

Agenda Report

June 21, 2010

TO: Honorable Mayor and City Council
THROUGH: Finance Committee (June 21, 2010)
FROM: Finance Department
SUBJECT: FISCAL YEAR 2010 OPERATING BUDGET AMENDMENTS

FINANCE COMMITTEE RECOMMENDATION:

Authorize a journal voucher implementing certain amendments to the fiscal year 2010 Operating Budget as detailed in the background section of this report.

BACKGROUND:

Operating Budget Amendments

On June 15, 2009 the City Council adopted the Operating Budget for fiscal year 2010. Subsequent to the adoption of the budget, as is often the case, several items have been identified that necessitate amendments to the budget. Accordingly, the following amendments are recommended for adoption:

1. Recognize and appropriate \$308,547.57 in American Recovery and Reinvestment Act (ARRA) Justice Assistance Grant (JAG) funds from the U. S. Department of Justice to the Police Department fiscal year 2010 budget. Council approved the Agenda on June 22, 2009 approving the Memorandum of Understanding with the City of Los Angeles as the designated fiscal agent for the receipt of stimulus funding. The grant preserves six part-time Youth Advisor positions, six part-time Police Cadet positions, and a Police Officer position assigned to the Youth Accountability Board program. All of these positions support the Police Department's service to youth within the community. The grant preserves seven positions for employees who support programs that provide guidance and supervision to at-risk youths and six positions for employees working as cadets, hoping to become future law enforcement officers. Funds were deposited into the trust fund Justice Assistance Grant Fund 6245-110-401100-91138 established to meet the requirements of the agreement with the City of Los Angeles. The American Recovery and Reinvestment Act (ARRA) JAG grant funds in the amount

of \$308,547.57 have been received, and as the eligible personnel costs are incurred and reported, they are being charged against the grant. The term of the grant is from March 1, 2009 to February 28, 2013 so the City has almost three more years to expend the funds. The Police Department will have additional costs to charge to the grant for the forth quarter of fiscal year 2010, but the Department will not have the exact amount calculated until June 30th, 2010. For fiscal year 2011, the six part-time Youth Advisor positions and six part-time Police Cadet positions were eliminated in the budget. The Police Officer position was not eliminated in fiscal year 2011 because it will be partially funded with the JAG 2010 grant, and the funds will be recognized in FY2011 when it is awarded. The Police Department will not have any eligible expenses for the part-time Police Cadets or part-time Youth Advisors at the beginning of fiscal year 2011, and it will increase the number of authorized positions and work with the Budget Office to reinstitute the eliminated positions at such time as additional Youth Advisors are needed.

2. Recognize and appropriate \$23,640 in grant funds from the State Office of Traffic Safety, Click It or Ticket Program to the Police Department Traffic budget. The funds are being provided for seat belt compliance enforcement during November 2009 and May/June 2010 in support of the national Click It or Ticket mobilization campaign. The objective of the project is to increase seat belt use statewide through the combined efforts of State and Local law enforcement agencies.
3. Recognize and appropriate \$1,310,131 to the Public Works, Fleet Maintenance Program. Due to higher than anticipated costs for repairs the program has exceeded the FY 2010 operating appropriations and is not able to continue day-to-day operations without additional spending authority. All of the work is billable to individual department accounts and will generate sufficient revenue to the Fleet Fund to continue operations. Sufficient funding exists in the operating budget to cover this appropriation increase.

Specific areas of the overspending are: 1) costs resulting from sublet work for extensive automotive repairs as a result of staff vacancies; 2) automotive parts needed to complete the automotive repairs which were outside of the regular scheduled maintenance work; and 3) necessary auto body repairs resulting from vehicle accidents.

Therefore, staff recommends that the revenue received from this additional work totaling \$1,310,131 be recognized and appropriated in the Fleet Maintenance Program and that the materials and supplies and other contract services line items be increased by the following amounts: \$715,331 to 503-8101-766200 and \$594,800 to 503-8114-766200 respectively. This request will not result in any additional increases to the Fleet billing rate but will ensure that the Fleet Maintenance program is able to continue funding its operations for the remainder of FY 2010.

Specific funds and amounts are listed below.

| Fund | April Billing | May Billing | Total |
|--------------------------|----------------------|--------------------|--------------------|
| 101 General Fund | \$337,057 | \$253,395 | \$590,452 |
| 203 Health Fund | \$754 | \$756 | \$1,510 |
| 204 Building Services | \$1,012 | \$1,058 | \$2,070 |
| 205 Sewer | \$7,677 | \$8,210 | \$15,888 |
| 208 Dial-a-Ride | \$11,254 | \$10,926 | \$22,180 |
| 209 Proposition C | \$33,547 | \$33,572 | \$67,119 |
| 210 Gas Tax | \$43,819 | \$9,490 | \$53,308 |
| 212 Library Services | \$249 | \$1,687 | \$1,936 |
| 301 Project Management | \$2,624 | \$1,798 | \$4,421 |
| 401 Light and Power | \$56,188 | \$43,536 | \$99,724 |
| 402 Water Fund | \$31,598 | \$29,491 | \$61,089 |
| 406 Refuse Collection | \$171,705 | \$176,441 | \$348,145 |
| 410 Public Benefit | \$4,984 | \$1,353 | \$6,337 |
| 501 Comp & Comm | \$571 | \$614 | \$1,185 |
| 502 Building Maint. | \$11,896 | \$11,883 | \$23,779 |
| 503 Fleet Maintenance | \$0 | \$0 | \$0 |
| 509 Mail Services | \$543 | \$295 | \$838 |
| 681 Work. Inv. Act | \$0 | \$121 | \$121 |
| Other Non - Departmental | \$5,041 | \$4,987 | \$10,028 |
| Total Fund Impact | \$720,521 | \$589,611 | \$1,310,131 |

Non-Departmental: Humane Society, Rose Bowl and PUSD

4. Recognize \$172,964 in grant funding from First 5 Los Angeles to the Public Health Fund. The funds will be used for the limited engagement of three City Temporary Workers – two Community Service Representative II's and one Community Service Representative III – who will support outreach programs (i.e. Black Infant Health Project) within the Maternal Child Health Division of the Public Health Department. These temporary positions were activated as of October 1, 2009 and will conclude June 30, 2010.
5. Reduce estimated revenues for the Public Health Fund by \$172,964. The State reduced funding for the Black Infant Health Project. There is no impact to the Black Infant Health Project for FY2010 because local grant funding from First 5 LA (item 4 on agenda report) provided the State funding shortfall of \$172,964. Essentially local funding replaced the state funding associated with the Black Infant Health Project in the amount of \$172,964 for FY2010. Going forward for FY2011, the Health Dept will continue to use local grants or federal grants to fund this program. As such, the Public Health Dept does not foresee any impact or service reduction related to the Black Infant Health Project.
6. Reduce estimated revenues and appropriations for the Public Health Fund by \$15,171. The Public Health Department will no longer provide pest control services for City buildings beginning the second half of FY 2010 and continuing indefinitely.

The elimination of the pest control services for City buildings are due to shortage of staff and the Public Health Department concentrating on projects with higher priorities such as containment of the West Nile Virus.

7. Reduce estimated revenues for the Public Health Fund by \$369,644. During the first quarter of FY 2010 the State reduced funding for programs such as HIV/AIDS clinic, child health programs and prenatal clinic. At the time, appropriations from the City's General Fund were authorized to offset such reductions. However, the aforementioned State funding was never properly removed from the budget.
8. Increase Department of Information Technology Department (DOIT) Budget by \$308,407 and 17.0 FTEs to complete the consolidation of information technology services under DoIT.
 - Recognize and appropriate \$128,785 and 6.25 FTEs from the General Fund to the Computer and Communication Fund.
 - Recognize and appropriate \$58,782 and 2.75 FTEs from the Building Services Fund to the Computer and Communication Fund.
 - Recognize and appropriate \$103,884 and 4.0 FTEs from the Library Service Fund to the Computer and Communication Fund.
 - Recognize and appropriate \$14,413 and 0.85 FTE from the Supportive Housing Program Fund to the Computer and Communication Fund.
 - Recognize and appropriate \$2,543 and 0.15 FTE from the Affordable Housing Capital Program Fund to the Computer and Communication Fund.
 - Transfer 2.00 FTEs from the Public Works Department to the DoIT Department. These two positions do not require additional budget authority and will continue to direct charge capital improvement and program projects.
 - Transfer 1.00 FTE from the Public Health Department to the DoIT Department. This position does not require additional budget authority and will continue to direct charge .75 FTE of the personnel cost to the Public Health Department. The remaining .25 FTE will be covered by existing fiscal year 2010 DoIT personnel budget.
9. Recognize and appropriate \$45,420 of American Recovery and Reinvestment Act (ARRA)-HUD Emergency Shelter Entitlement funds to ARRA-Homeless Prevention and Rapid Housing (HPRP)-Homeless Fund 235 for Contract Services. Decrease revenues and appropriations in the same amount in Emergency Shelter Grant

(ESG) Fund 224. The budget was originally established under the Emergency Shelter Fund in fiscal year 2010. Staff created a new fund to track the ARRA money separately to adhere to reporting guidelines and prevent funds from being co-mingled.

10. Recognize and appropriate \$862,975 of American Recovery and Reinvestment Act (ARRA)-HUD Emergency Shelter Entitlement funds to ARRA-Homeless Prevention and Rapid Housing (HPRP)-Homeless Fund 235 for Lease Payments. Decrease revenues and appropriations in the same amount in Emergency Shelter Grant (ESG) Fund 224. The budget was originally established under the Emergency Shelter Fund in fiscal year 2010. Staff created a new fund to track the ARRA money separately to adhere to reporting guidelines and prevent funds from being co-mingled.
11. Recognize and appropriate \$695,358 from the Inclusionary Housing Trust Funds (619) to the Home Investment Partnership Fund (221) for a carryover project related to Hudson Oaks. The carryover budget was originally established under the Inclusionary Housing Trust Funds in fiscal year 2010. Upon completion of federal environmental review in January of calendar year 2010, the amount of \$695,358 was swapped from Inclusionary Housing Trust Funds to Home Funds because Home Funds are required to be drawn down within a federally stipulated timeframe. HUD approved the request and funds were drawn and transferred under Home Funds. As such, the budget transfer will allow the Housing Department to have budget authority under the correct fund.

COUNCIL POLICY CONSIDERATION

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the monitoring of the fiscal year 2010 operating budget and implementing any necessary amendments.

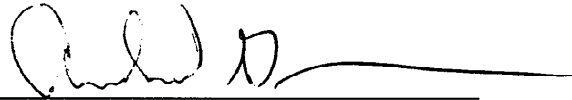
FISCAL IMPACT:

The proposed recommendation will result in the following changes:

- Increase General Fund appropriations and revenues by \$23,640.
- Increase Justice Assistance Grant Fund appropriations and revenues by \$308,548.
- Decrease Public Health Fund appropriations by \$15,171 and estimated revenue by \$384,815.
- Decrease Emergency Shelter Grant Fund appropriations and revenue by \$908,395.
- Increase ARRA HPRP Homeless Grant appropriations and revenue by \$908,395.
- Decrease Inclusionary Housing Trust Fund appropriations and revenue by \$695,358.

- Increase Home Investment Partnership Fund appropriations and revenue by \$695,358.
- Increase Computing and Communications Fund appropriations and revenue by \$308,407.
- Increase Fleet Maintenance Fund appropriations and revenue by \$1,310,131.

Respectfully submitted,



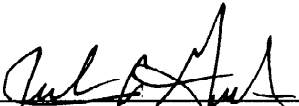
ANDREW GREEN
Director
Finance Department

Prepared by:



RICHARD DAVIS
Budget Administrator
Finance Department

Approved by:



MICHAEL J. BECK
City Manager