

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to the Fourth (Year-End) Financial Status Report (FSR) for Fiscal Year 2023-24. (FY 23-24).

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

1. APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated June 5, 2024, attached to Council file No. 23-0600-S120, relative to the Year-End FSR for FY 23-24.
2. ADD and APPROVE the following recommendations, respectively, to the CAO report dated June 5, 2024, attached to the Council file:
 - a. Human Resources Benefits: Transfer \$6,200,000 from the Reserve Fund No. 101/62, through the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Human Resources Benefits Fund No. 100/61, Workers' Compensation/Rehabilitation Account No. 009910, to fully paydown anticipated worker's compensation costs through year end.
 - b. Police: Transfer \$1,060,000 from the Reserve Fund No. 101/62, through the Unappropriated Balance Fund No. 100/58, and appropriate therefrom to the Police Department Fund No. 100/70, Overtime General Account No. 001090, for the paydown of banked compensated time off consistent with the recently approved civilian Memorandum of Understanding provisions.
3. AMEND and APPROVE the second to last transaction on page 4, of Attachment 4, contained in the CAO report dated June 5, 2024, attached to the Council file, relative to New and Replacement Computers for the Department of Transportation, to revise the source of funds from Fund No. 540/94, Proposition C to Fund No. 59C/94, Measure M Local Return Fund to reflect a transfer of \$300,000 from the Salaries General Account No. 001010 within the Measure M Local Return Fund (Fund No. 59C/94) to the Office and Administrative Account No. 006010.
4. DELETE the final transaction on page 4, of Attachment 4, contained in the CAO report dated June 5, 2024, attached to the Council file, relative to the transfer of \$900,000 from the Overtime General Account for As-Needed Staffing for the Department of Transportation.
5. DELETE the fourth transaction on page 6, of Attachment 5, contained in the CAO report dated June 5, 2024, attached to the Council file, relative to the transfer of \$1,200,000 within the DOT Trust Fund from the Overtime General Account to the Salaries As-Needed Account.
6. **ADD and APPROVE the following recommendations for Fiscal Year 2024-25, respectively, to the CAO report dated June 5, 2024, attached to the Council file:**
 - a. **Instruct the City Clerk to place on the agenda of the first regular Council meeting on July 1, 2024, or shortly thereafter, the following instructions:**
 - i. **Personnel**: Reappropriate up to \$250,000 from the unencumbered balance within the Personnel Department Fund No. 100/66, Contractual Services Account No. 003040 in the same amount and into the same account that exists on June 30, 2024 for executive recruitment services for the Office of Public Accountability.
 - ii. **Fire**: Transfer \$6,158,101.36 set aside in the Unappropriated Balance Fund No. 100/58 for the Public Provider Ground Emergency Medical Transport

Intergovernmental Transfer (PP-GEMT-IGT) Program to the Fire Department Fund No. 100/38, Contractual Services Account No. 003040, for the payment of the first quarterly invoice for the PP-GEMT-IGT Program.

- iii. **Transportation: Reappropriate up to \$1,304,500.33 from the unencumbered balance within the Department of Transportation Fund No. 100/94, Account No. 003040, Contractual Services, in the same amount and into the same account as exists on June 30, 2024, to allow the Department of Transportation to continue support for the Curb Asset Management System (\$804,500.33) and Mobility Investment programs (\$500,000).**

7. ADD and APPROVE the following recommendations, respectively, to the CAO report dated June 5, 2024, attached to the Council file:

- a. Instruct the CAO to designate General City Purposes Fund No. 100/56, Account No, 580425, specifically for the expansion of Unarmed Response Teams in Fiscal Year 2024-25 and separately identify additional funding for the dispatch system.
- b. Instruct the CAO to reappropriate \$1,000,000 from Unappropriated Balance Fund No. 100/58, Account No. 580381, Los Angeles Homeless Service Authority Homeless Engagement Teams, to the same account for ongoing funding for Multi-Disciplinary Teams within Council District (CD) 2 and CD 3 while awaiting reimbursement from the County. Upon receipt from the County, reimbursed funds will be deposited into the Reserve Fund.

Fiscal Impact Statement: The CAO reports that a total of \$153.67 million in projected over-expenditures are identified in the Year-End Financial Status Report. Transfers, appropriations and other budgetary adjustments totaling approximately \$474.92 million are recommended in Sections 1, 2, 6 and 7 of the CAO report dated June 5, 2024, attached to the Council file. This includes \$103.11 million in transfers from the Unappropriated Balance Reserve for Mid-Year Adjustments Account.

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

Debt Impact Statement: The CAO reports that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) debt is a General Fund obligation. The issuance of MICLA financing for labor reimbursement (\$323,140) connected to the installation of communication equipment on Fire Department vehicle acquisitions authorized in the 2023-24 adopted budget and the acquisition of a Youth Development Department sedan (\$50,000) consistent with the intent of the 2023-24 adopted budget would cause the City to borrow a total of \$373,140 at an approximate 5.5 percent interest rate over a period of 10 years. The total estimated debt service for these capital equipment acquisitions is \$495,037, including interest of approximately \$121,897. During the life of the bonds, the estimated average annual debt service is \$49,505 over a period of 10 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future. 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 revised 2023-24 Adopted Budget non-voter-approved debt ratio is 2.59 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non-voter approved debt limit.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on June 7, 2024, your Budget, Finance and Innovation Committee considered a CAO report relative to the Year-End FSR for FY 23-24.

After an opportunity for public comment was held, the Committee recommended to move forward the recommendations contained in the CAO report, as detailed above, as amended. This matter is now submitted to the Council for consideration.

Respectfully Submitted,

BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD	YES
HARRIS-DAWSON	YES
MCOSKER	ABSENT
RODRIGUEZ	ABSENT
YAROSLAVSKY	YES

LV 6.7.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-