



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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October 7, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Third departmental and fund budget appropriation adjustments for Fiscal Year 2014 in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 3, 2013, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2014 (FY 14). Periodically, changes in revenue or operating conditions require appropriation adjustments. For example, in certain cases, these adjustments enable departments to expend recently awarded grant revenue for which there is no existing appropriation. In addition, changes for multi-year grants/projects are necessary to bring appropriations in line with final grant/project award amounts. In accordance with the City's financial policies, these adjustments are presented periodically to the City Council for consideration. Please see Attachment A for a Summary of Proposed Adjustments of impacted City funds and Attachment B for a recap of FY 14 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 8, 2014.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 14 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on October 7, 2014 to enable the timely processing of payments.

FISCAL IMPACT

Civil Service

The Civil Service Department is responsible for providing Police and Fire Academy recruitment and testing services for the City. Due to the timing of these Academies in FY 14, Civil Service managed the recruitment and testing process for three separate Academies; Fire Academy Class 2014A, Police Academy Class 87; and an expedited Police Academy Class 88. In addition to the greater number of Academies in the current fiscal year, higher costs resulted from expanded outreach efforts that included placing ads in local newspapers, local radio stations, and various online job boards. Candidate pools were then put through an extensive testing procedure that required numerous overtime hours of Civil Service Department staff time. The Civil Service Department was unable to absorb the costs associated with these Academies in its ongoing operational budget and, therefore, is requesting an appropriation increase of \$150,000 in its General Fund budget to cover estimated overages related to these services. This need is offset by savings in the Citywide Activities Department.

- Increase appropriations in the General Fund (GF) in the Civil Service Department (CS) by \$150,000 for FY 14 year-end overages related to Police and Fire Academy recruitment and testing activities.
- Decrease appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$150,000 to offset the FY 14 overage in Civil Service Department.

Fire

In November 2011, the Department of Homeland Security approved the City of Long Beach's 2011 Urban Area Security Initiative (UASI 2011) grant proposals for \$3,406,141, and in October 2012, the City's 2012 Urban Area Security Initiative (UASI 2012) grant proposals for \$2,585,251. The City was recently awarded an additional \$160,000 in UASI 2012 funding due to funds being reallocated from other agencies. This additional funding is for the Fire Department to purchase two portable emergency generators. Additionally, \$1,106 of existing UASI 2011 grant funds have been made available to the Police Department due to a reallocation of existing UASI 2011 funding from the Fire Department. This reallocation of grant funds to the Police Department does not impact the UASI 11 grant amount initially awarded to the City. The Police Department will utilize these reallocated funds for personnel hours related to an ongoing critical infrastructure assessment program. Appropriation adjustments are requested in the Police and Fire Departments to align budgets to the modified UASI 2011 and 2012 grant awards.

- Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$158,894 from additional grant funding.
- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$1,106 from grant reallocation.

Police

The Chief of Police is authorizing the use of \$931,761 in State and Federal Asset Forfeiture funds for the purchase of unbudgeted software licenses, tactical entry vests, BulletTrax forensic firearms equipment, a Police Explorer van, and a new Academy Firing Range targeting system. An appropriation increase is requested for these expenses and will be offset by Asset Forfeiture funds.

- Increase appropriations in the General Fund (GF) in the Police Department (PD) by \$931,761 from Asset Forfeiture funds.

The Chief of Police is authorizing the use of \$25,500 in State Asset Forfeiture funds – Youth Intervention/Prevention for at-risk youth programs, including the National Association for the Advancement of Colored People (NAACP)'s Afro-Academic, Cultural, Technological and Scientific Olympics (ACTSO), Long Beach Bar Foundation's Short Stop Program, California Gang Investigators, California Conference for Equality and Justice Bridge Program, and the Operation Jump Start Program. An appropriation increase is requested for these expenses and will be offset by State Asset Forfeiture funds – Youth Intervention/Prevention.

- Increase appropriations in the General Fund (GF) in the Police Department (PD) by \$25,500 from Asset Forfeiture funds.

The Chief of Police is authorizing the use of funds from the Prisoner Welfare Fund to cover \$115,175 in various expenses related to prisoner welfare in the Police Department jail. The expenses include installation of new jail cameras, installation of required padding safety features, a portion of the Jail floor resurfacing project, and miscellaneous items required by State law for prisoner welfare. An appropriation increase is requested for these expenses and will be offset by the Prisoner Welfare Fund.

- Increase appropriations in the General Fund (GF) in the Police Department (PD) by \$115,175 from the Prisoner Welfare Fund.

The Chief of Police is authorizing the use of Proposition 69 DNA reimbursement funds for various one-time projects for the Police Department. These include rifle security racks for vehicles and renovation to the Community Room. An appropriation increase is requested for these expenses and will be offset by the Proposition 69 DNA funding.

- Increase appropriations in the General Fund (GF) in the Police Department (PD) by \$47,694 from the Proposition 69 DNA reimbursement funds.

The Police Department received a grant award of \$424,053 for grant year 2014 from the State of California Citizens Option for Public Safety Program funding from the County of Los Angeles Supplemental Law Enforcement Services Fund (State COPS). These State COPS funds will be used for front-line law enforcement efforts, including overtime hours, to support a Deputy Probation Officer assigned by the County of Los Angeles, equipment purchases, and construction costs related to Schroeder Hall for a total of

\$424,053. An appropriation increase is requested to allow for the utilization of these funds and will be offset by grant revenue.

- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$424,053 from grant revenue.

On May 24, 2011, the City Council accepted \$388,650 of State Homeland Security Grant Program (SHSGP) funds from the California Governor's Office of Emergency Services (CalOES). In February of this year, the City responded to an opportunity to claim an additional \$30,657 of expenses under SHSGP. These funds were approved by the CalOES to pay for maintenance costs of the City's 911 Emergency Communications system. An appropriation increase is requested to fund the identified expenses and will be offset by grant revenue.

- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$30,657 from grant revenue.

In FY 14, the Police Department deployed supplemental staffing in Tidelands entertainment areas to deal with significant incidents and events. An appropriation increase is requested in the Tidelands Operation Fund to fund the supplemental patrol costs of \$150,000 and will be offset from funds available.

- Increase appropriations in the Tidelands Operation Fund (TF 401) in the Police Department (PD) by \$150,000 from funds available.

Parks, Recreation and Marine

The Douglas Park Community Facilities District (CFD) is responsible for the irrigation and maintenance of the property and street medians along Lakewood Boulevard from Spring Street to Carson Street. Based on an agreement between the City and Boeing, the unbudgeted expense for reclaimed irrigation water may be reimbursed from assessment funds designated for the maintenance of the CFD infrastructure improvements. An appropriation increase is requested in the amount of \$27,000 for unbudgeted water expenses incurred in FY 14, based on current year-to-date usage, and will be offset by revenue from the CFD.

- Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$27,000 from CFD assessment revenue.

The Parks, Recreation and Marine Department maintains the Medication/Veterinary Care Trust (Veterinary Trust), which was established specifically for the purchase of medical supplies for animals and is funded by public donations. In provision with the Veterinary Trust's requirements, veterinary medical supplies were purchased in FY 14. An appropriation increase is requested in the amount of \$25,000 to fund these expenditures and will be offset by revenue from the Veterinary Trust.

- Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$25,000 from Veterinary Trust revenue.

Signal Hill Petroleum has sponsored Movies in the Park since 2005 and, this year has provided Partners of Parks with \$27,500 for movies shown at various park sites in the City. Partners of Parks retains 10 percent of this sponsorship amount as an operational fee. The remaining amount of \$24,750 has been deposited to the General Fund in support of program staffing. An appropriation increase is requested in the amount of \$24,750 and will be offset by sponsorship revenue.

- Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$24,750 from sponsorship revenue.

The Parks, Recreation and Marine Department (PR) is requesting an appropriation increase in the amount of \$80,412 to fund the 2014 Municipal Band Summer Concert Season. An appropriation increase is requested in the amount of \$80,412 and will be offset by revenue generated from sponsorship and private donations.

- Increase appropriations in the Special Advertising and Promotion Fund (SR 133) in the Parks, Recreation and Marine Department (PR) by \$80,412 from sponsorship and private donations revenue.

The Parks, Recreation and Marine Department (PR) has received various reimbursement revenues for expenses from PR's summer field trip program and from classes held at the Nature Center. An appropriation increase is requested in the amount of \$73,093 for these expenditures and will be offset by reimbursement revenue.

- Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$73,093 from reimbursement revenue.

The Parks, Recreation and Marine Department (PR) is requesting an appropriation increase in the amount of \$10,000 for activities directly associated with the 2014 Sea Festival. These expenses are offset by revenues generated by a sponsorship from the Long Beach Gas & Oil Department and private donations.

- Increase appropriations in the Tidelands Operating Fund (TF 401) in the Parks, Recreation and Marine Department (PR) by \$10,000 from sponsorship and private donations revenue.

The Parks, Recreation and Marine Department (PR) is requesting a budget adjustment in order to fund the Animal Care Services Bureau (ACS) Spay and Neuter Voucher Program. These expenditures are offset by revenues generated from public donations held in the Dr. Eslinger Memorial Fund. An appropriation increase is requested in the amount of \$15,000 to offset this expense.

- Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$15,000 from donation revenue in the Dr. Eslinger Memorial Fund.

Public Works

The Parking Guidance and Wayfinding Systems project will enhance parking space counting technology infrastructure with real time parking occupancy by installing eight message board signs at the entrances of Pike, Rainbow Harbor, City Place and City Hall Broadway parking structures and 12 message boards in advance of these structures to help route vehicles to available parking. An appropriation increase is requested in the amount of \$957,118 and will be offset by Los Angeles County Metropolitan Transportation Authority (LACMTA) grant funds. The required City match is \$239,281 and is appropriated in the Public Works Department. The match requirement is supported by \$17,281 in Proposition C funds in the Transportation Fund and \$222,000 in Transportation Improvement Fees in the Capital Projects Fund.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$957,118 from grant revenue.

On July 1, 2014, the City Council allocated \$517,000 from FY 14 one-time GEMT revenue in the General Fund for sidewalk repairs. Funds will be evenly distributed among the nine Council Districts. An appropriation increase is requested to implement the transfers from the General Fund in the Fire Department, which will properly budget funding for authorized expenditures in the Public Works Department.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$517,000 from FY 14 one-time General Fund revenue.

On July 22, 2014, the City Council approved the transfer of \$100,000 from Council District 9's FY 14 one-time infrastructure funding in the Capital Projects Fund to the General Fund to support early action community services related to the Uptown Property and Business Improvement District (UPBID). An appropriation increase is requested to formally implement the transfers from the Capital Projects Fund and to budget the previously authorized expenditures in the Public Works Department.

- Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$100,000 offset by FY 14 one-time infrastructure funds.

Citywide Activities

As presented in the FY 14 Second Budget Performance Report, which was presented to the City Council on August 5, 2014, the Insurance Fund was projected to exceed its appropriation. Workers' compensation as well as liability claims/ judgments are greater than budgeted appropriation. In order to have sufficient appropriation for the entire Fund's expenses, an appropriation increase is requested and will be offset by funds available.

- Increase appropriations in the Insurance Fund (IS 390) in the Citywide Activities Department (XC) by \$3,000,000 from funds available.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG/LE/RAG
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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

Net Impact of the Third Budget Adjustment for FY 14

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Net</u> <u>Impact</u>
<u>General Fund (GF)</u>			
FY 14 Adopted Budget	\$ 441,534,914	\$ 408,670,855	\$ (32,864,058)
City Council Approved Adjustments to Date*	11,614,564	43,609,829	31,995,264
Proposed 3rd FY 14 Adjustments:			
Civil Service costs related to Police and Fire Academies	\$ -	\$ -	-
Asset Forfeiture Funds	931,761	931,761	-
Youth Intervention/Prevention	25,500	25,500	-
Prisoner Welfare Fund	115,175	115,175	-
Prop 69 Funds	47,694	47,694	-
Douglas Park CFD Irrigation and Maintenance	27,000	27,000	-
Medical/Veterinary Care Trust	25,000	25,000	-
Movies in the Park	24,750	24,750	-
Parks, Recreation and Marine Reimbursements	73,093	73,093	-
Spay and Neuter Voucher Program	15,000	15,000	-
UPBID Community Services	100,000	100,000	-
Adjusted Budget Including 3rd FY 14 Adjustments	\$ 454,534,452	\$ 453,665,658	\$ (868,794)
* Includes the unreserving of restricted funds to offset expense increases			
<u>Capital Projects Fund (CP)</u>			
FY 14 Adopted Budget	33,425,698	35,459,200	2,033,502
City Council Approved Adjustments to Date	7,633,531	7,633,199	(332)
Proposed 3rd FY 14 Adjustments:			
LACMTA Grant for Parking Guidance Signs	957,118	957,118	-
One-time GEMT revenue for Divide-by-9 Sidewalk Repairs	517,000	517,000	-
Adjusted Budget Including 3rd FY 14 Adjustments	\$ 42,533,347	\$ 44,566,517	\$ 2,033,170
<u>General Grants Fund (SR 120)</u>			
FY 14 Adopted Budget	6,741,136	6,714,199	(26,937)
City Council Approved Adjustments to Date	6,816,430	8,416,430	1,600,000
Proposed 3rd FY 14 Adjustments:			
State COPS Grant	424,053	424,053	-
Homeland Security Grant for 911 System	30,657	30,657	-
Additional UASI 12 Grant Award	160,000	160,000	-
Reallocate UASI Grant 11 from Fire Department to Police Department	(1,106)	(1,106)	-
Reallocate UASI Grant 11 to Police Department from Police Department	1,106	1,106	-
Adjusted Budget Including 3rd FY 14 Adjustments	\$ 14,172,276	\$ 15,745,339	\$ 1,573,063

Net Impact of the Third Budget Adjustment for FY 14

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Net</u> <u>Impact</u>
<u>Tidelands Operating Fund (TF)</u>			
FY 14 Adopted Budget	134,237,973	146,684,649 \$	12,446,677
City Council Approved Adjustments to Date	22,294,273	4,408,822 \$	(17,885,451)
Proposed 3rd FY 14 Adjustments:			
Police Tidelands Overtime	150,000	-	(150,000)
Sea Festival 2014 Program	10,000	10,000	-
Adjusted Budget Including 3rd FY 14 Adjustments	\$ 156,692,245	\$ 151,103,471	\$ (5,588,774)
<u>Special Advertising and Promotion Fund (SR 133)</u>			
FY 14 Adopted Budget	5,399,163	6,684,862	1,285,699
City Council Approved Adjustments to Date	13,869	-	(13,869)
Proposed 3rd FY 14 Adjustments:			
Municipal Band 2014 Concert Season	80,412	80,412	-
Adjusted Budget Including 3rd FY 14 Adjustments	5,493,445	6,765,274	1,271,830
<u>Insurance Fund (IS 390)</u>			
FY 14 Adopted Budget	40,705,842	45,995,460	5,289,618
City Council Approved Adjustments to Date	265,980	-	(265,980)
Proposed 3rd FY 14 Adjustments:			
Increase Fund Appropriation due to increased worker's compensation and general liability costs	3,000,000	-	(3,000,000)
Adjusted Budget Including 3rd FY 14 Adjustments	\$ 43,971,822	\$ 45,995,460	\$ 2,023,638

**General Fund
FY 14 Budget Adjustment Recap**

	Uses	Sources	Ending Funds Available
<u>Previous City Council Actions</u>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	724,163	-	(724,163)
Increase funding in PR from CD6's FY 12 surplus	11,184	11,184	-
Temporary Winter Shelter	21,000	21,000	-
Increase funding in DV from CD9's FY 12 surplus	13,692	-	(13,692)
Increase funding in PRM from CD2's FY 12 surplus	2,000	-	(2,000)
Mayor's Homeless Trust Fund	15,000	15,000	-
Negotiated Agreements for Four Unions	922,754	-	(922,754)
City Prosecutor Gang Injunction Program	138,142	-	(138,142)
ERP Upgrade	3,772,500	-	(3,772,500)
Rehabilitation Services for the EXPO building	300,000	300,000	-
Increase funding in DV from CD1's FY 12 surplus	15,144	15,144	-
Increased revenue from the Port MOU	-	344,746	344,746
Sources of Funding	-	42,738,219	42,738,219
Subtotal - Ad Hoc Council Action	5,935,578	43,445,293	37,509,714
<u>First FY 14 Approved Budget Adjustments</u>			
Ninth Council District's FY 13 Savings for DV	5,620	-	(5,620)
Fourth Council District's FY 13 Savings for DV	4,302	-	(4,302)
Fifth Council District's FY 13 Savings for LS	8,173	-	(8,173)
First Council District's FY 13 Savings for PR	50,241	-	(50,241)
Second Council District's FY 13 Savings for PR	6,633	-	(6,633)
Fifth Council District's FY 13 Savings for PR	10,000	-	(10,000)
Sixth Council District's FY 13 Savings for PR	5,244	-	(5,244)
Eighth Council District's FY 13 Savings for PR	3,581	-	(3,581)
Seventh Council District's FY 13 Savings for TS	16,145	-	(16,145)
Reappropriate FY 12 One-time money - LS	8,128	-	(8,128)
Reappropriate FY 12 One-time money - DV	36,659	-	(36,659)
Technical correction for IAM classifications - CP	13,755	-	(13,755)
Technical correction for IAM classifications - PR	6,167	-	(6,167)
Reappropriate FY 13 One-time money - LS	16,619	-	(16,619)
Reappropriate FY 13 One-time money - XC	151,886	-	(151,886)
Reappropriate FY 13 One-time money - PD	2,221,635	-	(2,221,635)
Reappropriate FY 13 One-time money - XC	596,878	-	(596,878)
PD Academy and Sex Crimes Unit using FY 13 year-end surplus	2,330,000	-	(2,330,000)
Subtotal - First Budget Adjustments Letter	5,491,666	-	(5,491,666)
<u>Second FY 14 Approved Budget Adjustments</u>			
Cingular Trust funding for Miracle Park Building Lease	11,700	11,700	-
UPBID Assessment for Houghton Park	22,782	-	(22,782)
Lease revenue for Contract Management Insurance Clerk	35,736	35,736	-
Lighting for El Dorado Tennis Center (reserve)	117,100	117,100	-
Subtotal - Second Budget Adjustment Letter	187,318	164,536	(22,782)

**General Fund
FY 14 Budget Adjustment Recap**

	Uses	Sources	Ending Funds Available
<u>Third FY 14 Approved Budget Adjustments (Pending)</u>			
Civil Service costs related to Police and Fire Academies	-	-	-
Asset Forfeiture Funds	931,761	931,761	-
Youth Intervention/Prevention	25,500	25,500	-
Prisoner Welfare Fund	115,175	115,175	-
Prop 69 Funds	47,694	47,694	-
Douglas Park CFD Irrigation and Maintenance	27,000	27,000	-
Medical/Vetinary Care Trust	25,000	25,000	-
Movies in the Park	24,750	24,750	-
Parks, Recreation and Marine Reimbursements	73,093	73,093	-
Spay and Neuter Voucher Program	15,000	15,000	-
UPBID Community Services	100,000	100,000	-
Subtotal - Third Budget Adjustment Letter	1,384,974	1,384,974	-
Total FY 14 Budget Adjustments to Date	12,999,537	44,994,802	31,995,266
General Fund Adjusted Budget	454,534,452	453,665,658	\$ (868,794)