the UB Reserve for Mid-Year Adjustments Account from \$43.19 million to \$50.64 million.

Reserve Fund Recommendation Nos. 4 and 15

After accounting for transactions approved since the last FSR and the recommendations in this report, the Reserve Fund balance is \$360.31 million, which consists of \$183.90 million in Emergency Reserve and \$176.41 million in Contingency Reserve. This balance represents 5.39 percent of 2020-21 General Fund revenue, and is slightly above the five percent Reserve Fund policy. This balance represents an increase since the Second FSR (\$325.84 million, or 4.87 percent), which is primarily due to transfers approved as part of the CAO's Update On Actions Taken to Implement Amendments to the Second Financial Status Report of 2020-21 (\$18.61 million - C.F. 20-0600-S84), and early reversions and loan repayments (\$16.52 million).

A transfer from the COVID-19 Federal Relief Fund (approximately \$75 million), was approved by the City Council on March 2, 2021 (C.F. 20-0147-S38), and is pending Mayoral concurrence. As our reporting period is through February 2021, this report does not yet reflect this transfer in the Reserve Fund.

The Second FSR identified the balance of the Contingency Reserve and the Budget Stabilization Fund (BSF) as part of the City's year-end solution to close the current year budget gap. In light of the recent approval of the American Rescue Plan (ARP), this Office no longer recommends a transfer from the Reserve Fund. Rather, this Office recommends applying the ARP funding to offset the current year budget gap, assuming that federal guidance confirms that the City can use this amount for revenue replacement and the funds arrive in time. The City, however, will still require funding for cash flow due to the timing of receipt from the ARP. Therefore, we recommend authorizing the Controller to process Reserve Fund borrowing, up to the current balance of the Contingency Reserve (\$176.41 million), to provide sufficient cash flow through year-end. We further recommend that any portion of this account used for cash flow purposes be restored upon receipt of ARP funds, if it is available and an eligible use.

While the current balance of the Reserve Fund is above the five percent policy threshold, we must be mindful that the Reserve Fund may be required to address budget challenges in the coming years. As the Controller indicated, he projects that 2021-22 General Fund revenues will be \$460 million below our last pre-pandemic Budget Outlook for those revenues. For that reason, this Office

maintains the recommendation to refrain from using the Reserve Fund to fund new programs, program expansions, and service restorations.

This Office recommends the following transactions at this time:

- Authorize the Controller to process Reserve Fund borrowing up to \$176,413,137.27, not to exceed the Contingency Reserve balance, to provide sufficient cash flow through the end of the fiscal year.
- Authorize a Reserve Fund loan in the amount of \$650,000 to the El Pueblo de Los Angeles Historical Monument Revenue Fund to provide sufficient cash flow through the end of the fiscal year. The Department will repay this loan upon receipt of anticipated revenues generated at El Pueblo, which is expected to occur by year end.

Budget Stabilization Fund Recommendation No. 5

To supplement the Reserve Fund, the City established the Budget Stabilization Fund (BSF) as part of the 2008-09 Budget to prevent overspending during prosperous years and to provide resources to help maintain service levels during lean years. The Budget Stabilization Fund balance is approximately \$117.53 million, or 1.76 percent of General Fund revenues. Interest earnings within the Fund have raised the balance from the previously reported \$117.07 million.

The Second FSR identified the balance of the Contingency Reserve and the Budget Stabilization Fund (BSF) as part of the City's year-end solution to close the current year budget gap. In light of the recent enactment of the American Rescue Plan (ARP), this Office no longer recommends a transfer from the BSF at this time, but rather recommends the use of the ARP to offset the City's remaining revenue/expenditure shortfall. If ARP funding for revenue replacement is not adequate to replace the use of the BSF, or does not arrive in time, we will recommend the use of the BSF for budget balancing at that time.

In accordance with the City's Financial Policies, the CAO is required to calculate the average annual ongoing growth threshold and present it each year to the City Council and Mayor for approval prior to the release of the proposed budget for the subsequent year. If actual growth exceeds this threshold amount, the City must contribute to the Budget Stabilization Fund as part of the budget. If actual growth falls short of this amount, the City may withdraw from the Budget Stabilization Fund. The growth threshold is to be equal to the 20-year average of the actual annual growth of cumulative receipts from the seven major General Fund taxes. The CAO has completed this calculation using this methodology and has determined that the growth threshold for the 2021-22 Budget should be 4.1 percent.

Including the UB, Reserve for Mid-Year Adjustments Account, the Reserve Fund, and the Budget Stabilization Fund, the City's total reserves is 7.91 percent of 2020-21 General Fund revenue, which reflects a slight increase from the previously reported 7.27 percent.

This Office recommends the following action at this time:

- Approve the Average Annual Ongoing Growth Threshold for the Budget Stabilization Fund in the 2021-22 Budget of 4.1 percent.

Budgetary Adjustments

Sections 1 and 2 of the report recommends budgetary adjustments totaling approximately \$74.72 million, which include:

- \$4.54 million in new appropriations;
- \$31.59 million for transfers between accounts within various departments and funds;
- \$6.39 million for transfers between various departments and funds;
- \$11.32 million in appropriations from various accounts within the UB; and
- \$20.88 million in appropriations from various departments and funds to the UB.

Attachments

- 1 2020-21 General Fund Revenue
- 2 Current Status of Reserve Fund
- 3 New Appropriations
- 4 Transfers between Accounts within Departments and Funds
- 5 Transfers between Departments and Funds
- 6 Appropriations from the Unappropriated Balance
- 7 Appropriations to the Unappropriated Balance
- 8A Status of the Unappropriated Balance-General Account
- 8B Status of the Unappropriated Balance-Reserve for Mid-Year Adjustments
- 8C Status of the Unappropriated Balance-non-General Account
- 9 Status of Liability Claims Account
- 10 Employment Level Report

RECOMMENDATIONS

(Refer to Discussion Sections 1 and 2)

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

American Rescue Plan

1. Approve the plan for the City to use any funds that it receives through the American Rescue Plan during 2020-21 for the following purposes and in the following priority order:
 1. Replace lost revenue that, pursuant to the budget balancing plan that this Office has presented, would have otherwise been replaced using working capital, and immediately repay any debt for working capital that has already been issued for that purpose.
 2. Replace lost revenue that, pursuant to the budget balancing plan that this Office has presented, would have otherwise been replaced using the Contingency Reserve, and restore to the Contingency Reserve any funds that the Controller has already been used for that purpose, as authorized in this report.
 3. Replace lost revenue that, pursuant to the budget balancing plan that this Office has presented, would have otherwise been replaced using the Budget Stabilization Fund, and restore to that Fund any amount that the City Council and Mayor has authorized to be used, pursuant to any such future action.
 4. Retain in the Reserve Fund \$196 million, representing the General Fund revenue lost due to the pandemic in 2019-20.
 5. Retain any remaining balance in the Reserve Fund and consider their use for urgent one-time needs as part of the 2021-22 Budget development process.

Managed Hiring

2. Direct the Office of the City Administrative Officer to reinstate the Hiring Freeze exemption process as outlined in C.F. 20-0600-S79, which is overseen by a panel comprised of the Mayor, Chief Legislative Analyst, and CAO, and allows departments to request approval to hire and promote staff into positions that are essential to public health and safety, legally mandated, revenue generating, or fully special funded, subject to the availability of funding.
3. Authorize the City Administrative Officer to adjust the process to expedite the filling of critical vacancies with concurrence of the Mayor and the Chief Legislative Analyst.

Reserve Fund

4. Authorize the Controller to process Reserve Fund borrowing up to \$176,413,137.27, not to exceed the Contingency Reserve balance, to provide sufficient cash flow through the end of the fiscal year.

Budget Stabilization Fund

5. Approve the Average Annual Ongoing Growth Threshold for the Budget Stabilization Fund in the 2021-22 Budget of 4.1 percent.

Departmental and Non-Departmental Budget Adjustments

6. Appropriate \$4,542,361.37 to various department and fund accounts as specified in Attachment 3.
7. Transfer \$31,588,240.93 between accounts within various departments and funds as specified in Attachment 4.
8. Transfer \$6,388,084.15 between various departments and funds as specified in Attachment 5.
9. Transfer \$11,323,587.00 from the Unappropriated Balance to various departments and funds as specified in Attachment 6.
10. Transfer \$20,875,407.30 from various departments and funds to the Unappropriated Balance as specified in Attachment 7.

Aging

11. Approve a technical correction to Recommendation No.1 of the Second Financial Status Report (C.F. 20-0600-S84) relative to a \$21,023 reduction to the Department of Aging's Contractual Services Account, to specify that the reduction applies to two mini multipurpose centers (Estelle Van Meter and Echo Park) as opposed to the Older Worker Employment Program. There is no impact to these centers as the required funding has already been transferred to the enrollee wages account in the beginning of the fiscal year and these funds are no longer needed.
12. Authorize the early reversion of the liquidated encumbrances up to \$959,826.50 from the FY 2019-20 Department of Aging Fund No. 100/02, Account No. 003040, Contractual Services, to the Reserve Fund No. 101, and transfer a like amount from the Reserve Fund to the Unappropriated Balance, and appropriate therefrom to the FY 2020-21 Department of Aging Fund No. 100/02, Account No. 003040, Contractual Services, for the Senior Meals Emergency Response Program.

Animal Services

13. Authorize the early reversion of a disencumbrance for \$112,429.90 (CPO 06 200000497235 and CPO 06 2000000486513) within the Fiscal Year 2019-20 Animal Services Fund No. 100/06, Account No. 003040, Contractual Services, to the Reserve Fund, and subsequently reappropriate \$112,429.90 from the Reserve Fund to the Unappropriated Balance, and appropriate therefrom to the Fiscal Year 2020-21 Animal Services Fund No.100/06, Account No. 003040, Contractual Services, to pay outstanding furniture and fixture invoices for the North Central Animal Services Center.

Council

14. As detailed below, authorize the Controller to disencumber up to \$41,520 in prior-year encumbrances within the General City Purposes Fund, Council Community Services District 10 Account, and request the Controller to revert the unencumbered funds to the Reserve Fund and subsequently transfer up to \$41,520 to the Unappropriated Balance, and appropriate therefrom to the Council Fund No. 100/28, Account No. 006010, Office and Administrative, to support Council District 10 office and administrative expenses.

Council Community Services District 10 Encumbrances				
Budget FY	Fund No.	Department	Account No.	Amount
2015	100	56	000710	\$ 3,000
2016	100	56	000710	8,500
2017	100	56	000710	7,850
2018	100	56	000710	18,383
2019	100	56	000710	3,787
			TOTAL:	\$ 41,520

El Pueblo

15. Authorize a Reserve Fund loan in the amount of \$650,000 to the El Pueblo de Los Angeles Historical Monument Revenue Fund No. 737/33 to provide sufficient cash flow through the end of the fiscal year. This loan will be repaid upon receipt of anticipated revenues generated from El Pueblo.

Fire

16. Reapprove the use of \$15,000,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing provided in the 2020-21 City Budget as follows:

2020-21 MICLA Budget					
Fleet Equipment Classification	Useful Life	Quantity	Fuel Type	Unit Cost	Total Cost
Apparatus, 100-foot Aerial Ladder	10	4	Diesel	\$1,386,019	\$5,544,076
Apparatus, Triple Combination	10	4	Diesel	\$905,691	\$3,622,764
Ambulance	6	11	Diesel	\$193,924	\$2,133,164
EMS Battalion Command Vehicle	6	7	Gasoline	\$63,600	\$445,200
Fleet Utility Service Truck	6	1	Diesel	\$150,424	\$150,424
Crew 3 Vehicle	6	1	Diesel	\$275,000	\$275,000
Sedans (Emergency)	6	15	Gasoline	\$41,570	\$623,550
Sedans Electric (Non-Emergency)	6	10	Electric	\$40,403	\$404,030
Sedans (Non-Emergency)	6	4	Gasoline	\$37,163	\$148,652
Van, 15 Passenger	6	1	Diesel	\$51,900	\$51,900
Air Ops Tugs (no radio)	10	1	LPG	\$100,000	\$100,000
Forklift (no radio)	10	1	LPG	\$80,000	\$80,000
Total Apparatus		60			\$13,578,760
Communications Radio Packages					
Apparatus, 100' Aerial Ladder		3		\$43,970	\$131,910

Apparatus, Triple Combination		4		\$43,970	\$175,880
Ambulance		11		\$33,085	\$363,935
EMS Battalion Command Vehicle		7		\$33,085	\$231,595
Light Vehicles (Emergency)		15		\$27,371	\$410,565
Light Vehicles (Non-Emergency)		17		\$6,315	\$107,355
Total Communications		57			\$1,421,240
TOTAL MICLA (Fleet & Communications)					\$15,000,000

17. Reappropriate \$338,307.39 from the uncommitted balance within the Fire Department Trust Fund No. 848/38, Account No. 38138S, Fire, to the following accounts within the Fire Fund No. 100/38 to offset EMS Advanced Provider salary costs from hospital organization contributions for Advanced Provider Partnerships serving communities with high call volumes:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries General	\$ 59,123.76
001090	Overtime General	99,502.28
RSC 5301	Reimbursement from Other Funds	59,123.40
RSC 5361	Related Cost Reimbursements-Others	120,557.94
Total		<u>\$ 338,307.39</u>

18. Reappropriate \$292,331.40 from the uncommitted balance within the Innovation Fund No. 105/10, Account No. 10S138, Fire, to the following accounts within the Fire Fund No. 100/38 for continuation of the Early Intervention Treatment Program (C.F. 18-1053):

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
001010	Salaries General	\$ 85,000.00
001012	Salaries Sworn	92,331.40
003040	Contractual Services	100,000.00
006010	Office and Administrative	15,000.00
Total		<u>\$ 292,331.40</u>

19. Reappropriate \$204,387.56 from the uncommitted balance within the Innovation Fund No. 105/10, Account No. 10S138, Fire, to the Fire Fund No. 100/38, Account No. 001010, Salaries General for continuation of the Telemedicine Program, which evolved from an earlier Advanced Practitioner at Dispatch Pilot proposal (C.F. 17-0177).

20. Instruct the Fire Department to report to the Office of the City Administrative Officer by April 10, 2021, on available cash balances within off-budget funds that it can use to address the Department's current year budget gap.

General City Purposes

21. Amend the O'Farrell-Price Motion (C.F. 20-1522) to transfer and appropriate \$120 from the General City Purposes Fund No. 100/56, Account No. 000832, Heritage Month, instead of the General City Purposes Fund No. 100/56, Account No. 000870, Council

District 13 Council Fee Subsidy Account, to the General Services Department Fund No. 100/40, Account No. 001070, Salaries, As-Needed.

General Services

22. Authorize the Controller to disencumber up to \$1,200,000 in 2017-18 encumbered balances within the General Services Department Fund No. 100/40, Account No. 003230, Petroleum Products, and reappropriate up to \$1,200,000 from the Reserve Fund through the Unappropriated Balance, and appropriate therefrom to the General Services Department Fund No. 100/40, Account No. 003230, Petroleum Products, to address current year expenditures above plan.

Housing and Community Investment

23. Disencumber up to \$232,580 from Fiscal Year 2019-20 encumbered balances for Contract No. C-130642, Satwic, Inc. (SC CO21130642M) within the Housing and Community Investment Department Fund No. 100/43, Account No. 003040, Contractual Services, and revert \$232,580 to the Reserve Fund No. 101 and appropriate therefrom to the Fiscal Year 2020-21 Accessible Housing Program Fund No. 10D/43, Account No. 43T900, Contract Programming – Systems Upgrades, for Contract No. C-130651, 3Di, Inc. (SC CO21130651M), to reimburse for systems-related contractual services provided in 2019-20 for the Accessible Housing Program.

24. Disencumber and reduce appropriations totaling \$1,028,504.04 within the Systematic Code Enforcement Fee Trust Fund No. 41M as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43M228	Rent and Code Outreach Program	\$ (100,000.00)
43M229	Hearing Office Contract	(3,680.74)
43M412	Service Delivery	(629,790.00)
43M900	Contract Programming – Systems Upgrades	(186,000.00)
43N900	Contract Programming – Systems Upgrades	(102,366.68)
43P228	Rent and Code Outreach Program	(2,000.00)
43P229	Hearing Office Contract	(4,666.62)
	Total	<u>\$ (1,028,504.04)</u>

25. Rescind Recommendation No. 1 of the Council action on Item 74 (C.F. 20-0401-S1) of the July 1, 2020 Council Agenda establishing various special fund appropriations for the COVID-19 Emergency Renters Relief Program since the appropriations were approved through other Council actions.

26. Decrease appropriations totaling \$283,512 from the Housing and Community Investment Department Fund No. 100/43, Account No. 001010, Salaries General, and decrease corresponding appropriations from the following funds and accounts:

- a. Decrease appropriations in the amount of \$24,405 within the Accessible Housing Fund No. 10D/143, Account No. 43T143, Housing and Community Investment;

- b. Decrease appropriations in the amount of \$57,958 within the Community Development Trust Fund No. 424/143, Account No. 43T143, Housing and Community Investment;
- c. Decrease appropriations in the amount of \$8,135 within the HOME Investment Partnerships Program Fund No. 561/143, Account No. 43T143, Housing and Community Investment;
- d. Decrease appropriations in the amount of \$72,340 within the Systematic Code Enforcement Trust Fund No. 41M/143, Account No. 43T143, Housing and Community Investment;
- e. Decrease appropriations in the amount of \$80,000 within the Rent Stabilization Trust Fund No. 440/143, Account No. 43T143, Housing and Community Investment;
- f. Decrease appropriations in the amount of \$32,539 within the Foreclosure Registry Program Fund No. 56V/143, Account No. 43T143, Housing and Community Investment; and
- g. Decrease appropriations in the amount of \$8,135 within the Municipal Housing Finance Fund No. 815/143, Account No. 43T143, Housing and Community Investment.

Mayor

27. In accordance with the following chart, authorize the Controller to disencumber up to \$215,008 in Fiscal Year 2019-20 encumbered balances for Gang Reduction and Youth Development (GRYD) Service Provider Contracts within the Mayor's Contractual Services Account No. 003040, and request the Controller to revert the unencumbered funds to the Reserve Fund No. 101/62, and subsequently transfer up to \$215,008 to the Unappropriated Balance, and appropriate therefrom to the Mayor's Contractual Services Account No. 003040 to support Fiscal Year 2020-21 GRYD service provider contracts.

GRYD FY 2019 - 20		
PREVENTION	Contract No.	Available to Disencumber
Asian American Drug Abuse Program	131703	\$ 12,882.69
Asian American Drug Abuse Program	131703	\$ 22,774.92
Brotherhood Crusade	131935	\$ 11,888.05
Community Build Inc.	131706	\$ 7,797.89
Community Build Inc.	131706	\$ 14,958.89
HELPER	131707	\$ 11,006.48
P.F. Bresee Foundation	131702	\$ 14,312.16

Prevention Total		\$ 95,621.08
INTERVENTION		Available to Disencumber
Community Partners/Urban Peace Institute	131710	\$ 8,709.89
Alliance for Community Empowerment	131714	\$ 2,268.23
Community Build Inc.	131713	\$ 8,388.04
Chapter II	131716	\$ 2,148.42
HELPER	131712	\$ 8,774.37
Heluna Health	131711	\$ 62,467.65
Heluna Health	131711	\$ 25,906.69
Intervention Total		\$ 118,663.29
OTHER PROGRAMS		Available to Disencumber
Harder + Co	132397	\$ 723.22
Social Solutions	130712	\$ 0.07
Other Programs Total		\$ 723.29
TOTAL for FY 20-21 Surge Plan		\$215,007.66

Neighborhood Empowerment

28. Authorize the Controller to reduce \$60,445 from the Solid Waste Resources Revenue Fund No. 508/50, Account No. 50T44B, Neighborhood Empowerment Fund (Schedule 18) and subsequently reduce the 2020-21 Budget transfer by \$60,445 from the Neighborhood Empowerment Fund No. 44B/47, Account No. 47T147, to the Department of Neighborhood Empowerment Fund No. 100/47, Account No. 001010, Salaries General.

Police

29. Decrease appropriations totaling \$1,100,000 within the Supplemental Law Enforcement Services Fund No. 667/46, Account No. 46T170, Police, and reduce corresponding appropriations within the Police Department Fund No. 100/70, Account No. 007340, Transportation Equipment (\$1,000,000) and Account No. 003090, Field Equipment Expense (\$100,000).

Public Works/Engineering

30. Authorize the Controller's Office to process the revision of Fiscal Year 2019-20 Year-End Reversion Worksheet submitted by the Bureau of Engineering on October 9, 2020.

Public Works/Sanitation

31. Decrease appropriation of \$500,000 from the Citywide Recycling Trust Fund No. 46D/50, Account No. 50T182, Bureau of Sanitation, to the Bureau of Sanitation Fund No. 100/82, Account No. 001010, Salaries General.

32. Decrease appropriations of \$1,000,000 from the Multi-Family Bulky Item Fee Fund No. 50D/50, Account No. 50T182, Bureau of Sanitation, to the Bureau of Sanitation Fund No. 100/82, Account No. 001010, Salaries General.

33. Decrease appropriations of \$2,500,000 from the Sewer Operations and Maintenance Fund No. 760/50, Account No. 50T182, Bureau of Sanitation, to the Bureau of Sanitation Fund No. 100/82, Account No. 001010, Salaries General (\$725,000) and Account No. 001090, Overtime General (\$1,775,000).
34. Decrease appropriations of \$725,000 from the Solid Waste Resources Revenue Fund No. 508/50, Account No. 50T182, Bureau of Sanitation, to the Bureau of Sanitation Fund No. 100/82, Account No. 001010, Salaries General.
35. Increase appropriations of \$4,725,000 to the Solid Waste Resources Revenue Fund No. 508/50, Account No. 50T182, Bureau of Sanitation, to the Bureau of Sanitation Fund No. 100/82, Account 001090, Overtime General.

Public Works/Street Services

36. Authorize the Controller to decrease appropriations totaling \$4,747,804 within the Sidewalk and Park Vending Trust Fund No. 579/50 to reconcile budgetary appropriations with available cash as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
50T186	Bureau of Street Services (Account No. 001010)	\$ 1,374,051
50T186	Bureau of Street Services (Account No. 001090)	16,476
50T186	Bureau of Street Services (Account No. 002120)	1,400
50T186	Bureau of Street Services (Account No. 003310)	34,000
50T186	Bureau of Street Services (Account No. 003040)	350,000
50T186	Bureau of Street Services (Account No. 006010)	18,000
50T158	Unappropriated Balance	63,524
50T299	Reimbursement of General Fund	2,890,353
	Total	\$ 4,747,804

37. Authorize the Controller to decrease appropriations of \$8,174,061.28 from the Street Damage Restoration Fee Fund No. 41A/50, Account No. 50RKHD, Street Reconstruction/ Vision Zero, to reconcile budgetary appropriations with available cash.

Technical

38. 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

A total of \$108.78 million in projected over-expenditures and \$8.13 million in additional General Fund appropriations required to supplement special fund revenue shortfalls are identified in the Third Financial Status Report. Transfers, appropriations, and other budgetary adjustments totaling \$74.72 million are recommended in Sections 1 and 2 of this report.

COMPLIANCE WITH FINANCIAL POLICIES

The recommendations in this report comply with the City's Financial Policies as the recommended transactions are required to achieve and maintain a structurally balanced budget.

DEBT IMPACT STATEMENT

The issuance of Municipal Improvement Corporation of Los Angeles (MICLA) debt is a General Fund obligation. The issuance of MICLA for the Fire Fleet Replacement Equipment approved in the 2020-21 City Budget will cause the City to borrow approximately \$15.0 million at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service is \$19.9 million, including interest of approximately \$4.9 million. During the life of the bonds, the estimated average annual debt service is \$2.0 million over ten years.

In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The City is currently at 3.13 percent for 2020-21. The issuance of the debt for this capital equipment will not impact the City's debt capacity for non-voter approved debt as the issuance of debt for the projects is already included in the debt ratio.

DISCUSSION

The following is a discussion regarding the recommendations included in the report and other budget related items. The discussion is presented in six sections as follows:

Section 1. Status of Departmental Budgets.....	31
Section 2. Status of Non-Departmental Funds and Special Accounts.....	63
Section 3. Status of Employment.....	66
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Section 6. Special Gas Tax Improvement Fund.....	69

1. STATUS OF DEPARTMENTAL BUDGETS

This section addresses the status of department expenditures and revenues, presents projected year-end overspending, and highlights issues of concern. Recommendations include new appropriations, reappropriations, and transfers for operational needs.

Department Expenditures: This analysis is based on department expenditure and revenue information through the end of December.

Department Revenues: Departmental General Fund revenue estimates for this reporting period are based on data through the end of December, with some exceptions.

A. Aging

Recommendation Nos. 11 and 12

This Office projects a year-end surplus of \$203,006, comprised of a \$84,866 General Fund surplus and a \$118,140 special fund surplus. This surplus is a reduction of approximately \$180,000 from the previously reported surplus of \$383,166, comprised of a \$204,313 General Fund surplus and a \$178,853 special fund surplus. The reduction in the surplus is attributed to the City's hiring moratorium, the elimination of furloughs, and retirement payouts for SIP participants.

The Department anticipates meeting its General Fund revenue budget of \$329,739 by year end.

This Office recommends the following transactions at this time:

- Approve a technical correction to the Second FSR relative to a \$21,023 reduction to the Department's Contractual Services Account to specify that the reduction applies to two mini multipurpose centers (Estelle Van Meter and Echo Park) as opposed to the Older Worker Employment Program.
- Authorize the early reversion of the liquidated encumbrances up to \$959,826.50 from the Department's 2019-20 Contractual Services Account and reappropriate a like amount to the Department's 2020-21 Contractual Services Account for the Senior Meals Emergency Response Program.

B. Animal Services

Recommendation No. 13

This Office projects year-end General Fund expenditures above plan of \$2,172,862, which is a \$1,030,294 reduction from the previously reported General Fund expenditures above plan of \$3,203,156. The reduction in overspending is attributed to new savings identified in the Department's alternative reduction to layoffs (\$696,274), a transfer from the Unappropriated Balance (\$230,000) approved in the previous FSR, and revised expenditure projections. The remaining overspending is due to the elimination of furloughs and unbudgeted costs for security services at two temporarily closed shelters. We will continue to monitor these accounts and provide recommendations to address the budget gap in the Year-End FSR.

We are also monitoring the status of the Animal Sterilization Trust Fund as there is insufficient cash to support the current rate of expenditures. The Department has made programmatic changes to the Fund to scale down expenditures in preparation of the cash balance becoming depleted. This Office will continue to monitor the status of this Fund and provide recommendations to address any structural deficits within the Fund in subsequent FSRs.

There are no significant changes to the previously reported revenue shortfall of \$1.94 million from the Department's General Fund revenue budget of \$4.65 million. The revenue shortfall is primarily attributed to reductions in filming permits and dog licenses as a result of the pandemic.

This Office recommends the following transaction at this time:

- Reappropriate \$112,430 from the Department's 2019-20 Contractual Services Account to the Department's 2020-21 Contractual Services Account to pay down invoices for furniture and fixtures for the North Central Animal Services Center.

C. Building and Safety No Recommendation

This Office projects a year-end special fund surplus of \$9.68 million, which is a reduction of \$3.34 million from the previously reported \$13.02 million special fund surplus. The reduction in the special fund surplus is primarily due to the \$3.58 million special fund reduction that was approved as part of the Department's three-percent budget reduction exercise.

The Department projects a revenue shortfall of \$9.93 million from its General Fund revenue budget of \$68.03 million. This is a slight increase of \$0.99 million from the previously reported revenue shortfall of \$8.94 million. This revenue shortfall is pandemic-related and comprised of reductions in permit applications, non-compliance fees, and related cost reimbursements. This Office will monitor these revenue trends and provide updated projections in the Year-End FSR.

The Department also projects a year-end revenue shortfall of \$49.31 million from the Building and Safety Building Permit Enterprise Fund. This is a reduction of \$10.85 million from the previously reported revenue shortfall of \$60.16 million. The shortfall is due to lower than anticipated building permit, inspection, and plan check fee revenues due to the pandemic's impact on development activity.

In the 2020-21 Budget, the Repair and Demolition Fund provides \$352,991 in funding to the Department for necessary repairs, securing, cleaning, or demolition of buildings, structures, and portions of premises that constitute a nuisance or are blighted or substandard. Revenues to date within the Fund are insufficient to support the budget appropriation and this Office will monitor these revenues and report in the Year-End FSR with potential solutions to address the revenue shortfall.

D. Cannabis Regulation No Recommendation

This Office projects a year-end special fund surplus of \$665,608, which is a reduction of \$118,518 from the previously reported special fund surplus of \$784,126. The reduction in the surplus is due to the City's hiring moratorium and the elimination of furloughs.

This Office anticipates the Department to meet its General Fund revenue budget of \$10.41 million by year end.

E. City Administrative Officer Attachment 3 – New Appropriations

The Office of the City Administrative Officer projects year-end General Fund over-expenditures of \$650,000, which is an increase of \$500,000 from the previously reported over-expenditures of \$150,000. This increase is due to the elimination of furloughs. We will monitor these over-expenditures and provide recommendations to address them in the Year-End FSR.

This Office projects a revenue shortfall of \$1.0 million from the Department's General Fund revenue budget of \$3.92 million. This shortfall is due to a) the elimination of all 2020-21 revenue from the Department and Water and Power due to a Citywide true-up of prior-year payments (\$508,000) and b) the date change for the Los Angeles Marathon, which will eliminate 2020-21 reimbursement for Citywide costs to support this event (C.F. 13-0856-S4, \$507,000).

In the First FSR, this Office also reported potential over-expenditures of up to \$1.0 million in the Insurance and Bond Premiums Fund due to increases in insurance premiums caused by the state of the economy and the addition of a new asphalt plant to the MICLA Program. A review of prior year encumbrances within the Fund has been conducted, allowing for these over-expenditures to be addressed within the existing cash balance of the Fund.

This Office requests the following transaction at this time:

- Appropriate \$1.0 million to the Insurance and Bonds Premiums (BFY 21) Account from the available cash balance within the Insurance and Bonds Premiums Fund.

F. City Attorney Attachment 3 – New Appropriations

This Office projects net year-end expenditures above plan of \$7.03 million, comprised of \$7.38 million of General Fund expenditures above plan and a special fund surplus of \$344,007. This is an increase of \$3.42 million from the previously reported year-end overspending of \$3.61 million and is primarily due to the elimination of furloughs. The Department will require an additional appropriation to meet payroll obligations in the Year-End FSR.

There are no changes to the previously reported revenue projection of \$29.53 million, which is a \$5.18 million shortfall from the Department's General Fund revenue budget of \$34.71 million, largely due to decreased receipts received from the Department of Water and Power.

This Office recommends the following transactions at this time:

- Appropriate \$207,174 from the Proposition HHH Bond Proceeds Fund to the Department's Reimbursement from Other Funds (\$149,433) and Related Cost Reimbursement – Others (\$57,741) revenue accounts to reimburse the General Fund for eligible salary expenditures and related costs related to the Proposition HHH Program. Per the requirements of the bond, the Department has provided the required backup documentation for expenditures. This Office has reviewed the recommended amount and determined it to be eligible for reimbursement.

G. City Clerk No Recommendation

This Office projects year-end General Fund expenditures above plan of \$1,014,251, which is an increase of \$330,250 from the previously reported General Fund overspending of \$684,001. The increase in overspending is primarily due to the elimination of furloughs and retirement payouts for SIP participants. This Office does not recommend any actions at this time but will continue to monitor expenditures and provide recommendations in the Year-End FSR.

The Department's General Fund revenue budget is \$720,000 and the Department now anticipates a \$1.46 million revenue increase for total revenues of \$2.18 million. This estimate has increased by \$895,065 from the previous revenue estimate of \$1.29 million. The Department anticipated receiving a \$700,000 reimbursement from the Los Angeles Unified School District (LAUSD) for administering March 2020 LAUSD Board elections in 2021-22 and now expects to receive this revenue in the current year. In addition, the amount of reimbursement has increased to \$900,000.

H. City Planning No Recommendation

This Office projects year-end expenditures above plan totaling \$107,430, which is comprised of \$216,272 in General Fund expenditures above plan and a \$108,842 special fund surplus. This is a reduction from the previously reported surplus of \$1.18 million, which was comprised of \$67,000 in General Fund expenditures above plan and a \$1.25 million special fund surplus. This reduction is primarily due to the elimination of furloughs. This Office does not recommend any actions at this time but will continue to monitor expenditures and provide recommendations in the Year-End FSR.

This Office projects a \$9.23 million revenue shortfall from the Department's General Fund revenue budget of \$22.06 million. This is an increase of \$2.14 million from the previously reported shortfall of \$7.09 million. This shortfall is due to a reduction in related cost reimbursements as the pandemic's negative impact on development activity and corresponding special fund fee revenues have resulted in a General Fund subsidy for related costs. This Office projects that special fund revenues for the Department will be 20 percent lower than budgeted due to this reduction in development activity.

I. Civil and Human Rights Department
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds

This Office projects that the Department will complete the year within budget. This assumes the approval of a recommended transfer between accounts to address projected over-expenditures related to non-MICLA eligible costs associated with office space construction.

The Department has no General Fund revenue budget.

This Office recommends the following transaction at this time:

- Transfer \$18,000 from the Department's Salaries General (\$16,923) and Contractual Services (\$1,077) accounts to the Department's Furniture, Office, and Technical Equipment Account for the purchase of office equipment and computers.
- Transfer \$125,986 from the Department's Salaries General Account to the City Attorney's Salaries General Account to reimburse salary costs incurred prior to the transfer of staff to the Department's payroll.
- Transfer \$60,133 from the Department's Salaries General Account to the Office of Finance's Salaries General Account to reimburse salary costs for staff on loan to the Department.

J. Controller
No Recommendation

This Office projects year-end General Fund expenditures above plan of \$1.30 million, which is an increase of \$300,000 from the previously reported \$1.0 million in expenditures above plan. This increase is primarily due to the elimination of furloughs and retirement payouts for SIP participants. This Office does not recommend any actions at this time but will continue to monitor expenditures and provide recommendations in the Year-End FSR.

The Department anticipates meeting its General Fund revenue budget of \$6.58 million by year end.

K. Convention and Tourism Department
No Recommendation

This Office projects a year-end special fund surplus of \$140,000, which is a reduction of \$183,000 from the previously reported surplus of \$323,000. The reduction in the surplus is due to the elimination of furloughs and anticipated retirement payouts.

The Department anticipates meeting its General Fund revenue budget of \$770,179 by year end.

L. Council

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation No. 14

The Council requests the following transactions at this time:

- Transfer \$2.75 million from the Council’s Salaries General Account to the Council’s Salaries, As-Needed (\$2.0 million), Printing and Binding (\$200,000), and Office and Administrative (\$550,000) accounts to align the Council’s operating budget with current expenditure patterns.
- Transfer \$33,444 from the Capital Improvement Expenditure Program Fund’s City Facilities, Maintenance, and Improvements Account to the Information Technology Agency’s Communications Services Account for communications services expenses.
- Authorize the Controller to disencumber \$41,520 in prior-year encumbrances within the General City Purposes Fund’s Council Community Services Council District 10 Account and appropriate these funds to the Council’s Office and Administrative Account to support Council District 10 office and administrative expenses.

M. Cultural Affairs

No Recommendation

This Office projects a year-end special fund surplus of \$627,850, which is an increase of \$106,143 from the previously reported special fund surplus of \$521,707. This increase is due to the City’s hiring moratorium, deferral of salary increases attributed to the tentative labor agreements, and impacts of SIP.

The Department projects a revenue shortfall of \$770,679 from its General Fund revenue budget of \$8,399,233, which is an increase of \$4,040 from the previously reported shortfall of \$766,639. As previously reported, this shortfall is primarily attributed to the continued closure of Department facilities as a result of the COVID-19 Safer at Home Order and the inadvertent double counting of related cost reimbursements in the Department’s revenue budget.

N. Disability

No Recommendation

This Office projects year-end General Fund over-expenditures of \$83,235, which is a reduction of \$117,801 from the previously reported General Fund surplus of \$34,566. This reduction is due to the elimination of furloughs and anticipated retirement payouts. This Office does not recommend any actions at this time but will continue to monitor expenditures and provide recommendations in the Year-End FSR.

The Department anticipates meeting its General Fund revenue budget of \$27,123 by year end.

O. Economic and Workforce Development No Recommendation

This Office projects a year-end surplus of \$4,367,441, which is comprised of a \$555,320 General Fund surplus and a \$3,812,121 special fund surplus. This projection is an increase of \$1,376,088 from the previously reported surplus of \$2,991,353, which was comprised of a \$472,966 General Fund surplus and \$2,518,387 special fund surplus. The increase in the surplus is due to the City's hiring and travel moratoriums.

This Office projects a \$2.7 million revenue shortfall from the Department's \$5.7 million General Fund revenue budget, which is an increase of \$400,000 from the previously reported \$2.3 million revenue shortfall. This shortfall is due to special funded vacancies and the corresponding reduction in related cost reimbursements. We will continue to monitor receipts and provide updated revenue projections in the Year-End FSR.

P. El Pueblo Recommendation No. 15

This Office projects year-end special fund overspending of \$46,169, which is a \$19,169 increase to the previously reported special fund overspending of \$27,000. These over-expenditures are attributed to the elimination of furloughs and the retirement payouts for SIP participants. A supplemental General Fund appropriation may be required in the Year-End FSR, but no actions are recommended at this time. We will continue to work with the Department to identify solutions to close the budget gap.

The First FSR identified a special fund revenue shortfall of \$4.15 million in the El Pueblo del Los Angeles Historical Monument Revenue Fund as a result of COVID-19 related closures. The actions approved in the First and Second FSRs reduced the shortfall to approximately \$2.45 million. The 2020-21 Special Fund Schedule allocates \$1.42 million to reimburse the General Fund for related costs. Due to the loss of special fund revenues, the special fund can no longer support these costs. The elimination of this expense will reduce the special fund revenue shortfall from \$2.45 million to \$1.03 million. This Office recommends a Reserve Fund loan of \$650,000 to meet the cash flow needs of the Department from April through May 2021. The Department is aggressively pursuing revenue opportunities through filming contracts and parking revenues. This loan will be repaid upon receipt of these anticipated revenues. This action will reduce the remaining shortfall to approximately \$380,000. This Office will continue to monitor revenue and provide an update on the remaining shortfall in the year-end FSR.

This Office recommends the following transaction at this time:

- Authorize a Reserve Fund loan in the amount of \$650,000 to the El Pueblo de Los Angeles Historical Monument Revenue Fund to provide sufficient cash flow through the end of the fiscal year. The Department will repay this loan upon receipt of anticipated revenues generated at El Pueblo, which is expected to occur by year end.

Q. Emergency Management Department

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

The previously reported General Fund over-expenditures of \$80,665 has increased by \$22,526 to \$103,191. The increase in expenditures above plan is primarily due to the elimination of furloughs. This Office recommends transfers between various departmental accounts to ensure sufficient funds are available to meet payroll obligations until the Year-End FSR.

There are no significant changes to the previously reported General Fund revenue projection and the Department anticipates meeting its General Fund revenue budget of \$393,971 by year end.

This Office recommends the following transaction at this time:

- Transfer \$85,805 from the Department's Salaries, As-Needed (\$11,000), Overtime General (\$39,000), Office and Administrative (\$31,000), and Operating Supplies (\$4,805) accounts to the Department's Salaries General Account to meet payroll obligations.
- Transfer \$200,000 from the Emergency Operations Fund's Furniture, Office, and Technical Equipment Account to the Fire Department's Operating Supplies Account to implement a Solar Emergency Wi-Fi Pilot Project that will provide communications access to first responders and residents through a standalone solar powered network in the event of a major disaster and/or power outage. The Innovation Fund provided funding to the Emergency Management Department in 2019 for a pilot project in the Mandeville Canyon area, but the Department has been unable to implement the project due to staffing issues. The Fire Department has agreed to implement the project.

R. Employee Relations Board

Attachment 4 – Transfers between Accounts within Departments and Funds

This Office projects year-end General Fund over-expenditures of \$18,121, which is an increase of \$14,086 from the previously reported General Fund overspending of \$3,647. This increase is due to the elimination of furloughs and this Office recommends a transfer of \$8,628 in savings from various expense accounts to partially offset these over-expenditures.

The Department has no General Fund revenue budget.

This Office recommends the following transaction at this time:

- Transfer \$8,628 from the Department's Printing and Binding (\$1,200), Office and Administrative (\$6,428), and Operating Supplies (\$1,000) accounts to the Department's Salaries General account to address over-expenditures in this account.

S. Ethics

Attachment 4 – Transfers between Accounts within Departments and Funds

This Office projects a year-end General Fund surplus of \$50,601, which is an increase of \$46,566 from the previously reported General Fund surplus of \$4,035. This increase is due to savings from the City's hiring moratorium and savings from SIP.

The Department anticipates meeting its General Fund revenue budget of \$1.08 million by year end.

This Office recommends the following transaction at this time:

- Transfer \$161,868 from the Department's Contractual Services Account to the Department's Salaries General Account to address salary expenditures above plan attributed to the elimination of furloughs.

T. Finance

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

This Office projects year-end General Fund spending above plan of \$896,000, which is a reduction of \$1.42 million from the previously reported General Fund surplus of \$522,000. This increase in expenditures is due to the elimination of furloughs, retirement payouts for SIP participants, and unbudgeted overtime costs to ensure sufficient coverage in the treasury, investment, and systems divisions during the upcoming unpaid workdays. This Office will continue to monitor expenditures and provide recommendations in the Year-End FSR.

The Department anticipates a revenue shortfall of \$1.6 million from its General Fund revenue budget of \$10.14 million. The \$831,000 increase from the previously reported \$769,000 revenue shortfall is attributed to a reduction of reimbursements from the Department of Water and Power as a recent audit determined that the utility overpaid for City services and will receive a credit in the current year.

This Office recommends the following transactions at this time:

- Transfer \$19,812 from the Salaries General Account to the Salaries, As-Needed Account to correct an inadvertent payroll error for an employee on a 120-day appointment.
- Transfer \$21,718 from the Department's Contractual Services Account to the Police Department's Overtime Sworn Account to reimburse for November 2020 overtime costs associated with security services for cannabis tax and permit renewals.

U. Fire

Attachment 4 – Transfers between Accounts within Departments and Funds Recommendation Nos. 16 through 20

This Office projects year-end General Fund expenditures above plan of \$35.3 million, which is an increase of \$6.6 million from the previously reported General Fund overspending of \$28.7 million. The increase in overspending is primarily due to the elimination of civilian furloughs (\$2.6 million) and increased overtime to support COVID-19 testing and response efforts (\$8.0 million). These new expenditures above plan are offset by the receipt of an estimated \$4.5 million in grant reimbursements. It is anticipated that a General Fund appropriation at year end will be required to close the budget gap. This Office recommends that the Department report to the CAO by April 10 on available cash balances within off-budget funds that it can use to address the budget gap.

The Department anticipates a revenue shortfall of approximately \$53.0 million from its General Fund revenue budget of \$249.7 million. This is a \$7.0 million increase to the previously reported \$46.0 million revenue shortfall. The revenue shortfall is due to delayed reimbursements from the Ground Emergency Medical Transport (GEMT) Program, reduced Emergency Medical Services transports, construction plan checks, film permits, fire safety officer permits, and other miscellaneous revenues impacted by the pandemic.

We discuss the most significant expenditure variances below:

- Salaries General (\$2.6 million): This Office previously reported that this account would end the year within budget. The new expenditures above plan is due to the elimination of civilian furloughs and the retirement payouts for SIP participants.
- Salaries Sworn (\$16.7 million): This Office previously reported \$8.4 million in overspending in this account. The increase of \$8.3 million in overspending is primarily due to \$8.2 million in transfers out of this account to the Operating Supplies Account for mutual aid invoices (\$4.7 million), Overtime Sworn Account (\$3.0 million) for increased mutual aid firefighting services (C.F. 20-1290), and Field Equipment Expense Account (\$500,000).
- Overtime Constant Staffing (\$7.7 million): This Office projects no change to the previously reported overspending. The year-end overspending in this account is mainly due to the Citywide three-percent budget reduction approved in the Second FSR. As part of this reduction, the Department reported that a modified deployment plan will be implemented to minimize the impact to City services. The Department projects \$23.2 million in overspending in this account, which is due to the three-percent budget reduction (\$14.3 million) and projected overspending (\$8.9 million). This Office has advised the Department to remain within its approved budget.
- Overtime Variable Staffing (\$8.0 million): This Office previously reported that this account would finish within budget. The new expenditures above plan are due to supporting the City's COVID-19 testing and response efforts. To date, the Department has expended 84 percent of budgeted funds within this account and this Office recommends a transfer of \$5.0 million from the Salaries Sworn Account to partially address these expenditures above plan.

This Office recommends the following transactions at this time:

- Transfer \$5.0 million from the Department's Salaries Sworn Account to the Department's Overtime Variable Staffing Account for overtime to support the City's COVID-19 testing and response efforts.

2020-21 Special Fund Reappropriations

- Reappropriate \$338,307 from the Fire Department Trust Fund to the Department's Salaries General Account (\$59,124), Overtime General Account (\$99,502), Reimbursement from Other Funds Revenue Source Code (\$59,123), and Related Cost Reimbursements-Others Revenue Source Code (\$120,558) to offset EMS Advanced Provider salary costs from hospital organization contributions for Advanced Provider Partnerships serving communities with high call volumes.
- Reappropriate \$292,331 from the Innovation Fund to the Department's Salaries General (\$85,000), Salaries Sworn (\$92,331), Contractual Services (\$100,000), and Office and Administrative (\$15,000) accounts for continuation of the Early Intervention Treatment Program (C.F. 18-1053).
- Reappropriate \$204,388 from the Innovation Fund to the Department's Salaries General Account for the continuation of the Telemedicine Program, which evolved from an earlier Advanced Practitioner at Dispatch Pilot proposal (C.F. 17-0177).

Municipal Improvement Corporation of Los Angeles (MICLA)

- Reapprove the use of \$15.0 million in MICLA financing provided in the 2020-21 City Budget for the acquisition of 60 fleet vehicles and equipment and communications.

V. General Services

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

Recommendation No. 22

This Office projects net year-end expenditures above plan of \$7.09 million, comprised of \$8.35 million in General Fund over-expenditures and a \$1.26 million special fund surplus. This projection is a \$13.89 million reduction from the previously reported \$6.80 million surplus, comprised of a \$1.30 million General Fund surplus and a \$5.50 million special fund surplus. This reduction is primarily attributed to the Citywide budget reduction exercise in the Second FSR (\$7.3 million), elimination of furloughs (\$3.6 million), retirement payouts to SIP participants (\$3.8 million), and Solid Waste Resources Revenue Fund (SWRRF) bonuses and retroactive payments (\$1.50 million). This Office recommends various transfers and adjustments to address some of the projected over-expenditures. This Office will provide recommendations in the Year-End FSR to address the remaining over-expenditures.

The previously reported revenue shortfall of \$11.47 million has decreased by \$3.65 million and this Office now projects a total revenue shortfall of \$7.82 million from the Department's General Fund revenue budget of \$58.07 million, based on receipts through February. The decrease in the revenue shortfall is attributed to an increase in laboratory testing receipts for material testing services at Los Angeles World Airports (LAWA), increased parking revenue at Figueroa Plaza, and reimbursements for services to City libraries because of pandemic-related restrictions being lifted.

This Office recommends the following transactions at this time:

- Transfer \$200,200 from the Department's Salaries, As-Needed Account to the Department's Hiring Hall Salaries Account for hiring hall employees assigned to the Fuel and Building Maintenance divisions.
- Transfer \$2.34 million in SWRRF funds from the Department's Petroleum Products Account to the following Department accounts:
 - Salaries General (\$1.5 million) for bonuses and retroactive reimbursement for fleet mechanics;
 - Overtime General (\$100,000) for increased overtime required to maintain service levels as a result of SIP attrition;
 - Contractual Services (\$240,000) for increased waste hauling costs; and
 - Field Equipment Expense (\$500,000) for the increased costs of parts and repairs of alternative fuel refuse collection vehicles.
- Transfer \$16,984 from the Department's Salaries, As-Needed Account to the Controller's Salaries, As-Needed Account to reimburse the Controller's Office for use of the Accounting Assistance Program.
- Transfer \$2.0 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Salaries General Account to address over-expenditures attributed to the elimination of furloughs and retirement payouts for SIP participants.
- Authorize the disencumbrance of up to \$1.2 million in 2017-18 encumbrances within the Department's Petroleum Products Account and reappropriate up to \$1.2 million to the Department's 2020-21 Petroleum Products Account to address current year expenditures above plan.

W. Housing and Community Investment
Attachment 3 – New Appropriations
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds
Recommendation Nos. 23 through 26

The previously reported General Fund spending above plan of \$1.7 million has been reduced to \$558,573. This reduction is primarily due to the delayed processing of the reappropriation of \$1.2 million in General Fund contractual services funds approved in the First FSR. The remaining spending above plan is primarily due to the Disaster Service Worker Program and projected labor charges and lease costs for the Proposition HHH Program. In addition, the previously reported special fund surplus of \$3.9 million has been reduced to \$3.0 million. This reduction is due to an increase in potential hiring for the City's Accessible Housing Program and the elimination of furloughs. This Office will work with the Department to address the General Fund spending above plan and provide recommendations in the Year-End FSR.

The previously reported revenue shortfall of \$3.6 million due to a reduction in related cost reimbursements attributable to the Department's vacancy rate has increased to \$7.6 million. The increase is largely due to the deferral of \$5.6 million in reimbursements to the General Fund from the Systematic Code Enforcement Fee Fund due to the lack of cash. A fee adjustment is pending approval, which, if approved, will address the Fund's cash flow issues in 2021-22. This Office will continue to monitor related cost reimbursements and work with the Department in its efforts to meet the revenue budget and make timely reimbursements to the General Fund.

This Office recommends the following transactions at this time:

- Appropriate \$450 from the available cash balance within the Domestic Violence Trust Fund to the Department's Office and Administrative Account to pay for administrative costs of the Domestic Violence Task Force.
- Appropriate \$33,115 from the available cash balance within the Rent Stabilization Trust Fund to the Department's Office and Administrative Account to pay for software and hardware purchases and licensing for in-house systems.
- Appropriate \$1,300,718 from the Proposition HHH Bond Proceeds Funds to the Department's Salaries General (\$902,963) and Related Cost Reimbursements (\$397,755) accounts for HHH program costs that are eligible for reimbursement.
- Transfer \$148,960 from the Systematic Code Enforcement Trust Fund's Service Delivery Account to the Department's Salaries General (\$100,000) Account and Systematic Code Enforcement Trust Fund's Reimbursement of General Fund Costs (\$48,960) Account to support staff costs for the Systematic Code Enforcement Program (SCEP).
- Transfer \$95,000 from the Systematic Code Enforcement Trust Fund's Service Delivery Account to the Department's Printing and Binding (\$45,000) and Office and Administrative (\$50,000) accounts to support costs for the SCEP supplemental billing.

- Transfer \$128,385 from the Department's Salaries General (\$54,990), Transportation (\$22,150), Reimbursement of General Fund Costs (\$22,210), Service Delivery (\$20,000), and Contract Programming – Systems Upgrades (\$9,035) accounts within various special funds to the Department's Office and Administrative Account for software and hardware purchases and licensing for in-house systems.
- Transfer \$103,500 from the Department's Salaries, As-Needed (\$35,253), Overtime General (\$29,702), and Travel (\$5,797) accounts within the Systematic Code Enforcement Trust Fund and Contract Programming – Systems Upgrades (\$20,262) and Hearing Officer Contract (\$12,486) accounts within the Rent Stabilization Trust Fund to the Department's Contractual Services (\$15,000) and Office and Administrative (\$88,500) accounts to reimburse the Department for expenses associated with the Sunset Site Office.
- Transfer \$352,425 from the Community Development Trust Fund's Administrative Reserve Account to the Department's Salaries General (\$83,726), Office and Administrative (\$200,000), Leasing (\$12,559), and Community Development Trust Fund's Reimbursement of General Fund Costs (\$56,140) accounts for costs associated with the COVID-19 Emergency Eviction Defense Program (C.F. 20-1084).
- Transfer \$45,000 from the Department's Salaries General Account to the Department's Contractual Services Account within the Accessible Housing Fund to support the Technical Expertise Contract (C-131690) for the City's Accessible Housing Program.
- Transfer \$287,209 from the Department's Salaries General (\$148,084), HOME Investment Partnerships Program Fund Related Costs (\$111,300), and Related Cost Reimbursements – Other (\$27,825) accounts to the Planning Department's Salaries General (\$148,084), HOME Investment Partnerships Program Fund Related Costs (\$111,300), and Related Cost Reimbursements – Other (\$27,825) accounts for two Planning Assistants performing work for the Department's Environmental Unit.
- Transfer \$344,379 from the US Treasury Emergency Rental Assistance Fund Administrative Reserve – State Account to the Department's Salaries General (\$283,512), Salaries, As-Needed (\$55,867), and Overtime General (\$5,000) accounts for costs associated with the COVID-19 Emergency Renters Assistance Subsidy Program (C.F. 21-0042).
- Disencumber, revert, and reappropriate up to \$232,580 in 2019-20 appropriations from the General Fund to the Accessible Housing Fund Contract Programming – System Upgrade Account to reimburse systems-related contractual services provided in 2019-20.
- Disencumber and reduce appropriations totaling \$1.03 million for unused contractual amounts from previous fiscal years within the Systematic Code Enforcement Fee Trust Fund.

- Rescind the Council action on Item 74 (C.F. 20-0401-S1) of the July 1, 2020 Council Agenda establishing various special fund appropriations for the COVID-19 Emergency Renters Relief Program since the appropriations were approved through other Council actions.
- Decrease appropriations totaling \$283,512 to the Department's Salaries General Account from various special funds. As the City Council has authorized funding from the US Treasury Emergency Rental Assistance Fund for the COVID-19 Emergency Renters Assistance Subsidy Program (C.F. 21-0042), this appropriation is no longer required.

X. Information Technology Agency

Attachment 3 – New Appropriations

Attachment 5 – Transfers between Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

This Office projects year-end General Fund overspending of approximately \$1.4 million, which is a \$400,000 reduction from the previously reported General Fund overspending of \$1.8 million. These expenditures above plan are attributed to the elimination of furloughs (\$450,000), anticipated overtime to provide 24/7 public safety and application support (\$350,000), and procurement of software licenses for Citywide telecommuting (\$602,151). The City originally procured these software licenses in March 2020 with funding provided by the COVID-19 Emergency Response Account. As the City's Safer at Home Orders continue to call for widespread telecommuting of City staff, this Office recommends a transfer from the Unappropriated Balance's Reserve for Mid-Year Adjustments Account for the renewal of these annual licenses. This Office will work with the Department to review salary and overtime expenditures and report in the Year-End FSR will recommendations to address the remaining overspending, as necessary.

This Office projects a \$430,000 revenue shortfall from the Department's General Fund revenue budget of \$9.43 million. This is a slight increase from the previously reported revenue shortfall of \$305,390 and this net increase is due to numerous small reductions and increases to various revenue sources.

This Office recommends the following transactions at this time:

- Appropriate \$33,500 from the Department's Revenue Source Code 4595, Service to Airports, to the Department's Contractual Services account to provide support for the BAVN project.
- Transfer \$90,245 from the Department's Contractual Services Account to the Solid Waste Resources Revenue Fund for Oracle software required for the City's MyLA311 Customer Relationship Management System.
- Revert \$168,347 from the Department's Contractual Services (\$163,100) and Office and Administrative (\$5,247) accounts to the Transportation Grants Fund as the Department will no longer be supporting the Toyota Bike/Pedestrian Count Grant. The Department of Transportation will complete this project without the Department's assistance.

- Transfer \$602,151 from the Unappropriated Balance's Reserve for Mid-Year Adjustments Account to the Department's Contractual Services Account for software licenses that support Citywide telecommuting activities.

Y. Library

Attachment 5 – Transfers between Departments and Funds

This Office projects a year-end special fund surplus of \$4.99 million, which is an increase of \$2.38 million from the previously reported \$2.61 million surplus. The increase in the surplus is due to the City's hiring moratorium and tentative labor agreements. As the Department is exempt from furloughs, the deferral of salary increases and addition of three remaining unpaid days increases the Department's salary surplus.

This Office projects the Department meeting its revenue budget of \$400,000, and finds that the Department's revenue trends no longer indicate a shortfall of \$200,000 as previously reported. The Department has received revenue from the lease and rental of its properties, and from fees charged for damaged and lost materials. The Department anticipates collecting future revenues from these sources to meet its revenue budget. All revenue collected by the Department is deposited into the Library Fund.

This Office recommends the following transaction at this time:

- Transfer \$66,792 from the Department's Contractual Services account to the General Services Department's (GSD) Salaries, Construction Projects (\$35,097), Hiring Hall Construction (\$12,038), Benefits Hiring Hall Construction (\$6,082), and Construction Materials (\$13,575) accounts to fund alteration and improvement projects at the Central Library and various branch library locations.
- Transfer \$85,513 from the Library Trust Fund to GSD's Hiring Hall Construction (\$22,906), Benefits Hiring Hall Construction (\$15,272), and Construction Materials (\$47,335) accounts to fund additional alteration and improvement projects at various branch library locations.

Z. Mayor

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation No. 27

The Mayor's Office requests the following transactions at this time:

- Transfer \$1.0 million from the Mayor's Contractual Services Account to the Mayor's Salaries General (\$700,000) and Salaries, As-Needed (\$300,000) accounts to align with anticipated operational needs.

- Transfer and appropriate \$129,177 from the Mayor's Contractual Services account to the City Attorney's Salaries General account to reimburse the department for Gang Reduction and Youth Development (GRYD) salary costs for the period July 2020 through December 2020.
- Authorize the Controller to disencumber up to \$215,008 in Fiscal Year 2019-20 encumbered balances for Gang Reduction and Youth Development (GRYD) Service Provider Contracts within the Mayor's Contractual Services Account and reappropriate up to \$215,008 to the Mayor's Contractual Services Account to support Fiscal Year 2020-21 GRYD Service Provider Contracts.

**AA. Neighborhood Empowerment
Recommendation No. 28**

This Office projects a year-end special fund surplus of \$30,843, which is a \$121,443 reduction from the previously reported special fund surplus of \$152,286. The reduction in the special fund surplus is attributed to the elimination of furloughs and the Citywide budget reduction exercise.

The Department has no budgeted General Fund revenues.

This Office recommends the following transaction at this time:

- Reduce appropriations of \$60,445 from the Solid Waste Resources Revenue Fund to the Department's Salaries General Account to eliminate funding for a vacant position that the Department will not fill this year.

**BB. Personnel
Attachment 4 – Transfers between Accounts within Departments and Funds**

This Office projects net year-end General Fund overspending of \$5.56 million, which is a \$2.88 million increase from the previously reported General Fund overspending of \$2.68 million. The General Fund over-expenditures are due to the elimination of furloughs (\$4.5 million), savings assumed in the budget for the City's Hiring Freeze Policy which has yet to be realized (\$1.0 million), and increased use of as-needed staff for custody medical services and test proctoring services (\$137,000). In addition, there are unbudgeted costs of \$198,000 for training and professional development provisions within approved labor agreements and this Office recommends a transfer of \$198,000 in savings from various accounts to address these unbudgeted costs. We will continue to monitor these accounts and provide recommendations to address any remaining overspending in the Year-End FSR.

The Department anticipates a revenue shortfall of \$7.9 from its General Fund revenue budget of \$28.2 million. This is an increase of \$5.9 million from the previously reported shortfall of \$2.0 million. The increase in the shortfall is attributed to reduced reimbursements from the Department of Water and Power due to Citywide audit findings (\$5.5 million) and decreased revenue estimates from various other revenue sources. The Department has actively reassigned General Fund employees into special funded vacancies in order to mitigate revenue loss. This Office will continue to monitor General Fund receipts.

This Office recommends the following transaction at this time:

- Transfer \$198,000 from the Department's Contractual Services (\$117,000) and Medical Supplies (\$81,000) accounts to the Department's Training Expense Account to provide training and professional development for members of Memoranda of Understanding Nos. 36, 37, 63, and 64.

CC. Police

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

Recommendation No. 29

The previously reported year-end overspending of \$5.84 million has increased to \$27.03 million due primarily to the elimination of civilian furloughs, sworn hiring of 38 recruits in January 2021, reductions to the Salaries Sworn Account in the Second FSR, and increased payouts for banked sworn overtime hours. Recommended transfers will reduce the overspending to \$15.56 million, the remainder of which is expected to be addressed by the Department's implementation of cost savings measures and, if necessary, additional solutions in the Year-End FSR.

The Department projects reimbursable sworn overtime savings of \$31.59 million due to the pandemic's negative impact on reimbursable deployments to special events and for services required by the Los Angeles County Metropolitan Transportation Authority (LACMTA). Due to reduced expenditures for these deployments, General Fund revenue from LACMTA and other outside entities will be below budget. For example, the Department projects that LACMTA revenue will be \$39.95 million below budget due primarily to reduced overtime deployments. To avoid compounding the impact of these revenue losses, we recommend that the overtime savings be used only to offset the Department's \$23.15 million in expenditures above plan so that the remaining savings will revert to the General Fund at year end and partially offset the lost revenue.

The previously reported Department General Fund revenue projection shortfall of \$35.06 million has increased to \$59.17 million due primarily to the negative impacts of the pandemic. The chart below provides additional detail on specific revenue sources.

Revenue Source	Adopted Budget	YTD receipts (2/2/21)	Revised Estimate	Variance	Notes
Filming Permits	\$ 151,442	\$ 42,829	\$ 107,071	\$ (44,371)	COVID shut down filming.
Bingo Percentage Fee	149,046	23,961	49,301	(99,745)	COVID restrictions.
Reimbursement from Other Agencies	977,639	503,081	977,639	-	Projected to end year on budget.
Police Permits	5,900,190	1,253,034	2,586,745	(3,313,445)	Easing of enforcement during COVID lockdown and fewer renewals occurring.
Photocopies	1,279,794	714,789	1,174,289	(105,505)	Reduced requests from the public
Police Officers Property	16,368	6,299	11,939	(4,429)	
Excessive False Alarm Fees	6,602,015	2,300,062	5,750,156	(851,859)	Reduced false alarms due to residents staying home.
Extradition Reimbursements	171,240	63,174	140,177	(31,063)	Court closures due to COVID.
Witness Fee SEC680972	268,722	89,094	180,493	(88,229)	Court closures due to COVID.
Witness Fee	76,165	26,274	52,266	(23,899)	Court closures due to COVID.
Laboratory Fees	393,509	50,253	136,422	(257,087)	This revenue source is billed quarterly and reimbursed by the County. It is dependent upon fees and taxes collected by the County.
Miscellaneous Revenue	1,601,193	73,635	413,355	(1,187,838)	COVID restrictions.
Service to Airports	28,583,045	663,361	16,594,841	(11,988,204)	Slight reduction of deployment to the airport. LAW A sends quarterly payment- but it was delayed.
Service to LACMTA	114,129,953	35,300,283	74,176,900	(39,953,053)	Includes Crenshaw line not opening. LACMTA has also reduced services due to COVID.
Impound Fee	10,103,715	2,220,278	5,550,696	(4,553,019)	COVID restrictions prevented the enforcement of certain laws and violations.
Escheatment	1,163,904	505,218	2,007,193	843,289	Current and pending escheatment for the next three quarters will exceed \$1M historical budget for this FY.
Reimbursement of Expenditures	5,509,489	1,875,253	3,753,243	(1,756,246)	COVID pandemic has severely limited special events and request for security staff.
Reimbursement Employee Relations Police Protection	919,375	-	850,000	(69,375)	The Adopted Budget should have been \$850,000 per Memoranda of Understanding 24, Article 2.6, Release Time. The League shall reimburse the City the sum of \$850,000 each fiscal year on a quarterly basis.
Reimbursement of Prior Year Salary	3,883	375	973	(2,910)	
City Attorney Collection Services	80,082	124,441	231,229	151,147	Above budget.
Miscellaneous Revenue - Other	907,522	271,481	577,705	(329,817)	LAPD has no control over this revenue.
Reimbursement from Other Funds	1,274,824	334,694	669,389	(605,435)	LAPD has no control over this revenue.
Reimbursement Metro Rail Project	234,414	286,706	301,897	67,483	Above budget.
Bureau of Sanitation	2,021,973	1,010,988	2,021,973	-	Projected to end year on budget.
Reimbursement of Related Costs Prior Year	86,978	-	86,978	-	Projected to end year on budget.
Cost Reimbursement Library	7,060,000	2,013,371	7,060,000	-	Projected to end year on budget.
Total	\$ 189,666,480	\$ 49,752,936	\$ 125,462,870	\$(64,203,610)	

The most significant expenditure variances are discussed below:

Salaries General (\$16.22 million): The July 1, 2020 City Budget included a reduction of \$18.26 million to this account. This reduction included a plan to hire 145 civilians, 130 fewer than the projected attrition in addition to furloughs. The Department has been continuously monitoring civilian salaries and adjusting hiring plans accordingly to stay within budget. The Department has incurred additional salary expenditures of approximately \$13.22 million from the elimination of furlough days (\$9.69 million), Separation Incentive Program payouts (\$2.33 million), and various costs authorized in civilian Memoranda of Understanding (\$1.2 million). This Office recommends transferring \$9,459,658 from the Overtime Sworn Account to the Salaries General Account for these expenses and addressing the remaining shortfall (\$6.61 million) by the Department continuing to implement spending controls and/or additional solutions in the Year-End FSR.

Salaries Sworn (\$8.81 million): Over-expenditures reflect the Department's average salary and bonus payments in addition to the City Council's reduction in July 2020 (\$26,858,506) and the \$8,349,016 reduction in the Second FSR to meet the three percent reduction target. It is recommended that the Department address these over-expenditures by continuing to implement spending controls and/or additional solutions in the Year-End FSR.

Accumulated Overtime (\$2.0 million): Due to higher than normal sworn attrition and increased use of overtime banking, the Department projects payouts of banked overtime will total \$9.54 million this year, \$4.34 million above budget. The First FSR authorized a transfer to offset part of the over expenditure. This Office recommends the transfer of an additional \$2.0 million from the Overtime Sworn Account to the Accumulated Overtime Account to offset the remaining over-expenditure.

Sworn Overtime Banking

In response to the reduction to non-reimbursable sworn overtime (\$90.58 million) this year, the Department has conserved remaining non-reimbursable funding (\$18.14 million) to pay cash for overtime hours under the Fair Labor Standards Act. It has banked other non-reimbursable overtime. The Department projects adding approximately \$50.0 million to the overtime bank liability in 2020-21. This increase will be offset by officers using banked hours to take time off and taking retirement payouts, reducing the projected net increase to the bank to \$36.2 million, and increasing the projected total liability at year-end to \$161.36 million.

Civilian Hiring

Year-to-date, the Department has filled nine civilian vacancies (three returns from protective leave) versus 145 planned; an additional 42 positions, including 21 Police Service Representatives and 21 Detention Officers, will be filled by May 8, 2021 as employment offers were made prior to the implementation of the hiring moratorium. Civilian attrition has been 213 versus 200 planned. The Department projects total civilian attrition by year end of 345 employees. A total of 2,840 civilian positions are deployed, including 282 Detention Officers. The Department projects it will end the year with 2,750 civilians.

Sworn Hiring

Year-to-date, the Department has hired 79 recruits versus 238 attritions. As of January 2, 2021, there are 9,832 officers deployed Citywide, including 25 Municipal Police Officers. With no additional sworn hiring, the Department projects it will end the year with 9,588 officers.

Supplemental Law Enforcement Services Fund

This Office projects that the Supplemental Law Enforcement Service Fund (SLESF) revenue will be approximately \$1.1 million below budget. To address the shortfall, this Office recommends reductions in SLESF appropriations to the Department's Transportation Equipment (\$1.0 million) and Field Equipment (\$100,000) accounts. This will eliminate funding for telematics transponders, which improve monitoring and safety of Black and White vehicles, and the purchase of electric bicycles.

This Office recommends the following transactions at this time:

- Transfer \$9.46 million from the Department's Overtime Sworn Account to the Department's Salaries General Account to partially offset costs attributed to the elimination of civilian furloughs, retirement payouts for SIP participants, and MOU bonuses.

- Transfer \$2.0 million from the Department's Overtime Sworn Account to the Department's Accumulated Overtime Account for the payment of banked overtime when officers leave the Department.
- Transfer \$179,000 from the Department's Contractual Services Account to the Department's Salaries Sworn (\$154,000) and Printing and Binding (\$25,000) accounts for the SAFELA After-Action Report (C.F. 20-0729).
- Transfer \$400,000 from the Department's Contractual Services Account to the Department's Overtime Sworn (\$250,000), Travel (\$50,000), and Operating Supplies (\$100,000) accounts to front-fund the Department's Canine Bomb Units' costs for the Los Angeles County Metropolitan Transportation Authority (LACMTA) security contract.
- Transfer \$110,000 from the Department's Transportation Equipment Account to the Department's Furniture, Office, and Technical Equipment Account for the purchase of a dispatch console for the LACMTA Headquarters Bus Operating Center. LACMTA will reimburse this expense.
- Transfer \$200,000 from the Department's Printing and Binding Account to the Department's Contractual Services Account for photocopier expenses.
- Transfer \$500,000 from the Department's Uniforms Account to the Department's Contractual Services Account for the Arrestee Transportation Contract with the Los Angeles County Sheriff's Department.
- Transfer \$148,801 from the Department's Salaries General Account to the Mayor's Salaries General Account for the salary costs of one Public Information Officer (\$97,399) and one Community Safety Partnership Police Administrator (\$51,402) from July 2020 through December 2020.
- Transfer \$140,000 from the Department's Contractual Services Account to the Information Technology Agency's Communication Services Account for communication service request expenses.
- Transfer \$175,000 from the Standards and Training for Corrections Fund to the Department's Overtime General (\$150,000) and Overtime Sworn (\$25,000) accounts for the costs of civilian and sworn personnel to attend Standards and Training for Corrections training relative to arrest and control procedures.
- Reduce appropriations totaling \$1.1 million within Schedule 46 – Supplemental Law Enforcement Services Fund to reconcile budgetary appropriations with available cash.

DD. Public Accountability
No Recommendation

This Office projects a net year-end surplus of \$491,128, which is a reduction of \$73,891 to the previously reported surplus of \$565,019.

The Department anticipates a revenue shortfall of \$2.53 million from its General Fund revenue budget of \$5.58 million. This is an increase of \$0.73 million from the previously reported shortfall of \$1.8 million. The shortfall is due to the salary savings and the corresponding reduction in related cost reimbursements.

EE. Public Works/Board
Attachment 3 – New Appropriations
Attachment 6 – Appropriations from the Unappropriated Balance

This Office projects net year-end overspending of \$457,430, consisting of \$384,977 in General Fund over-expenditures and \$72,453 in special fund over-expenditures, which is a \$279,168 increase from the previously reported \$178,262 in expenditures above plan. This increase is mainly due to the elimination of furloughs. This Office will provide recommendations in the Year-End FSR to address any remaining over-expenditures.

There are no significant changes to the previously reported revenue shortfall of \$114,000 from the Board's General Fund revenue budget of \$5.59 million. This shortfall is due to a reduction in filming permit revenue and reimbursement of accounting services. The Board reports that staff attrition and the City's hiring moratorium has delayed the processing of reimbursement for accounting services. Although filming revenue may not be recovered, this Office will work with the Board to prioritize its remaining revenue collections and ensure that these reimbursements are processed before the year end.

This Office recommends the following transaction at this time:

- Appropriate and transfer \$35,484 in subsidized revenues from the Public Works Trust Fund to the Board's Salaries General (\$2,164) Account and the Bureau of Street Services' Salaries General (\$24,344) and Operating Supplies (\$8,976) accounts for administrative costs, labor, and the purchase of trees, stakes, and guards for the Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1).
- Appropriate and transfer \$157,613 in unsubsidized revenues from the Public Works Trust Fund to the Board's Salaries General (\$25,990) Account and the Bureau of Street Services' Salaries General (\$121,160) and Operating Supplies (\$10,463) accounts for administrative costs, labor, and the purchase of trees, stakes, and guards for the Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1).

- Appropriate and transfer \$233,805 in unsubsidized revenues from the Public Works Trust Fund to the Board's Salaries General (\$17,520) and Contractual Services (\$216,285) accounts for accounting costs and contractual services for Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1).
- Transfer \$60,000 from the Unappropriated Balance's Climate Change Emergency Mobilization Program Account to the Board's Salaries General Account for the Climate Change Mobilization Office staff salaries.

FF. Public Works/Bureau of Contract Administration
No Recommendation

This Office projects year-end over-expenditures of \$535,785, comprised of \$1,663,355 in General Fund over-expenditures and a \$1,127,570 special fund surplus. This is a reduction of \$1,447,663 from the previously reported net year-end surplus of \$911,878, which was comprised of a \$100,985 General Fund surplus and an \$800,893 special fund surplus. The reduction in the surplus is attributed to the Citywide budget reduction exercise, the elimination of furloughs, and retirement payouts for SIP participants. The Bureau will continue to evaluate workload demands and report in subsequent FSRs with necessary actions that may be required.

This Office projects a \$2.5 million revenue shortfall, which is a \$1.2 million increase to the previously reported \$1.3 million revenue shortfall in the Bureau's General Fund revenue budget of \$35.3 million. This shortfall is due to a reduction in related cost reimbursements from special funded vacancies and a reduction in planned services to Los Angeles World Airports, Department of Water and Power, and the Port of Los Angeles.

GG. Public Works/Bureau of Engineering
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds
Attachment 7 – Appropriations to the Unappropriated Balance
Recommendation Nos. 30

The previously reported net year-end surplus of \$4.3 million, primarily in the special funds, has been reduced and this Office now projects \$2.7 million in spending above plan, comprised of \$2.4 million in General Fund and \$0.3 million in special fund expenditures above plan. This is due to the elimination of furloughs, retirement payouts for SIP participants, and unbudgeted costs for the Disaster Service Worker Program. This projection assumes that the Bureau will receive about \$6.3 million in appropriations from off-budget funds prior to the year end. This Office will provide recommendations in the Year-End FSR to address any remaining over-expenditures.

Since the last FSR, the Bureau has reassigned employees from General Fund work to special funded work, thereby reducing its General Fund expenditures. This Office will continue to work with the Bureau to reduce General Fund expenditures by reassigning staff from General Fund work to special funded work.

As previously reported, the Bureau used special funds to front-fund staffing costs for the Disaster Service Worker Program. This Office included a transfer in the Second FSR to reimburse these special funds. The Bureau confirms that this transfer is sufficient to reimburse the special funds and that there are no additional expenditures from special funds as the Bureau has been and is currently using its budgeted General Funds to cover DSW staffing costs.

This Office projects a revenue shortfall of \$2.5 million from the Bureau's General Fund revenue budget of \$64.5 million. This is an increase of \$0.8 million from the previously reported shortfall of \$1.7 million. The increase in the shortfall is due to a reduction in various permit fee revenues.

At the Controller's request, this Office also recommends that the Controller be authorized to process adjustments to the Bureau's 2019-20 Reversion Worksheet. The Controller requires Council authority to make adjustments, such as these, that are over \$100,000.

Engineering Special Services Fund

The purpose of the Engineering Special Services Fund is for the Bureau of Engineering to receive and disburse receipts for work it performs for proprietary departments and developers. After performing the services paid by the receipts to the Fund, the Mayor and City Council may approve the use of excess funds for other purposes. At this time, there is \$3,459,296 available in interest earnings that are not required to complete projects that the proprietary departments or developers paid for. Therefore, we recommend the transfer of these funds to the Bureau of Engineering's Overtime General Account to address its U-Permit backlog (\$150,000) and to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending (\$3,309,296).

This Office recommends the following transactions at this time:

- Transfer \$150,000 in Sewer Capital Funds from the Bureau's Salaries General Account to the Bureau's Salaries, As-Needed Account to continue the employment of as-needed staff working on wastewater projects.
- Transfer \$150,000 in interest earnings from the Engineering Special Services Fund to the Bureau's Overtime General Account to address a backlog in U-Permit processing.
- Transfer \$3.31 million in interest earnings from the Engineering Special Services Fund to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending.
- Authorize the Controller's Office to process the revision of Fiscal Year 2019-20 Year-End Reversion Worksheet submitted by the Bureau of Engineering on October 9, 2020.

HH. Public Works/Bureau of Sanitation
Attachment 4 – Transfers between Accounts within Departments and Funds
Attachment 5 – Transfers between Departments and Funds
Recommendation Nos. 31 through 35

This Office projects a year-end surplus of \$1,878,281, comprised of \$5,389,407 in General Fund spending above plan and a special fund surplus of \$7,267,688. This is a reduction of \$7,144,914 from the previously reported year-end spending above plan of \$5,266,633, comprised of \$16,234,599 in General Fund spending above plan and special fund surplus of \$10,967,966. The reduction of \$10,845,192 in General Fund spending above plan is attributed to a recommended transfer of \$1.8 million from the General City Purposes Fund for CARE/CARE+ team vehicle rental expenses and the Bureau adjusting the work plan for the CARE/CARE+ teams, which includes reassigning General Fund positions to special funded work. The remaining \$5,389,407 in General Fund spending above plan is attributed to COVID-19 related activities such as the Disaster Service Workers Program, which are not eligible costs from the Bureau's special funds. The Bureau has committed to remain within budgeted funds. The reduction of \$3,700,278 in the special fund surplus is attributed to the Citywide budget reduction exercise and the reassignment of General Fund positions to special funded work. This Office will provide recommendations in the Year-End FSR to address any remaining over-expenditures.

As we previously reported, the City did not receive Measure W receipts from the County in 2019-20 and required a Reserve Fund loan to cover 2019-20 program expenditures. The Bureau will repay the Reserve Fund loan for direct salaries using 2020-21 revenues. To reimburse the General Fund for related costs, this Office recommends a transfer from the Reimbursement of Prior Year Expenses Account, a special purpose appropriation within the Measure W Municipal Fund, to the Bureau's General Fund revenue for 2019-20 related costs.

As a result of the ongoing impact of the COVID-19 pandemic, the Bureau is projecting revenues will decrease by six percent for the Sewer Construction and Maintenance Fund and five percent for the Solid Waste Revenue Resources Fund. The decrease in revenues is due to delayed and missed payments as well as decreased activity in the commercial and industrial sectors. The Bureau is currently looking at ways to close the gap created by the revenue loss, including delaying capital projects. This Office will report on any additional transfers required to meet the Bureau's operational needs.

The Bureau anticipates meeting its General Fund revenue budget of \$133.44 million by year end.

This Office recommends the following transactions at this time:

- Transfer \$853,000 in General Funds from the Bureau's Field Equipment Expense (\$750,000), Uniforms (\$100,000), and Office and Administrative (\$3,000) accounts to the Bureau's Contractual Services Account to address expenditures above plan for hazardous waste cleanups.

- Transfer \$241,606 from the Sanitation Expense and Equipment Account, a special purpose fund appropriation within the Solid Waste Resources Revenue Fund (SWRRF), to the Engineering Special Services Fund for Geographic Information Systems (GIS) software and maintenance services.
- Transfer \$146,093 from the Sanitation Expense and Equipment Account, a special purpose fund appropriation within the Sewer Operations and Maintenance Fund, to the Information Technology Agency's Contractual Services Account for the leasing of fiber service lines at all outlying water reclamation plants and Bureau offices.
- Transfer \$1.8 million from the General City Purposes Fund's Clean Streets – Related Costs Account to the Bureau's Contractual Services Account to address projected expenditures above plan for leasing CARE/CARE+ vehicles. The 2020-21 Budget included these funds to reimburse SWRRF for the use of its vehicles for the CARE/CARE+ teams. As SWRRF can no longer front these costs, it is recommended that the funds be used to lease vehicles.
- Transfer \$198,186 from various accounts within the Environmental Affairs Trust Fund to the Bureau's Salaries, As-Needed (\$190,186), Office and Administrative (\$3,500), and Operating Supplies (\$4,500) accounts for the Bureau to implement various tree planting grant projects.
- Transfer \$1,628,139 from the Reimbursement of Prior Year Expenses, a special purpose fund appropriation within the Measure W Municipal Fund to reimburse the General Fund for related costs attributed to 2019-20 salary expenditures.
- Reduce appropriations totaling \$4.73 million from various special funds to the Bureau's Salaries General and Overtime General accounts and increase appropriations totaling \$4.73 million from the Solid Waste Resources Revenue Fund to the Bureau's Overtime General Account to reconcile appropriations with available funding.

II. Public Works/Bureau of Street Lighting

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 5 – Transfers between Departments and Funds

This Office previously reported that the Bureau would finish the year on budget. This Office now projects year-end expenditures above plan of \$2.89 million, comprised of \$2.01 million in General Fund expenditures above plan and \$0.88 million in special fund expenditures above plan. The General Fund expenditures above plan is due to pandemic-related work, such as the Disaster Service Worker Program, which are not eligible costs for the Bureau's special funds. The special fund expenditures above plan is due to \$1.9 million in unbudgeted Gas Tax expenditures related to an increased workload in the Copper Wire Theft Replacement Program. This Office will work with the Bureau to address this issue and identify funding solutions upon confirmation of workload.

The Bureau anticipates meeting its General Fund revenue budget of \$21.8 million by year end. In addition, the Bureau anticipates meeting its special fund revenue budget by year end.

This Office recommends the following transactions at this time:

- Transfer \$131,000 from the Bureau's Salaries General Account to the Bureau's Contractual Services Account within the Street Lighting Maintenance Assessment Fund for security services at the Santa Monica Boulevard Yard.
- Transfer \$55,333 in Street Lighting Maintenance Assessment Funds from the Bureau's Salaries General Account to the General Services Department's Contractual Services Account to pay for the Bureau's portion of security services at the Raymer Street Yard.
- Transfer \$75,000 from the Street Lighting Maintenance Assessment Fund to the Bureau's Contractual Services Account to fund a FUSE Fellow preparing a Smart City Strategic Plan.

JJ.Public Works/Bureau of Street Services

Attachment 3 – New Appropriations

Attachment 6 – Appropriations from the Unappropriated Balance

Attachment 7 – Appropriations to the Unappropriated Balance

Recommendation Nos. 36 and 37

This Office projects \$9.89 million in year-end expenditures above plan, which consists of \$4.06 million in General Fund expenditures above plan and \$5.83 million in special fund expenditures above plan. This is an increase of \$8.25 million from the previously reported \$1.64 million in expenditures above plan, which consisted of \$2.14 million in General Fund expenditures above plan and a \$0.50 million special fund surplus. The \$4.06 million in General Fund expenditures above plan is attributed to the elimination of furloughs (\$1.92 million) and COVID-related expenses (such as the Disaster Service Worker Program and placing employees who have tested positive or had direct exposure to someone who tested positive on paid administrative leave) that are not eligible expenses from special funds (\$2.14 million). The \$5.83 million in special fund expenditures above plan is due to the elimination of furloughs (\$1.93 million) and performing sidewalk repair work for the Department of Water and Power (DWP) (\$3.9 million). The DWP work has no front funding and these costs are therefore expenditures above plan, although eventually DWP will fully reimburse the City. This Office will provide recommendations in the Year-End FSR to address any remaining over-expenditures.

This Office projects a revenue shortfall of \$2.66 million from the Bureau's General Fund revenue budget of \$79.22 million. This is a reduction of \$0.11 million from the previously reported shortfall of \$2.77 million. This shortfall is attributed to special fund vacancies and a corresponding reduction in related cost reimbursements and a decline in special event and building material permit revenues as a result of the pandemic.

Sidewalk and Park Vending Trust Fund

To provide economic relief to sidewalk vendors during the pandemic, the City Council (C.F. 13-1493-S10) deferred sidewalk vending permit fees and extended the expiration date of all vending permits. As a result, this Office projects a revenue shortfall of \$4.75 million (or 95 percent) within the Fund's \$5.0 million revenue budget. These revenues fund the Bureau's positions that enforce the City's Sidewalk Vending Program. To reconcile budgetary appropriations with available cash, this Office recommends a reduction of \$4.75 million in appropriations for Bureau salaries and expenses (\$1.79 million), reimbursement to the General Fund for related costs (\$2.89 million), and the uncommitted balance (\$0.06 million). In addition, this Office recommends a transfer of \$1.79 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to various Bureau accounts to support the Bureau's enforcement of this program.

Street Damage Restoration Fee Fund (SDRF)

To reconcile budgetary appropriations with available cash within the SDRF, this Office recommends a reduction of \$8.17 million from a prior-year appropriation in the Street Reconstruction/Vision Zero Account. The 2020-21 Complete Streets Budget already accounts for this reduction and this is an administrative action with no programmatic impact.

Subventions and Grants Fund

The Bureau uses the Subventions and Grants Fund for all of its special events permit transactions. There is \$5.0 million in funds from events that occurred between 2014 and 2019 that are no longer required to reimburse departments for related services. Therefore, we recommend that \$5.0 million be transferred to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending.

Crenshaw Paving Project

The Bureau recently executed a Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to provide \$4.95 million to the City to cover the costs of paving work on Crenshaw Boulevard from 48th Street to 60th Street. The project will begin in April 2021 and be completed in June 2022 with the LACMTA providing funding upon completion of construction milestones. This Office will report on the impacts to the Bureau's budget in the next FSR.

This Office recommends the following transactions at this time:

- Reimburse a total of \$183,095 in expenses related to special events held from July 2018 through September 2020 from the Subventions and Grants Funds to the Bureau's Overtime General Account.

- Appropriate and transfer \$1,182,800 from the Road Maintenance and Rehabilitation Fund to the Bureau's Salaries General (\$700,000), Hiring Hall Salaries (\$200,000), and Operating Supplies (\$282,800) accounts to reimburse the Bureau for completed access ramp work.
- Transfer \$1.7 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Bureau's Salaries General Account to provide sufficient funds for the Bureau to meet payroll obligations.
- Transfer \$1.79 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Bureau's Salaries General (\$1,374,051), Overtime General (\$16,476), Printing and Binding (\$1,400), Transportation (\$34,000), Contractual Services (\$350,000), and Office and Administrative (\$18,000) accounts to support the Bureau's Sidewalk Vending Program.
- Transfer \$5.0 million from the Subventions and Grants Fund to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending.
- Reduce appropriations totaling \$4.75 million from various accounts within the Sidewalk and Park Vending Trust Fund to reconcile budgetary appropriations with available cash.
- Reduce appropriations of \$8.17 million from the Street Reconstruction/Vision Zero Account within the Street Damage Restoration Fee Fund to reconcile budgetary appropriations with available cash.

KK. Recreation and Parks No Recommendation

The previously reported year-end special fund overspending of \$2.0 million has increased by \$100,000 to \$2.1 million. These over-expenditures are primarily due to a reduction in salary reimbursements from the Department's fee and special services positions that support filming, concessions, recreational programs, and other activities that were affected by the pandemic.

This Office projects year-end special fund overspending of \$2.1 million, primarily in the Salaries General Account. The Salaries General Account overspending is due to significant reduction in the salary reimbursements from the Department's fee and special services positions from filming, concessions, recreational programs, and others due to COVID-19.

There is no change to the projected year-end revenue shortfall of \$2.8 million from the special fund revenue budget of \$37.1 million as the COVID-19 pandemic is still impacting most of the Department's revenue producing activities (all recreation classes, sports programs, Griffith Observatory, Greek Theatre, and others) were shut down due to the pandemic. As a result of the unpredictability of COVID-19, it is still unknown when these activities will be fully operational.

The projected overspending and revenue shortfall combined results in a \$4.9 million budget gap. To mitigate this funding gap, the Department has requested supplemental funding to continue the Alternative Learning and After School programs for the balance of the current fiscal year.

This Office, with the assistance of the Department, will continue to monitor the overspending and the revenue sources as actual monthly data becomes available and recommend a plan of action in the Year-End FSR.

LL. Transportation

Attachment 3 – New Appropriations

Attachment 4 – Transfers between Accounts within Departments and Funds

Attachment 6 – Appropriations from the Unappropriated Balance

This Office projects a year-end surplus of \$9.2 million, consisting of \$1.8 million in General Fund over-expenditures and an \$11.0 million surplus across all special funds. This is a slight increase from the previously reported year-end surplus of \$8.9 million, consisting of a \$2.6 million General Fund surplus and a \$6.3 million special fund surplus. The increase of \$4.4 million in General Fund spending is due to the elimination of furloughs, as well as the absorption of Crossing Guard program costs as required by the projected Traffic Safety Fund revenue shortfall. The projected special fund surplus is due primarily to the 314 vacancies through the Department as of December 2020. This Office recommends a transfer of \$2.77 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to cover the projected Traffic Safety Fund revenue shortfall (\$1.87 million) and unbudgeted COVID-19 related expenditures (\$900,000). This Office will provide recommendations in the Year-End FSR to address any remaining over-expenditures.

The Department is currently projecting updated revenues of \$69.3 million in 2020-21, which represents an \$11.6 million decrease from the previously revised General Fund revenue budget of \$80.9 million. This is due primarily to projected revenue shortfalls in significant fee and permit categories such as B-Permits, filming permits, vehicle applications, and driver permits due to the impact of COVID-related public health orders on the local economy, as well as the impact of special funded vacancies on related cost reimbursements to the General Fund. The Department will continue to monitor and report on revenue as additional data becomes available.

Parking citation revenue totaled \$41.1 million as of January 5, 2021. Based on a straight projection of revenue, this amount is 42 percent below projected collection (\$70.8 million) to the aforementioned date. On October 15, 2020, the Department lifted its relaxed parking enforcement (for street sweeping, peak/rush hour parking restrictions, overnight/oversize and preferential parking districts) and resumed regular parking enforcement practices. Since then, parking citation issuance has increased significantly, but has not yet recovered to pre-pandemic levels.

Should this trend continue, the Department estimates a year-end parking citation revenue collection of \$88.7 million, or about 37 percent below the budget target of \$140.5 million. This projection assumes that citation revenues remain at the same level since regular parking enforcement resumed in October, and also accounts for the gradual loss of Traffic Officers and Supervisors in 2020-21 as part of the Separation Incentive Program. The Department notes that any subsequent

shift in Traffic Officers' duties away from enforcement to other ancillary duties, such as traffic control for testing/vaccination sites, unusual occurrences, and food Grab-and-Go sites, may also reduce parking citation revenues in 2020-21.

This Office recommends the following transactions at this time:

- Appropriate \$152,500 from the Department of Transportation Trust Fund, Transportation Assessment Impact Fees to a new account entitled "744 S. Figueroa Street" within the Department of Transportation Trust Fund to install required Vision Zero improvements at a development project at 744 South Figueroa Street.
- Appropriate \$22,107 from the Proposition C Anti-Gridlock Transit Improvement Fund, Miscellaneous Revenue to the Proposition C Anti-Gridlock Transit Improvement Fund's Traffic Signals Supplies Account to expend funds provided by the Los Angeles County Metropolitan Transportation Authority (LACMTA) to purchase a controller cabinet for pilot testing for the LACMTA Orange Line at Victory Boulevard and Hayvenhurst Avenue.
- Transfer \$2.50 million from the Department's Overtime General Account to the Department's Salaries General Account to address expenditures above plan attributed to the elimination of furloughs and retirement payouts for SIP participants.
- Transfer \$250,000 from the Department's Overtime General Account to the Department's Office and Administrative Account to pay for unbudgeted COVID-19 related expenses including software and computer equipment for telecommuting staff.
- Transfer \$1.87 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Salaries, As-Needed Account to address the revenue shortfall in the Traffic Safety Fund, which directly funds the Crossing Guard Program.
- Transfer \$900,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Contractual Services Account for unbudgeted COVID-19 related expenditures including plexiglass barrier installation, costs for State and County required signage, and additional facilities cleanings.

MM. Zoo

Attachment 6 – Appropriations from the Unappropriated Balance

This Office projects year-end special fund over-expenditures of \$2,074,474, which is an increase of \$1,462,773 from the previously reported special fund over-expenditures of \$611,701. This overspending is primarily attributed to the elimination of furloughs and retirement payouts for SIP participants. This Office will continue to monitor these over-expenditures and provide an update in the Year-End FSR.

The First FSR identified a special fund revenue shortfall of \$11.12 million for the Zoo Enterprise Trust Fund as a result of COVID-19 related closures. The actions in the First and Second FSRs reduced the shortfall to approximately \$3.21 million. The unanticipated closure of the Zoo for approximately 10 weeks from December 7, 2020 through February 16, 2021, due to the regional stay at home order has increased the revenue shortfall to \$4.61 million. This shortfall is partially offset by \$516,000 in available cash within the Zoo Enterprise Trust Fund, reducing the shortfall to \$4.09 million. As revenues have not increased, the department requires sufficient cash to support department operations through May 2021. This Office recommends transferring \$2.40 million from the Unappropriated Balance's Zoo and El Pueblo Revenue Shortfalls (\$1.34 million) and Reserve for Mid-Year Adjustments (\$1.06 million) accounts to the Department for cash flow needs for April and May 2021 and to partially offset over-expenditures, respectively. This will reduce the revenue shortfall to approximately \$2.75 million and remaining special fund over-expenditures to approximately \$1.01 million.

This Office recommends the following transactions at this time:

- Transfer \$1,061,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Salaries General Account to support the Zoo's limited operations in 2020-21.
- Transfer \$1,336,509 from the Unappropriated Balance, Zoo and El Pueblo Revenue Shortfalls Account to the Zoo Enterprise Trust Fund to support the Zoo's limited operations in 2020-21.

2. STATUS OF NON-DEPARTMENTAL FUNDS AND SPECIAL ACCOUNTS

This section addresses the status of non-departmental expenditures and revenues and highlights issues of concern.

**A. General City Purposes
Attachment 7 – Appropriations to the Unappropriated Balance
Recommendation No. 21**

Account	Account Name	Net Surplus/(Deficit)
0510	Medicare	\$2,674,769
0577	Pensions	838,842
0570	Social Security	476,862
	Total	\$3,990,473

This Office projects a net year-end surplus of \$3,990,473 in the payroll accounts within the General City Purposes (GCP) budget comprised of projected surpluses in the Medicare Contributions (\$2,674,769), Social Security (\$476,862), and Pensions Savings Plan (\$838,842) accounts. Projected surpluses are due to departments' adherence to the hiring freeze. These surpluses may increase further as the City continues to process retirements through the Separation Incentive Program (SIP) and implements unpaid holidays. We recommend transferring a total of \$3,700,000 from the Medicare Contributions (\$2,500,000), Social Security Contributions (\$400,000), and Pensions Savings Plan (\$800,000) accounts to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending. We will continue to monitor these accounts and report in the Year-End FSR with additional recommendations regarding the remaining surplus amounts.

This Office recommends the following transactions at this time:

- Transfer \$3,700,000 from the Medicare Contributions (\$2,500,000), Social Security Contributions (\$400,000), and Pensions Savings Plan (\$800,000) accounts to the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address Citywide overspending.
- Amend the O'Farrell-Price Motion (C.F. 20-1522) to transfer and appropriate \$120 from the General City Purposes Fund 100/56, Account 000832, Heritage Month Account, instead of the General City Purposes Fund 100/56, Account 000870, Council District 13 Council Fee Subsidy Account, to the General Services Department Fund 100/40, Account 001070, Salaries, As-Needed Account.

B. Unappropriated Balance (UB)

Attachment 6 – Appropriations from the UB

Attachment 7 – Appropriations to the UB

Attachment 8A – Status of the UB – General Accounts

Attachment 8B – Status of the UB – Reserve for Mid-Year Adjustments Account

Attachment 8C – Status of the UB – Non-General Accounts

The 2020-21 City Budget included \$85.11 million for the Unappropriated Balance. Subsequent recommendations that the Mayor and City Council approved on July 1, 2020 increased the Unappropriated Balance by \$132.02 million for a total funding amount of \$217.13 million. Additional actions that the Mayor and City Council approved prior to the release of this report have resulted in a net increase of \$67.06 million to \$284.19 million. Of the \$284.19 million, \$129.38 million is appropriated in the Unappropriated Balance – Reserve for Unrealized Revenue Account, which is an account not backed by cash. As a result, there is currently \$154.81 million backed by cash in the Unappropriated Balance.

This report includes recommendations to transfer \$17.38 million into the Unappropriated Balance, Reserve for Mid-Year FSR Adjustments Account as follows: \$3.70 million from the General City Purposes Fund; \$5.00 million from the Subventions and Grants Fund; \$5.37 million from the Capital Finance Administration Fund; and, \$3.31 million from the Engineering Special Services Fund. Additionally, this report also includes recommendations to transfer \$9.93 million from the Unappropriated Balance, Reserve for Mid-Year FSR Adjustments Account as follows: \$2.00 million to the General Services Department; \$0.60 million to the Information Technology Agency; \$3.49 million to the Bureau of Street Services; \$2.77 million to Transportation; and, \$1.06 million to the Zoo. Approval of these recommendations will result in an Unappropriated Balance, Reserve for Mid-Year Adjustment Account balance of \$50.64 million.

In addition to the aforementioned transfers, this report also includes recommendations for the following transfers: \$3.50 million from the Capital Finance Administration Fund to the Unappropriated Balance, Reserve for Unrealized Revenue Account; \$0.06 million from the Unappropriated Balance, Climate Emergency Mobilization Program Account to the Board of Public Works; and, \$1.34 million from the Unappropriated Balance, Zoo and El Pueblo Revenue Shortfalls Account to the Zoo Enterprise Trust Fund.

In regards to the Unappropriated Balance, General Account, \$1,658 has been appropriated through Council action, reducing the Unappropriated Balance, General Account balance from \$50,000 to \$48,342.

The recommendations in this report result in a net increase of \$9.55 million to the Unappropriated Balance, resulting in a new balance of approximately \$164.36 million, excluding appropriations in the Unappropriated Balance – Reserve for Unrealized Revenue Account.

C. Human Resources Benefits **Attachment 4 – Transfers between Accounts within Departments and Funds**

This Office projects that the Human Resources Benefits Fund (Fund) will complete the year within budget across all accounts, which is a reduction to the previously reported expenditures above plan of \$6.79 million. This Office anticipates expenditures above plan in the Unemployment Insurance (\$7.1 million), Fire Health and Welfare Program (\$0.2 million), Police Health and Welfare (\$2.0 million), and Supplemental Civilian Union Benefits (\$0.57 million) accounts. This Office anticipates that savings in the Civilian FLEX Program (\$0.72 million) and Workers' Compensation (currently projected to exceed \$13.0 million) accounts will offset this overspending. We recognize that there is still significant uncertainty with our projections in all accounts due to potential fluctuations in Citywide attrition, hiring, and workers' compensation claims, including those related to COVID-19 cases.

This Office recommends that the Department monitor its expenditures as well as the impacts of COVID-19 and anticipates making recommendations to address the remaining over- and under-expenditures across all accounts in the Year-End FSR.

This Office anticipates the Fund to meet its General Fund revenue budget of \$2.7 million by year end.

This Office recommends the following transaction at this time:

- Transfer \$2.2 million from the Fund's Workers' Compensation/Rehabilitation Account to the Fund's Unemployment Insurance Account to address a portion of the projected expenditures above plan in this account.

D. Liability Claims Account **Attachment 9 – Status of Liability Accounts**

The 2020-21 City Budget initially provided \$87.92 million for Liability Payouts, allocated between two separate accounts: Miscellaneous Liability Payouts (\$80.55 million) and Public Works, Sanitation Liability Payouts (\$7.37 million). On October 20, 2020, the City Council reduced the budget amount to \$87.37 million by transferring \$552,000 to the Housing and Community Investment Department (HCID) to administer and oversee *Independent Living Center* (ILC) monitoring fees (C.F. 20-1282). All prior year unexpended balances for the ILC matter have also been transferred to HCID.

Of the revised \$87.37 million budget, this Office reports total spending of \$26.26 million. Including an additional \$40.78 million pending payment, the total committed amount is \$67.04 million. Thus, \$20.32 million (23-percent) remains available for this year of which \$3.72 million is for Bureau of Sanitation matters.

This Office will continue to work with the Office of the City Attorney to monitor the account and to identify additional sources of funds, if necessary.

E. Savings from MICLA 2021 Refunding Bonds Attachment 7 – Appropriations to the Unappropriated Balance

In the Second FSR, this Office identified an estimated \$3.5 million in 2020-21 savings from a potential MICLA bond financing. In March 2021, the City completed the MICLA 2021-A Taxable Refunding Bonds (Capital Equipment and Real Property) and 2021-B Tax-Exempt Refunding Bonds (Capital Equipment and Real Property) that refunded the MICLA 2014-A (Real Property), MICLA 2014-B (Real Property), MICLA 2019-A (Capital Equipment), and MICLA 2019-B (Real Property) Bonds. This financing generated 2020-21 General Fund savings of \$8.9 million, which represents an additional \$5.4 million in savings than previously anticipated. Savings from this MICLA transaction are currently available in the Capital Finance Administration Fund and are recommended for transfer to the Unappropriated Balance. Of this amount, we recommend transferring \$3.5 million to the Reserve for Unrealized Revenue Account as is anticipated in the budget balancing plan to offset the General Fund revenue shortfall. We further recommend transferring the additional savings of \$5.4 million to the Reserve for Mid-Year Adjustments Account to address the overspending we project in this report.

3. STATUS OF EMPLOYMENT Attachment 10 – Employment Level Report

Citywide employment authority from all funding sources totaled 37,570 at the end of December for both civilian and sworn classes. There are 32,717 filled positions at the end of December. Departments reported a total of 4,853 vacant positions: 2,719 General Fund and 2,134 special funded.

4. STATUS OF THE STATE BUDGET No Recommendation

On January 8, 2021, Governor Newsom presented his 2021-22 Proposed Budget, which projects a one-time budget surplus of \$15.5 billion, mainly driven by stronger than anticipated revenues and aggressive budgetary actions taken in Fiscal Year 2020-21 as a response to the COVID-19 pandemic. The one-time budget surplus is considered a windfall and the Governor proposes appropriating this one-time surplus funding to build back the state's reserves, to supplement reduced revenues as a result of proposed tax reductions, and to continue or expand a variety of state programs and services, including programs of interest to the City. We identify the budget proposals with potential impacts to the City below:

Homekey Program

Governor Newsom proposes \$750 million in funding to continue the Homekey Program, which began in 2020-21 with a one-time appropriation of \$800 million. The Homekey Program provides grants to local governments to acquire hotels, motels, vacant apartments, and other properties to establish permanent housing for individuals experiencing homelessness, at risk of homelessness, or those impacted by COVID-19. The Department of Housing and Community Development will provide grants to local governments to obtain these properties, which will be owned and operated at the local level.

Senior Housing

Governor Newsom proposes \$250 million for grants to local governments to preserve and expand housing options for low-income seniors who are experiencing homelessness or at risk of homelessness. Funds may be used for the acquisition and rehabilitation of adult residential facilities and residential care facilities for the elderly. The Department of Social Services will administer the program and provide grants to local governments.

California Disaster Assistance Act

Governor Newsom proposes \$256 million in one-time funding to aid local governments with emergency response and recovery through the California Disaster Assistance Act (CDAA). The CDAA provides funding to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a Governor proclaimed state of emergency.

The Governor will release his revised budget in May 2021. This Office will continue to monitor the State budget and will provide a status update in the Year-End FSR.

**5. DEFERRAL OF FOURTH QUARTER CONTRACT PAYMENTS
No Recommendation**

The Mayor and City Council instructed this Office to report on contractual payments the City will owe in the fourth quarter of 2020-21 and recommendations to defer these payments until 2021-22. This excludes labor contracts and contracts related to the delivery of capital projects. In response to this instruction, this Office asked all departments to provide the amounts of their fourth quarter contract payments, to identify the portion of those payments that they could defer until 2021-22, and to justify why payments cannot be deferred. Using the data from the departments that responded to this exercise, the following table summarizes the total amount of fourth quarter payments by department and the amounts that departments stated they could defer:

Department	SUM of Estimated Fourth Quarter Payments	SUM of Deferred Payments	SUM of General Fund Deferred Payments	SUM of Special Fund Deferred Payments
Aging	\$2,740,280.00	\$0.00	\$0.00	\$0.00
Building and Safety	\$108,500.00	\$0.00	\$0.00	\$0.00
Cannabis	\$3,355,000.00	\$0.00	\$0.00	\$0.00
CAO	\$2,315,057.00	\$54,000.00	\$54,000.00	\$0.00
City Attorney	\$923,633.17	\$66,311.85	\$64,311.85	\$2,000.00
City Clerk	\$110,000.00	\$0.00	\$0.00	\$0.00
Controller	\$107,977.64	\$1,000.00	\$1,000.00	\$0.00
Convention Center	\$23,000.00	\$0.00	\$0.00	\$0.00
Cultural Affairs	\$2,060,060.00	\$1,183,970.00	\$0.00	\$1,183,970.00
Disability	\$434,614.52	\$0.00	\$0.00	\$0.00
Economic Workforce & Development	\$3,919,721.25	\$0.00	\$0.00	\$0.00
El Pueblo	\$194,716.82	\$0.00	\$0.00	\$0.00
Employee Relations	\$24,000.00	\$0.00	\$0.00	\$0.00
Ethics	\$62,295.78	\$0.00	\$0.00	\$0.00
Finance	\$1,132,323.46	\$0.00	\$0.00	\$0.00
Fire	\$2,417,709.00	\$40,500.00	\$36,000.00	\$4,500.00
General Services	\$10,570,352.74	\$11,847.00	\$11,847.00	\$0.00
Information Technology	\$8,949,984.00	\$0.00	\$0.00	\$0.00
Library	\$2,349,644.90	\$0.00	\$0.00	\$0.00
Neighborhood Empowerment	\$354,700.00	\$0.00	\$0.00	\$0.00
Personnel	\$108,900,785.00	\$45,418,968.00	\$45,418,968.00	\$0.00
Planning	\$4,078,949	\$0.00	\$0.00	\$0.00
Public Works - Board	\$4,956,010.00	\$0.00	\$0.00	\$0.00
Public Works - Engineering	\$267,500.00	\$0.00	\$0.00	\$0.00
Public Works - Sanitation	\$56,942,785.38	\$1,555,384.34	\$0.00	\$1,555,384.34
Public Works - Street Lighting	\$223,967.06	\$0.00	\$0.00	\$0.00
Public Works - Street Services	\$19,166,633.03	\$0.00	\$0.00	\$0.00
Transportation	\$50,856,699.00	\$0.00	\$0.00	\$0.00
Zoo	\$216,587.00	\$0.00	\$0.00	\$0.00
Grand Total	\$287,763,485.62	\$48,331,981.19	\$45,586,126.85	\$2,745,854.34

Approximately \$45.19 million of the \$45.59 million in General Fund payments that departments could defer are related to Human Resources Benefits Fund service providers for civilian healthcare, dental, and life and disability insurance premiums. For these contracts, the service providers have offered to extend the deadline for payment.

Of the full \$287.76 million in fourth quarter payments reported, departments stated that they cannot defer \$239.44 million for the following reasons:

- The City will not be able to take advantage of early payment discounts (\$9.85 million)
- The contract does not allow deferral of payments (\$120.99 million)
- The department will incur late fees or penalties (\$15.12 million)
- Deferral will result in significant revenue loss for small local business or non-profits (\$6.42 million)
- Timely payment is legally mandated (\$85.27 million)
- Other (\$1.79 million)

We do not recommend that the City defer these payments as doing so will create a liability that the City will need to include in the 2021-22 Budget, and address early in that year. Further, as stated in this report, the proposed budget balancing plan addresses the City's 2020-21 budget gap without deferring these payments to 2021-22.

6. SPECIAL GAS TAX IMPROVEMENT FUND

No Recommendation

As reported in the First FSR, we are continuing to monitor Gas Tax receipts and will report on any significant changes. As a result of a surge in COVID-19 cases in November, the State imposed a second lockdown that was in effect in late November and December 2020. During this period, fuel consumption decreased and is reflected in actual Gas Tax receipts for the months of January and February 2021.

As COVID-19 restrictions begin to ease, we expect a gradual increase in fuel consumption for the remainder of this fiscal year. Even with this increase, we are projecting that monthly Gas Tax receipts will continue to be below budgeted monthly revenues as the budget assumed an earlier economic recovery date. The total revenue impact is a decrease in Gas Tax revenues of \$4.3 million, from \$88.2 million to \$83.9 million. At this time, no action is recommended. We will continue to monitor the Gas Tax receipts and address any revenue reduction in the next FSR.

Wilson K. Poon

Wilson K. Poon, Senior Administrative Analyst II

APPROVED:



Ben Ceja, Assistant City Administrative Officer

RHL:BC:JWW:WKP:01200045c

Attachments

ATTACHMENT 1
General Fund Receipts
Through February

Thousand Dollars

	2020-21 Budget	Plan Through February	Receipts Through February	Receipts as Percent of Budget	Variance of Receipts from Plan	Comments
Property Tax	\$2,297,080	\$1,333,703	\$1,275,250	55.5%	(\$58,453)	This shortfall is likely due to delinquencies in secured, unsecured, and supplemental receipts (\$60m, \$5.6m and \$1.8m, respectively). Offsetting this shortfall are \$7.3m in higher redemptions as taxpayers become current, \$800k in miscellaneous receipts, as well as \$2.9m in lower refunds. Some of this shortfall will be reduced with the recording of April receipts; however, there is significant downside risk to this revenue for year-end.
Property Tax Ex-CRA (Tax increment and misc distributions)	95,900	32,040	54,552	56.9%	22,512	Surplus reflects additional receipts from unanticipated property sale proceeds (\$900k) and higher-than-anticipated tax increment remittance (\$22.6m) which likely includes delayed receipts from the June 2020 disbursement which was \$10.9 million short of the April estimate provided by the County.
Utility Users' Tax (Electricity, communication and gas users taxes)	614,620	418,450	401,949	65.4%	(16,501)	Shortfall includes: \$4.3m in EUT, \$5.5m in CUT, and \$6.8m in Gas UT. The latter two reflect delayed recording of receipts. DWP currently estimates that EUT may fall \$20m short of the adopted budget.
Department receipts (LPFF and reimbursements)	1,335,289	676,906	595,387	44.6%	(81,519)	Shortfall includes related costs and other reimbursements (\$25m), fees and other revenues (\$20m), ambulance billing (\$17m) and police services to MTA (\$36m), offset by services to proprietary departments (\$16m).
CARES Act	-	-	125,000		125,000	This unbudgeted revenue represents CARES Act pass-through monies used to repay loans made to the General Fund.
Business Tax	686,540	336,174	269,582	39.3%	(66,592)	The budget originally assumed \$37m in delayed receipts, which came in as planned during FY20 and will not be recovered. There is significant downside risk to non-cannabis receipts due to the impact of business closures and the resulting recession. Non-cannabis receipts to date are \$84.1m below plan and are offset by \$17.5m in additional receipts from cannabis-related business activity.
Sales Tax	557,055	372,885	347,438	62.4%	(25,447)	Receipts are impacted by closures, the resulting recession and the Governor's action to extend tax filing due dates by 90 days, delaying some quarterly tax receipts until 2021-22.
Documentary Transfer Tax	215,835	140,075	151,546	70.2%	11,471	Proceeds from deed and corporate transfers are \$10.5m and \$1.0m above plan, respectively, due to unusually large remittance in January. February receipts have returned to typical levels. Year-to-date receipts have benefited from low interest rates. Increasing interest rates and low inventory are downside risks to price appreciation and sales volume.
Power Revenue Transfer	224,100	-	-	0.0%	-	After the adoption of the budget, the DWP Board approved a lower transfer estimate of \$218.4 million equating to a \$5.7 million year-end shortfall.
Transient Occupancy Tax	244,860	139,734	60,216	24.6%	(79,518)	This current shortfalls in hotel and short-term rental remittances (\$68.3m and \$11.2m respectively) will not be recovered and will increase with next month's tax collection. Receipts-to-date are at 28.5% of last year's level. There are significant downside risks based on industry projections for a long recovery for the hotel sector and the increasing enforcement of short-term rental restrictions.
Parking Fines	140,477	93,207	58,038	41.3%	(35,169)	This current shortfall will not be recovered and will increase through year-end. Even with the end of relaxed parking enforcement, monthly receipts have averaged approximately \$9.3m since November compared to \$11.1m in the previous fiscal year. Receipts are 65.2% of last year's receipts to date.
Parking Occupancy Tax	102,000	61,040	35,333	34.6%	(25,707)	Monthly receipts are variable. Receipts have averaged approximately \$4.4m monthly since the start of the fiscal year compared to \$10.4m in the previous fiscal year. Receipts are 44.1% of last year's receipts to date.
Franchise Income	81,226	60,145	58,930	72.6%	(1,215)	Shortfall includes lower receipts for solid waste, pipeline, and official police garage franchise fees, the latter of which is expected to end the year in shortfall due to relaxed parking enforcement and reduced parking activity. The City has resumed collection of taxicab franchise fees.
State Motor Vehicle License Fees	3,198	3,198	-	0.0%	(3,198)	Shortfall due to delayed receipt.
Grant Receipts	12,521	5,654	7,168	57.3%	1,514	Surplus reflects higher-than-anticipated reimbursements.
Tobacco Settlement	10,615	0	0	0.0%	-	
Residential Development Tax	3,693	2,373	2,981	80.7%	608	Receipts are at 81.1% of prior year receipts.
Special Parking Revenue Transfer	27,721	-	-	0.0%	-	With parking revenues mirroring the decline in parking occupancy tax, there is insufficient revenue to result in excess funds available for transfer.
Subtotal General Fund	\$6,652,729	\$3,675,584	\$3,443,370	51.8%	(\$232,214)	
Interest Income	34,613	31,623	24,189	69.9%	(7,434)	Surpluses will be owed to special funds. Downside risk to interest income as estimated by Finance.
Total General Fund	\$6,687,342	\$3,707,207	\$3,467,559	51.9%	(\$239,647)	
<i>Excluding CARES Act Receipts</i>			\$3,342,559	50.0%	(\$364,647)	

**ATTACHMENT 2
STATUS OF RESERVE FUND AS OF 2/28/2021**

Council File No.	Item Description	Amount
Balance Available, 7/1/2020		\$ 262,541,154.46
Less: Emergency Reserve Account		<u>\$ 183,902,000.00</u>
 Contingency Reserve Account 7/1/2020		 \$ 78,639,154.46
General Fund Appropriation to the Reserve Fund		-
Loan Repayment and Other Receipts		<u>29,686,598.32</u>
Contingency Reserve Account		<u>\$ 108,325,752.78</u>
 Loans and Transfers Approved to Date		
20-0600	Victory LA	(12,000,000.00)
CAO Memo	Los Angeles Convention and Tourism Board	(3,182,711.89)
	Building and Safety Enterprise Fund Loan Interest Payment	
20-0600-S82	(C.F. 20-0501/C.F. 20-0530)	(20,791.22)
20-0600-S82	COVID-19 Federal Relief Fund Expense Reimbursement	20,791.22
CAO Memo	Los Angeles Convention and Tourism Board	(366,933.97)
20-1263	COVID-19 Federal Relief Fund Expense Reimbursement	310,331.80
20-0147-S38	COVID-19 Federal Relief Fund Expense Reimbursement	74,000,000.00
20-0862	Senior Meals Emergency Response Program Loan	(8,636,901.00)
20-0600-S84	Update to Second FSR Early Reversions and Transfers	18,613,599.55
 Loans and Transfers Approved to Date Subtotal		 \$ 68,737,384.49
 Proposed Loans and Transfers		
Mid-Year FSR	El Pueblo Cash Flow Loan	(650,000.00)
 Proposed Loans and Transfers Subtotal		 \$ 68,087,384.49
 Contingency Reserve Available Balance as of 2/28/21		 <u><u>\$ 176,413,137.27</u></u>
 Total Emergency and Contingency Reserve Fund		 <u><u>\$ 360,315,137.27</u></u>

*COVID-19 Federal Relief Reimbursement of approximately \$75 million was approved by the City Council on March 2, 2021 (C.F. 20-0147-S38). This action is not yet reflected in the February 28, 2021 balance of the Reserve Fund (above).

**ATTACHMENT 3
FY 2020-21 BUDGET ADJUSTMENTS
NEW APPROPRIATIONS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
City Administrative Officer Insurance Premiums	Fund 46S/10, Insurance and Bonds Premiums Cash Balance	\$ 1,000,000.00	Fund 46S/10, Insurance and Bonds Premiums 100230, Insurance and Bonds Premiums (BFY 21)	\$ 1,000,000.00
City Attorney Proposition HHH Reimbursement	Fund 17A/10, GOB Series 2017-A Taxable HHH Construction Fund RCS 4904, Interest on Pooled Invest-Bond F ds	\$ 207,174.42	Fund 100/12, City Attorney RSC 5301, Reimbursement from Other Funds RSC 5361, Related Cost Reimbursement - Others	\$ 149,433.37 \$ 57,741.05 Subtotal \$ 207,174.42
Housing and Community Investment Domestic Violence Administration	Fund 880/43, Domestic Violence Trust Fund Cash Balance	\$ 450.00	Fund 100/43, Housing and Community Investment (880/43, 43T 143) 06010, Office and Administrative	\$ 450.00
Housing Administration Expenses - Software and Hardware	Fund 440/43, Rent Stabilization Trust Fund Cash Balance	\$ 33,115.25	Fund 100/43, Housing and Community Investment (440/43, 43T 143) 06010, Office and Administrative	\$ 33,115.25
HHH Program	Fund 17A/10, GOB Series 2017-A Taxable HHH Construction Fund RCS 4904, Interest on Pooled Invest-Bond F ds	\$ 902,962.65	Fund 100/43, Housing and Community Investment (17A/43, 43T 143) 001010, Salaries General	\$ 902,962.65
Information Technology Agency BAVN Support	Fund 17A/10, GOB Series 2017-A Taxable HHH Construction Fund RCS 4904, Interest on Pooled Invest-Bond F ds	\$ 397,755.05	Fund 100/43, Housing and Community Investment (17A/43, 43T 143) RCS 5361, Related Cost Reimbursements - Other	\$ 397,755.05
Public Works-Board Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1)	Fund 100/32, Information Technology Agency RSRC 4595, Service to Airports	\$ 33,500.00	Fund 100/32, Information Technology Agency 003040, Contractual Services	\$ 33,500.00
Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1)	Fund 834/50, Public Works Trust Fund RSRC 574220, St. Tree Replacement Guarantee (In-Lieu) Fee-PW Subsidy	\$ 35,484.00	Fund 100/86, Bureau of Street Services 001010, Salaries General 06020, Operating Supplies	\$ 24,344.00 \$ 8,976.00
Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1)	Fund 834/50, Public Works Trust Fund RSRC 574221, St. Tree Replacement Guarantee (In-Lieu) Fee-PW No Subsidy	\$ 157,613.00	Fund 100/74, Board of Public Works 001010, Salaries General	\$ 2,164.00 Subtotal \$ 35,484.00
Tree Guarantee Fee Planting Plan (C.F. 16-0461-S1)	Fund 834/50, Public Works Trust Fund RSRC 574222, St. Tree Replacement Guarantee (In-Lieu) Fee-Planning No Subsidy	\$ 233,805.00	Fund 100/86, Bureau of Street Services 001010, Salaries General 06020, Operating Supplies	\$ 17,520.00 \$ 216,285.00 Subtotal \$ 233,805.00
Public Works-Street Services Reimb for Special Events	Fund 305/50, Subventions and Grants Fund RSRC 465800, Special Events-General	\$ 183,095.00	Fund 100/74, Board of Public Works 001010, Salaries General	\$ 25,990.00 Subtotal \$ 157,613.00
Sidewalk Repair-Access Ramps	Fund 50V/50, Road Maintenance and Rehabilitation Fund 50TVT, Sidewalk Repair Access Ramps	\$ 1,182,800.00	Fund 100/86, Bureau of Street Services 001090, Overtime General	\$ 183,095.00
Transportation 744 S. Figueroa Street	Fund 840/94, Department Transportation Trust Fund RSC 3178, Transportation Assessment Impact Fees	\$ 152,500.00	Fund 840/94, Department Transportation Trust Fund TBD, 744 S. Figueroa Street	\$ 152,500.00
Signal Controller Cabinet - Metro Orange Line	Fund 540/94, Proposition C Anti-Gridlock Transit Improvement Fund RSC 5188, Miscellaneous Revenue	\$ 22,107.00	Fund 540/94, Proposition C Anti-Gridlock Transit Improvement Fund 941800, Traffic Signal Supplies	\$ 22,107.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 4,542,361.37		\$ 4,542,361.37

ATTACHMENT 4

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

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Housing and Community Investment (Continued) Housing Administrative Expenses for Software and Hardware Needs	<u>Fund.100/43. Housing & Community Investment</u>		<u>Fund.100/43. Housing & Community Investment</u>	
	001010, Salaries General (424/43)	\$ 27,495.00	006010, Office and Administrative (424/43)	\$ 27,495.00
	001010, Salaries General (55J/43)	\$ 6,874.00	006010, Office and Administrative (55J/43)	\$ 6,874.00
	001010, Salaries General (561/43)	\$ 13,747.00	006010, Office and Administrative (561/43)	\$ 13,747.00
	001010, Salaries General (815/43)	\$ 6,874.00	006010, Office and Administrative (815/43)	\$ 6,874.00
	003310, Transportation (41M/43)	\$ 22,150.00	006010, Office and Administrative (41M/43)	\$ 22,150.00
	<u>Fund.41M/43. Systematic Code Enforcement Fee Fund</u>		<u>Fund.100/43. Housing & Community Investment (41M/43. 43T143)</u>	
	43M412, Service Delivery	\$ 20,000.00	006010, Office and Administrative	\$ 20,000.00
	<u>Fund.440/43. Rent Stabilization Trust Fund</u>		<u>Fund.100/43. Housing & Community Investment (440/43. 43T143)</u>	
	43L900, Contract Programming - Systems Upgrades	\$ 9,034.75	006010, Office and Administrative	\$ 9,034.75
	<u>Fund.424/43. Community Development Trust Fund</u>		<u>Fund.100/43. Housing & Community Investment (424/43. 43T143)</u>	
	43T299, Reimbursement of General Fund Costs	\$ 11,105.00	006010, Office and Administrative	\$ 11,105.00
	<u>Fund.55J/43. Low and Moderate Income Housing Fund</u>		<u>Fund.100/43. Housing & Community Investment (55J/43. 43T143)</u>	
	43T299, Reimbursement of General Fund Costs	\$ 2,776.00	006010, Office and Administrative	\$ 2,776.00
	<u>Fund.561/43. Home Investment Partnership Program</u>		<u>Fund.100/43. Housing & Community Investment (561/43. 43T143)</u>	
43T299, Reimbursement of General Fund Costs	\$ 5,553.00	006010, Office and Administrative	\$ 5,553.00	
<u>Fund.815/43. Municipal Housing Finance Fund</u>		<u>Fund.100/43. Housing & Community Investment (815/43. 43T143)</u>		
43T299, Reimbursement of General Fund Costs	\$ 2,776.00	006010, Office and Administrative	\$ 2,776.00	
	Subtotal \$ 128,384.75		Subtotal \$ 128,384.75	
Sunset Office Expenses	<u>Fund.100/43. Housing & Community Investment</u>		<u>Fund.100/43. Housing & Community Investment</u>	
	001070, Salaries, As-Needed (41M/43)	\$ 35,253.00	003040, Contractual Services (41M/43)	\$ 15,000.00
	001090, Overtime General (41M/43)	\$ 29,702.00	006010, Office and Administrative (41M/43)	\$ 55,752.00
	002130, Travel (41M/43)	\$ 5,797.00		
	<u>Fund.440/43. Rent Stabilization Trust Fund</u>		<u>Fund.100/43. Housing & Community Investment (440/43. 43T143)</u>	
	43L900, Contract Programming - Systems Upgrades	\$ 15,965.25	006010, Office and Administrative	\$ 32,748.00
	43M229, Hearing Officer Contract	\$ 5,286.00		Subtotal \$ 103,500.00
	43N229, Hearing Officer Contract	\$ 7,200.00		
	43N900, Contract Programming - Systems Upgrades	\$ 4,296.75		
		Subtotal \$ 103,500.00		
COVID-19 Emergency Eviction Defense Program C.F. 20-1084	<u>Fund.424/43. Community Development Trust Fund</u>		<u>Fund.100/43. Housing & Community Investment (424/43. 43T143)</u>	
	43T904, Administrative Reserve	\$ 352,425.18	001010, Salaries General	\$ 83,726.18
			006010, Office and Administrative	\$ 200,000.00
		006030, Leasing	\$ 12,559.00	
		<u>Fund.424/43. Community Development Block Grant Trust Fund</u>		
		43T299, Reimbursement of General Fund Costs	\$ 56,140.00	
		Subtotal \$ 352,425.18		
Accessible Housing Program support for Technical Expertise Contract C-131690	<u>Fund.100/43. Housing & Community Investment</u>		<u>Fund.100/43. Housing & Community Investment</u>	
	001010, Salaries General (10D/43)	\$ 45,000.00	03040, Contractual Services (10D/43)	\$ 45,000.00

ATTACHMENT 4

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

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Human Resources Benefits Fund <i>Unemployment Insurance Expenses</i>	Eund.100/61. Human Resources Benefits Fund 009910, Workers' Compensation/Rehabilitation	\$ 2,200,000.00	Eund.100/61. Human Resources Benefits Fund 009100, Unemployment Insurance	\$ 2,200,000.00
Mayor <i>Alignment of Operational Needs</i>	Eund.100/46. Mayor 003040, Contractual Services	\$ 1,000,000.00	Eund.100/46. Mayor 001010, Salaries General 001070, Salaries, As-Needed	\$ 700,000.00 \$ 300,000.00 <u>Subtotal \$ 1,000,000.00</u>
Personnel <i>Training and Professional Development</i>	Eund.100/66. Personnel 003040, Contractual Services 003190, Medical Supplies	\$ 117,000.00 \$ 81,000.00 <u>Subtotal \$ 198,000.00</u>	Eund.100/66. Personnel 009570, Training Expenses	\$ 198,000.00
Police <i>Account Adjustments</i>	Eund.100/70. Police 001092, Overtime Sworn	\$ 9,459,658.00	Eund.100/70. Police 001010, Salaries General	\$ 9,459,658.00
<i>Banked Overtime Payout</i>	Eund.100/70. Police 001092, Overtime Sworn	\$ 2,000,000.00	Eund.100/70. Police 001095, Accumulated Overtime	\$ 2,000,000.00
<i>SAFELA After-Action Report (C.F. 20-0729)</i>	Eund.100/70. Police 003040, Contractual Services	\$ 179,000.00	Eund.100/70. Police 001012, Salaries Sworn 002120, Printing and Binding	\$ 154,000.00 \$ 25,000.00 <u>Subtotal \$ 179,000.00</u>
<i>LACMTA Contract-Canine Team Certifications</i>	Eund.100/70. Police 003040, Contractual Services	\$ 400,000.00	Eund.100/70. Police 001092, Overtime Sworn 002130, Travel 006020, Operating Supplies	\$ 250,000.00 \$ 50,000.00 \$ 100,000.00 <u>Subtotal \$ 400,000.00</u>
<i>Dispatch Console</i>	Eund.100/70. Police 007340, Transportation Equipment	\$ 110,000.00	Eund.100/70. Police 007300, Furniture, Office, and Technical Equipment	\$ 110,000.00
<i>Photocopy Contract</i>	Eund.100/70. Police 002120, Printing and Binding	\$ 200,000.00	Eund.100/70. Police 003040, Contractual Services	\$ 200,000.00
<i>Arrestee Transportation</i>	Eund.100/70. Police 004430, Uniforms	\$ 500,000.00	Eund.100/70. Police 003040, Contractual Services	\$ 500,000.00
Public Works-Engineering <i>As-Needed Staffing</i>	Eund.100/78. Bureau of Engineering (761/50) 001010, Salaries General	\$ 150,000.00	Eund.100/78. Bureau of Engineering (761/50) 001070, Salaries, As-Needed	\$ 150,000.00
Public Works-Sanitation <i>Hazardous Waste Removal and Disposal</i>	Eund.100/82. Bureau of Sanitation 003090, Field Equipment Expense (GF) 004430, Uniforms (GF) 006010, Office and Administrative (GF)	\$ 750,000.00 \$ 100,000.00 \$ 3,000.00 <u>Subtotal \$ 853,000.00</u>	Eund.100/82. Bureau of Sanitation 003040, Contractual Services (GF)	\$ 853,000.00
Public Works-Street Lighting <i>Santa Monica Blvd. Yard Security</i>	Eund.100/84. Bureau of Street Lighting 001010, Salaries General (347/50)	\$ 131,000.00	Eund.100/84. Bureau of Street Lighting 003040, Contractual Services (347/50)	\$ 131,000.00

ATTACHMENT 4

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

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
Transportation Salaries General Over-expenditures	Fund.100/94, Transportation 001090, Overtime General	\$ 2,500,000.00	Fund.100/94, Transportation 001010, Salaries General	\$ 2,500,000.00
	Fund.100/94, Transportation 001090, Overtime General	\$ 250,000.00	Fund.100/94, Transportation 006010, Office and Administrative	\$ 250,000.00
TOTAL ALL DEPARTMENTS AND FUNDS		\$ 31,588,240.93		\$ 31,588,240.93

ATTACHMENT 5

**FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	TRANSFER FROM	FUND/ACCOUNT	AMOUNT	TRANSFER TO
Civil and Human Rights Department <i>Reimbursement of Salary Costs</i>	Fund 100/15, Civil and Human Rights 001010, Salaries General	\$ 186,118.30		Fund 100/42, City Attorney 001010, Salaries General	\$ 125,985.60	
				Fund 100/39, Finance 001010, Salaries General	\$ 60,132.70	
				Subtotal	\$ 186,118.30	
Council <i>Communications Services</i>	Fund 100/54, Capital Improvement Expenditure Program 001764, City Facilities, Maintenance, and Improvements	\$ 33,444.00		Fund 100/32, Information Technology Agency 009350, Communications Services	\$ 33,444.00	
Emergency Management <i>Solar Wi-Fi Project</i>	Fund 392/34, Emergency Operations Fund 347300, Furniture, Office, and Technical Equipment	\$ 200,000.00		Fund 100/38, Fire 006020, Operating Supplies	\$ 200,000.00	
Finance <i>Cannabis Security Services - Nov 2020</i>	Fund 100/39, Finance 003040, Contractual Services	\$ 21,717.51		Fund 100/70, Police 001092, Overtime Sworn	\$ 21,717.51	
General Services <i>Accounting Assistant Program</i>	Fund 100/40, General Services 001070, Salaries, As-Needed	\$ 16,983.72		Fund 100/26, Controller 001070, Salaries, As-Needed	\$ 16,983.72	
Housing and Community Investment <i>Reimbursement for Planning Assistants</i>	Fund 100/43, Housing & Community Investment (43T143) 001010, Salaries General (561/43) 001010, Salaries General (815/43)	\$ 118,467.20 \$ 29,616.80		Fund 100/68, City Planning 001010, Salaries General (561/43) 001010, Salaries General (815/43)	\$ 118,467.20 \$ 29,616.80	
	Fund 100/43, Housing and Community Investment RCS 5341, HOME INVEST PARTNERSHIP REL COST (561/43T299)	\$ 111,299.94		Fund 100/68, City Planning RCS 5341, HOME INVEST PARTNERSHIP REL COST (561/43T299)	\$ 111,299.94	
	Fund 100/43, Housing and Community Investment RCS 5361, Related Cost Reimbursements - Other (815/43T299)	\$ 27,824.98		Fund 100/68, City Planning RCS 5361, Related Cost Reimbursements - Other (815/43T299)	\$ 27,824.98	
	Subtotal	\$ 287,208.92		Subtotal	\$ 287,208.92	
Emergency Renters Assistance Program	Fund 64D/43, US Treasury Emergency Rental Assistance Fund 43TA61, Admin Reserve ERAP - State	\$ 344,379.00		Fund 100/43, Housing & Community Investment (64D/43) 001010, Salaries General (64D/43) 001090, Overtime General (64D/43)	\$ 283,512.00 \$ 55,867.00 \$ 5,000.00	
	Subtotal	\$ 344,379.00		Subtotal	\$ 344,379.00	
Information Technology Agency <i>Oracle Software Maintenance</i>	Fund 100/32, Information Technology Agency 003040, Contractual Services	\$ 90,245.00		Fund 508/50, Solid Waste Resources Revenue Fund RSC 5301, Reimbursement from Other Funds	\$ 90,245.00	
Toyota Bike/Pedestrian Grant	Fund 100/32, Information Technology Agency 003040, Contractual Services 006010, Office and Administrative	\$ 163,100.00 \$ 5,247.00		Fund 655/64, Transportation Grant Fund 94RT01, Toyota Bike/Pedestrian Count Grant	\$ 168,347.00	
	Subtotal	\$ 168,347.00		Subtotal	\$ 168,347.00	

ATTACHMENT 5

**FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT	TRANSFER TO
Library <i>Alteration and Improvement Projects</i>	Fund 300/44, Library Fund		Fund 100/40, General Services		
	003040, Contractual Services	\$ 66,792.00	001014, Salaries, Construction Projects	\$ 35,097.40	
			001101, Hiring Hall Construction	\$ 12,038.00	
			001121, Benefits Hiring Hall Construction	\$ 6,082.00	
			003180, Construction Materials	\$ 13,574.60	
			Subtotal	\$ 66,792.00	
Alteration and Improvement Projects	Fund 831/44, Library Trust Fund		Fund 100/40, General Services		
	44040D, Contractual Services	\$ 85,513.00	001101, Hiring Hall Construction	\$ 22,906.00	
			001121, Benefits Hiring Hall Construction	\$ 15,272.00	
			003180, Construction Materials	\$ 47,335.00	
			Subtotal	\$ 85,513.00	
Mayor <i>GRVD Salaries</i>	Fund 100/46, Mayor		Fund 100/42, City Attorney		
	003040, Contractual Services	\$ 129,177.36	001010, Salaries General	\$ 129,177.36	
Police <i>Public Information Officer</i>	Fund 100/70, Police		Fund 100/46, Mayor		
	001010, Salaries General	\$ 148,801.00	001010, Salaries General	\$ 148,801.00	
Communication Service Request	Fund 100/70, Police		Fund 100/32, Information Technology Agency		
	003040, Contractual Services	\$ 140,000.00	009350, Communication Services	\$ 140,000.00	
Standards and Training	Fund 411/70, Standards and Training for Corrections		Fund 100/70, Police		
	70S207, STD & Training Correction Funds	\$ 174,523.30	001090, Overtime General	\$ 150,000.00	
	70T207, STD & Training Correction Funds	\$ 476.70	001092, Overtime Sworn	\$ 25,000.00	
		Subtotal	\$ 175,000.00	\$ 175,000.00	
Public Works-Engineering <i>U-Permit Backlog</i>	Fund 682/50, Engineering Special Services Fund		Fund 100/78, Bureau of Engineering		
	RSRC 4903, Interest Income	\$ 150,000.00	001090, Overtime General	\$ 150,000.00	
Public Works - Sanitation <i>GIS Software and Maintenance</i>	Fund 508/50, Solid Waste Resources Revenue Fund		Fund 682/50, Engineering Special Services Fund		
	50TX82, Sanitation Expense and Equipment	\$ 241,606.00	50NVAN, Citywide Enterprise License Agreement ESRI, Inc.	\$ 241,606.00	
Fiber Service Lease Payment	Fund 760/50, Sewer Operations and Maintenance Fund		Fund 100/32, Information Technology Agency		
	50TX82, Sanitation Expense and Equipment	\$ 146,093.00	003040, Contractual Services	\$ 146,093.00	
SWRRF Rental Vehicles Reimbursement	Fund 100/56, General City Purposes		Fund 100/82, Bureau of Sanitation		
	000915, Clean Streets - Related Costs	\$ 1,800,000.00	003040, Contractual Services	\$ 1,800,000.00	
Tree Planting Grant Projects	Fund 537/50, Environmental Affairs Trust Fund		Fund 100/82, Bureau of Sanitation		
	50S182, Bureau of Sanitation	\$ 46,317.46	001070, Salaries, As-Needed	\$ 190,186.01	
	50RMSL, Shade Los Angeles	\$ 85,703.77	006010, Office and Administrative	\$ 3,500.00	
	50PMGG, Greater Greener LA	\$ 12,565.39	006020, Operating Supplies	\$ 4,500.00	
	50M311, Clean Cities Programmatic Support	\$ 49,616.65			
50LSTC, South LA Trees - Vermont Corridor	\$ 3,982.74	Subtotal	\$ 198,186.01	\$ 198,186.01	
Reimbursement of Prior-Year Costs	Fund 60W/50, Measure W Municipal Fund		Fund 100/82, Bureau of Sanitation		
	50TZZ1, Reimbursement of Prior Year Expenses	\$ 1,628,139.00	RSRC 5331, Reimbursement of Related Costs - Prior Year	\$ 1,628,139.00	

ATTACHMENT 5

**FY 2020-21 BUDGET ADJUSTMENTS
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	FUND/ACCOUNT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
			TRANSFER FROM		TRANSFER TO
Public Works-Street Lighting Raymer Street Security Services	Fund.100/84, Bureau of Street Lighting 001010, Salaries General (347/50, 50T184)	Fund.100/40, General Services 003040, Contractual Services (347/50, 50T140)	\$ 55,333.33		\$ 55,333.33
Smart City FUSE Fellow	Fund.347/50, Street Lighting Maintenance Assessment Fund 50TLZZ, Strategic Plan Fuse Fellow	Fund.100/84, Bureau of Street Lighting 003040, Contractual Services	\$ 75,000.00		\$ 75,000.00
TOTAL ALL DEPARTMENTS AND FUNDS			\$ 6,388,084.15		\$ 6,388,084.15

ATTACHMENT 6
FY 2020-21 BUDGET ADJUSTMENTS
APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE

<u>APPROPRIATE FROM:</u>	<u>AMOUNT</u>
<u>Fund, 100/58, Unappropriated Balance</u>	
580196, Reserve for Mid-Year Adjustments	\$ 2,000,000.00
580196, Reserve for Mid-Year Adjustments	\$ 602,151.00
580196, Reserve for Mid-Year Adjustments	\$ 3,074,051.00
	\$ 16,476.00
	\$ 1,400.00
	\$ 34,000.00
	\$ 350,000.00
	\$ 18,000.00
Subtotal	<u>\$ 3,493,927.00</u>
580196, Reserve for Mid-Year Adjustments	\$ 1,870,000.00
	\$ 900,000.00
Subtotal	<u>\$ 2,770,000.00</u>
580196, Reserve for Mid-Year Adjustments	\$ 1,061,000.00
580271, Climate Emergency Mobilization Program (101/62)	
580314, Zoo and El Pueblo Revenue Shortfalls	\$ 60,000.00
	\$ 1,336,509.00
<u>TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE</u>	<u>\$ 11,323,587.00</u>

ATTACHMENT 7
FY 2020-21 BUDGET ADJUSTMENTS
APPROPRIATIONS TO THE UNAPPROPRIATED BALANCE

FUND/ACCOUNT	AMOUNT	TRANSFER FROM	FUND/ACCOUNT	AMOUNT	TRANSFER TO
<u>Fund 100/56, General City Purposes</u>			<u>Fund 100/58, Unappropriated Balance</u>		
000510, Medicare Contributions	\$ 2,500,000.00		580196, Reserve for Mid-Year Adjustments	\$ 17,375,407.30	
000570, Social Security Contributions	\$ 400,000.00				
000577, Pensions Savings Plan	\$ 800,000.00				
	<u>Subtotal \$ 3,700,000.00</u>				
<u>Fund 305/50, Subventions and Grants Fund</u>					
RSRC 465800, Special Events-General	\$ 5,000,000.00				
<u>Fund 100/53, Capital Finance Administration Fund</u>					
000349, MICLA 2014-B Refunding of MICLA 2002-AT, 2003-AV, 2003-AW	\$ 899,293.10				
000361, MICLA 2019-A (Capital Equipment)	\$ 1,960,507.89				
000362, MICLA 2019-B (Real Property)	\$ 2,506,309.39				
	<u>Subtotal \$ 5,366,110.38</u>				
<u>Fund 682/50, Engineering Special Services Fund</u>					
RSRC 4903, Interest Income	\$ 3,309,296.92				
<u>Fund 100/53, Capital Finance Administration Fund</u>			<u>Fund 100/58, Unappropriated Balance</u>		
000348, MICLA 2014-A Commercial Paper Real Property Refinancing	\$ 2,492,743.10		580230, Reserve for Unrealized Revenue	\$ 3,500,000.00	
000349, MICLA 2014-B Refunding of MICLA 2002-AT, 2003-AV, 2003-AW	\$ 1,007,256.90				
	<u>Subtotal \$ 3,500,000.00</u>				
	<u>\$ 20,875,407.30</u>			<u>\$ 20,875,407.30</u>	

**ATTACHMENT 8A
STATUS OF UNAPPROPRIATED BALANCE
GENERAL ACCOUNT as of 3/11/21**

C.F.	Appropriations	Date	Amount
20-0600	General		\$ 50,000
	Approved Transfer		
20-1247	Ovarian Cancer Awareness Month		(120.00)
20-1320	Peace in Armenia and Artsakh		(120.00)
20-1530	Music Center's Grand Park New Year's Eve		(1,418.00)
		Balance Available	<u>48,342.00</u>
	Anticipated Appropriations		
		Projected Balance Available	<u>\$ 48,342.00</u>

ATTACHMENT 8B
Status of the Unappropriated Balance, Reserve for Mid Year Adjustments

2020-21 Budget **\$ 30,060,000.00**

Interim Transfers

Transfer In:

Transfer From Police - Various accounts	\$ 319,167.00
Transfer from Personnel - Various accounts	681,225.00
Transfer from General City Purposes - Medicare and Pensions Savings Plan	566,989.00
Transfer from Human Resources Benefit - Civilian FLEX and Police Health and Welfare	2,659,630.00
Transfer from Tax and Revenue Anticipation Notes	53,989.00
Subtotal	<u>4,281,000.00</u>

Transfer Out:

Transfer to Public Works - Contractual Services	(433,000.00)
Transfer to General City Purposes - Various accounts	(10,420.00)
Subtotal	<u>(443,420.00)</u>

Year-end Available **\$ 33,897,580.00**

First FSR Recommendations

Transfer In:

Transfer from City Clerk - Elections Expense	6,057,739.00
Transfer from Neighborhood Empowerment Fund	81,000.00
Transfer from Unappropriated Balance - General Municipal Elections 2020	693,025.00
Transfer from Capital Improvement Expenditure Program - Various accounts	2,029,516.40
Transfer from Sidewalk Repair Fund	1,800,000.00
Subtotal	<u>\$ 10,661,280.40</u>

Subtotal First FSR Recommendations **10,661,280.40**

Year-end Available **\$ 44,558,860.40**

Interim Transfers

Transfer Out:

Transfer to Aging - Contractual Services	(67,032.00)
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Year-end Available **\$ 44,491,828.40**

Second FSR Recommendations

Transfer Out:

Transfer to El Pueblo - Cash Balance	(849,142.00)
Transfer to Animal Services - Contractual Services	(230,000.00)
Subtotal	<u>\$ (1,079,142.00)</u>

Subtotal Second FSR Recommendations **(1,079,142.00)**

Year-end Available **\$ 43,412,686.40**

ATTACHMENT 8B
Status of the Unappropriated Balance, Reserve for Mid Year Adjustments

Interim Transfers

Transfer to Housing and Community Investment Department - Housing and Urban Development (HOPWA) \$ **(219,383.00)**

Mid-year FSR Recommendations

Transfer In:

Transfer from General City Purposes - Various accounts	3,700,000.00
Transfer from Subventions and Grants Fund	5,000,000.00
Transfer from Capital Finance Administration Fund	5,366,110.38
Transfer from Engineering Special Services Fund	3,309,296.92
Subtotal	<u>17,375,407.30</u>

Transfer Out:

Transfer to General Services Department - Salaries General	(2,000,000.00)
Transfer to Information Technology Agency - Contractual Services	(602,151.00)
Transfer to Bureau of Street Services -Various accounts	(3,493,927.00)
Transfer to Transportation - Salaries, As-Needed and Contractual Services	(2,770,000.00)
Transfer to Zoo - Salaries, General	(1,061,000.00)
Subtotal	<u>(9,927,078.00)</u>

Net Mid-Year FSR Recommendations 7,448,329.30

Year-end Available

\$ 50,641,632.70

ATTACHMENT 9

STATUS OF LIABILITY CLAIMS ACCOUNTS

Department/Bureau	Account	Budget		Paid (B)	Available Balance After Paid Amounts (C=A2+B)	Pending Payments (D)	Available Balance Based After Paid and Pending Payments (E=C+D)	Percent of Available Balance to Adjusted Budget ¹
		(A1)	(A2)					
		2020-21 City Budget	2020-21 Adjusted Budget					
Fire	009790	\$ -	\$ 190,000	\$ (190,000)	\$ -	\$ -	\$ -	0%
General Services	009791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Police	009792	\$ -	\$ 8,913,000	\$ (8,913,000)	\$ -	\$ (11,737,500)	\$ (11,737,500)	0%
PW/Engineering	009793	\$ -	\$ 800,000	\$ (800,000)	\$ -	\$ -	\$ -	0%
PW/Sanitation	009794	\$ 7,370,072	\$ 7,370,072	\$ (1,201,483)	\$ 6,168,589	\$ (2,444,655)	\$ 3,723,934	51%
PW/Street Services	009795	\$ -	\$ 1,643,000	\$ (1,643,000)	\$ -	\$ (4,300,639)	\$ (4,300,639)	0%
Recreation & Parks	009796	\$ -	\$ 2,250,000	\$ (2,250,000)	\$ -	\$ -	\$ -	0%
Transportation	009797	\$ -	\$ 4,600,000	\$ (4,600,000)	\$ -	\$ (3,295,000)	\$ (3,295,000)	0%
Miscellaneous ²	009798	\$ 80,552,000	\$ 61,604,000	\$ (6,666,393)	\$ 54,937,607	\$ (19,005,806)	\$ 35,931,801	58%
TOTALS		\$ 87,922,072	\$ 87,370,072	\$ (26,263,876)	\$ 61,106,196	\$ (40,783,600)	\$ 20,322,596	23%

Note:

¹ Applies to PW/Sanitation and Miscellaneous Liability Accounts relative to the Adjusted Budget.

² The 2020-21 Adjusted Budget reflects a \$552,000 decrease in available funding in the Liability Claims Account. The appropriation was transferred to the Housing and Community Investment Department to oversee matters related to the *Independent Living Center* settlement (C.F. 20-1282).

**ATTACHMENT 10
EMPLOYMENT LEVEL REPORT
FY 2020-21**

Department	2020-21 Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of December	Changes	End of December	Start of December	Changes	End of December		
Aging	44	51	-	51	40	(3)	37	14	-
Animal Services	345	373	-	373	333	(2)	331	42	3
Building and Safety	911	1,104	-	1,104	919	(1)	918	186	2
Cannabis	6	43	-	43	29	-	29	14	-
City Administrative Officer	119	128	-	128	119	(3)	116	12	4
City Attorney	911	1,071	-	1,071	969	(3)	966	105	13
City Clerk	118	119	-	119	112	(1)	111	8	-
City Planning	414	498	-	498	405	(6)	399	99	2
Civil and Human Rights	1	21	-	21	-	-	-	21	-
Controller	165	184	-	184	146	(4)	142	42	10
Convention Center and Tourism	13	13	-	13	9	-	9	4	-
Cultural Affairs	76	87	-	87	65	(3)	62	25	-
Disability	25	29	-	29	27	-	27	2	-
Economic & Workforce	99	164	-	164	118	(5)	113	51	-
El Pueblo	10	10	-	10	9	(1)	8	2	-
Emergency Management	23	31	-	31	25	(2)	23	8	-
Employee Relations Board	3	3	-	3	3	-	3	-	-
Ethics Commission	32	33	-	33	31	(2)	29	4	-
Finance	354	373	-	373	291	(6)	285	88	3
Fire - Civilian	415	439	-	439	383	(2)	381	58	6
Fire - Sworn	3,416	3,518	-	3,518	3,345	34	3,379	139	10
General Services	1,424	1,453	-	1,453	1,259	(16)	1,243	210	1
Housing	590	809	-	809	676	(10)	666	143	2
Information Technology Agency	442	453	-	453	397	(19)	378	75	3
Neighborhood Empowerment	31	35	-	35	28	-	28	7	-
Personnel	525	602	-	602	537	(13)	524	78	5
Police - Civilian	3,451	3,479	-	3,479	2,982	(47)	2,935	544	-
Police - Sworn	10,554	10,706	-	10,706	9,833	(29)	9,804	902	-
Public Accountability	9	10	-	10	5	-	5	5	1
PW/Board of Public Works	99	120	-	120	113	(4)	109	11	-
PW/Bureau of Contract Admin	303	417	-	417	333	(8)	325	92	-
PW/Bureau of Engineering	750	946	-	946	835	(43)	792	154	1
PW/Bureau of Sanitation	3,141	3,424	-	3,424	2,913	(10)	2,903	521	2
PW/Bureau of Street Lighting	210	341	-	341	300	(6)	294	47	6
PW/Bureau of Street Services	1,005	1,513	-	1,513	1,205	(14)	1,191	322	1
Transportation	1,487	1,786	-	1,786	1,486	(19)	1,467	319	4
Zoo	263	269	-	269	249	-	249	20	2
Subtotal	31,784	34,655	-	34,655	30,529	(248)	30,281	4,374	81
Library	1,107	1,107	-	1,107	988	(2)	986	121	-
Recreation and Parks	1,538	1,808	-	1,808	1,469	(19)	1,450	358	270
Subtotal	2,645	2,915	-	2,915	2,457	(21)	2,436	479	270
Total	34,429	37,570	-	37,570	32,986	(269)	32,717	4,853	351

"Position Authorities-Start of December" includes resolution authority and substitute positions.

Monthly Summary	2020-21 Budget	Position Authorities			Filled Positions			Vacancies	Activated Sub. Auth.
		Start of Month	Changes	End of Month	Start of Month	Changes	End of Month		
July	34,429	37,502	43	37,545	33,494	(121)	33,373	4,172	349
August	34,429	37,545	2	37,547	33,373	(118)	33,255	4,292	348
September	34,429	37,547	8	37,555	33,255	(86)	33,169	4,386	353
October	34,429	37,555	(1)	37,554	33,169	(54)	33,115	4,439	352
November	34,429	37,554	16	37,570	33,115	(129)	32,986	4,584	351
December	34,429	37,570	-	37,570	32,986	(269)	32,717	4,853	351