



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

July 9, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution requesting that the Board of Harbor Commissioners approve the Fiscal Year 2013 (FY 13) estimated transfer of \$18,373,000, based on 5 percent of FY 13 estimated gross operating revenue, from the Harbor Revenue Fund (HR 430) to the Tidelands Operations Fund (TF 401), with a true-up adjustment, if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 13 audited financial statements. (Citywide)

DISCUSSION

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor gross operating revenue. The Charter provides that the City Council, by a 2/3 vote expressed by Resolution, may request the transfer in order to meet the lawful obligations of the Tidelands Operating Fund. The provision requires a majority vote of the Harbor Board of Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department FY 14 Proposed Budget, approved by the Harbor Commission on June 17, 2013, includes a transfer amount of \$18.37 million, calculated on 5 percent of estimated FY 13 operating revenues of \$367.45 million. Approval of the transfer to Tidelands will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

Tidelands Fund Requirements

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands base oil revenue are insufficient to fund Tidelands operations. The Harbor revenue transfer to Tidelands is a critical funding source supporting Tidelands operations, and is necessary to support lifeguards, waterfront maintenance, the Convention Center, and Aquarium debt payments.

The passage of Measure D in 2010 clarified the City Charter with regard to the City Council's complete jurisdictional oversight over all City-owned or controlled oil operations and oil revenue. Given the unpredictable nature of oil prices, Measure D oil funds are best used for one-time infrastructure projects, as opposed to operations. The Measure D oil funds are budgeted annually for infrastructure projects, and the FY 14 Proposed Budget will reflect the same use.

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This matter was reviewed by Assistant City Attorney Charles Parkin on June 7, 2013 and Budget Management Officer Victoria Bell on June 10, 2013.

TIMING CONSIDERATIONS

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 14 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt Resolutions prior to the City Council's adoption of the FY 14 Proposed Budget, which includes the budget of the Harbor Department. City Council approval is requested on July 9, 2013 to allow time for the FY 13 transfer amount to be approved by the Board of Harbor Commissioners for the FY 14 Proposed Budget.

FISCAL IMPACT

The estimated FY 13 transfer of 5 percent of gross operating revenue in the amount of \$18,373,000 from the Harbor Revenue Fund (HR 430) to the Tidelands Operations Fund (TF 401) will be included in the City Manager's FY 14 Proposed Budget to support Tidelands operations. The final transfer amount will be paid quarterly, and will be based on the actual operating revenues reported in the Harbor Department's FY 13 audited financial statements.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:VB
K:\Budget\Council Letters\CCL Port Transfer FY14 Revised.Doc

ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH MAKING CERTAIN FINDINGS AND
DETERMINATIONS AND REQUESTING THE BOARD OF
HARBOR COMMISSIONERS OF THE CITY OF LONG
BEACH TO APPROVE A TRANSFER FROM THE HARBOR
REVENUE FUND TO THE TIDELAND OPERATING FUND
PURSUANT TO THE PROVISIONS OF CITY CHARTER
SECTION 1209(C)(4)

WHEREAS, City Charter Section 1209(c)(4) authorizes the transfer of
monies deposited to the credit of the Harbor Revenue Fund to the Tideland Operating
Fund under certain conditions; and

WHEREAS, the City Council finds and determines that a transfer of funds
from the Harbor Revenue Fund to the Tideland Operating Fund is required to meet the
lawful obligations of the Tideland Operating Fund; and

WHEREAS, the estimated gross operating revenues of the Harbor
Department for the fiscal year commencing October 1, 2012 and ending September 30,
2013, as shown is the sum of \$367,453,000 and five percent (5%) thereof is the sum of
\$18,373,000;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as
follows:

Section 1. A transfer of funds from the Harbor Revenue Fund to the
Tideland Operating Fund is required to meet the lawful obligations of the Tideland
Operating Fund.

Section 2. That five percent (5%) of the estimated gross operating
revenues of the Harbor Department for the fiscal year commencing October 1, 2012 and

1 ending September 30, 2013 is the sum of \$18,373,000.

2 Section 3. A transfer is being requested of this amount quarterly with a
3 reconciliation, as necessary, to reflect the final audited gross operating revenues as
4 shown on the Harbor Department's independently audited financial statements for the
5 period ending September 30, 2013.

6 Section 4. The City Council by a vote of two-thirds (2/3) of all its
7 members requests that the Board of Harbor Commissioners approve the transfer of the
8 sum of \$18,373,000 from the Harbor Revenue Fund to the Tideland Operating Fund,
9 which transfer shall be made by journal entry on the books of the City of Long Beach.

10 Section 5. This resolution shall take effect immediately upon its adoption
11 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

12 I hereby certify that the foregoing resolution was adopted by the City
13 Council of the City of Long Beach at its meeting of _____, 2013, by the
14 following vote:

15 Ayes: Councilmembers: _____
16 _____
17 _____
18 _____

19 Noes: Councilmembers: _____
20 _____

21 Absent: Councilmembers: _____
22 _____

23 _____
24 _____
25 _____
26 _____
27 _____
28 _____

City Clerk