



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

# R-24

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

April 20, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Request the Board of Harbor Commissioners to approve the transfer in full for the remaining \$4,020,993 of the \$16,083,972 transfer from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) upon approval by the Board, and that all future approved transfers shall be made in whole at the beginning of each fiscal year in accordance with the City Charter. (Citywide)

## DISCUSSION

The City Council has requested the Board of Harbor Commissioners approve a transfer of 10 percent of the Harbor Department's net income in quarterly installments. However, as recently identified by the City Auditor, City Charter Section 1209(c)(4) provides for the transfer in full at the beginning of the fiscal year. As noted by the City Auditor, transferring the funds in accordance with the City Charter could provide additional revenue to the Tidelands Fund through additional interest earnings on the approved transfer. Specifically, it is estimated that an additional \$249,000, \$269,000 and \$139,000 in interest income would have accrued to the Tidelands Operating Fund in FY 07, FY 08 and FY 09, respectively, if the transfers had been made in full at the beginning of the fiscal year.

In FY 10, the Harbor Department has transferred a total of \$12,062,979, made in equal installments on October 1, 2009, January 1, 2010 and April 1, 2010, per the City Council's request dated June 9, 2009. Therefore, staff is requesting that the remaining 25 percent be transferred into the Tidelands Operating Fund immediately upon the approval of this request by the Board of Harbor Commissioners.

This matter was reviewed by Assistant City Attorney Heather A. Mahood on March 31, 2010 and Budget and Performance Management Bureau Manager David Wodynski on March 29, 2010.

HONORABLE MAYOR AND CITY COUNCIL

April 20, 2010

Page 2

TIMING CONSIDERATIONS

City Council approval is requested on April 20, 2010, to expedite the receipt of the approved Harbor Department transfer to maximize interest earnings for the Tidelands Operating Fund.

FISCAL IMPACT

Estimated interest earnings in the Tidelands Operating Fund from the quarterly installments from the Harbor Department were \$111,156. The requested acceleration of the July 2010 payment, with five months remaining in the fiscal year, will provide an estimated additional \$11,728 in earned interest in FY 10 for the Tidelands Operating Fund. In future years, the full-year implications of the requested change in transfer schedule will likely provide more robust interest earnings for the Tidelands Operating Fund, especially as interest rates increase over time.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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APPROVED:



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PATRICK H. WEST  
CITY MANAGER