



Agenda Report

June 17, 2024

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: AMENDMENTS TO FISCAL YEAR 2024 ADOPTED OPERATING BUDGET

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Amend the Fiscal Year (FY) 2024 Adopted Operating Budget as detailed in the following report by a net expense of \$2,455,000.

BACKGROUND:

Throughout the fiscal year, budgetary adjustments are necessary to account for unanticipated changes to the adopted budget. These revenue and appropriation amendments are presented to the City Council for consideration. This agenda report includes proposed amendments to the FY 2024 Operating Budget as adopted by the City Council on June 5, 2023.

Proposed Budget Amendments

1. **Light and Power Fund Transfer** – The Water and Power Department recommends transferring \$5 million from the unappropriated fund balance in the Power Fund (401) to the General Fund (101). City Council approved the FY 2024 Light and Power Fund transfer in the amount of \$13 million with the anticipation that an additional \$5 million would be transferred in FY 2025. Based on the audited FY 2023 financial statements, the Power Fund has sufficient funds to transfer the \$5 million in FY 2024.

2. **Rental Housing Assistance Budget Adjustment** – The Housing Department recommends recognizing revenue and appropriating \$3,295,554 in the Rental Housing Assistance Programs Fund (220) to account for additional Housing Assistance Payments (HAP) for the new Heritage Square project, HOPE center projects and CARES mainstream vouchers and to correct an administrative oversight for the Emergency Housing Vouchers (EHV), which were inadvertently under-budgeted.

3. **Outside Legal Services** – The City Attorney/City Prosecutor Department recommends appropriating \$2,280,000 from the unappropriated fund balance in the General Fund (101) for outside legal services. The Department currently has \$2.2 million budgeted for outside legal services; however, this will not be sufficient given the number and range of legal matters required to be handled. For example, the Civil Division has conducted four trials during this fiscal year (three conducted by outside counsel), handled a high number of ongoing and time-consuming employment litigation matters, and has had protracted discovery and law and motion in several litigation matters as well.

4. **Encampment Resolution Funding (ERF) Transfer** – The Housing Department recommends transferring \$667,706 in ERF grant funds from the Other Housing Fund (238) to the Public Health Fund (203) to provide emergency shelter and housing navigation services to people experiencing unsheltered homelessness, who are living in prioritized encampments located along the 210 freeway. On October 2, 2023, City Council approved receipt of the ERF grant funds, of which 50% is required to be expended by June 30, 2024. The grantor, the State of California Business, Consumer Services & Housing Agency, advised that the recommended transfer is an allowable expenditure thereby, fulfilling the grant's expenditure requirement.

5. **Election Administration and Charter Study** – The City Clerk's Office recommends appropriating \$175,000 from the unappropriated fund balance in the General Fund (101) for Election Administration and Charter Study Task Force support. The Department currently has \$550,000 budgeted for election administration and Charter Study. However, this amount is insufficient to cover the anticipated costs to be invoiced by the Los Angeles Registrar-Recorder/County Clerk's Office for election administration services for the Office of Mayor and City Council Districts 1, 2, 3, 4, and 6, as well as, for Charter Amendment Measures R, S, and T.

6. **Turf Removal Rebate** – The Police Department recommends recognizing revenue and appropriating \$54,452 for a rebate received from the SoCal Water Smart rebate program offered by the Metropolitan Water District of Southern California for turf removal at the heliport.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2024 Adopted Operating Budget and by implementing necessary budget amendments.

ENVIRONMENTAL ANALYSIS:

This action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Section 15060 (c)(2), 15060 (c)(3), and 15378. The consideration of amending the FY 2024 Operating Budget is a government fiscal activity that does not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

As detailed in the attached "Summary of Proposed 4th Quarter FY 2024 Budget Amendments", approval of the proposed budget amendments will increase FY 2024 total authorized operating appropriations across multiple funds by \$11,472,712. These additional costs will be offset through increased revenue of \$9,017,712.

The General Fund's unappropriated fund balance will increase by \$2,545,000.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2024 budgeted indirect and support costs such, such as maintenance and Department of Information Technology support.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:



Flora Karmiryan
Principal Administrative Analyst

Approved by:



MIGUEL MARQUEZ
City Manager

Attachment: (1)

A) Summary of Proposed 4th Quarter FY 2024 Budget Amendments