



Agenda Report

February 24, 2025

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: **APPROVE AMENDMENTS TO FISCAL YEAR 2025 ADOPTED OPERATING BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action herein is not a “project” subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b) and
2. Approve amending the Fiscal Year (FY) 2025 Adopted Operating Budget as detailed in the following report by a net amount of \$4,345,136.

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 2025 Operating Budget as adopted by the City Council on June 10, 2024.

Proposed Budget Amendments

1. **Budget Adjustments** – The following adjustments are recommended to align the revenue and expenditure budgets:
 - a. **General Fund Transfer to Other Housing Fund** – The Housing Department recommends appropriating a transfer of \$3,000,000 from the General Fund (101) to the Other Housing Fund (238) to fund the acquisition costs of 17 Caltrans homes previously approved by City Council. This transfer was inadvertently omitted from the FY 2025 Operating Budget. Any unexpended amount by the end of the fiscal year

will be re-budgeted in the next fiscal year for the potential acquisition of additional Caltrans homes.

- b. **Capital Projects Fund Transfer to General Fund** – The Public Works Department recommends transferring \$70,000 in revenue from the Capital Improvement Fund's (301) Street Tree Revenue account to the Street Tree Administration account in the General Fund (101). Street Tree Revenue fees have been historically collected in Fund 301 as the Street Tree program was administered through the Capital Improvement Program (CIP). Following a business decision to discontinue the CIP, the cost of planting street trees was moved to Fund 101. As a result, this requires occasional interfund transfers of revenue.

Additionally, the Department recommends appropriating \$70,000 in the General Fund (101) to purchase and plant approximately 400 trees, which was inadvertently not included in its FY 2025 Operating Budget. This administrative process will be reviewed for improvements.

- c. **Career Services Department Appropriation Reduction** – The City Manager Department recommends reducing appropriations of \$86,179 in the Workforce Innovation and Opportunity Act Fund (681) to align their budget with the amended South Bay Workforce Investment Board contract as previously approved by City Council on November 18, 2024.
2. **Affordable Housing Loan Agreement for HOPE Project** – The Housing Department recommends re-appropriating \$1,361,315 in the Home Investment Partnership (HOME) Fund (221) for the rehabilitation and financial restructuring of the affordable housing projects at 940 N. Summit Ave. and 760 Worcester Street for persons with intellectual and/or developmental disabilities. On August 28, 2023, the City Council approved the loan agreement for this project with Home Ownership for Personal Empowerment, Inc. (HOPE). Escrow on the Worcester property closed in FY 2024 and the Summit site is estimated to close in the current month with rehabilitation of both properties to follow.
 3. **ESG RUSH Grant** – The Housing Department recommends recognizing revenue and appropriating \$1,000,000 in the Emergency Solutions Grant (ESG) Fund (224) for the Rapid Unsheltered Survivor Housing (RUSH) grant awarded by the U.S. Department of Housing and Urban Development (HUD). The funds will be used to provide short- to medium-term assistance for disaster affected persons who were experiencing homelessness or were at risk of homelessness prior to the Eaton Fire and straight-line winds disaster. The funding is effective through February 4, 2027.
 4. **L.A. IMPACT Task Force** – The Police Department recommends recognizing revenue and appropriating \$98,138 in the General Fund (101) for a disbursement from the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (LAIMPACT). This funding represents the Department's equitable share of their participation in the task force. The funds may be used at the discretion of

the Department, which has determined that it will help fund the costs of the Police Department's first floor office space remodel.

5. **Robert G. Low Estate Supplemental Distribution** – The Libraries and Information Services Department recommends recognizing revenue and appropriating \$7,755.77 in the Library Services Fund (212) for a supplemental distribution received from the Estate of Robert G. Low. The funds will be used in accordance with the donor's request to purchase children's books/e-books. City Council approved the Estate's previous bequest of \$68,000 on July 11, 2022.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2025 Adopted Operating Budget and by implementing necessary budget amendments.

FISCAL IMPACT:

As detailed in the attached “Summary of Proposed 2nd Quarter FY 2025 Budget Amendments”, approval of the proposed budget amendments will increase FY 2025 total authorized operating appropriations across multiple funds by \$5,451,029.77, which will be offset through increased revenues of \$1,105,893.77.

The General Fund’s unappropriated fund balance will decrease by a net amount of \$3,000,000.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2025 budgeted indirect and support costs such as maintenance and DoIT support.

Respectfully submitted,



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Director of Finance

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Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment: (1)

A) Summary of Proposed 2nd Quarter FY 2025 Budget Amendments