

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 30, 2023

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Council District: ALL

To: Karen Bass, Mayor  
Paul Krekorian, Council President  
Bob Blumenfield, Chair, Budget, Finance, and Innovation Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: 2023-24 Budget

Subject: **SECOND FINANCIAL STATUS REPORT**

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### SUMMARY

This Office is transmitting the Second Financial Status Report (FSR) for Fiscal Year 2023-24. This report provides an update on the current-year budget including projected departmental and non-departmental expenditures, the status of the Reserve Fund, revenue trends for 2023-24, and a discussion on issues of concern which may impact the City's finances.

A third of the way through 2023-24, the City is experiencing a greater level of over-expenditures than previously reported in the First FSR. The City's ability to mitigate over-expenditures will continue to be tested in 2023-24 and may require the use of the Reserve Fund to balance the budget by year end. In addition, while the City's revenues continue to be largely stable and have gained ground compared to the First FSR, revenues remain below plan and below the levels from the same period last year.

General Fund revenues through October are \$92.80 million below plan. We continue to anticipate that some of these below plan receipts, however, may be recoverable later in the fiscal year. We continue to identify downside risk to documentary transfer tax receipts and other economically sensitive revenues due to the economic headwinds we identified above. It is, however, too early in the year to project year end revenue and there is a reasonable expectation that certain revenues will catch up to plan later in the year.

In the First FSR, we identified \$265.28 million in expenditures above plan in the current year. After accounting for recommendations in the First FSR and newly identified costs, over-expenditures are now \$296.85 million. Driving the 12 percent increase in over expenditures from the First FSR are the General Services Department's increased fuel and utilities costs, and approved and pending liability payouts for the Liability Claims Account. Included in this over-expenditure amount is the estimated additional appropriation that will be required for the Human Resources and Payroll (HRP) project due to its delayed Phase-Two implementation. This issue is further detailed as one of the five issues of concern that may impact the City's budget this fiscal year. Of the other four issues

of concern raised, the most significant impact is anticipated to materialize from the ongoing employee union negotiations with the bargaining units that represent the City's civilian employees. While it is likely that many departments will be able to absorb a portion of these costs due to staff vacancies, we do not currently have figures to project the total impact on the City's finances as the agreements are still being negotiated.

In this report we recommend \$43.16 million in solutions to partially address the projected budget gap of \$296.85 million and identify \$110.73 million in potential future actions to further reduce the remaining year-end overspending to \$142.96 million. The magnitude of the remaining budget gap underscores the need for departments to absorb or manage remaining costs within existing funds to the greatest extent possible. Absent these actions the City will need to use the Reserve Fund and reduce our healthy reserves putting the City in a less advantageous position to address an economic downturn, should one occur.

The Reserve Fund balance is \$582.41 million or 7.37 percent of 2023-24 General Fund revenue, after accounting for transactions approved since July 1 and the recommendations in this report. While this balance remains above the five percent Reserve Fund policy, the significant overspending identified in this report, the Citywide issues of concern that we raise, and the risk of an economic downturn may require the use of the Reserve Fund. We continue to strongly recommend that the City take a very cautious approach to using the Reserve Fund and refrain from using the Reserve Fund to fund new programs, program expansions, and service restorations at this time.

## **General Fund Revenue Attachment 1 – 2023-24 Adopted General Fund Revenue**

### *Key Findings/Recommendations*

- *With only four months of revenue data equivalent to 17.8 percent of total adopted 2023 24 General Fund revenue, it is too early to project year end revenue for 2023-24. Current-year property tax receipts only represent 4.4 percent of the property tax budget and the first remittance of secured receipts for the next property tax year will not occur until December 2023. Further, 85 percent of total business tax receipts are received after January 1, 2024.*
- *Actual 2023 24 revenue through October is \$1.41 billion, which is \$92.8 million below the adopted plan. Excluding transfers from the Reserve Fund, receipts to date are 4.9 percent below General Fund receipts of \$1.31 billion this time last year.*
- *Documentary transfer tax trends highlight an increasing risk to year end receipts due to the multiplying impact of declining sales volume—which at present is lower than adopted estimate assumptions—and decreasing home prices—which faces downward pressure from increased mortgage rates.*
- *Other shortfalls in sales, business, utility users, and transient occupancy taxes may indicate some weakness in the economy outside the real estate market.*

### 2023-24 Adopted Revenue

The 2023-24 Adopted Budget assumes \$7.90 billion in total General Fund revenue, including a \$136.4 million transfer from the Reserve Fund. Revenue through October is \$1.41 billion, which is \$92.8 million (6.2 percent) below the plan of \$1.50 billion. General Fund revenue is 3.2 percent below receipts for the same period last year, excluding Reserve Fund receipts.

While it is too early to project year end revenue with only four months of revenue data, the current shortfalls in economy-sensitive revenues and the decline in year-over-year receipts highlight downside risks to year-end revenue. Of particular concern is the continuing decline in documentary transfer tax receipts (currently \$16.4 million below plan) which is amplified when real estate sales and prices fall together. As such, documentary transfer tax receipts are anticipated to remain below plan, as informed by the revised forecast from the California Association of Realtors' (CAR) predicting a greater drop in sales (22.2 percent) than the 7.2 percent used in the budget. The shortfall in hotel transient occupancy tax has also increased, partly attributed to the unmaterialized rebound of Chinese tourism. In contrast, the adopted budget anticipated 10.5 percent growth partly based on industry assumptions for an increase in international visitors. Sales, gas, communication users, and non-cannabis related business taxes have also missed planned assumptions. While there may not be a single cause for these variances, Federal Reserve rate increases were intended to slow the economy, and the high interest rate environment is predicted to limit economic growth and job creation for the first half of calendar year 2024 as well. Economists surveyed in October

predict a high probability of a recession in the next twelve months (48 percent), which has the potential to further reduce all economy sensitive revenues.

See the discussion below and Attachment 1 for a summary of the variances from the monthly plan and potential risks to year end receipts.

**Table 1. 2023-24 General Fund Revenue and Variance through October**  
(Figures Shown in Millions of Dollars)

	<b>Adopted Budget</b>	<b>Monthly Plan</b>	<b>Monthly Receipts</b>	<b>Receipts as % of Budget</b>	<b>Variance</b>
Property Tax	\$2,640.3	\$122.5	\$114.9	4.4%	(\$7.7)
Ex-CRA Tax Increment	143.7	-	-	-	-
Departmental receipts	1,363.3	339.7	306.2	22.5%	(33.5)
Business Tax	847.2	76.8	66.0	7.8%	(10.9)
Sales Tax	724.2	241.1	233.1	32.2%	(8.0)
Utility Users' Tax	650.5	228.5	225.6	34.7%	(3.0)
Transient Occupancy Tax	342.4	120.8	102.9	30.1%	(17.8)
Power Revenue Transfer	236.5	-	-	-	-
Documentary Transfer Tax	198.6	70.7	54.3	27.4%	(16.4)
Franchise Income	137.8	30.7	34.7	25.2%	4.0
Transfer from Reserve Fund	136.4	136.4	136.4	100.0%	-
Parking Occupancy Tax	129.2	44.0	44.9	34.8%	0.9
Parking Fines	115.0	39.0	36.2	31.5%	(2.7)
Grant Receipts	109.2	4.2	3.4	3.1%	(0.8)
Interest Income	77.0	42.0	45.3	58.9%	3.3
Special Parking Revenue Transfer	32.4	-	-	-	-
Tobacco Settlement	10.7	-	-	-	-
Residential Development Tax	4.9	1.6	1.4	29.5%	(0.2)
State Motor Vehicle License Fees	4.0	-	-	-	-
<b>Total General Fund</b>	<b>\$7,903.3</b>	<b>\$1,498.1</b>	<b>\$1,405.3</b>	<b>17.8%</b>	<b>(\$92.8)</b>

**Property taxes:** Net property tax receipts through October are unchanged from September and are \$7.7 million behind plan across several categories of receipts. Shortfalls include \$8.3 million in secured receipts corresponding to the prior property tax period, lower supplemental property taxes (\$0.3 million) and redemptions (\$1.4 million), and higher refunds (\$1.4 million) and negative adjustments (\$0.2 million). Offsetting these shortfalls are higher unsecured and miscellaneous receipts (\$0.9 million and \$3.1 million respectively). The County Assessor's forecasted growth for the City's assessed value for the next tax period (beginning December 2023 for secured receipts) is 5.9 percent compared to 5.3 percent assumed in the adopted budget, which may offset the downside trends seen in current property tax receipts.

**Departmental receipts:** Departmental receipts through October, which include license, permits, fees, fines, and various reimbursements, total \$306.2 million, which is \$33.5 million below the

adopted plan. The shortfall is due to delayed reimbursements for services, related costs and other expenses from special funds and other sources (\$5.3 million), from proprietary departments (\$8.0 million), and from MTA (\$59.2 million). The latter shortfall requires execution of a new contract with MTA to recover outstanding receipts, including \$6.0 million from the 2022-23 fiscal year. Offsetting these shortfalls are excess receipts from various fees and other revenue (\$12.5 million), from ambulance billings (\$21.4 million), and from Project Roomkey funding (\$5.0 million). For receipts not included in the adopted revenue budget, approximately \$15.0 million for Project Roomkey and Destination Crenshaw will require appropriations to the operating budget. This and other appropriations of unanticipated receipts would increase the reported shortfall in departmental receipts by an equivalent amount.

**Business tax:** Net business tax receipts are \$10.9 million below plan. Based on LATax data, receipts from non-cannabis activity are below plan; however, over 92 percent of non-cannabis business tax receipts (and 85 percent of total business tax receipts) are received in the second half of the fiscal year, coinciding with the 2024 business tax renewal period.

**Sales tax:** Sales tax is \$8.0 million below planned receipts through October and 3.7 percent below receipts through October in 2022-23. Sales tax is one of the City's more economy-sensitive revenues. With continuing inflation eroding purchasing power and high interest rates restraining hiring and investment, there is downside risk to this revenue.

**Utility users tax:** Adjusted receipts through October are \$3.0 million below plan, which includes \$12.1 million in October tax payments from major telecom and gas utility companies recorded in LATax, but not yet reflected as receipts in the Financial Management System. Excess electric users tax (EUT) receipts of \$1.7 million are offsetting shortfalls in gas users and communication users (CUT) tax receipts (\$3.1 million and \$1.6 million, respectively). As EUT remittances from the Department of Water and Power (DWP) are based on estimated billings for electricity usage, lower actual receipts mirroring the decline in gas users tax would be realized as reductions to future EUT tax payments.

**Transient occupancy tax (TOT):** Adjusted TOT receipts through October are \$17.8 million below plan, which includes \$2.4 million in October tax payments from short-term rental collection agreements. Assuming an additional \$3.5 million in LATax hotel receipts, which also corresponds to taxes due in October, the estimated shortfall is approximately \$14.4 million, entirely attributed to declining hotel activity. Budgeted hotel growth, based on industry forecasts, assumed increasing international tourism from China, which had previously been constrained by its extended pandemic-era restrictions and the resulting economic impact. International tourism has been lower, partly due to a stalling economic recovery in China, with year-to-date receipts from hotel activity 4.6 percent below receipts for the same period in 2022-23.

**Power Revenue Transfer:** After the adoption of the 2023-24 budget, the Board for the Department of Water and Power increased its estimate for the Power Revenue Transfer by \$6.8 million to approximately \$243.3 million. The actual transfer amount will be confirmed by the Board once an audit of 2022-23 Power Revenue Fund financial data is completed.

**Documentary transfer tax:** Receipts through October are \$16.4 million below plan due to a larger decline in annual sales (based on the number of deeds recorded) than the decline assumed in the adopted budget (33 percent vs 18 percent). Average revenue per deed for the same period is slightly higher than budget assumptions, though it is 4.7 percent lower than average revenue realized in the previous twelve-month period. When sales volume and price components decline (or grow) in tandem, there are greater variances in monthly receipts. There is significant downside risk to both sales and prices as the average mortgage interest rate (7.74 percent) remains high, relative to the January 2021 low of 2.65 percent. With the market still adjusting to the higher purchasing costs, the California Association of Realtors' is predicting a higher decline in sales than assumed in the adopted budget.

**Franchise income:** Net franchise receipts through October are \$4.0 million above plan, primarily due to natural gas franchise receipts (\$4.5 million) as well as a smaller waste collection surplus (\$0.3 million), partially offset by shortfalls from cable (\$0.6 million) and police garage (\$0.2 million) franchise fees. The gas franchise surplus is due to a peak in energy prices that occurred in the prior fiscal year.

**Parking occupancy tax and parking fines:** Parking occupancy tax revenue through October is near plan, with receipts 1.7 percent above the same period last year. October parking fine receipts are \$2.0 million below plan.

**Grant receipts:** Receipts from grant revenue through October are \$3.4 million, which is approximately \$0.8 million below the budgeted plan for departmental grant revenue due to delays in direct and related cost reimbursements from various departments. The total grant budget includes \$80.4 million in FEMA reimbursements for COVID-19 response efforts, the timing of which is challenging to predict.

## Expenditures

### *Key Findings/Recommendations*

- *This Office has identified approximately \$296.85 million in projected overspending and unfunded items across various departments and funds.*
- *The recommendations in this FSR address \$43.16 million of this overspending leaving \$253.69 million to be addressed. This Office has identified anticipated future actions that would offset an additional \$110.73 million, reducing year-end overspending to \$142.96 million.*

Based on expenditure data through the end of October 2023, this Office has identified \$296.85 million in projected overspending and unfunded items across various departments and funds. This amount is largely due to overspending in the City Attorney (\$14.80 million), Fire (\$37.34 million), General Services (\$37.81 million), and Police (\$136.48 million) departments, and the Liability Claims Account (\$46.52 million). Most departments reported year-end surpluses due to salary

savings and vacancies. Additionally, this Office has identified approximately \$97.07 million in costs for the Police Department due to the recently approved agreement with the Los Angeles Police Protective League, which are included in the overall Police Department overspending projection.

The year-end overspending is detailed in Table 2 to follow and is primarily due to the following categories:

- Projected overspending of \$14.80 million in the Office of the City Attorney due to increased overtime due to higher workload and recruitment challenges, litigation expenses, and outside counsel costs for the Housing and Urban Development False Claims Act case and more than 50 police protest cases.
- Projected overspending of \$37.34 million in the Fire Department primarily due to increased retirement sick payout liabilities, overtime for fire life safety inspections and fleet maintenance, an increased backfill rate in light of sworn vacancies and attrition, unbudgeted contract obligations, increased fleet maintenance and repair costs, and increased medical and rescue supply costs.
- Projected overspending of \$37.81 million in the General Services Department primarily due to increased fuel and energy costs, unanticipated contract costs, and increased fleet maintenance costs.
- Projected overspending of \$136.48 million in the Police Department due to costs associated with the agreement with the Los Angeles Police Protective League, projected hiring, increased sworn overtime, and unbudgeted auto parts and equipment costs.
- Projected overspending totaling \$23.90 million in various departments and funds for unbudgeted contract costs, delays in executing contracts, the Council District 6 Special Runoff Election, increased lease costs, projected ineligible grant costs, increased Medicare contributions, increased benefits and premiums for employee benefits, and costs associated with the delayed implementation of the HRP project.
- Projected overspending of \$46.52 million in the Liability Claims Fund due to approved and pending liability payouts.

(See Table 2 on the next page)

<b>Table 2. Second FSR Projected Overspending/Unfunded Expenditures (in Millions)</b>				
<b>Departmental and Non-Departmental Overspending</b>				
<b>Department</b>	<b>First FSR</b>	<b>Change</b>	<b>Second FSR</b>	<b>Reason</b>
City Administrative Officer	\$ 3.00	\$ -	\$ 3.00	Overspending is due to unbudgeted contract costs for reporting to the federal government on the City's COVID-19 response and recovery costs.
City Attorney	19.55	(4.75)	14.80	Overspending decrease is due to the recommendations of the First FSR and revised projections for Outside Counsel costs through year end.
City Clerk	2.04	(2.04)	-	Overspending resolved by the recommendations of the First FSR.
Community Investment for Families	0.07	0.38	0.45	Overspending increase is due to continued expenditures for temporary housing related to the Fireworks Explosion on East 27th Street.
Controller	0.88	(0.88)	-	Overspending resolved by the recommendations of the First FSR.
Disability	0.01	(0.01)	-	Overspending resolved by the recommendations of the First FSR.
Fire	34.60	2.74	37.34	Overspending increase is primarily due costs to participate in the 2022 Medi-Cal Intergovernmental Transfer Program.
General Services	20.13	17.68	37.81	Overspending increase is due to increased fuel and energy costs and increased fleet maintenance costs.
Housing	0.46	1.22	1.68	Overspending increase is due to a revised cash analysis provided by the Department which updated the breakdown of expenditures by funding source.
Police	142.79	(6.31)	136.48	Overspending decrease is due to the recommendations of the First FSR and delays in hiring.
<b>Non-Departmental</b>				
General City Purposes	4.12	1.28	5.40	Overspending increase is primarily due to revised projections related to the impact of the new labor agreement with the Los Angeles Police Protective League.
Human Resources Benefits	2.36	(1.34)	1.02	Overspending decrease is due to lower actual Police sworn enrollment than previously projected.
Liability Claims	23.32	23.20	46.52	Overspending increase is based on approved and pending liability payouts.
American Rescue Plan Act (ARPA)	1.95	(0.60)	1.35	Overspending decrease is due to the recommendations of the First FSR.
Human Resources and Payroll (HRP) Project	10.00	1.00	11.00	Overspending increase is due to updated cost projections for the delayed Phase-Two Implementation of the HRP project and to maintain the current payroll system.
<b>Total Year-End Overspending</b>	<b>\$265.28</b>	<b>\$ 31.57</b>	<b>\$ 296.85</b>	



*Current Year Budget Balancing*

As noted in Table 3 below, the recommendations in this report are expected to reduce the year-end overspending from \$296.85 million to \$253.69 million. This Office has identified potential future actions totaling \$110.73 million, which could further reduce the remaining year-end overspending to \$142.96 million. To the extent possible, departments will be required to absorb or manage remaining costs within existing funds. Absent these actions, a Reserve Fund appropriation will be required.

(See Table 3 on the next page)

<b>Table 3. 2023-24 Budget Balancing Solutions</b>		
<b>Second FSR Overspending</b>	<b>\$ (296.85)</b>	
<b>Second FSR Recommendations</b>		
UB - Reserve for Mid-Year Adjustments	\$ 0.45	Transfer to the Community Investment for Families Department to address temporary housing overspending related to the Fireworks Explosion on East 27th Street.
UB - Reserve for Mid-Year Adjustments	3.50	Transfer to the City Attorney to partially address Litigation overspending.
UB - Reserve for Mid-Year Adjustments	3.71	Transfer to the City Attorney to partially address Outside Counsel overspending.
UB - Reserve for Mid-Year Adjustments	5.00	Transfer to the General Services Department to partially address Field Equipment Expense overspending.
UB - Reserve for Mid-Year Adjustments	7.50	Transfer to the General Services Department to partially address Petroleum Products overspending.
UB - Reserve for Mid-Year Adjustments	3.00	Transfer to the General Services Department to partially address Utilities Expense Private Company overspending.
UB - Reserve for Extraordinary Liability	20.00	Transfer to the Liability Claims Fund to partially address liability payout overspending.
<b>Subtotal</b>	<b>\$ 43.16</b>	
<b>Potential Future Actions</b>		
UB - Reserve for Mid-Year Adjustments	4.20	Transfer to partially address Citywide overspending.
UB - Department Payroll Reconciliation	73.05	Transfer to partially address Citywide overspending.
UB - Police Department Hiring Bonus	3.65	Transfer to partially address the Police Department's sworn salaries overspending.
UB - Police Department Hiring and Overtime	10.00	Transfer to partially address the Police Department's sworn salaries and overtime overspending.
UB - After-Action Implementation Plan	8.83	Transfer to partially address the Police Department's overspending.
Reserve Fund	11.00	Transfer to various departments to address HRP overspending (C.F. 20-0313-S10).
<b>Subtotal</b>	<b>\$ 110.73</b>	
<b>Year-End Overspending</b>	<b>\$ (142.96)</b>	

## City Reserves

### Key Findings/Recommendations

- *After accounting for transactions approved since July 1, the Reserve Fund balance is \$582.41 million, which represents 7.37 percent of the General Fund budget.*
- *In addition to the approved transactions accounted for in this report, approximately \$27.26 million in proposed loans and transfers from the Reserve Fund are pending Mayor and City Council approval in separate reports. If approved, the transfers would reduce the Reserve Fund balance to \$555.15 million, which is 7.02 percent of the General Fund budget.*
- *The City maintains budgetary reserves designed to help manage its risks and ensure sufficient resources to meet contingencies. The City's reserves total \$785.50 million or 9.94 percent of the total 2023-24 General Fund revenue.*

<b>Reserves</b>	<b>Balance (In Millions)</b>	<b>%</b>	<b>Purpose</b>
<b>UB, 2023-24 Reserve for Mid-Year Adjustments Account</b>	\$ 4.21	0.05%	Available to address shortfalls that may arise throughout the year.
<b>Reserve Fund</b>	582.41	7.37%	Preserved for the most critical needs and matters of urgent economic necessity; not to be used for ongoing expenses.
<b>Budget Stabilization Fund</b>	198.88	2.52%	Restricted for the maintenance of service levels during years of slow growth and declining revenue.
<b>Total Reserves</b>	<b>\$ 785.50</b>	<b>9.94%</b>	

### Unappropriated Balance, 2023-24 Reserve for Mid-Year Adjustments

The 2023-24 Adopted Budget included \$30 million in the UB, Reserve for Mid-Year Adjustments Account. The City should use this account prior to the other reserves to address issues that arise throughout the year. The first FSR included transfers totaling \$2.64 million from the UB, Reserve for Mid-Year Adjustments Account resulting in a balance of \$27.36 million.

As of November 16, 2023, there have been no interim transfers from this account since the First FSR. This report includes transfers totaling \$23.15 million from this account to the City Attorney (\$7.20 million), Community Investment for Families Department (\$0.45 million), and General Services Department (\$15.50 million), resulting in a balance of \$4.21 million.

## **Reserve Fund Attachment 2 – Current Status of Reserve Fund**

After accounting for transactions approved since July 1, the Reserve Fund balance is \$582.41 million, which consists of \$217.34 million in the Emergency Reserve and \$365.07 million in the Contingency Reserve. This balance represents 7.37 percent of the General Fund budget, which is above the five percent Reserve Fund policy.

The Reserve Fund balance of \$582.41 million reflects a net reduction of approximately \$65.86 million from the July 1, 2023 balance of \$648.27 million. Among the transactions contributing to the decrease and approved since the First FSR is a \$10 million loan for the Californians for All Grant workforce development programs (C.F. 23-1073). In August 2023, Council authorized a loan of up to \$111.93 million to the House LA Fund for cash flow purposes to be reduced monthly in the amount equivalent to the actual receipts of Measure ULA revenue. As of November 16, 2023, \$89.89 million in additional ULA revenue has been received this fiscal year resulting in a reduced authority of \$22.04 million.

In addition to approved transactions accounted for in this report, approximately \$27.26 million in proposed loans and transfers from the Reserve Fund are pending Mayor and City Council approval, including \$11.00 million to fund the increased costs for the delayed implementation of the Human Resources Payroll (HRP) Project (C.F. 20-0313-S10), \$14.50 million to support the operation of the Skid Row Housing Trust properties (C.F. 23-0321-S1), \$0.35 million for the creation of a citywide grants resource unit (C.F. 23-1249), and \$1.41 million for cash flow purposes for various Mayor's Office grant programs (C.F. 23-1306 and C.F. 23-1320). If all requests are approved, transfers totaling \$27.26 million would reduce the Reserve Fund balance to \$555.15 million, which is 7.02 percent of the General Fund budget.

This report presents current year anticipated overspending and revenue risks that may require the use of the Reserve Fund if the City is not able to identify other solutions. Additionally, this Office is aware of internal and external factors that may also require the use of the Reserve Fund, including any current fiscal impact of ongoing negotiations with employee unions. In light of these potential uses, this Office recommends maintaining a cautious approach with the Reserve Fund. Specifically, the City should refrain from using the Reserve Fund to fund new programs, program expansions, and service restorations at this time.

## **Budget Stabilization Fund**

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 current balance in the Budget Stabilization Fund is \$198.88 million.

## Issues of Concern

### *Key Findings/Recommendations*

- *Additional internal and external factors that may have an impact on the City include costs associated with the state-sponsored bus arrivals of asylum-seeking migrants from Texas, employee union negotiations, costs associated with the implementation of the new human resources and payroll system, temporary hotel placements in response to the fireworks explosion on 27<sup>th</sup> Street, and receipts for the House LA Fund (Measure ULA).*

### State-Sponsored Asylum-Seeking Migrants from Texas

As reported in the First FSR, the City has incurred costs across various City departments to receive the asylum-seeking migrants transported from the State of Texas and provide temporary services to meet the needs of this population, including the provision of emergency shelter for individuals without local points of contact. Based on the projections in this report, the involved departments have been able to absorb these additional costs within existing appropriations. If the transport of asylum-seeking individuals by the State of Texas continues, however, the City may need to identify additional funding to continue providing services necessary to receive these individuals. This Office will continue to work with the relevant departments and provide updates in future FSRs.

### Employee Union Negotiations

As reported in the First FSR, this Office is in ongoing negotiations with the various bargaining units that represent the civilian employees of the City and will report in future FSRs on the progress of these negotiations and the anticipated financial impact. Based on Citywide vacancy rates and projected salary expenditures, we continue to anticipate that departments will be able to absorb a portion of the current-year costs associated with the final agreements with these bargaining units. We do not currently have figures to project the total impact on the City's finances or the portion of the current year impact that departments will be able to absorb as the agreements are still being negotiated.

### Human Resources and Payroll Project

As reported in the First FSR, the Human Resources and Payroll (HRP) project Phase 2 go-live date has been moved to June 2024. This delayed implementation requires additional resources and contract amendments with Workday and City consultants supporting the project. ITA has submitted a separate report to Council on this matter, including a request for \$11 million from the Reserve Fund (C.F. 20-0313-S10). This report is pending Council consideration.

### Fireworks Explosion on East 27th Street

The fireworks explosion that occurred on June 30, 2021 on the 700 block of East 27th Street continues to reverberate two years after the incident and will continue to do so until settlement negotiations between impacted residents and the City conclude. As reported in the First FSR, some individuals are still occupying temporary housing in hotels provided by the City through the Community Investment for Families Department (CIFD). CIFD has reported a need for an additional \$450,000 to cover the temporary hotel placements through the end of January 2024. Since the incident occurred, the City has transferred approximately \$7.4 million (C.F. 21-0755-S1 and 21-

0755-S4) to address temporary housing needs and interim living expenses, cleanup services, debris removal, and repairs to the residences. Each of these transfers have been done on an interim basis, which has necessitated the City to draw on funds from various accounts including the UB, Reserve for Extraordinary Liabilities. As reported in this FSR and based on pending litigation, however, Citywide liabilities will exceed the total amounts within the Liability Claims Fund and the UB, Reserve for Extraordinary Liabilities. This Office, therefore, recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to address these temporary housing costs through January 2024.

#### House LA Fund (Measure ULA)

The 2023-24 Adopted Budget projected that \$672 million in ULA receipts would be available in 2023-24. Due to risks associated with litigation challenging Measure ULA, the 2023-24 Adopted Budget proposed to spend up to \$150 million of anticipated receipts. While the recent dismissal of the litigation by the LA County Superior Court is a positive development, this action is still pending an appeal by the litigants. Further, we do not anticipate this action to impact the current pace of transactions and receipts. Total ULA receipts for 2023-24 through November are approximately \$112.38 million. Including the available balance from 2022-23, the House LA Fund currently has approximately \$127.96 million to back the \$150 million in 2023-24 appropriations. As the ULA tax applies only to property transactions that exceed \$5 million, monthly receipts-to-date have been highly variable. Additionally, with only five months of data and the downside risk from higher mortgage rates, it is not possible to accurately predict year-end receipts at this time.

## **Budgetary Adjustments**

Budgetary adjustments totaling approximately \$133.71 million are recommended in Sections 1, 2, and 4 of this report which include:

- \$8.47 million in new appropriations;
- \$20.90 million for transfers between accounts within various departments and funds;
- \$3.88 million for transfers between various departments and funds;
- \$46.16 million in appropriations from the Unappropriated Balance;
- \$2.00 million in reductions to special fund appropriations
- \$24.17 million in debt payments
- \$20.36 million in rescissions of First FSR recommendations
- \$7.76 million in other appropriation adjustments

## **Attachments**

- 1 2023-24 Adopted 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
- 7A Status of the Unappropriated Balance-General Account
- 7B Status of the Unappropriated Balance-Reserve for Mid-Year Adjustments
- 7C Status of the Unappropriated Balance-non-General Account
- 8 Status of Liability Claims Account
- 9 Urgent Transactions from the First FSR

## **RECOMMENDATIONS**

*(Refer to Discussion Sections 1, 2, and 4)*

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

1. Appropriate \$9,172,839.95 to various department and fund accounts as specified in Attachment 3;
2. Transfer \$35,338,085.20 between accounts within various departments and funds as specified in Attachment 4;
3. Transfer \$23,660,383.76 between various department and funds as specified in Attachment 5;
4. Transfer \$5,450,373.75 from the Unappropriated Balance to various departments and funds as specified in Attachment 6;
5. Rescind authority for the following transactions/recommendations in the First FSR as they were approved through Motion (Rodriguez for Blumenfield-Krekorian) (C.F. 23-0600-S111).
  - a. Transactions listed in Attachment 9 of this report;
  - b. Recommendation No. 17 of the First FSR; and,
  - c. The first transaction of Attachment 6 of the First FSR relative to a transfer to the Animal Sterilization Fund.

### Fire

6. Relative to the 2022 Medi-Cal Intergovernmental Transfer Program, authorize the Controller to:
  - a. Transfer \$3,744,119 within the Fire Department No. 38, General Fund No. 100 from Account No. 001012, Salaries Sworn to Account No. 003040, Contractual Services for the 2022 Medi-Cal Intergovernmental Transfer (IGT) Program; and,
  - b. Electronically transfer or disburse \$3,744,199 therefrom to the State Department of Health Care Services by no later than February 1, 2024 for the Fire Department's participation in the 2022 Medi-Cal IGT Program to access federal Medicaid funds for emergency medical and ambulance transport services.
7. Relative to the 2022 Medi-Cal Intergovernmental Transfer Program, authorize the Fire Department to:
  - a. Deposit the 2022 Medi-Cal IGT Program receipts into Fund No. 59F, Medi-Cal Intergovernmental Transfer Program Fund, Account to be determined (TBD); and,



- b. Transfer \$3,744,119 from Fund No. 59F, Medi-Cal Intergovernmental Transfer Program Fund, Account TBD, to the Fire Department No. 38, General Fund No. 100, Account No. 001012, Salaries Sworn for sworn deployment costs.
8. Relative to the 2018-19 Ground Emergency Medical Transportation Program payment, authorize the Controller to:
    - a. Transfer up to \$272,544.17 within the Fire Department No. 38, General Fund No. 100 from Account No. 001012, Salaries Sworn to Account No. 003040, Contractual Services for a 2018-19 Ground Emergency Medical Transportation (GEMT) Program payment; and,
    - b. Electronically transfer or disburse up to \$272,544.17 therefrom to the State Department of Health Care Services for the 2018-19 GEMT payment.

#### MICLA

9. Transfer \$24,172,597 from Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Commercial Paper Notes Fund No. 298/10, Account No. TBD to the Capital Finance Administration Fund No. 100, Dept. 53, and appropriate therein to Account No. 000316, Commercial Paper, to pay down MICLA Commercial Paper debt associated with the Sixth Street Viaduct Project.

#### Public Works – Engineering

10. Reduce 2023-24 appropriations in the amount of \$2,000,000 within the Sewer Capital Fund No. 761/50, Bureau of Engineering Account No. 50Y178 to align appropriations with projected spending.
11. Reduce 2023-24 appropriations in the amount of \$2,000,000 within Bureau of Engineering Fund No. 100/78, Salaries General Account No. 001010 to align appropriations with projected spending.

#### Technical

12. 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 \$296.85 million in projected over-expenditures are identified in the First Financial Status Report. Transfers, appropriations, and other budgetary adjustments totaling approximately \$91.01 million are recommended in Sections 1, 2, and 4 of this report. This includes \$23.16 million in transfers from the Unappropriated Balance Reserve for Mid-Year Adjustments Account.

## **FINANCIAL POLICIES STATEMENT**

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.

## DISCUSSION

In preparation of this report, this Office has performed an analysis of all departments and funds in an effort to identify spending, revenue, or any other issues of concern. Generally, we base our analysis on data through October 31, 2023. As is typically the case for the Second FSR, however, this report only includes a detailed narrative for departments and funds if this Office has identified:

- An issue of concern related to the department or fund in the First FSR.
- Overspending, that would not be resolved by the recommendations of the First FSR.
- A significant change from the First FSR to the Second FSR that introduces a new financial concern.
- An urgent transaction that this Office recommends that the City Council and Mayor approve at this time.

The following departments did not fit into any of these criteria and we did not include them in the narratives below:

- City Clerk
- City Planning
- City Tourism
- Controller
- Cultural Affairs
- Disability
- El Pueblo
- Emergency Management
- Employee Relations Board
- Ethics
- Information Technology Agency
- Public Accountability
- Personnel
- Board of Public Works
- Bureau of Contract Administration
- Transportation

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

Section 1. Status of Departmental Budgets ..... 20  
 Section 2. Status of Non-Departmental Funds and Special Accounts ..... 66  
 Section 3. Status of American Rescue Plan Act – State and Local Fiscal Recovery Funds.... 71  
 Section 4. Status of MICLA Commercial Paper Programs ..... 72

**1. STATUS OF DEPARTMENTAL BUDGETS**

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

**A. Aging  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.084	\$ -	Projected surplus is due to staff vacancies and hiring delays. Departmental vacancy rate is 23 percent as of October 2023.
Other Surplus Accounts	0.042	-	Projected surpluses in several expense accounts are based on prior-year and year-to-date expenditure trends.
<b>General Fund Total</b>	<b>\$ 0.126</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 0.026	\$ -	Projected surplus is due to staff vacancies and hiring delays. Departmental vacancy rate is 23 percent as of October 2023.
Printing and Binding	0.002	-	Projected surpluses based on prior-year and year-to-date expenditure trends.
Office and Administrative	0.093	-	
<b>Special Funds Total</b>	<b>\$ 0.122</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from</b>	<b>Projection Basis</b>
\$ 0.411	\$ 0.411	\$ -	This Office projects the Department will meet its General Fund revenue budget by year end.

The projected General Fund surplus is approximately \$0.115 million higher than previous reported due to hiring delays and lower than anticipated expenditures. The projected special fund surplus differs from the previously reported overspending due to the receipt of various special fund appropriations and lower than anticipated expenditures. This Office does not recommend any transactions at this time.

Rapid Response Senior Meals Program

On November 7, 2023, Council approved the Department's report on the Rapid Response Senior Meal Program - Program Design and Implementation (C.F. 23-0600-S40) and its report to establish a list of four pre-qualified vendors (C.F. 22-0600-S1) for the delivery of senior meals. As part of the former report, the Council instructed the Department to report on the status of the Rapid Response Senior Meals Program as part of the 2023-24 FSRs, including the expenditure plan, staffing costs, contract amounts, types of meals provided, and number of meals delivered. As of this report, the Department is drafting contracts and negotiating with the pre-qualified vendors to implement the Rapid Response Senior Meal Program. There is no further update at this time.

**B. Animal Services**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 1.69	\$ (0.45)	Projected surplus is due to staff vacancies and hiring delays. Department vacancy rate is 16 percent as of October 2023.
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries As Needed	(0.12)	0.05	Overspending is due to one-time Coalition payout and higher than budgeted expenditure rates to support programs with as-needed staff in light of full-time vacancies.
Overtime General	(0.04)	-	Overspending is due to increased staff overtime to ensure services on the additional City holiday and to maintain services levels in light of full-time vacancies.
Animal Food/Feed and Grain	(0.74)	0.34	Overspending due to yearly increases in food costs and shelters being at full capacity.
Operating Supplies	(0.16)	0.06	Overspending due to unanticipated purchase of additional cleaning supplies to ensure cleanliness standards at six animal shelters and a new x-ray machine at the East Valley Shelter.
<b>General Fund Total</b>	<b>\$ 0.63</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 4.07	\$ 3.65	\$ (0.47)	Revenue shortfall is due to a bank transition that delays regular funding disbursement from animal regulation permit revenues and reduced film permit requests due to the the Screen Actors Guild-American Federation of Television and Radio Artists and the Writers Guild of America strikes.

The projected General Fund surplus is approximately \$0.23 million higher than previously projected in the First FSR due to hiring delays. This Office recommends a transfer of \$451,393 from the projected Salaries General surplus to the Salaries As-Needed (\$50,000), Feed and Grain Account (\$344,891), and Operating Supplies (\$56,502) accounts to partially address the overspending resulting from shelter position vacancies, increased food prices, and an unanticipated equipment purchase for the East Valley Animal Care Center. This Office will continue to work with the Department to monitor its expense accounts and report in future FSRs with any transactions necessary to resolve projected overspending.

This Office recommends the following transactions at this time:

- Transfer \$50,000 from the Salaries General Account to the Salaries As-Needed Account to provide additional staffing support at animal services shelters.
- Transfer \$344,891 from the Salaries General Account to the Feed and Grain Account to address increased food costs.
- Transfer \$56,502 from the Salaries General Account to the Operating Supplies Account to purchase equipment for the East Valley Shelter.

**C. Building and Safety**  
**Attachment 3 – New Appropriations**

General Fund			
Account Name	Second FSR	Proposed FSR Changes	Projection Basis
<i>Surpluses (Shown as Positive, in millions)</i>			
Salaries General	\$ 3.88	\$ -	Projected surplus is due to staff vacancies. The Department currently has a 19 percent vacancy rate.
<b>General Fund Total</b>	<b>\$ 3.88</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 15.44	\$ -	Projected surplus is due to staff vacancies. The Department currently has a 19 percent vacancy rate.
<b>Special Funds Total</b>	<b>\$ 15.44</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 85.04	\$ 85.06	\$ 0.02	Revenue surplus is due to unanticipated receipts from the Los Angeles County Direct Assessment Program

While this Office projected that General Fund expenditures would meet budget in the First FSR, we now project a General Fund surplus consisting wholly of Salaries General funds due to delays in hiring. The projected special fund surplus is approximately \$0.34 million lower than previously reported in the First FSR due to hiring activity.

Repair and Demolition Fund

As a result of the Mayor’s Tolling Order during the COVID-19 emergency declaration, delays in property owner reimbursements have impacted the Fund’s cashflow for the prior two years. The Department’s Salaries General Account is partially funded by the Repair and Demolition Fund (Fund) in the amount of \$423,677. In the 2022-23 fiscal year, the Mayor and Council approved a Reserve Fund loan of \$404,657 to address the Fund’s cash flow issues. In light of restarted lien hearings and revenue projections, we project that the Fund will receive sufficient revenue to repay the existing Reserve Fund loan by year end. The Department has submitted \$449,056 in liened amounts for vacant building abatement (Fund 346 revenue) to the County of Los Angeles for direct assessments and anticipates a substantial portion of this amount being received in early 2024.

This Office recommends the following transaction at this time:

- Transfer \$7,092,648 from the Building and Safety Permit Enterprise Fund, Reserve for Future Costs Account to the Reimbursement of General Fund Costs Account for prior-year related costs reimbursements to the General Fund.



**D. Cannabis Regulation**  
**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.84	\$ -	Projected surplus is due to staff vacancies.
Salaries As-Needed	0.03	-	Projected surplus is based on prior-year and year-to-date expenditure trends.
<b>Special Funds Total</b>	<b>\$ 0.86</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 4.19	\$ 4.19	\$ -	This Office anticipates the Department will meet its General Fund revenue budget by year end.

The projected special fund surplus is approximately \$0.09 million lower than previously reported in the First FSR primarily due to anticipated promotions within the Department. The previously projected overspending in the Travel and Transportation accounts were resolved through administrative transfers from the Salaries General Account.

The Department operates a Business, Licensing, and Compliance Assistance program (BLC Program) for Social Equity Applicants under its Social Equity Program. The Department has fully expended the \$6 million in General Fund appropriations made to this program in fiscal years 2019-20 and 2021-22 and requested additional funding to continue the program and meet contract obligations. Funding was set aside in the Unappropriated Balance in 2022-23 (\$3 million) and was reappropriated to 2023-24 for this purpose. This Office recommends the transfer of these funds to the BLC program to ensure service levels are maintained.

This Office recommends the following transaction at this time:

- Transfer \$3 million from the Unappropriated Balance, Social Equity Program Account to the Cannabis Regulation Special Revenue Trust Fund, Social Equity Program Account to continue the Department’s Business, Licensing, and Compliance Assistance program within its Social Equity Program.

**E. City Administrative Officer  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Contractual Services	\$ (3.00)	\$ -	Overspending due to unbudgeted contract costs for reporting to the federal government on the City's COVID-19 response and recovery costs.
<b>General Fund Total</b>	<b>\$ (3.00)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 5.69	\$ 8.36	\$ 2.67	Projected revenue surplus due to unbudgeted special event reimbursements for the U.S. Open (C.F. 23-0597)

The projected Contractual Services overspending remains unchanged from the First FSR and is associated with a contract with Ernst & Young LLP (\$3 million). Ernst & Young assisted the City with collection and submission of cost data to the Federal Emergency Management Agency (FEMA) to ensure the City obtained reimbursement for all eligible COVID-19 response and recovery costs. The City has submitted reimbursement requests to FEMA exceeding \$447 million, of which Ernst & Young prepared approximately \$220 million. Only \$2.5 million was transferred in 2022-23 to support this contract of the \$5.5 million in potential costs. This Office will monitor contract expenditures and anticipates requesting an appropriation to fully fund this contract in a subsequent FSR.

This Office does not recommend any transactions at this time.

**F. City Attorney**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**  
**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 0.65	\$ (0.57)	Projected surplus is due to staff vacancies and continued recruitment challenges.
<b>Overspending (Shown as Negative, in millions)</b>			
Overtime General	(0.08)	0.08	Projected overspending is due to increased staff overtime and use of temporary employees to maintain service levels in light of full time vacancies and address increased workload, costs for the Criminal Case Management System replacement project, higher than anticipated technical resource costs, and bar dues.
Contractual Services	(0.11)	0.11	
Office and Administrative	(0.30)	0.30	
Bar Dues	(0.07)	0.07	
Litigation Expenses	(4.98)	3.50	Projected overspending is based on current-year expenditure trends.
Outside Counsel	(9.90)	3.71	Projected overspending is based on the year-to-date expenditures and anticipated invoices.
<b>General Fund Total</b>	<b>\$ (14.80)</b>	<b>\$ 7.20</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries General	\$ (0.53)	-	Projected overspending is due to salary costs for grant work which has not yet been reimbursed.
<b>Special Funds Total</b>	<b>\$ (0.53)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 42.05	\$ 42.88	\$ 0.83	Projected revenue surplus due to higher than anticipated forfeitures, penalties, and other fee receipts.

This projected General Fund overspending is approximately \$4.75 million lower than previously reported in the First FSR, due to the transactions recommended in the First FSR and revised projections for Outside Counsel costs through year end. The projected special fund overspending is approximately \$1.02 million lower than previously reported in the First FSR due to hiring delays. This Office recommends using the projected General Fund Salaries General surplus to address overspending in the Overtime, Contractual Services, Office & Administrative and Bar Dues accounts. We recommend transferring \$3.5 million from the Unappropriated Balance Reserve for Mid-Year Adjustments Account to address projected Litigation Expense spending through March 2024.

Outside Counsel

The Outside Counsel Account overspending continues to be driven by the Housing and Urban Development False Claims Act case (“Mei Ling”) and the over 50 police protest cases handled by outside counsel. Based on year-to-date payments and invoices, we project that \$3.70 million is required to address known outside counsel costs at this time. Therefore, this Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Outside Counsel Account. Based on an analysis of the City Attorney’s estimated outside counsel contract costs, this Office projects that the City Attorney will need approximately \$6.20 million of additional transfers through the end of 2023-24 after the transfer included in this report.

This Office recommends the following transactions at this time:

- Transfer \$566,022 from the Salaries General Account to the Overtime General (\$83,816), Contractual Services (\$112,459), Office and Administrative (\$302,000), and Bar Dues (\$67,747) accounts to address projected overspending.
- Transfer \$3,500,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Litigation Expense Account, to address projected account expenses through March 2024.
- Transfer \$3,705,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to Outside Counsel Account, to address projected expenses through December 2023.

**G. Civil, Human Rights, and Equity  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.117	\$ -	Projected surplus is due to staff vacancies.
Salaries As-Needed	\$ 0.071	-	Projected surplus is due to delayed Discrimination Enforcement commission hearings and current-year expenditure trends.
Contractual Services	\$ 0.036	-	Projected surplus is based on current-year expenditure trends and projected operational needs through year end.
<b>General Fund Total</b>	<b>\$ 0.224</b>	<b>\$ -</b>	

The projected General Fund surplus is approximately \$0.09 million higher than previously reported in the First FSR due to delays in hiring. The Department does not have a General Fund revenue budget. This Office does not recommend any transactions at this time.

**L.A. REPAIR Program**

The LA REPAIR Innovation Fund currently has a balance of \$9.8 million and this Office projects a year-end surplus of \$6.6 million. The surplus is a result of program implementation delays due to accounting support issues and contract execution delays. Any further delays will result in a significant increase in the projected year-end L.A. REPAIR Innovation Fund surplus. Due to a scarcity of candidates, the City Clerk has continued to experience challenges in filling one Accountant position authorized to support these programs. The City Clerk will use salary savings from the vacant Accountant position to fund Overtime expenses for staff within the City Clerk Accounting Unit to provide support in the interim. CHRED is exploring other options to filling this position (e.g. 120-day employees). The Department anticipates that the second phase and disbursement of funds will begin in July 2024.

**H. Community Investment for Families**  
**Attachment 5 – Transfers between Departments and Funds**  
**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Contractual Services	\$ (0.450)	\$ 0.450	Overspending is due to continued expenditures for temporary housing related to the Fireworks Explosion on East 27th Street.
<b>General Fund Total</b>	<b>\$ (0.450)</b>	<b>\$ 0.450</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Overtime General	\$ 0.006	\$ -	Surpluses are based on year-to-date and prior-year expenditure trends and projected operational needs through year end.
Operating Supplies	0.001	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries, General	(0.074)	-	Overspending is due to front-funding of unbudgeted expenditures in the Salaries As-Needed and Overtime General accounts for the Office of Traffic Safety (OTS) grants.
Salaries, As-Needed	(0.027)	-	Overspending is due to unbudgeted OTS grants and Community Development Block Grant expenditures.
Other Overspending Accounts	(0.128)	-	Overspending in various expense accounts is due to unbudgeted OTS grants and Community Services Block Grant expenditures.
<b>Special Funds Total</b>	<b>\$ (0.222)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 3.178	\$ 3.171	\$ (0.007)	Projected revenue shortfall is due reduced related costs associated with lower than anticipated HOME-ARP grant salary costs.

The projected General Fund overspending is approximately \$0.38 million higher than previously reported in the First FSR due to confirmed temporary housing costs related to the fireworks explosion on East 27<sup>th</sup> Street. The projected special fund overspending is approximately \$0.68 million lower due to the transactions approved in the First FSR for the Community Services Block Grant budget realignment and transfer of funds to support one off-budget position, which addressed the previous special fund overspending. The Department intends to submit a realignment for the Office of Traffic Safety grants budget through a Council transmittal, which if approved would partially address overspending in its salaries and expense accounts. This Office recommends a transfer from the Unappropriated Balance, Reserve for Mid-Year Adjustments to address the General Fund Contractual Services overspending. This Office will continue to work with the Department to monitor the Department’s special fund overspending and report in future FSRs with any necessary recommendations.

Aliso Pico Multipurpose Center

On June 16, 2023, the Council approved the reprogramming of \$2,005,685.31 Community Development Block Grant (CDBG) funds for the revised 48th Program Year Consolidated Plan (PY48 Con Plan) budget (C.F. 21-1186-S5). This included \$150,000 reprogrammed to fund the Aliso Pico Multipurpose Center Roof Replacement Project. This Office recommends transferring funds to the General Services Department to implement this allocation.

Certified Access Specialists

On November 16, 2022, the Council approved the reprogramming of \$2,134,000 in CDBG funds for the revised PY48 Con Plan budget (C.F. 21-1186-S2). This action reprogrammed \$250,000 to fund Certified Access Specialists (CASps) to conduct assessments of the City’s FamilySource Centers (FSC) to identify accessibility improvements needed to ensure clients with disabilities have equal access to services at the FSCs. CASps are professionals who have passed an examination and have been certified by the State of California to have specialized knowledge of the applicability of state and federal construction-related accessibility standards. This Office recommends transferring funds to the General Services Department to implement this allocation.

This Office recommends the following transactions at this time:

- Transfer \$150,000 from the Community Development Trust Fund, Aliso Pico Multipurpose Center Roof Replacement Account, to the General Services Department’s Salaries Construction (\$30,000) and Construction Materials (\$120,000) accounts to support the

rehabilitation work for the Aliso Pico Multipurpose Center.

- Transfer \$250,000 from the Community Development Trust Fund to the General Services Department's Salaries Construction Materials Account for CASp assessments for compliance with federal and state Americans with Disabilities Act requirements at the City's FSCs.
- Transfer \$450,000 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department's Contractual Services Account for temporary housing costs associated with the fireworks explosion on East 27<sup>th</sup> Street.

## **I. Council**

### **Attachment 4 – Transfers between Accounts within Departments and Funds**

### **Attachment 5 – Transfers between Departments and Funds**

The Council requests the following transactions at this time:

- Transfer \$2,220,000 from the Council's Salaries, General Account to the Salaries As-Needed (\$1,000,000), Travel (\$30,000), Contractual Services (\$200,000), and Office and Administrative (\$990,000) accounts to align the Council's operating budget with current expenditure patterns.
- Transfer \$400,000 from State AB 1290 City Fund, Council District 9 Redevelopment Fund to the Council's Salaries As-Needed Account to support Council District 9 expenses.
- Transfer \$250,000 from State AB 1290 City Fund, Council District 10 Redevelopment Fund to the Council's Salaries As-Needed Account to support Council District 10 expenses.
- Transfer \$150,000 from State AB 1290 City Fund, Council District 10 Redevelopment Fund to the General City Purposes Fund, Community Services Council District 10 Account for community services and programs.
- Transfer \$600,000 from State AB 1290 City Fund, Council District 14 Redevelopment Fund to the Council's Salaries As-Needed (\$350,000) and Office and Administrative (\$250,000) accounts to support Council District 14 expenses.
- Transfer \$200,000 from State AB 1290 City Fund, Council District 14 Redevelopment Fund the General City Purposes Fund, Community Services Council District 14 Account for community services and programs.



**J. Economic and Workforce Development  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.60	\$ -	Surplus is due to staff vacancies and hiring delays.
Contractual Services	1.24	-	Surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Other Surplus Accounts	0.01	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Leasing	(0.01)	-	Overspending is due to unbudgeted relocation costs.
<b>General Fund Total</b>	<b>\$ 1.84</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 3.07	\$ -	Surplus is due to staff vacancies and hiring delays.
Salaries As-Needed	0.22	-	Surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Contractual Services	0.42	-	
Other Surplus Accounts	0.66	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Leasing	(0.33)	-	Overspending due to unbudgeted relocation costs.
<b>Special Funds Total</b>	<b>\$ 4.02</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 3.95	\$ 3.95	\$ -	This Office anticipates the Department will meet its General Fund revenue budget by year end.

The projected special fund surplus is approximately \$0.26 million higher than previously reported in the First FSR primarily due to hiring delays and the transfer recommended in the First FSR to partially address the projected Leasing Account overspending through the reappropriation of unspent ARPA Business Assistance Program funds. This Office will continue to work with the Department to monitor Leasing costs and report in future FSRs with recommendations necessary to address the remaining overspending.

Californians for All Grant

The Californians for All Grant is a \$53.3 million grant awarded by the State of California for youth workforce development programs with a grant performance period of January 2022 through July 2024. Due to significant staffing issues within the Department’s Financial Management Division, as well as 100 percent supporting documentation requirements for state reporting, the Department has struggled to cash-flow this reimbursement-based grant. In June 2023, the Mayor and Council authorized a \$4.5 million Reserve Fund loan to support grant operations in June 2023, to be repaid upon completion of the grant performance period and full reimbursement of expenditures by the state. The Department has fully expended this \$4.5 million and is currently awaiting over \$10 million in reimbursements from the state. The Council and Mayor adopted a Motion (Blumenfield – Krekorian) (C.F. 23-1073) to provide an additional \$10 million Reserve Fund loan to ameliorate payment delays to service providers on November 17, 2023. The Department will work with the Controller to disburse the additional loan funds.

Gang Injunction Curfew Settlement Program

In April 2017, the federal court approved the Gang Injunction Curfew Settlement Agreement was executed (C.F. 16-0081), which obligated the City, through the EWDD, to provide a variety of work readiness and employment services over four years to help prepare members of the impacted plaintiff class or their qualifying designees to enter the workforce. The number of potentially qualifying participants is approximately 6,000. The City was required to expend a minimum of \$1.125 million to a maximum of \$7.5 million each year for four years to provide jobs, education, and tattoo removal services. EWDD reimburses contractual expenses under this program following the receipt and processing of invoices and expends from the balance of funds on a rolling basis. Uncommitted funds that were available at the close of June 2023 are eligible to support funding needs for the fourth program extension period through June 2024. The 2023-24 Adopted Budget also set aside \$5,023,480 in the Unappropriated Balance with an instruction to the Department to report through the Financial Status Report or other means if funding is needed to support

expenditures in the current and final year. The Department has not made any such request for this reporting period.

This Office does not recommend any transactions at this time.

**K. Finance**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive)</i></b>			
Salaries General	\$ 2.65	\$ (1.00)	Projected surplus due to staff vacancies and hiring delays. Projected surpluses are based on year-to-date expenditure trends.
Travel	0.01	-	
Transportation	0.16	-	
<b><i>Overspending (Shown as Negative)</i></b>			
Salaries As Needed	(0.15)	0.18	Projected overspending is due to the need for as-needed staff and staff overtime support in light of full-time vacancies and to address workload during the peak season.
Overtime General	(0.12)	0.17	
Contractual Services	(0.64)	0.40	Projected overspending is primarily due to contracted printing and mailing costs and office relocation expenses related to the move from the Garland Building.
Office and Administrative	(0.45)	0.25	Projected overspending is due to new software licenses to support operations, server replacement, increases in data usage for cloud storage.
<b>General Fund Total</b>	<b>\$ 1.46</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 11.33	\$ 11.54	\$ 0.21	Projected revenue surplus is due increased special services for proprietary departments.

The projected General Fund surplus is approximately \$1.29 million lower than previously reported in the First FSR primarily due to increased projected expenditures in the Contractual Services (\$0.67 million) and Office and Administrative (\$0.47 million) accounts. This Office recommends using the projected Salaries General surplus to address overspending in the Salaries As-Needed and Overtime General accounts and to partially address overspending in the Office and Administrative Account. The remaining overspending in the Office and Administrative Account will be addressed through a pending administrative transfer. This Office will continue to work with the Department to monitor its expense accounts and report in future FSRs with recommendations necessary to address projected overspending.

This Office recommends the following transactions at this time:

- Transfer \$350,000 from the Salaries General Account to the Salaries As-Needed (\$175,000) and Overtime General (\$175,000) accounts to address projected overspending to meet peak workload demand.
- Transfer \$400,000 from the Salaries General Account to the Contractual Services Account to address printing and mailing costs and contract and office relocation from the Garland Building.
- Transfer \$250,000 from the Salaries General Account to the Office and Administrative Account to fund new software licenses to support operations and data usage costs.

**L. Fire**  
**Recommendation Nos. 6, 7, and 8**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 2.15	\$ (0.50)	Surplus is due to staff vacancies and hiring delays.
Unused Sick Time	0.20	-	Surpluses are based on lower than anticipated year-to-date expenditures and prior-year spending trends.
Overtime Sworn	1.41	-	
Overtime Variable Staffing	0.41	-	
Other Surplus Accounts	1.62	-	Surpluses in various expense accounts are based on prior-year and year-to-date expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries Sworn	(3.73)	(12.02)	Overspending is due to transfers made in the fiscal year to various expense accounts to meet timely cash flow needs.
Salaries As-Needed	(0.02)	-	Overspending is due to increased use of as-needed staff and staff overtime to maintain service levels in light of full time vacancies and for increased public safety inspections and fleet maintenance work.
Overtime General	(0.50)	-	
Overtime Constant Staffing	(18.24)	-	Overspending is due to increased backfill rate in light of sworn vacancies, leaves, and attrition.
Contractual Services	(18.90)	11.52	Overspending is due to unbudgeted contractual obligations, including the estimated PP-GEMT IGT (\$15 million) and Medi-Cal IGT (\$3.74 million) payments.
Field Equipment Expense	(0.04)	-	Overspending is due to higher than anticipated field equipment expense costs associated with the maintenance of LAFD vehicles.
Rescue Supplies and Expense	(1.71)	1.00	Overspending due to higher than anticipated medical and rescue supply costs.
<b>General Fund Total</b>	<b>\$ (37.34)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 269.37	\$304.53	\$ 35.16	Revenue surplus is due to projected increased revenues from the PP-GEMT IGT Program and proprietary department billings.

This Office projects year-end General Fund overspending in the amount of \$37.34 million, which is \$2.74 million higher than what was reported in the First FSR, primarily due to the increase in the Contractual Services Account overspending due to the 2022 Medi-Cal Intergovernmental Transfer (IGT) Program payment. This Office recommends using the projected General Fund Salaries General surplus and the Salaries Sworn Account to address projected overspending in the Contractual Services and Rescue Supplies and Expense accounts. While the recommended transfer from the Salaries Sworn Account would increase the projected overspending, the transfer is necessary to ensure the timely payments for participation in the 2024 Public Provider Ground Emergency Medical Transport (PP-GEMT) IGT Program and 2022 Medi-Cal IGT by January 2024 and February 2024, respectively. The transfer will not result in short-term cash flow issues for the Salaries Sworn Account and this Office will continue to work with the Department to monitor its expenditures and will report in future FSRs with recommendations necessary to address the overspending.

Public Provider Ground Emergency Medical Transport Intergovernmental Transfer Program  
Effective January 1, 2023, the Department of Health Care Services (DHCS) implemented the Public Provider Ground Emergency Medical Transport (PP-GEMT) Intergovernmental Transfer (IGT) Program, which provides increased reimbursements generated by an increased fee to emergency medical transports provided by eligible non-contracted public GEMT providers. This Program requires the City to make payments to the DHCS to participate. The total cost to participate during the 2023 calendar year is \$28.9 million. The funding for the \$28.9 million was provided by a Reserve Fund loan in the amount of \$9.56 million approved in 2022-23 (C.F. 23-0591), \$6.7 million from the Ground Emergency Medical Transport QAF Program Account within the Unappropriated Balance in the 2023-24 Adopted Budget, and a transfer from the Department's Salaries Sworn Account (\$12.68 million) approved by the Mayor and Council on September 11, 2023 (C.F. 23-0591-S1). The amount for the 2024 calendar year has not yet been confirmed, but the Department estimates a net payment amount of \$30 million. Of this amount, \$15 million will need to be paid in 2023-24. This FSR recommends a transfer of \$7.5 million for the January 2024 payment. The CAO will continue to monitor the projected PP-GEMT IGT payment need and recommend additional necessary transfers in future FSRs.

This Office recommends the following transactions at this time:

- Transfer \$3.74 million from the Salaries Sworn Account to the Contractual Services Account for participation in the 2022 Medi-Cal Intergovernmental Transfer (IGT) Program;
- Transfer up to \$272,544 from the Salaries Sworn Account to the Contractual Services Account for a payment for the 2018-19 GEMT Program;
- Transfer \$7.5 million from the Salaries Sworn Account to the Contractual Services Account to fulfill the first quarterly payment to the State for the 2024 PP-GEMT IGT Program;
- Transfer \$1 million from the Salaries General (\$500,000) and Salaries Sworn (\$500,000) accounts to the Rescue Supplies and Expense Account to sustain operations and maintain adequate inventory of integral medical supplies.

**M. General Services**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

**Attachment 6 – Appropriations from the Unappropriated Balance**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 6.12	\$ (3.00)	Projected surplus is due to staff vacancies. Departmental vacancy rate is 18 percent as of October 2023.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(0.90)	-	Projected overspending is due to the increased use of staff overtime and hiring hall staff to maintain service levels in light of full-time vacancies.
Hiring Hall Salaries	(0.50)	-	
Hiring Hall Fringe Benefits	(0.50)	-	
Contractual Services	(1.87)	-	Projected overspending is due to cost to replace CNG compressors at the Bureau of Street Services Southwest and Topanga yards, credit card service fees, and maintenance for the Department's revenue control system and uninterruptible power supply.
Field Equipment Expense	(16.94)	8.00	Projected overspending is due to higher maintenance costs associated with the City's aging fleet.
Petroleum Products	(19.07)	7.50	Projected overspending is due to increased fuel and utility prices.
Utility Expense Private Companies	(4.09)	3.00	
Uniforms	(0.06)	-	Projected overspending is due to uniform cost escalation.
<b>General Fund Total</b>	<b>\$ (37.81)</b>	<b>\$ 15.50</b>	



<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 0.99	\$ -	Projected surplus is due to staff vacancies. Departmental vacancy rate is 18 percent as of October 2023.
Petroleum Products	1.53	-	Projected surplus is due to savings related to special-funded petroleum expenditures.
<b>Overspending (Shown as Negative, in millions)</b>			
Field Equipment Expense	(5.00)	-	Projected overspending is due to higher maintenance costs associated with the City's aging fleet.
Uniforms	(0.06)	-	Projected overspending is due to uniform cost escalation.
<b>Special Funds Total</b>	<b>\$ (2.54)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 40.39	\$ 40.50	\$ 0.11	Revenue surplus is due to prior-year related costs reimbursements and proceeds from the sale of surplus property.

The projected General Fund overspending is approximately \$12.69 million due to increased fuel and utilities prices and increased fleet maintenance costs including \$5 million of Solid Waste Resources Revenue Fund costs that cannot be addressed by SWRRF funds due to insufficient funding. The projected special fund overspending is approximately \$3 million lower than previously reported in the First FSR due to savings for alternative fuels funded by the special fund Petroleum Account. The projected General Fund Petroleum Account overspending has increased by approximately \$5.07 million due to continued high fuel prices. The projected General Fund Field Equipment Expense overspending has increased by approximately \$10.44 million due increased expenses due to the outsourcing of major repairs for Bureau of Sanitation vehicles during the first quarter of 2023-24, which resulted in \$7 million in additional overspending, and an additional cost of \$3.4 million for large parts for the Heliport that will need to be purchased later this fiscal year. This Office recommends using a portion of the General Fund Salaries General surplus to partially address overspending in the Field Equipment Expense Account. We also recommend transfers from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to partially address overspending in the Field Equipment Expense, Petroleum Products, and Utility Expense Private

Company accounts. This Office will continue to work with the Department to monitor its overspending and report with recommendations necessary to address the remaining overspending in future FSRs.

This Office recommends the following transactions at this time:

- Transfer \$3 million from the Salaries General Account to the Field Equipment Expense Account to address increased fleet maintenance costs.
- Appropriate \$5 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Field Equipment Expense Account to partially address overspending due to maintenance costs associated with the aging fleet through the Mid-Year FSR.
- Transfer \$7.5 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Petroleum Account to address overspending due to rising commodity prices through the Mid-Year FSR.
- Appropriate \$3.0 million from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Utilities Account to address overspending due to rising commodity prices through the Mid-Year FSR.

**N. Housing**  
**Attachment 3 – New Appropriations**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	\$ (0.92)	\$ -	Projected overspending is due to a shortfalls in administrative funding for the Community Development Block Grant (CDBG) and HOME special funds and Proposition HHH program costs that are ineligible for reimbursement.
Overtime General	(0.04)	-	Projected overspending due to staff overtime to address backlogs to in high priority assignments.
Contractual Services	(0.50)	-	Projected overspending is due to contracting delays resulting in prior-year costs carrying over to the current year.
Leasing	(0.22)	-	Projected overspending is due to higher than anticipated lease costs for the Proposition HHH and CDBG administrative funds.
<b>General Fund Total</b>	<b>\$ (1.68)</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 8.22	\$ (0.39)	Projected surplus is due to staff vacancies.
<b>Overspending (Shown as Negative, in millions)</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
Salaries As-Needed	(0.17)		Projected overspending is due to the increased use of as-needed staff and staff overtime to maintain service levels in light of full time staff vacancies.
Overtime General	(0.12)		
Printing and Binding	(0.07)	0.07	Projected overspending is due to noticing costs associated with increased enforcement activity.
Office and Administrative	(0.53)	0.50	Projected overspending is due to costs associated with moving the Department's operations to a new office.
Leasing	(2.26)	1.35	Projected overspending is due to higher than anticipated lease costs for the Department's offices.
<b>Special Funds Total</b>	<b>\$ 5.07</b>	<b>\$ 1.53</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 53.20	\$ 50.27	\$ (2.93)	Revenue shortfall is due to reduced related costs reimbursements associated with special funded vacancies.

The projected General Fund overspending is approximately \$1.22 million higher than previously reported in the First FSR. The projected special fund surplus is approximately \$2.55 million higher than previously reported in the First FSR. The increase in the General Fund overspending and the special fund surplus are due to a revised cash analysis provided by the Department which updated the breakdown of expenditures by funding source. This Office recommends using the projected special fund Salaries General surplus and associated related cost appropriations to address overspending in the Printing and Binding and the Office and Administrative accounts. We

additionally recommend the appropriation of available special fund balances to partially address special fund Leasing overspending.

This Office recommends the following transactions at this time:

- Appropriate \$1,345,475 million from the available cash balance within the Rent Stabilization Trust Fund (\$582,475), Systematic Code Enforcement Fee Trust Fund (\$684,635), and Municipal Housing Finance Fund (\$78,219) to the Department's Leasing Account to address projected overspending.
- Transfer \$69,130 from the Department's Salaries, General (\$44,995) and the Reimbursement of General Fund Costs (\$24,135) accounts within the Systematic Code Enforcement Fee Fund to the Department's Printing and Binding Account to pay for Code and Compliance Division mailings.
- Transfer \$500,000 from the Salaries, General Account (\$342,329) and the Reimbursement of General Fund Costs (\$157,671) within various special funds to the Department's Office and Administrative Account to pay for costs associated with staff moving out of the Garland Building.

**O. Library**  
**Attachment 5 – Transfers between Departments and Funds**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 4.91	-	Projected surplus due to staff vacancies and hiring delays. Departmental vacancy rate is 23 percent as of October 2023.
Contractual Services	3.76	(0.09)	Projected surplus is based on current and soon to be executed contracts. As larger contracts are finalized and planned construction begins, this surplus will fluctuate.
Office and Administrative	3.56	-	Projected surplus is based on prior-year expenditures and current-year anticipated project costs.
Various Special	1.78	-	Projected surplus is based on the average of prior-year surpluses.
Other Surplus Accounts	0.86	-	Projected surpluses in several expense accounts are based on prior-year and year-to-date expenditure trends.
<b>Special Funds Total</b>	<b>\$ 14.87</b>	<b>\$ (0.09)</b>	

<b>Special Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ -	\$ 0.15	\$ 0.15	Revenue surplus is from unexpected prior-year reimbursements.

This Office projects a year-end special fund surplus of \$14.87 million, which is approximately \$1.15 million higher than previously reported in the First FSR primarily due to staff vacancies, delays in hiring, and transactions recommended in the First FSR.

Tech2Go Hotspot Program

The Tech2Go Hotspot Loan Program allows Library patrons to check out a mobile hotspot device for six weeks, which they can use to connect a laptop, tablet, and other Wi-Fi enabled devices to the internet. This Office previously recommended the reappropriation of unspent Tech2Go Hotspot

Loan Program funds to support continued implementation of this program in the current year. The transaction we recommended in the First FSR will resolve this issue.

This Office recommends the following transaction at this time:

- Transfer \$88,942.02 from the Library's Contractual Services Account to the General Services Department's Salaries Construction Projects (\$69,040.02) and Construction Materials (\$19,902.00) accounts to pay for alterations, improvements, and repairs at Library facilities.

## **P. Mayor**

### **Attachment 5 – Transfers between Departments and Funds**

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

- Establish new appropriation accounts within the FY20 Justice Assistance Grant Fund and transfer \$272,879 from the City Attorney Allocation Grant to the City Attorney's Salaries General (\$97,246), City Attorney's Related Costs Reimbursements from Grants (\$42,380), Mayor's Salaries General (\$92,245), and Mayor's Related Costs Reimbursement from Grants (\$39,008) accounts to pay for current year salaries and related costs for the City Attorney and Mayor.
- Transfer \$520,280 from the General City Purposes Fund, Domestic Abuse Response Teams Account to the Community Investment for Families Department's Contractual Services Account to implement the Crisis to Shelter Program.

**Q. Neighborhood Empowerment  
Attachment 3 – New Appropriations**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Overtime General	\$ 0.001	\$ -	Projected surplus is based on projected overtime payouts through year end.
Printing and Binding	0.009	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year end.
Office and Administrative	0.055	-	
Other Surplus Accounts	0.007	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries General	(0.027)	0.042	Projected overspending is primarily due to the payment of prior-year overtime payouts using current year funds.
Salaries As-Needed	(0.027)	-	Projected overspending is due to increased use of as-needed staff due to vacancies and attrition.
Contractual Services	(0.017)	-	Projected overspending due to increased translation requests associated with the return to in-person Neighborhood Council meetings.
<b>Special Funds Total</b>	<b>\$ 0.001</b>	<b>\$ 0.042</b>	

The projected special fund surplus is approximately \$0.055 million lower than previously reported in the First FSR primarily due to new projected overspending in the Salaries General Account due to the payment of prior-year overtime payouts using current year funds. This Office recommends the appropriation of funds from the Neighborhood Empowerment Fund to address the Salaries General overspending. The projected overspending in the Salaries As-Needed and Contractual Services accounts will be addressed through administrative transfers from the Office and Administrative, and Printing and Binding accounts. The Department does not have any budgeted General Fund revenue.

This Office recommends the following transaction at this time:

- Appropriate \$41,500 from the available cash balance of the Neighborhood Empowerment Fund to the Department’s Salaries General Account for 2022-23 overtime payouts. There are insufficient funds in the Department’s current year operating budget to cover prior-year overtime payouts. Funds were previously borrowed from the Salaries General Account to cover these unbudgeted expenditures resulting in a shortfall in this account.



**R. Police  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.49	\$ -	Projected surplus is due to staff vacancies.
Salaries As-Needed	0.38	-	Projected surplus based on prior-year and year-to-date expenditure trends, and projected operational needs through year end.
Uniforms	0.77	-	Projected surplus is based on prior-year utilization rates.
Other Surplus Accounts	2.51	-	Projected surpluses in several expense accounts are based on prior-year and year-to-date expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries Sworn	(103.23)	-	Overspending is primarily due to costs associated with the agreement with the Los Angeles Police Protective League (LAPPL) and projected hiring.
Overtime Sworn	(34.30)	-	Overspending is due to year-to-date expenditure trends and increased overtime costs associated with the agreement with LAPPL.
Contractual Services	(0.50)	-	Overspending is based on prior-year expenditures.
Field Equipment Expense	(2.60)	-	Overspending is based on prior-year expenditures and unbudgeted costs for new auto parts for delayed repairs.
<b>General Fund Total</b>	<b>\$(136.48)</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Contractual Services	\$ 0.05	\$ -	Projected surplus is based on prior-year special funded contract costs.
Overtime Sworn	0.46	-	Projected surplus due to lower than anticipated sworn overtime for cannabis related activities.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Salaries Sworn	(0.64)	-	Overspending primarily due to costs associated with the agreement with the Los Angeles Police Protective League (LAPPL) and projected hiring.
<b>Special Funds Total</b>	<b>\$ (0.13)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 204.30	\$ 185.38	\$ (18.93)	Revenue shortfall is due to reduced MTA service levels and current usage, reduced permit and fee receipts, and lower Library and LAWA reimbursements due to reduced CAP rates.

The projected General Fund overspending is approximately \$6.37 million lower than previously reported in the First FSR, due to the transactions recommended in the First FSR and delays in hiring. The projected special fund overspending is approximately \$3.40 million lower than previously reported in the First FSR due to the transactions recommended in the First FSR. This Office projects that the recent agreement with the Los Angeles Police Protective League (LAPPL) will increase direct spending by a total of \$97.07 million in the Salaries Sworn (\$79.75 million) and Overtime Sworn (\$17.32 million). This is the primary driver of projected overspending for the Department. This projection only includes direct costs that will be paid from on-budget accounts and does not include pension, healthcare, and other benefits costs. The impact of the LAPPL agreement on healthcare and other benefits costs is discussed in the Human Resources Benefits section of this FSR.

The 2023-24 Adopted Budget included additional funding in the amount of \$101.8 million within the following accounts in the Unappropriated Balance that may be used to address the projected overspending: 1) Police Department Hiring Bonus (\$3.65 million); 2) Police Department Hiring and Overtime (\$10 million); 3) After-Action Implementation Plan (\$8.83 million); 4) Police Department Sworn Overtime – Interim Homeless Housing (\$6.27 million); and, 5) Department Payroll

Reconciliation (\$73.05 million). On October 20, 2023, the Council approved Motion (Rodriguez-Krekorian) which authorized the transfer of the Police Department Sworn Overtime – Interim Homeless Housing funds (\$6.27 million) to the Department’s Sworn Overtime Account. On September 1, 2023, the Department released a report requesting the transfer of After-Action Implementation Plan Account funds (\$8.83 million), which is pending Council consideration (C.F. 23-0600-S106). The table below summarizes the projected General Fund year-end balance for the accounts with related funding included in the Unappropriated Balance or that are impacted by the agreement with LAPPL. The total amount from this table reflects overspending that is the result of operational decisions made by the Department.

<b>General Fund Balances for Accounts with UB Funding and MOU 24 Deal Impacts (Figures in Millions)</b>	
<b>Account Name</b>	<b>Projected Year-End Balance</b>
Salaries General	\$ 1.09
Salaries Sworn	(6.20)
Overtime General	0.42
Overtime Sworn	(13.09)
Firearms Ammunition and Other Devices	0.42
Field Equipment Expense	(2.49)
<b>Total</b>	<b>\$ (19.85)</b>

This Office will continue to work with the Department to monitor its spending and to formulate mitigation measures to reduce projected overspending. This Office will report in future FSRs with updated projections and transactions necessary to address projected overspending.

Sworn Hiring

From June 25, 2023, through October 31, 2023, the Department hired four recruit classes for a total of 129 additional officers. The Department plans to hire 600 new recruits and 200 officers through the BOUNCE/Recall Program. Our expenditure projections only assume the Department will hire 525 new recruits and 150 officers through the BOUNCE/Recall Program by year end, based on year-to-date hiring trends. Officer attrition through October 2023 was 228 versus the 161 assumed in the Adopted Budget. Hiring through October 2023 is 53.8 percent lower than assumed in the Adopted Budget (129 actual hires versus 240 budgeted). As of October 31, 2023, there are 8,956 officers deployed Citywide, including 18 Municipal Police Officers.

**S. Public Works/Bureau of Engineering  
Recommendation Nos. 10 and 11  
Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.35	\$ -	Projected surplus is due to staff vacancies and hiring delays.  Projected surpluses are based on year-to-date and prior-year expenditure trends.
Contractual Services	0.24	-	
Office and Administrative	0.31	-	
Other Surplus Accounts	0.11	-	
<b>General Fund Total</b>	<b>\$ 1.01</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 4.39	\$ (2.25)	Projected surplus is due to staff vacancies and hiring delays.
Salaries, As-Needed	(0.25)	0.25	
Contractual Services	0.46	-	Projected overspending is due to additional costs for the 2024 Summer Internship Program.  Projected surpluses are based on year-to-date and prior-year expenditure trends.
Office and Administrative	0.37	-	
Other Surplus Accounts	0.41	-	
<b>Special Funds Total</b>	<b>\$ 5.38</b>	<b>\$ (2.00)</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 62.13	\$ 59.86	\$ (2.27)	Projected revenue shortfall is due to reduced related cost reimbursements associated with special funded vacancies and reduced salary appropriations from the Sewer Capital Fund.

The projected General Fund surplus is approximately \$1 million higher than previously reported in the First FSR due to delays in hiring and lower than anticipated expenditures in several expense accounts. The projected special fund surplus is approximately \$3.39 million higher than previously reported in the First FSR primarily due to delays in hiring. This Office recommends reducing the Bureau’s Salaries General appropriation from the Sewer Capital Fund by \$2 million as these surplus funds cannot be spent during the current fiscal year. Additionally, this Office recommends transferring \$250,000 from the Bureau’s Salaries General Account funded by the Sewer Construction and Maintenance Fund to the Salaries As-Needed Account to fund the 2024 Summer Internship Program.

This Office recommends the following transactions at this time:

- Reduce 2023-24 appropriations in the amount of \$2,000,000 within the Sewer Capital Fund No. 761/50, Bureau of Engineering Account No. 50Y178 to align appropriations with projected spending.
- Reduce 2023-24 appropriations in the amount of \$2,000,000 within Bureau of Engineering Fund No. 100/78, Salaries General Account No. 001010 to align appropriations with projected spending.
- Transfer \$250,000 from the Bureau’s Salaries General Account (001010) funded by the Sewer Construction and Maintenance Fund to the Salaries, As Needed Account (001070) to fund the Summer Internship Program for the remainder of the year.

**T. Public Works/Bureau of Sanitation**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**  
**Attachment 5 – Transfers between Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 7.97	\$ (0.59)	Surplus is due to staff vacancies and hiring delays.
Contractual Services	4.82	-	Projected surpluses are due to staff vacancies and hiring delays, resulting in underutilization of hazardous waste cleaning contracts and operating supplies, and reduced field service.
Field Equipment	0.79	-	
Office and Administrative	0.29	-	
Operating Supplies	0.96	-	
Other Surplus Accounts	0.35	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(1.34)	0.50	Overspending is due to increased staff overtime to provide services in light of full-time vacancies.
Other Overspending Accounts	(0.01)	-	Overspending is due to higher than anticipated training and outreach costs.
<b>General Fund Total</b>	<b>\$ 13.84</b>	<b>\$ (0.09)</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 29.41	\$ (1.58)	Surplus is due to staff vacancies and hiring delays.
Contractual Services	1.47	-	Surplus is due to delays in the execution of contracts and lower than anticipated contract expenditures.
Other Surplus Accounts	2.83	-	Surpluses are based on lower expenses due to vacancies and current-year expenditure trends.
<b>Overspending (Shown as Negative, in millions)</b>			
Salaries As-Needed	(0.57)	-	Overspending is due to the increased use of as-needed staff and staff overtime to maintain service levels in light of full-time vacancies and adverse events.
Overtime General	(6.00)	0.75	
<b>Special Funds Total</b>	<b>\$ 27.13</b>	<b>\$ (0.83)</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 94.45	\$ 94.45	\$ -	This Office projects the Bureau will meet its General Fund revenue budget by year end.

The projected General Fund surplus is approximately \$5.97 million lower than previously reported in the First FSR primarily due to hiring activity and an increased rate of contract expenditures. The projected special fund surplus is approximately \$1.24 million lower than previously reported in the First FSR primarily due to hiring activity. This Office recommends transfers from the projected Salaries General surplus to partially address overspending in the Overtime General Account. This Office will continue to work with the Bureau to monitor its expense accounts and report in future FSRs with recommendations necessary to address the remaining overspending.

In the First FSR, this Office reported on concerns regarding the Hyperion spill recovery expenditures, RecycLA program litigation, rate increase needs, vacancies and related costs reconciliation, and Proposition O reimbursements. There are no major changes to report since the First FSR. This Office will report with any updates and potential impacts in future FSRs.

This Office recommends the following transactions at this time:

- Transfer \$100,000 from the Salaries General Account to the Overtime General Account within the Central Recycling Transfer Station Fund to address projected over-expenditures due to increased activity at the transfer station.
- Transfer \$500,000 from Salaries General Account to Overtime General Account within the General Fund to address projected over-expenditures due to increased clean-ups.
- Transfer \$150,000 from Salaries General Account to Overtime General Account within the Multi-Family Bulky Item Fund to address projected over-expenditures due to increased bulky item pickups.
- Transfer \$500,000 from Salaries General Account to Overtime General Account within the SWRRF to address projected over-expenditures due to extra service needed over the holidays and adverse events.
- Transfer \$833,437 from the Salaries General Account within the Sewer Operations and Maintenance Fund (SCMO) to the General Services Expense and Equipment Account to address unbudgeted increases for the Gold Coast Village and Cabrillo Way Marina leases.
- Transfer \$86,634.08 from the Bureau of Sanitation's Salaries General Account to the Information Technology Agency's Communication Services Account for security camera installation at LSD Harbor Yard.
- Transfer a total of \$81,973 in MICLA funding from the Harbor LSD Regional Facility to the General Services Department's Salaries Construction (\$9,677) and Construction Materials (\$72,296) accounts for the Harbor Yard Brick Building/Terminal Island project.



**U. Public Works/Bureau of Street Lighting  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.10	\$ -	Projected surplus is due to staff vacancies.
Overtime General	0.13	-	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
Hiring Hall Salaries	0.07	-	
Benefits Hiring Hall	0.04	-	
Operating Supplies	0.07	-	Projected surplus is based on prior-year expenditures and anticipated increased expenditures associated with the hiring of new staff and higher rental costs to address increased copper wire theft.
<b>General Fund Total</b>	<b>\$ 0.41</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 3.86	\$ -	Projected surplus is due to staff vacancies.
Operating Supplies	0.29	-	Projected surplus is based on prior-year expenditures and anticipated increased expenditures associated with the hiring of new staff and higher rental costs to address increased copper wire theft.
Other Surplus Accounts	0.06	-	Projected surpluses are based on the prior-year expenditure trends and anticipated operational needs through year end.
<b>Overspending (Shown as Negative, in millions)</b>			
Overtime General	(0.27)	-	Projected overspending is due to expenses for work performed on off-budget projects that have yet to be reimbursed.
Hiring Hall Salaries	(0.02)	-	
Benefits Hiring Hall	(0.15)	-	
Contractual Services	(1.70)	-	
Street Lighting Improvements and Supplies	(1.35)	-	
<b>Special Funds Total</b>	<b>\$ 0.72</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 23.79	\$ 17.96	\$ (5.83)	Projected revenue shortfall due to reduced related costs reimbursements associated with special funded vacancies (\$2.36 million) and the inability of the Street Lighting Maintenance and Assessment Fund to reimburse the General Fund for related costs for the remainder of the year due to a special fund revenue shortfall (\$2.44 million).

The projected General Fund surplus is approximately \$0.11 million lower than previously reported in the First FSR primarily due to increase Hiring Hall Salaries expenditures. The projected special fund surplus is approximately \$1.28 million lower than previously reported in the First FSR primarily

due to hiring activity. This Office anticipates that the projected special fund overspending in the Overtime General, Hiring Hall Salaries, Benefits Hiring Hall, Contractual Services, and Street Lighting Improvements and Supplies accounts will be fully addressed by transactions in the Second Construction Projects Report. This Office does not recommend any transactions at this time.

Street Lighting Maintenance and Assessment Fund

This Office projects year-end revenue shortfall of \$13.15 million from the Street Lighting Maintenance and Assessment Special Fund (SLMAF) revenue budget of \$84.72 million. The shortfall is primarily driven by lower-than-expected rate of construction and lease fees from telecom companies for telecom co-location installations on street lighting poles. While we projected SLMAF would meet budget in the First FSR, due to updated assumptions for construction, lease payments, and reimbursement we now project a revenue shortfall. To offset this shortfall, this Office assumes \$14.35 million in funds comprised of:

- \$5.10 million year-end balance of SLMAF funds in BSL accounts;
- \$6.89 million from actual expenditures coming in lower than estimated for 2022-23, and;
- A reduction of \$2.36 million in Related Costs transferred from SLMAF to the General Fund.

This Office will continue to monitor the special fund shortfall and report in future FSRs with recommendations necessary to address the impact of this shortfall.

**V. Public Works/Bureau of Street Services**  
**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 2.72	\$ (0.60)	Projected surplus is due to staff vacancies.
Overtime General	0.53	-	Projected surpluses are based on an average of the department's projections, the five-year average expenditures, and year-to-date expenditure trends.
Contractual Services	2.09	-	
Operating Supplies	0.97	-	
Other Surplus Accounts	0.14	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Hiring Hall Salaries	(0.07)	-	Projected overspending is due to the increased use of hiring hall staff to complete projects in light of full time vacancies.
Benefits Hiring Hall	(0.32)	0.50	
Hiring Hall Overtime	(0.02)	0.10	
Construction Expense	(0.65)	-	Projected overspending is due to continued inflationary increases in the cost of raw materials and other expenses such as asphalt concrete, lumber, disposal fees and rental rates.
<b>General Fund Total</b>	<b>\$ 5.39</b>	<b>\$ 0.00</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 6.40	\$ (2.00)	Projected surplus is due to staff vacancies.
Contractual Services	29.00	-	Projected surpluses are based on an average of the department's projections, the five-year average expenditures, and year-to-date expenditure trends.
Operating Supplies	1.70	-	
Other Surplus Accounts	1.62	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(0.50)	2.00	Projected overspending is due to the increased use of staff overtime and hiring hall staff to maintain service levels in light of vacancies.
Hiring Hall Salaries	(0.21)	-	
Construction Expense	(11.00)	-	Projected overspending is based on year-to-date expenditure trends.
<b>Special Funds Total</b>	<b>\$ 27.01</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 81.77	\$ 79.72	\$ (2.05)	Revenue shortfall is due to reduced Building Material Permit Fee receipts and reduced reimbursements from the Metro Rail Project.

The projected General Fund surplus is approximately \$4.3 million higher than previously reported in the First FSR primarily due to lower than anticipated expenditures in several expense accounts. While in the First FSR we reported special fund overspending, we now project a significant special fund surplus associated with lower than anticipated contract expenditures and hiring delays. This Office recommends using the projected Salaries General surplus to address projected overspending in the Benefits Hiring Hall, Hiring Hall Overtime, and Overtime General accounts. This Office will continue to work with the Bureau to monitor its expenditures and report in future FSRs with recommendations to address identified overspending.

This Office recommends the following transactions at this time:

- Transfer \$600,000 from the General Fund, Salaries General Account to the Hiring Hall Benefits (\$500,000) and Hiring Hall Overtime (\$100,000) accounts to address projected overspending.
- Transfer \$1,000,000 from the Measure R Fund, Salaries General Account to the Overtime General Account to address projected overspending.
- Transfer \$1,000,000 from the Proposition C Anti-Gridlock Transit Fund, Salaries General Account to the Overtime General Account to address projected overspending.

**W. Recreation and Parks**  
**No Recommendation**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b>Surpluses (Shown as Positive, in millions)</b>			
Salaries General	\$ 10.63	\$ -	Projected surplus is due to staff vacancies.
Other Surplus Accounts	1.15	-	Projected surpluses in several expense accounts are based on prior-year and year-to-date annual expenditure trends.
<b>Special Funds Total</b>	<b>11.78</b>	<b>\$ -</b>	

<b>Special Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 56.92	\$ 56.92	\$ -	The Department anticipates meeting its 2023-24 self-generated revenue budget.

The projected special fund surplus is approximately \$0.47 million higher than previously reported in the First FSR due to delays in hiring and lower than anticipated spending in several expense accounts. This Office does not recommend any transactions at this time.

Child Care Centers

The Department reports that eight child care centers are currently open: Jim Gilliam, Ralph Parsons, Branford, Victory-Valley, Evergreen, Downey, Ira C. Massey, Hubert H. Humphrey. The Department anticipates that the Echo Park, Van Ness, and South Park Child Care Centers will have soft openings in January 2024. The Department estimates the completion of construction at Banning Child Care Center in December 2024, with a soft opening projected in March 2025. Repair work necessary to open the Algin Sutton, Glassell Park, and Mason Child Care Centers has yet to begin. The 2023-24 Adopted Budget includes \$5 million in the Unappropriated Balance for Child Care and Learning Centers, which the Department intends to use to rehabilitate the Roger Jessup and Rosecrans Child Care Centers. Additionally, the Department is developing child care center enrollment and subsidy policies, and plans to prioritize the inclusion of low-income families and the equitable provision of quality, affordable childcare in underserved communities in the City.

**X. Youth Development  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.303	\$ -	Projected surplus is due to staff vacancies and hiring delays. The Departmental vacancy rate is 35 percent as of October 2023.
Salaries As-Needed	0.013	-	Projected surplus is due to funds budgeted in the Salaries As-Needed Account which are expected to be expended from the Salaries General Account.
Contractual Services	0.295	-	Projected surplus is based on current and prior-year expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Overtime General	(0.003)	-	Projected overspending is based on prior-year and year-to-date spending trends.
Office and Administrative	(0.001)	-	
<b>General Fund Total</b>	<b>\$ 0.607</b>	<b>\$ -</b>	

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 0.130	\$ -	Projected surplus is due to staff vacancies and hiring delays. The Departmental vacancy rate is 35 percent as of October 2023.
<b>Special Funds Total</b>	<b>\$ 0.130</b>	<b>\$ -</b>	

The projected General Fund surplus is approximately \$0.14 million higher than previously reported in the First FSR due to delays in hiring and procurement, a postponed office relocation, and the transactions recommended in the First FSR. The Department plans to address its General Fund overspending using its projected savings from other accounts. This Office will continue to monitor the Department's projected surpluses to determine whether sufficient savings are available to offset this overspending and report in future FSRs. The Department has no budgeted General Fund revenues.

Californians for All Youth Workforce Development Grant

As reported in the First FSR, the Department is responsible for overseeing the evaluation component of the Californians for All Youth Workforce Development (CA4All) Grant, a multi-year and cost-reimbursement grant awarded by the State of California, for which the Economic and Workforce Development Department (EWDD) is the administrator (C.F. 22-0014). Due to delays in grant reimbursements from the State to EWDD, the Council approved a \$4.5 million Reserve Fund loan for EWDD to avoid cash flow and service disruptions related to the CA4All grant (C.F. 22-0683-S2). Subsequently, the Council approved a second Reserve Fund loan of \$10 million for the same purpose (C.F. 23-1073) to be repaid at the end of the grant and upon receipt of full reimbursement from the State. As of November 8, 2023, EWDD has not yet issued reimbursements to the Department for 2022-23 and 2023-24 grant expenditures due to this situation. As a result, the General Fund has paid \$117,002 for the Department’s 2022-23 grant expenditures as reported on its revised Reversion Worksheet. On November 6, 2023, EWDD notified the Department that it had received funds from the State for grant costs for the period ending June 2023. EWDD estimates it will be able to reimburse the Department for 2022-23 expenditures by the end of December 2023 and for 2023-24 expenditures soon after December 2023. When EWDD reimburses for the Department’s 2022-23 grant expenditures, the 2022-23 funds paid by the General Fund will be transferred to the Reserve Fund.

**Y. Zoo**

**Attachment 4 – Transfers between Accounts within Departments and Funds**

<b>Special Funds</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Salaries General	\$ 1.023	\$ (0.400)	Projected surplus is due to staff vacancies. The Department has an 18 percent vacancy rate.
Salaries As-Needed	0.090	(0.090)	Projected surplus is due to a program funding realignment.
Printing and Binding	0.033	-	Projected surpluses are based on prior-year expenditure trends and projected operational needs through year-end.
Contractual Services	0.229	0.090	
Veterinary Supplies and Expense	0.160	-	
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Maintenance Materials, Supplies and Services	(0.400)	0.400	Projected overspending is due to costs to address unbudgeted infrastructure repairs.
<b>Special Funds Total</b>	<b>\$ 1.135</b>	<b>\$ -</b>	

The projected special fund surplus is approximately \$0.20 million lower than previously reported in the First FSR due to delays in hiring offset by new projected Maintenance Material, Supplies, and



Services overspending. This Office recommends using the projected Salaries General surplus to address the overspending in the Maintenance Materials, Supplies, and Services Account. The Department has no General Fund revenues.

Greater Los Angeles Zoo Association (GLAZA) Interim Agreement

The current agreement between the Zoo and GLAZA expired on September 29, 2023. The Zoo is preparing to release a Request for Proposals (RFP) for management and operation of programs on behalf of the Zoo. The Zoo and GLAZA intend to enter into an interim agreement to continue services during the RFP and contractor selection process. This interim agreement was approved by Council on October 24, 2023 (C.F. 23-1128). Funds are available in the Unappropriated Balance, Zoo Assessment Account (\$1.5 million) to address potential transition costs. Should the Department require additional resources to address this transition or any other unanticipated needs, we will report in future FSRs with any necessary recommendations.

This Office recommends the following transactions at this time:

- Transfer \$400,000 from the Salaries General Account to the Maintenance Materials, Supplies and Services Account to address unbudgeted infrastructure repairs.
- Transfer \$90,000 from the Salaries As-Needed Account to the Contractual Services Account to realign funding to the appropriate account for the Teen Council for Conservation Program's educational stipends.

## **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  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
County Service-Massage Parlor Regulation	\$ 0.03	\$ -	Projected surplus is based on prior-year expenditure trends.
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Medicare Contributions	(3.47)	-	Projected overspending is due to increased Citywide hiring and unbudgeted salary increases. Projections may be impacted depending on the outcome of the ongoing contract labor negotiations.
Pensions Savings Plan	(0.23)	-	Projected overspending is due to higher-than-anticipated hiring, leading to increased Pensions Savings Plan contributions. Projections may be impacted depending on the outcome of the ongoing contract labor negotiations.
Social Security Contributions	(0.20)	-	Projected overspending is due to higher-than-anticipated hiring and salaries, leading to increased Social Security contributions. Contributions will likely fluctuate throughout the year.
LA's Best	(1.45)	-	Projected overspending is due to delays in executing prior-year agreements.
International Visitors Council of Los Angeles	(0.04)	-	
Los Angeles Neighborhood Land Trust	(0.04)	-	
<b>General Fund Total</b>	<b>\$ (5.40)</b>	<b>\$ -</b>	

This Office projects a net year-end over-expenditure of approximately \$5.40 million, which is \$1.28 million higher than previously reported primarily due to revised projections related to the impact of the new labor agreement with the Los Angeles Police Protective League, most significantly in the Medicare Contributions Account. We will continue to monitor overall overspending and provide recommendations necessary to address it in future FSRs.

## **B. Unappropriated Balance**

### **Attachment 6 – Appropriations from the Unappropriated Balance**

### **Attachment 7A – Status of the UB – General Account**

### **Attachment 7B – Status of the UB – Reserve for Mid-Year Adjustments**

### **Attachment 7C – Status of the UB – Non-General Accounts**

The 2023-24 Adopted Budget includes \$297.1 million for the Unappropriated Balance (UB). Through November 16, 2023, the Mayor and City Council have approved transactions resulting in a net increase of \$23.9 million, leaving a balance of \$321.0 million in the UB.

This report includes recommendations to transfer \$46.2 million from various UB accounts, which leaves a remaining balance of \$274.8 million.

This Office recommends the following transactions at this time:

- Transfer \$3 million from the UB, Social Equity Program Account to the Cannabis Regulation Special Revenue Trust Fund for the Social Equity Program.
- Transfer \$3.5 million from the UB, Reserve for Mid-Year Adjustments Account to the City Attorney's Litigation Account to address projected overspending for litigation expenses.
- Transfer \$3,705,000 from the UB, Reserve for Mid-Year Adjustments Account to the City Attorney's Outside Counsel Account for expenses related to the various cases, including police protest cases.
- Transfer \$0.45 million from the UB, Reserve for Mid-Year Adjustments Account to the Community Investment for Families' Contractual Services Account for temporary housing costs for individuals displaced by the fireworks explosion on East 27th Street.
- Transfer \$5 million from the UB, Reserve for Mid-Year Adjustments Account to the General Services Department's Field Equipment Expense Account to address overspending associated with maintenance of aging fleet vehicles.
- Transfer \$7.5 million from the UB, Reserve for Mid-Year Adjustments Account to the General Services Department's Petroleum Products Account to sufficient cash flow to pay for existing invoices and place purchase orders through April 2023.
- Transfer \$3 million from the UB, Reserve for Mid-Year Adjustments Account to the General Services Department's Utilities Expense Account to address increased usage and rates.
- Transfer \$20 million from the UB, Reserve for Extraordinary Liability to the Liability Claims Account, Miscellaneous Liability Payouts Account for anticipated settlements.

**C. Human Resources Benefits  
No Recommendation**

<b>General Fund</b>			
<b>Account Name</b>	<b>Second FSR</b>	<b>Proposed FSR Changes</b>	<b>Projection Basis</b>
<b><i>Surpluses (Shown as Positive, in millions)</i></b>			
Civilian Flex Program	\$ 0.09	\$ -	Surplus is due to declining health plan enrollment in the Anthem Narrow Network plan.
Fire Health and Welfare Program	0.74	-	<p>Surplus due to the overall impact of lower than projected health plan rate increases than assumed in the adopted budget for some of the following plans:</p> <ul style="list-style-type: none"> <li>• Los Angeles Firemen's Relief Association (LAFRA) Fire – 3.47% premium rate increase vs. 2.0% assumed</li> <li>• LAFRA Kaiser – 9.96% premium rate increase vs. 6.0% assumed</li> <li>• United Fire Fighters of Los Angeles City (UFLAC) CA Care – 0.00% premium rate increase vs. 4.0% assumed</li> <li>• UFLAC High Deductible Health Plan – 0.00% premium rate increase vs. 5.0% assumed</li> </ul>
<b><i>Overspending (Shown as Negative, in millions)</i></b>			
Employee Assistance Program	(0.04)	-	Overspending is due to changes in civilian enrollment.
Police Health and Welfare Program	(1.79)	-	<p>Overspending is due to higher health, dental, and life insurance subsidies for Police than assumed in the adopted budget due to MOU 24 changes approved by Mayor and Council (C.F. 23-0862):</p> <ul style="list-style-type: none"> <li>• Individual Health – \$1,197.07 subsidy/month vs. \$1,140.07 assumed</li> <li>• Family Health – \$1,774.32 subsidy/month vs. \$1,689.83 assumed</li> <li>• Dental – \$91 subsidy/month vs. \$88 assumed</li> <li>• Life – \$27 subsidy/month vs. \$25 assumed</li> </ul>
Supplemental Civilian Union Benefits	(0.03)	-	Overspending is due to changes to enrollment in MOU-negotiated benefits.
<b>General Fund Total</b>	<b>\$ (1.02)</b>	<b>\$ -</b>	

<b>General Fund Revenue (Figures in Millions)</b>			
<b>Revenue Budget</b>	<b>Second FSR</b>	<b>Variance from Budget</b>	<b>Projection Basis</b>
\$ 3.68	\$ 3.68	\$ -	This Office projects the Fund will meet its General Fund revenue budget by year end.

The projected overspending is approximately \$1.34 million lower than previously reported in the First FSR due to lower actual Police sworn enrollment than previously projected. Projections this early in the fiscal year are subject to potentially significant expenditure fluctuations by year end due to changes in benefit rates, open enrollment, staff attrition and hiring, and workers' compensation claims. This Office does not recommend any additional appropriations at this time. This Office and the Personnel Department will continue to monitor the status of this Fund and report in future FSRs.

**D. Liability Claims Account  
Attachment 8 – Status of Liability Accounts**

The 2023-24 Adopted Budget provides \$87.37 million for Liability Payouts, allocated between the Miscellaneous Liability Payouts (\$80 million) and Public Works, Sanitation Liability Payouts (\$7.37 million) accounts. Supplemental funding of \$20 million is provided in the Unappropriated Balance (UB) Reserve for Extraordinary Liability to pay for both tort liability and tax-related cases beyond the amount provided in the Liability Claims Account.

As of November 14, 2023, \$28.80 million of the \$87.37 million has been expended from the Liability Claims Account. Including an additional \$14.59 million pending payment, the total committed amount is \$43.38 million. Therefore, \$43.99 million (50 percent), of which \$3.76 million is budgeted for Bureau of Sanitation matters, represents the available balance for the remainder of the fiscal year. Based on the current rate of payouts pending Council approval (\$48.44 million), and pending final report (\$39.42 million), we project year-end General Fund overspending of approximately \$46.52 million and a special fund surplus of \$2.65 million. This Office recommends transferring the supplemental funding of \$20 million in the UB to the Miscellaneous Liability Payouts account to pay anticipated settlements and partially address this overspending. We will report in future FSRs with recommendations necessary to address the remaining overspending.

This Office recommends the following transaction at this time:

- Transfer \$20 million from the UB, Reserve for Extraordinary Liability Account to the Liability Claims Fund, Miscellaneous Liability Payouts Account for anticipated settlements.

**3. AMERICAN RESCUE PLAN ACT – STATE AND LOCAL FISCAL RECOVERY FUNDS**  
**No Recommendation**

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) into law establishing the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund (SLFRF). The intent of these funds is to provide support to state, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses.

The SLFRF provided the City with approximately \$1.28 billion in recovery funds. On May 18, 2021, the City received the first tranche of SLFRF totaling \$639,450,464. The City moved the first tranche of SLFRF funding into the General Fund revenue, which allowed the City to balance the 2020-21 General Fund budget without drawing on reserves or deficit borrowing. The City received the second tranche of SLFRF of \$639,450,464 on June 3, 2022. The 2021-22 Budget also treated those funds as General Fund revenue.

The CAO is responsible for administering the SLFRF funds and for preparing all required reports for the U.S. Treasury on behalf of the City. This Office submitted the eighth quarterly Project and Expenditures Report by the October 31, 2023, due date. The purpose of this report is to identify actual and obligated spending. In the report, the CAO identified eligible spending of approximately \$8.5 million from July 1, 2023, through September 30, 2023 and total spending of approximately \$1.182 billion to date.

The status of the SLFRF as of October 2023 is provided in the following table:

<b>Total SLFRF Award (amounts in millions)</b>	<b>\$ 1,278.90</b>	
<b>SLFRF Expenditures by Type as of 10/23</b>	<b>Totals</b>	<b>% of total SLFRF Award</b>
Government Services Expenditures	\$ 1,091.52	85.3%
"Stand Alone Project" Expenditures	88.63	6.9%
<b>Total Expenditures Reported</b>	<b>\$ 1,180.15</b>	<b>92.3%</b>
<b>Unexpended SLFRF as of 10/23</b>	<b>Totals</b>	<b>% of total SLFRF Award</b>
Budgeted SLFRF Allocated to Stand-Alone Projects	\$ 98.71	7.7%
Unbudgeted SLFRF Allocated to Government Services	0.04	0.0%
<b>Total SLFRF Remaining Balance</b>	<b>\$ 98.75</b>	<b>7.7%</b>

As part of the 2023-24 Budget, the Council instructed the CAO to report on the status of the SLFRF and to identify anticipated savings and unspent funds (C.F. 23-0600-S48). As stated above, the City treated the entire SLFRF award as General Fund revenue in 2020-21 and 2021-22. Thus, there are no savings. The CAO continues to report eligible spending to the U.S. Treasury, in compliance with program requirements, and as of September 30, 2023, the CAO has reported that a total of \$97 million remains unspent.

As previously reported in the First FSR, the CAO's Office will need to identify approximately \$1.35 million in order to continue its consultant services contract with KPMG. At this time, additional funding sources have yet to be identified. We will continue to monitor potential funding opportunities, and will report in a future FSR with recommendations to address the additional funding needed to continue this contract.

#### **4. Status of MICLA Commercial Paper Programs Recommendation No. 9**

The Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Commercial Paper Notes (Fund 298) were advanced in the total amount of \$76,000,000 to front-fund a portion of the improvement costs for the Sixth Street Viaduct Project, which was to be repaid from State and Federal grant fund reimbursements upon project completion (C.F. 12-1409). The Sixth Street Viaduct Project was completed on July 20, 2023. The Public Works Department is in receipt of \$24,172,597 in reimbursements and has transferred this amount to Fund 298 as the initial repayment of MICLA funds advanced to the Sixth Street Viaduct Project. Additional deposits into Fund 298 are expected in future fiscal years as reimbursements are received. The reimbursements deposited within Fund 298 are to be used to repay outstanding commercial paper notes.

This Office recommends the following transaction at this time:

- Transfer \$24,172,597 from Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Commercial Paper Notes Fund No. 298/10, Account No. TBD to the Capital Finance Administration Fund No. 100, Dept. 53, and appropriate therein to Account No. 000316, Commercial Paper, to pay down MICLA Commercial Paper debt associated with the Sixth Street Viaduct Project.

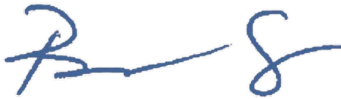




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Nicholas S. Campbell, Finance Specialist III

APPROVED:



Ben Ceja, Assistant City Administrative Officer

*MWS:BC:JWW:NSC:01240037C*

Attachments

**2023-24 Adopted General Fund Revenue  
Through October 2023  
(Figures in Thousand of Dollars)**

	<b>Adopted Budget</b>	<b>Plan through October</b>	<b>Receipts through October</b>	<b>Receipts as Percent of Budget</b>	<b>Variance from Plan</b>	<b>Comments on Variance from September Plan</b>
Property Tax	\$2,640,250	\$122,547	\$114,861	4.4%	(\$7,686)	Unsecured and miscellaneous property tax are \$1.0m and \$3.1m above plan, offsetting shortfalls across other receipts, including -\$8.3m in lower secured receipts due to higher-than-estimated May remittance in the prior fiscal year. Adopted budget growth assumed 5.3% growth for the City. The County Assessor's most recent estimate is 5.9%.
Ex-CRA Tax Increment	143,730	-	-	-	-	
Department receipts (LPFF and reimbursements)	1,363,324	339,710	306,195	22.5%	(33,515)	Related costs and other reimbursements from special funds, MTA and other sources are delayed and thus -\$72.5m below plan. Offsetting the shortfall are \$39.0m in early and unanticipated receipts. Approximately \$15m in unanticipated receipts represent pending appropriations.
Business Tax	847,200	76,830	65,964	7.8%	(10,866)	After including \$7.2m in LATax receipts not yet recorded in FMS, business tax receipts are approximately -\$3.6m below plan, attributed to a shortfall in tax receipts from non-cannabis
Sales Tax	724,230	241,100	233,100	32.2%	(8,000)	There is downside risk based on the decline in year-over-year sales through October with receipts - 3.7% below the same period the prior year.
Utility Users' Tax	650,490	228,540	225,569	34.7%	(2,971)	Adjusted receipts includes \$12.1m in LATax gas and communication users tax receipts that were not recorded in FMS for October, with remaining shortfalls of -\$3.1m and -\$1.6m, respectively. A \$1.7m surplus in advanced EUT revenue is based on DWP estimates which may subsequently corrected in future receipts.
Transient Occupancy Tax	342,430	120,790	102,945	30.1%	(17,845)	Adjusted receipts include \$2.4m in collection agreement remittances were not recorded in FMS for October. Assuming an additional \$3.5m in LATax hotel receipts also corresponds to taxes due in October, the estimated shortfall is closer to -\$14.4m. The shortfall is attributed to declining hotel receipts which assumed continued recovery from pandemic era lows, but in actuality is --4.9% below prior year receipts from hotel activity. In comparison receipts from short-term rentals assumed modest growth under the constraints of the home-sharing ordinance.
Power Revenue Transfer	236,502	-	-	-	-	DWP's budgeted transfer is \$6.8m higher than the adopted budget.
Documentary Transfer Tax	198,610	70,720	54,344	27.4%	(16,376)	The adopted budget assumed that declining sale prices would coincide with a gradual recovery in sales. However sales activity has fallen below the low seen during the real estate market bust.
Franchise Income	137,810	30,656	34,666	25.2%	4,010	Surplus is primarily attributed to natural gas franchise receipts (\$4.5m) as well as smaller waste collection surplus (\$300k), which are offset by shortfalls from cable (-\$600k) and police garage (-\$200k) franchise fees.
Parking Occupancy Tax	129,195	43,980	44,897	34.8%	917	Receipts are near plan.
Parking Fines	115,000	38,950	36,209	31.5%	(2,741)	Monthly ticket issuance has remained flat whereas the budget assumed approximately 6.2%
Grant Receipts	109,193	4,227	3,390	3.1%	(837)	The shortfall is attributed to departmental grant receipts. The budget includes \$80.4 million in FEMA reimbursements.
Special Parking Revenue Transfer	32,388	-	-	-	-	
Tobacco Settlement	10,710	-	-	-	-	
Residential Development Tax	4,910	1,636	1,448	29.5%	(188)	Monthly receipts are variable and near plan.
State Motor Vehicle License Fees	3,994	-	-	-	-	
<b>Subtotal General Fund</b>	<b>\$7,689,966</b>	<b>\$1,319,686</b>	<b>\$1,223,587</b>	<b>15.9%</b>	<b>(\$96,099)</b>	
Interest Income	77,000	42,026	45,319	58.9%	3,293	Receipts are variable and excess receipts may be owed to special funds. Finance anticipates receipts to end above the adopted budget.
Transfer from Reserve Fund	136,370	136,370	136,370	100.0%	-	
<b>Total General Fund</b>	<b>\$7,903,336</b>	<b>\$1,498,083</b>	<b>\$1,405,277</b>	<b>17.8%</b>	<b>(\$92,806)</b>	

**ATTACHMENT 2  
STATUS OF RESERVE FUND AS OF 11/16/23**

Council File No.	Item Description	Amount
<b>Balance Available, 7/1/2023</b>		\$ 648,275,649.98
<b>Less: Emergency Reserve Account</b>		<u>\$ 217,342,000.00</u>
<b>Contingency Reserve Account 7/1/2023</b>		\$ 430,933,649.98
<b>General Fund Appropriation to the Reserve Fund</b>		-
<b>    Loan Repayment and Other Receipts</b>		4,724,748.93
<b>Contingency Reserve Account</b>		<u>\$ 435,658,398.91</u>
 <b>Loans and Transfers Approved to Date</b>		
23-0038	House LA Fund for Measure ULA	(22,043,344.26)
21-0112-S5	Homekey 2.0 Program	(28,390,559.41)
23-0602	Gang Injunction Curfew Settlement Fund	(5,023,480.00)
22-1205-S1	Consolidated Plan Grants Loan	(10,000,000.00)
23-1073	CAForALL Youth Workforce Development Grant Loan	(10,000,000.00)
 <b>Loans and Transfers Approved to Date Subtotal</b>		 \$ (75,457,383.67)
 <b>Proposed Loans and Transfers</b>		
First FSR	GCP - Sister Cities of LA - Reappropriation	(160,000.00)
First FSR	Rescind transfer - Gang Injunction Curfew Settlement Fund	5,023,480.00
 <b>Proposed Loans and Transfers Subtotal</b>		 \$ 4,863,480.00
 <b>Contingency Reserve Available Balance as of 11/16/2023</b>		 <u><u>\$ 365,064,495.24</u></u>
 <b>Total Emergency and Contingency Reserve Fund</b>		 <u><u>\$ 582,406,495.24</u></u>

**ATTACHMENT 3**  
**FY 2023-24 BUDGET ADJUSTMENTS**  
**NEW APPROPRIATIONS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<b>Building and Safety</b>	<u>Fund 48R/08, Building and Safety Permit Enterprise Fund</u>		<u>Fund 48R/08, Building and Safety Permit Enterprise Fund</u>	
Reimbursement of General Fund Costs	08Y204, Reserve for Future Costs	\$ 7,092,648.00	08V299, Reimbursement of General Fund Costs	\$ 7,092,648.00
<b>Housing</b>	<u>Fund 440/43, Rent Stabilization Trust Fund</u>		<u>Fund 100/43, Housing Department (440/43, 43Y143)</u>	
Office Lease Support	Cash Balance	\$ 582,475.00	006030, Leasing	\$ 582,475.00
	<u>Fund 41M/43, Systematic Code Enforcement Fee Trust Fund</u>		<u>Fund 100/43, Housing Department (41M/43, 43Y143)</u>	
	Cash Balance	\$ 684,635.00	006030, Leasing	\$ 684,635.00
	<u>Fund 815/43, Municipal Housing Finance Fund</u>		<u>Fund 100/43, Housing Department (815/43, 43Y143)</u>	
	Cash Balance	\$ 78,219.00	006030, Leasing	\$ 78,219.00
<b>Neighborhood Empowerment</b>	<u>Fund 44B/47, Neighborhood Empowerment</u>		<u>Fund 100/47, Neighborhood Empowerment (Fund 44B/47, 47Y147)</u>	
Overtime Payout Reappropriation	Cash Balance	\$ 41,500.00	001010, Salaries General	\$ 41,500.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 8,479,477.00</b>		<b>\$ 8,479,477.00</b>

**ATTACHMENT 4**  
**FY 2023-24 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<b>Animal Services</b>	Fund 100/06, Animal Services		Fund 100/06, Animal Services	
<i>Shelter Staffing Support</i>	001010, Salaries General	\$ 50,000.00	001070, Salaries As-Needed	\$ 50,000.00
<i>Increased Food Costs</i>	Fund 100/06, Animal Services		Fund 100/06, Animal Services	
	001010, Salaries General	\$ 344,891.00	004580, Animal Food/Feed and Grain	\$ 344,891.00
<i>Equipment Purchase</i>	Fund 100/06, Animal Services		Fund 100/06, Animal Services	
	001010, Salaries General	\$ 56,502.00	006020, Operating Supplies	\$ 56,502.00
<b>City Attorney</b>	<u>Fund 100/12, City Attorney</u>		<u>Fund 100/12, City Attorney</u>	
<i>Various Account Overspending</i>	001010, Salaries General	\$ 566,022.00	001090, Overtime General	\$ 83,816.00
			003040, Contractual Services	112,459.00
			006010, Office and Administrative	302,000.00
			002060, Bar Dues	67,747.00
			Subtotal	\$ 566,022.00
<b>Council</b>	<u>Fund 100/28, Council</u>		<u>Fund 100/28, Council</u>	
<i>Staffing and Expenses</i>	001010, Salaries, General	\$ 2,220,000.00	001070, Salaries, As-Needed	\$ 1,000,000.00
			002130, Travel	30,000.00
			003040, Contractual Services	200,000.00
			006010, Office and Administrative	990,000.00
			Subtotal	\$ 2,220,000.00
<b>Finance</b>	<u>Fund 100/39, General Fund</u>		<u>Fund 100/39, General Fund</u>	
<i>Salaries As-Needed Overspending</i>	001010, Salaries General	\$ 175,000.00	001070, Salaries As Needed	\$ 175,000.00
<i>Overtime General Overspending</i>	<u>Fund 100/39, General Fund</u>		<u>Fund 100/39, General Fund</u>	
	001010, Salaries General	\$ 175,000.00	001090, Overtime General	\$ 175,000.00
<i>Various Contractual Services</i>	<u>Fund 100/39, General Fund</u>		<u>Fund 100/39, General Fund</u>	
	001010, Salaries General	\$ 400,000.00	003040, Contractual Services	\$ 400,000.00
<i>Various Office and Administrative Expenses</i>	<u>Fund 100/39, General Fund</u>		<u>Fund 100/39, General Fund</u>	
	001010, Salaries General	\$ 250,000.00	006010, Office and Administrative	\$ 250,000.00
<b>Fire</b>	<u>Fund 100/38, Fire</u>		<u>Fund 100/38, Fire</u>	
<i>PP-GEMT IGT Program Payment</i>	001012, Salaries Sworn	\$ 7,500,000.00	003040, Contractual Services	\$ 7,500,000.00
<i>Medical Supplies Shortfall</i>	<u>Fund 100/38, Fire</u>		<u>Fund 100/38, Fire</u>	
	001010, Salaries General	\$ 500,000.00	003260, Rescue Supplies and Expense	\$ 1,000,000.00
	001012, Salaries Sworn	500,000.00		
	Subtotal	\$ 1,000,000.00		
<b>General Services</b>	<u>Fund 100/40, General Services</u>		<u>Fund 100/40, General Services</u>	
<i>Field Equipment Expense</i>	001010, Salaries General	\$ 3,000,000.00	003090, Field Equipment Expense	\$ 3,000,000.00

**ATTACHMENT 4**  
**FY 2023-24 BUDGET ADJUSTMENTS**  
**TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM	AMOUNT	TRANSFER TO	AMOUNT
<b>Housing</b>	<u>Fund 100/43, Housing Department (43Y143)</u>		<u>Fund 100/43, Housing Department (43Y143)</u>	
Code and Compliance Mailers and Notices	001010, Salaries, General (41M/43)	\$44,995.00	002120, Printing and Binding (41M/43)	\$69,130.00
	<u>Fund 41M/43, Systematic Code Enforcement Fee Fund</u>			
	43Y299, Reimbursement of General Fund Costs	\$24,135.00		
	Subtotal	\$ 69,130.00		
<b>Garland Move Needs</b>	<u>Fund 100/43, Housing Department (43Y143)</u>		<u>Fund 100/43, Housing Department (43Y143)</u>	
	001010, Salaries, General (10D/43)	\$53,423.00	006010, Office and Administrative (10D/43)	\$75,000.00
	001010, Salaries, General (41M/43)	\$146,446.00	006010, Office and Administrative (41M/43)	\$225,000.00
	001010, Salaries, General (44G/43)	\$71,230.00	006010, Office and Administrative (44G/43)	\$100,000.00
	001010, Salaries, General (815/43)	\$71,230.00	006010, Office and Administrative(815/43)	\$100,000.00
	Subtotal		Subtotal	\$500,000.00
	<u>Fund 10D/43, Accessible Housing Fund</u>			
	43Y299, Reimbursement of General Fund Costs	\$21,577.00		
	<u>Fund 41M/43, Systematic Code Enforcement Fee Fund</u>			
	43Y299, Reimbursement of General Fund Costs	\$78,554.00		
	<u>Fund 44G/43, Affordable Housing Trust Fund</u>			
	43Y299, Reimbursement of General Fund Costs	\$28,770.00		
	<u>Fund 815/43, Low and Moderate Income Housing Fund</u>			
	43Y299, Reimbursement of General Fund Costs	\$28,770.00		
	Subtotal	\$ 500,000.00		
<b>Public Works - Engineering</b>	<u>Fund 100/78, Bureau of Engineering (761/50)</u>		<u>Fund 100/78, Bureau of Engineering (761/50)</u>	
Salaries As-Needed	001010, Salaries General	\$ 250,000.00	001070, Salaries, As Needed	\$ 250,000.00
<b>Public Works - Sanitation</b>	<u>Fund 100/82, Bureau of Sanitation</u>		<u>Fund 100/82, Bureau of Sanitation</u>	
CLARTS Overexpenditure	001010, Salaries, General (CLRT)	\$ 100,000.00	001090, Overtime General (CLRT)	\$ 100,000.00
General Fund Overtime Overexpenditure	<u>Fund 100/82, Bureau of Sanitation</u>		<u>Fund 100/82, Bureau of Sanitation</u>	
	001010, Salaries, General (GF)	\$ 500,000.00	001090, Overtime General (GF)	\$ 500,000.00
MFBI Overtime Overexpenditure	<u>Fund 100/82, Bureau of Sanitation (Fund 508/50)</u>		<u>Fund 100/82, Bureau of Sanitation (Fund 508/50)</u>	
	001010, Salaries, General (MFBI)	\$ 150,000.00	001090, Overtime General (MFBI)	\$ 150,000.00
SWRRF Overtime Overexpenditure	<u>Fund 100/82, Bureau of Sanitation (Fund 508/50)</u>		<u>Fund 100/82, Bureau of Sanitation (Fund 508/50)</u>	
	001010, Salaries, General (SWRRF)	\$ 500,000.00	001090, Overtime General (SWRRF)	\$ 500,000.00
<b>Public Works - Street Services</b>	<u>Fund 100/86, Bureau of Street Services (GF)</u>		<u>Fund 100/86, Bureau of Street Services (GF)</u>	
Increased Hiring Hall	001010, Salaries General	\$ 600,000.00	001120, Benefits Hiring Hall	\$ 500,000.00
			001190, Hiring Hall Overtime	100,000.00
	Subtotal		Subtotal	\$ 600,000.00
Measure R Fund - Increased Overtime	<u>Fund 100/86, Bureau of Street Services (Fund 51Q/94)</u>		<u>Fund 100/86, Bureau of Street Services (Fund 51Q/94)</u>	
	001010, Salaries General	\$ 1,000,000.00	001090, Overtime General	\$ 1,000,000.00
Prop C Anti-Gridlock Transit Fund - Increased Overtime	<u>Fund 100/86, Bureau of Street Services (Fund 540/94)</u>		<u>Fund 100/86, Bureau of Street Services (Fund 540/94)</u>	
	001010, Salaries General	\$ 1,000,000.00	001090, Overtime General	\$ 1,000,000.00

**ATTACHMENT 4**

**FY 2023-24 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN ACCOUNTS WITHIN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<b>Zoo</b>	<u>Fund 100/87, Zoo (Fund 40E/87)</u>		<u>Fund 100/87, Zoo (Fund 40E/87)</u>	
<i>Infrastructure Repairs</i>	001010, Salaries, General	\$ 400,000.00	003160, Maintenance Materials, Supplies and Services	\$ 400,000.00
<i>Teen Council Stipends</i>	<u>Fund 100/87, Zoo (Fund 40E/87)</u>		<u>Fund 100/87, Zoo (Fund 40E/87)</u>	
	001070, Salaries, As-Needed	\$ 90,000.00	003040, Contractual Services	\$ 90,000.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 20,896,545.00</b>		<b>\$ 20,896,545.00</b>

**ATTACHMENT 5**

**FY 2023-24 BUDGET ADJUSTMENTS  
TRANSFERS BETWEEN DEPARTMENTS AND FUNDS**

REQUESTING DEPARTMENT	TRANSFER FROM		TRANSFER TO	
	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
<b>Community Investment for Families</b> <i>Aliso Pico Multipurpose Center</i>	<u>Fund 424/21, Community Development Trust Fund</u> 21W234, Aliso Pico Multipurpose Center	\$ 150,000.00	<u>Fund 100/40 General Services (424/21, 21Y140)</u> 001014, Salaries Construction	\$ 30,000.00
			003180, Construction Materials	120,000.00
			Subtotal	\$ 150,000.00
<i>Certified Access Specialist</i>	<u>Fund 424/21, Community Development Trust Fund</u> 21W662, Community Investment for Families	\$ 250,000.00	<u>Fund 100/40 General Services (424/21, 21Y140)</u> 003180, Construction Materials	\$ 250,000.00
<b>Council</b> <i>Council District 9 Expenses</i>	<u>Fund 53P, State AB 1290 City Fund</u> 281209, CD 9 Redevelopment Fund	\$ 400,000.00	<u>Fund 100/28, Council</u> 001070, Salaries, As-Needed	\$ 400,000.00
	<i>Council District 10 Expenses</i>	<u>Fund 53P, State AB 1290 City Fund</u> 281210, CD 10 Redevelopment Fund	\$ 250,000.00	<u>Fund 100/28, Council</u> 001070, Salaries, As-Needed
<i>Council District 10 Community Services</i>	<u>Fund 53P, State AB 1290 City Fund</u> 281210, CD 10 Redevelopment Fund	\$ 150,000.00	<u>Fund 100/56, General City Purposes Fund</u> 000710, Community Services District 10	\$ 150,000.00
<i>Council District 14 Expenses</i>	<u>Fund 53P, State AB 1290 City Fund</u> 281214, CD 14 Redevelopment Fund	\$ 600,000.00	<u>Fund 100/28, Council</u> 001070, Salaries, As-Needed	\$ 350,000.00
			006010, Office and Administrative	250,000.00
			Subtotal	\$ 600,000.00
<i>Council District 14 Community Services</i>	<u>Fund 53P, State AB 1290 City Fund</u> 281214, CD 14 Redevelopment Fund	\$ 200,000.00	<u>Fund 100/56, General City Purposes Fund</u> 000714, Community Services District 14	\$ 200,000.00
<b>Library</b> <i>Alterations and Improvements</i>	<u>Fund 300/44, Library Fund</u> 003040, Contractual Services	\$ 88,942.02	<u>Fund 100/40, General Services Department</u> 001014, Salaries, Construction Projects	\$ 69,040.02
			003180, Construction Materials	19,902.00
			Subtotal	\$ 88,942.02
<b>Mayor</b> <i>Public Safety Grant</i>	<u>Fund 64V/46, FY20 Justice Assistance Grant Fund</u> 46V912, City Attorney Grant Allocation	\$ 272,879.00	<u>Fund 100/12, City Attorney (64V/46, 46Y112)</u> 001010, Salaries, General	\$ 97,246.00
			<u>Fund 100/12, City Attorney (64V/46, 46Y299)</u> RSRC 5346, Related Costs Reimbursement from Grants	42,380.00
			<u>Fund 100/46, Mayor (64V/46, 46Y146)</u> 001010, Salaries, General	94,245.00
			<u>Fund 100/46, Mayor (64V/46, 46Y299)</u> RSRC 5346, Related Costs Reimbursement from Grants	39,008.00
			Subtotal	\$ 272,879.00
<i>DART Program</i>	<u>Fund 100/56, General City Purposes Fund (FY24)</u> 000829, Domestic Abuse Response Teams	\$ 520,280.00	<u>Fund 100/21, Community Investments for Families</u> 003040, Contractual Services	\$ 520,280.00
<b>Public Works - Sanitation</b> <i>Harbor Leases</i>	<u>Fund 100/82, Bureau of Sanitation</u> 001010, Salaries General (SCMO)	\$ 833,437.00	<u>Fund 760/50, Sewer Operations and Maintenance Fund</u> 50YX40, General Services Expense and Equipment	\$ 833,437.00
	<i>ITA Camera Installation</i>	<u>Fund 100/82, Bureau of Sanitation</u> 001010, Salaries General (GF)	\$ 86,634.08	<u>Fund 100/32, Information Technology Agency</u> 009350, Communication Services (GF)
<i>Harbor Yard Brick/Terminal Island Building</i>	<u>Fund 298/50, Micla Lease Rev Com Paper Ntes</u> 50WHRF, Harbor LSD Regional Facility	\$ 81,973.00	<u>Fund 100/40, General Services Department (298/50, 50Y140)</u> 001014, Salaries Construction Projects (GF)	\$ 9,677.00
			003180, Construction Materials (GF)	72,296.00
			Subtotal	\$ 81,973.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 3,884,145.10</b>		<b>\$ 3,884,145.10</b>



**ATTACHMENT 6**

**FY 2023-24 BUDGET ADJUSTMENTS  
 APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE**

<b>APPROPRIATE FROM:</b>	<b>APPROPRIATE TO:</b>	<b>AMOUNT</b>
<b><u>Fund, 100/58, Unappropriated Balance</u></b>		
580377, Social Equity Program	<u>Fund 60E/13, Cannabis Regulation</u> 13Y200, Social Equity Program	\$ 3,000,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/12, City Attorney</u> 004200, Litigation	\$ 3,500,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/12, City Attorney</u> 009301, City Attorney Outside Counsel	\$ 3,705,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/21, Community Investment for Families</u> 003040, Contractual Services	\$ 450,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/40, General Services</u> 003090, Field Equipment Expense	\$ 5,000,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/40, General Services</u> 003230, Petroleum Products	\$ 7,500,000.00
580196, Reserve for Mid-Year Adjustments	<u>Fund 100/40, General Services</u> 003330, Utilities Expense Private Company	\$ 3,000,000.00
580232, Reserve for Extraordinary Liability	<u>Fund 100/59, Liability Claims</u> 009798, Miscellaneous Liability Payouts	\$ 20,000,000.00
<b>TOTAL APPROPRIATIONS FROM THE UNAPPROPRIATED BALANCE</b>		<b>\$ 46,155,000.00</b>

**ATTACHMENT 7A  
STATUS OF UNAPPROPRIATED BALANCE  
GENERAL ACCOUNT**

<b>C.F.</b>	<b>Appropriations</b>	<b>Date</b>	<b>Amount</b>
23-0600	General		\$ 50,000
	<b>Approved Transfer</b>		
		<b>Balance Available</b>	<u>50,000.00</u>
	<b>Anticipated Appropriations</b>		
		<b>Projected Balance Available</b>	<u>\$ 50,000.00</u>

**ATTACHMENT 7B**  
**Status of the Unappropriated Balance, Reserve for Mid Year Adjustments**

**2023-24 Budget** **\$ 30,000,000.00**

**First FSR Recommendations**

**Transfer Out:**

Transfer to Council - Living Wage Ordinance and Hotel Worker Minimum Wage Ordinance Study	(178,000.00)
Transfer to Council - Public Bank Study (Phase I)	(460,000.00)
Transfer to City Attorney - Outside Counsel	(2,000,000.00)

**Subtotal \$ (2,638,000.00)**

**Subtotal First FSR Recommendations (2,638,000.00)**

**Year-end Available** **\$ 27,362,000.00**

**Second FSR Recommendations**

**Transfer Out:**

Transfer to City Attorney - Litigation	(3,500,000.00)
Transfer to City Attorney - Outside Counsel	(3,705,000.00)
Transfer to Communities for Families - Contractual Services	(450,000.00)
Transfer to General Services - Field Equipment Expense	(5,000,000.00)
Transfer to General Services - Petroleum Products	(7,500,000.00)
Transfer to General Services - Utilities Expense	(3,000,000.00)

**Subtotal \$ (23,155,000.00)**

**Subtotal Second FSR Recommendations (23,155,000.00)**

**Year-end Available** **\$ 4,207,000.00**

**ATTACHMENT 7C  
STATUS OF UNAPPROPRIATED BALANCE NON-GENERAL ACCOUNT**

Account No.	UB Non-General Accounts	Primary Department	Adopted Budget	Transfer In/ Reapprop.	Appropriated during year	First FSR	Appropriated during year	Second FSR	Appropriated during year	Mid-Year FSR	Appropriated during year	Year-End FSR	Available Balance
	<b>General Fund</b>												
580414	Acquisition for Interim and Permanent Housing	GSD	\$ 15,000,000		(15,000,000)								\$ -
580428	After-Action Implementation Plan	Police	\$ 8,832,873										\$ 8,832,873.00
580424	Animal Services Operations	Animal Services	\$ 277,048										\$ 277,048.00
580265	Animal Services Sterilization Trust Fund	Animal Services	\$ -	500,000		(500,000)							\$ -
580366	Child Care and Learning Centers	RAP	\$ 5,000,000										\$ 5,000,000.00
580422	Citywide Recreational Vehicle Program	Police	\$ 3,000,000										\$ 3,000,000.00
580407	Civil Case Management System Replacement	City Atty	\$ 100,000										\$ 100,000.00
580420	CleanLA	PW Board	\$ 1,500,000										\$ 1,500,000.00
580416	Community Safety Partnership Program	Police	\$ 1,000,000										\$ 1,000,000.00
580404	Decarbonization and Development of Solar on City Facilities	GSD	\$ 22,759,788										\$ 22,759,788.00
580383	Department Payroll Reconciliation	All	\$ -	73,048,025									\$ 73,048,025.00
580409	Election Expenses - Primary March 2024	City Clerk	\$ 10,000,000										\$ 10,000,000.00
580410	Election Expenses - Special Runoff 2023	City Clerk	\$ 4,075,000			(2,150,000)							\$ 1,925,000.00
580132	Equipment, Expense, and Alterations & Improv.	Mayor/Council	\$ 5,544,725	1,103,525		(162,374)							\$ 6,485,876.15
580395	Fire Psychologist	Fire	\$ -	250,000									\$ 250,000.00
580419	Fire Voice Radio System Upgrade	Fire	\$ 3,800,000										\$ 3,800,000.00
580231	Gang Injunction Settlement Agreement	EWDD	\$ 5,023,480										\$ 5,023,480.00
580363	Gang Reduction and Youth Development	Mayor	\$ 12,920,869		(12,920,869)								\$ -
580001	General (see Attachment 7A)	All	\$ 50,000										\$ 50,000.00
580304	Ground Emergency Medical Transport QAF Program	Fire	\$ 6,700,000		(6,700,000)								\$ -
580412	Hazardous Materials Response Program	Fire	\$ 169,200										\$ 169,200.00
580381	LAHSA Homeless Engagement Teams	GCP	\$ 4,641,754										\$ 4,641,754.00
580327	Los Angeles County Metropolitan Transportation Authority	Police	\$ 10,000,000										\$ 10,000,000.00
580274	Mutual Aid Overtime	Fire	\$ 3,000,000		(3,000,000)								\$ -
580380	MyLA311 Replacement	ITA	\$ -	1,000,000									\$ 1,000,000.00
580199	Neighborhood Councils	DONE	\$ 32,000										\$ 32,000.00
580168	Office of Public Accountability Studies	OPA	\$ 742,414										\$ 742,414.00
580197	Outside Counsel including Workers' Comp	City Atty	\$ 3,250,000		(200,000)		(3,050,000)						\$ -
580427	Police Department Hiring and Overtime	Police	\$ 10,000,000										\$ 10,000,000.00
580415	Police Department Hiring Bonus	Police	\$ 3,647,000										\$ 3,647,000.00
580429	Police Department Sworn Overtime - Interim	Police	\$ 6,270,000										\$ 6,270,000.00
580430	Quiet Zone Study	DOT	\$ 500,000										\$ 500,000.00
580384	Reserve for Allocation of FEMA Reimbursement	All	\$ 41,731,000										\$ 41,731,000.00
580232	Reserve for Extraordinary Liability	All	\$ 20,000,000					(20,000,000)					\$ -
580196	Reserve for Mid-Year Adjustments	All	\$ 30,000,000			(2,638,000)		(23,155,000)					\$ 4,207,000.00
580372	Senior Meals Program	Aging	\$ 10,000,000										\$ 10,000,000.00
580377	Social Equity Program	Cannabis	\$ -	3,000,000				(3,000,000)					\$ -
580423	Substance Use Disorder Treatment Beds	GCP	\$ 11,810,000		(3,912,829)								\$ 7,897,170.83
580426	Therapeutic Van Pilot Program	Fire	\$ 1,000,000										\$ 1,000,000.00
580418	Tourism Master Plan Amendment	CTD	\$ 250,000										\$ 250,000.00
580185	Tree Trimming Services	St. Svcs	\$ 1,000,000		(1,000,000)								\$ -
580425	Unarmed Crisis Response	CAO	\$ 13,245,176										\$ 13,245,176.00
580413	Vehicles for Elected Officials	GSD	\$ 600,000				(375,000)						\$ 225,000.00
580396	Wildland Fuel Management Paid Crew	Fire	\$ 424,062	519,039									\$ 943,101.00
580421	Zoo Assessment	Zoo	\$ 1,500,000										\$ 1,500,000.00
			\$ 279,396,389	\$ 79,420,589	\$ (42,733,698)	\$ (5,450,374)	\$ (3,425,000)	\$ (46,155,000)	\$ -	\$ -	\$ -	\$ -	\$ 261,052,905.98
	<b>Special Funds</b>												
580238	Accessible Housing Program Retrofit Contracts	Housing	\$ 6,000,000										\$ 6,000,000.00
580388	Opioid Settlement	CAO	\$ 11,668,975		(3,912,829)								\$ 7,756,145.84
			\$ 17,668,975	\$ -	\$ (3,912,829)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,756,145.84
	<b>Grand Total</b>		\$ 297,065,364	\$ 79,420,589	\$ (46,646,527)	\$ (5,450,374)	\$ (3,425,000)	\$ (46,155,000)	\$ -	\$ -	\$ -	\$ -	\$ 274,809,051.82

## STATUS OF LIABILITY CLAIMS ACCOUNTS

Department/Bureau	Account	Budget		Paid	Available Balance After Paid Amounts	Pending Payments	Available Balance Based After Paid and Pending Payments	Percent of Available Balance to Adjusted Budget <sup>1</sup>
		(A1)	(A2)	(B)	(C=A2+B)	(D)	(E=C+D)	
		2023-24 Adopted Budget	2023-24 Adjusted Budget	Amount	Amount	Amount	Amount	
Fire	009790	\$ -	\$ 299,000	\$ (799,000)	\$ (500,000)	\$ (527,500)	\$ (1,027,500)	0%
General Services	009791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Police	009792	\$ -	\$ 4,315,365	\$ (5,403,137)	\$ (1,087,772)	\$ (9,900,000)	\$ (10,987,772)	0%
PW/Engineering	009793	\$ -	\$ 2,600,318	\$ (3,100,318)	\$ (500,000)	\$ (700,000)	\$ (1,200,000)	0%
PW/Sanitation	009794	\$ 7,370,072	\$ 7,370,072	\$ (3,425,162)	\$ 3,944,910	\$ (180,000)	\$ 3,764,910	51%
PW/Street Services	009795	\$ -	\$ 797,500	\$ (4,928,893)	\$ (4,131,393)	\$ (2,030,000)	\$ (6,161,393)	0%
Recreation & Parks	009796	\$ -	\$ 300,000	\$ (410,000)	\$ (110,000)	\$ (200,000)	\$ (310,000)	0%
Transportation	009797	\$ -	\$ -	\$ (610,000)	\$ (610,000)	\$ -	\$ (610,000)	0%
Miscellaneous	009798	\$ 80,000,000	\$ 71,687,817	\$ (10,113,098)	\$ 61,574,719	\$ (1,048,865)	\$ 60,525,854	84%
<b>TOTALS</b>		<b>\$ 87,370,072</b>	<b>\$ 87,370,072</b>	<b>\$ (28,789,608)</b>	<b>\$ 58,580,464</b>	<b>\$ (14,586,365)</b>	<b>\$ 43,994,099</b>	<b>50%</b>

**Note:**

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

**ATTACHMENT 9**  
**FY 2023-24 BUDGET ADJUSTMENTS**  
**URGENT TRANSACTIONS FROM THE FIRST FSR**

REQUESTING DEPARTMENT	FUND/ACCOUNT	AMOUNT	FUND/ACCOUNT	AMOUNT
	<b>TRANSFER FROM</b>		<b>TRANSFER TO</b>	
<b>Animal Services</b> <i>Increased Food Costs</i>	<u>Fund 100/06, Animal Services</u> 001010, Salaries General	\$ 400,000.00	<u>Fund 100/06, Animal Services</u> 004580, Feed and Grain	\$ 400,000.00
<b>Building and Safety</b> <i>Nuisance Abatement</i>	<u>Fund 346/08, Repair and Demolition Fund</u> 08000A, Expenditure	\$ 153,010.00	<u>Fund 100/40, General Services (346/08, 08140Y)</u> 001101, Hiring Hall Construction 001121, Benefits Hiring Hall Construction 003180, Construction Materials	\$ 39,447.00 23,747.00 89,816.00
			Subtotal	\$ 153,010.00
<b>Cultural Affairs</b> <i>Prior-Year Reappropriation</i>	<u>Fund 480/30, Arts &amp; Cultural Facilities &amp; Services Trust Fund</u> 30W130, Cultural Affairs	\$ 96,502.00	<u>Fund 100/30, Cultural Affairs</u> 009841, El Grito	\$ 96,502.00
<b>El Pueblo</b> <i>El Pueblo Museum Guides</i>	<u>Fund 737/33, El Pueblo de Los Angeles Historical Monument Revenue Fund (480/30)</u> 33133Y, El Pueblo de Los Angeles	\$ 285,000.00	<u>Fund 100/33, El Pueblo (737/33, 33133Y)</u> 001070, Salaries, As-Needed	\$ 285,000.00
<b>Finance</b> <i>Office Relocation</i>	<u>Fund 100/39, Office of Finance</u> 001010, Salaries General	\$ 229,000.00	<u>Fund 100/39, Office of Finance</u> 007300, Furniture, Office, and Technical Equipment	\$ 229,000.00
<b>Fire</b> <i>Overtime Shortfall for Fleet Maintenance and Inspections</i>	<u>Fund 100/38, Fire</u> 001010, Salaries General	\$ 1,000,000.00	<u>Fund 100/38, Fire</u> 001090, Overtime General	\$ 1,000,000.00
<i>Fleet Parts Chronic Shortfalls</i>	<u>Fund 100/38, Fire</u> 001012, Salaries Sworn	\$ 2,000,000.00	<u>Fund 100/38, Fire</u> 003090, Field Equipment Expense	\$ 2,000,000.00
<i>Unused Sick Time Projected Shortfall</i>	<u>Fund 100/38, Fire</u> 001012, Salaries Sworn	\$ 9,218,291.00	<u>Fund 100/38, Fire</u> 001050, Unused Sick Time	\$ 9,218,291.00
<b>General City Purposes</b> <i>World Trade Center LA</i>	<u>Fund 100/56, General City Purposes</u> 000508, County Service-Massage Parlor Regulation	\$ 100,000.00	<u>Fund 100/56, General City Purposes</u> 000930, World Trade Center	\$ 100,000.00
<b>Information Technology Agency</b> <i>Various Account Overspending</i>	<u>Fund 100/32, Information Technology Agency</u> 001010, Salaries General	\$ 1,315,000.00	<u>Fund 100/32, Information Technology Agency</u> 001070, Salaries As-Needed 001090, Overtime General 001100, Hiring Hall Salaries 001190, Overtime Hiring Hall	\$ 65,000.00 250,000.00 900,000.00 100,000.00
			Subtotal	\$ 1,315,000.00
<i>Council Chambers Lighting</i>	<u>Fund 100/32, Information Technology Agency</u> 003040, Contractual Services (65H/32/32132Y) 003040, Contractual Services (342/32/32132Y)	\$ 135,087.00 134,913.00	<u>Fund 65J/32, PEG Department Fund</u> 32015Y, L.A. Cityview 35 Operations	\$ 270,000.00
	Subtotal	\$ 270,000.00		
<b>Personnel Department</b> <i>Overtime Staffing</i>	<u>Fund 100/66, Personnel Department</u> 001010, Salaries, General	\$ 175,000.00	<u>Fund 100/66, Personnel Department</u> 001090, Overtime, General	\$ 175,000.00
<b>TOTAL ALL DEPARTMENTS AND FUNDS</b>		<b>\$ 15,241,803.00</b>		<b>\$ 15,241,803.00</b>