

- - - SPECIAL COUNCIL MEETING - - -

10:15 A.M. OR AS SOON THEREAFTER
AS COUNCIL RECESSES ITS REGULAR MEETING

ROLL CALL - Members present: Alarcón, Buscaino, Huizar, Koretz, Krekorian, LaBonge, Reyes, Rosendahl, Zine and President Wesson (10); Absent: Englander, Garcetti, Parks, Perry (4); Vacant: Council District Six

Item for Which Public Hearing Has Been Held - Item 19

ITEM NO. (19) - ADOPTED - TO THE MAYOR FORTHWITH

Adopted, Ayes (10); Absent: ENGLANDER, GARCETTI, PARKS, PERRY (4)

[13-0455](#)

BUDGET AND FINANCE COMMITTEE REPORT relative to the proposed Financial Policy for the Budget Stabilization Fund.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ADOPT the revised Proposed Financial Policy for the Budget Stabilization Fund (BSF) for the City of Los Angeles, as detailed in the joint report from the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) dated June 3, 2013, attached to the Council file, effective upon Mayor and Council action.
2. REQUEST the City Attorney, with the assistance of the CAO and CLA, to prepare and present an ordinance to codify the revised Proposed Financial Policy for the BSF, as well as other related ordinances necessary to fully implement this Policy.
3. REQUEST the City Attorney, with the assistance of the CAO and CLA, to include in the draft ordinance language to address the following issues:
 - a. Identify an appropriate schedule for review and recalculation of the 3.4 percent threshold that governs deposits to, and withdrawals from the BSF, possibly every five years.

- b. Instruct that the 3.4 percent deposit/withdrawal threshold be recalculated whenever a significant policy or rate change is made to any of the seven general fund tax revenue sources (property tax, utility users' tax, business tax, sales tax, transient occupancy tax, documentary transfer tax, and parking users' tax).
- c. Identify an appropriate scale or range of values surrounding the 3.4 percent threshold within which the rules for deposits to, and withdrawals from the BSF would be triggered.
- d. Further refine and define the language that allows for the suspension of the BSF funding policy when the Council and Mayor make a finding that doing so would be "in the best interest of the City," and/or include in the revised definition a requirement that such a finding must be approved by a super majority vote of the Council.
- e. Prohibit mid-year borrowing from the BSF for budget shortfalls.

Fiscal Impact Statement: The CAO and CLA report that adoption of all of the above recommendations will complete the implementation of Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund, and also established the BSF in the City Treasury. If adopted, the recommendations would potentially increase the City's Reserve Fund and BSF above their current amounts. The amount would be determined by subsequent Council and Mayor actions on the budget as well as the performance of the City's economically sensitive revenues. Adoption of these recommendations would also assist in addressing revenue shortfalls in times of economic distress similar to those projected by the CAO in the Four-Year Budget Outlook.

Community Impact Statement: None submitted.

Whereupon the Special Council meeting did adjourn.

ATTEST: June Lagmay, CITY CLERK

By

Council Clerk

PRESIDENT OF THE CITY COUNCIL