





Date: August 29, 2019

To: Patrick H. West, City Manager 

From: John Gross, Director of Financial Management 

For: Mayor and Members of the City Council

Subject: **Response to Questions From the August 20, 2019 City Council Budget Hearing**

During the August 20, 2019 Budget Hearing, the Public Works, Development Services, and Health and Human Services Departments presented on their respective proposed FY 20 budgets. This memorandum provides responses to questions raised by City Councilmembers that were not fully addressed on the floor or needed further clarification.

1. What are options for weekend homeless services?

Staff is currently evaluating options and will report back to the City Council in a separate communication before September 3, 2019.

2. On page 403 of the Proposed FY 20 Budget book, why did the Revenue from Other Agencies line item decrease from FY 18 to FY 20?

In FY 18, the Public Works Department received \$34.4 million in Revenue from Other Agencies. In FY 19, the adjusted budget for this revenue line item is \$24.9 million; in FY 20, it is \$26.0 million. The higher revenue in FY 18 compared with FY 19 and FY 20 is related to the receipt of grant-funded revenues for Capital Improvement Projects. Examples of grant-funded projects that received revenue in FY 18 include LB-MUST, Daisy Avenue Bike Boulevard, Blue Line Signal Prioritization, and Deforest/Dominguez Gap. Amounts in this revenue category fluctuate from year-to-year based on availability and award of grant funds.

3. On page 191 of the Proposed FY 20 Budget book, why did the Transfers to Other Funds expense line item decrease significantly in FY 20?

In FY 18, the Development Services Department budgeted \$26.5 million in the Transfers to Other Funds expense line. The adjusted FY 19 budget for this expense line is \$42.5 million, and the proposed FY 20 budget is \$1.8 million. The reduction in the FY 20 budget occurred for two primary reasons. First, the City/Agency loan repayment was budgeted and expended in the Transfers to Other Funds category. This payment stopped in FY 19, so the reduction in appropriations of \$16.0 million is reflected in FY 20. Second, following the refunding of the Successor Agency's (SA) bond, revenue to pay debt service goes directly from the County to the fiscal agent, bypassing the City. This allowed the Department to revamp how these expenses are reflected in the budget. Going forward, the SA's debt service payments reflected in FY 18 (\$26.3 million) only impacted the Debt Service character and not the Transfers to Other Funds character. The Proposed FY 20 Budget reflects this new budgeting practice.

4. Provide information on bilingual skill pays included in the Proposed FY 20 Budget.

In the Proposed FY 20 Budget, there is \$895,288 budgeted across all funds for bilingual skill pays for approximately 571 budgeted positions. In addition to employees receiving the annual bilingual skill pay, employees can be certified to receive per diem bilingual pay, which is paid on an as-needed basis. As of July 26, 2019, there were 769 employees receiving some form of bilingual skill pay.

If you have any questions, please contact Budget Manager Grace Yoon at (562) 570-6408.

JG:GY:JJ
\\CLBCLUST92\DEPT2\FI\S\BUDGET\FY 20\COUNCIL MEETINGS AND HEARINGS_FY 20\AUGUST 13\TFF FOR BUDGET HEARINGS ON AUG 13

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
GRACE H. YOON, BUDGET MANAGER
DEPARTMENT HEADS