

R-37

July 6, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2021 (FY 21) gross operating revenue, from the Harbor Fund Group to the Tidelands Operating Fund Group, with a true-up adjustment, if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 21 audited financial statements. (Citywide)

DISCUSSION

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor Department gross operating revenue. The City Charter provides that the City Council, by a 2/3 vote expressed by Resolution, may request the transfer to meet the lawful obligations of the Tidelands Operating Fund Group. 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 Proposed FY 22 Budget, approved by the Harbor Commission, will include a transfer amount calculated on 5 percent of FY 21 operating revenue, which is currently estimated at \$20,581,911. This amount is approximately a 3 percent increase from the transfer amount to be received for the previous fiscal year. The Harbor Commission will consider approval of the transfer to the Tidelands Operating Fund 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 oil revenue are insufficient to fund Tidelands operations, particularly in light of continuing lower oil production and oil prices. The Harbor Department revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and Aquarium debt payments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 10, 2021 and by Budget Analysis Officer Greg Sorensen on June 9, 2021.

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TIMING CONSIDERATIONS

The authority to transfer the funds must be expressed by Resolution. Since the adoption of the FY 22 Tidelands budget depends on the annual transfer, the City Council and Board of Harbor Commissioners must adopt Resolutions before the City Council adopts the Proposed FY 22 Budget, which includes the budget of the Harbor Department. City Council approval is requested on July, 2021, to allow time for the FY 21 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 22 Budget.

FISCAL IMPACT

The transfer of 5 percent of FY 21 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 22 Budget to support Tidelands operations. The transfer amount will be paid quarterly and will be based on the actual operating revenues reported in the Harbor Department's FY 21 audited financial statements. Operating revenues will continue to be monitored to adjust for any additional fiscal impact due to the COVID-19 pandemic. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS

INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENT - RESOLUTION

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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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 FUND GROUP TO THE TIDELANDS OPERATIONS FUND GROUP 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 Fund Group to the Tidelands Operations Fund Group under certain conditions; and

WHEREAS, the City Council finds and determines that a transfer of funds from the Harbor Fund Group to the Tidelands Operations Fund Group is required to meet the lawful obligations of the Tidelands Operations Fund Group; and

WHEREAS, City Charter Section 1209(c)(4) provides for the transfer of a maximum of five percent (5%) of the gross operating revenues of the Harbor Department;

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

Section 1. A transfer of funds from the Harbor Fund Group to the Tidelands Operations Fund Group is required to meet the lawful obligations of the Tidelands Operations Fund Group.

Section 2. That five percent (5%) of the gross operating revenues of the Harbor Department be transferred to the Tidelands Operations Fund Group.

Section 3. The transfer is being requested quarterly with a reconciliation, as necessary, to reflect the final audited gross operating revenues as shown on the

1 Harbor Department's independently audited financial statements for the period ending
2 September 30, 2021.

3 Section 4. The City Council by a vote of two-thirds (2/3) of all its
4 members requests that the Board of Harbor Commissioners approve the transfer of five
5 percent (5%) of the gross operating revenues (estimated at approximately Twenty Million
6 Five Hundred Eighty-One Thousand Nine Hundred Eleven Dollars (\$20,581,911) based
7 upon the Harbor Department's FY21 audited financial statement amount) from the Harbor
8 Fund Group to the Tidelands Operations Fund Group, which transfer shall be made by
9 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 _____, 2021,
14 by the following vote:

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

20 Noes: Councilmembers: _____
21 _____

22 Absent: Councilmembers: _____
23 _____

24 Recusal(s): Councilmember: _____
25 _____

26
27
28 _____
City Clerk