



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-14

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

August 5, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Second Fiscal Year 2014 departmental and fund budget appropriation adjustments 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 Principal Deputy City Attorney Amy Webber on July 21, 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 August 5, 2014 to enable the timely processing of payments.

FISCAL IMPACT

Library Services

The Long Beach Public Library (LBPL) has received revenue totaling \$924,705. These funds are from the following sources: JetBlue payments in lieu of fines in the amount of \$843,579 to enhance the collection purchases for the Main Library and eleven branch libraries; \$25,000 from the estate of John Crews to enhance the collection in the Main Library; \$10,000 and \$5,000 from the Gutenberg and Slaybaugh Endowments, respectively, to enhance the collections at the Main Library; \$22,500 from the LBPL Foundation to purchase large print and Braille books; and \$18,626 from the LBPL Foundation to fund staff hours to assist patrons with equipment to create three-dimensional models and robotic prototypes for both school projects and new business ideas. A budget adjustment is requested and is fully offset by a corresponding increase in revenue.

- Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$924,705 from donation revenue.

Long Beach Airport

On October 19, 2010, the City Council approved the sale of Airport Revenue Bonds Series 2010A/B to finance the new terminal concourse project. Bond proceeds were deposited in a construction fund for project costs. Due to interest and investment earnings, excess cost of issuance funds and Southern California Edison (SCE) incentive rebates, there is an additional \$330,639 on deposit for remaining project expenses from the modernization of the Long Beach Airport's passenger concourse. An appropriation increase of \$330,639 is needed for these unbudgeted funds.

- Increase appropriations in the Airport Fund (EF 320) in the Airport Department (AP) by \$330,639 from interest and investment earnings.

Parks, Recreation and Marine

On February 14, 2006, the City Council created the Cingular Trust, which indicates that lease payments for cell equipment placed on the roof of the Long Beach Senior Center must be used within the greater Alamitos Beach Neighborhood area. Parks, Recreation, and Marine Department (PRM) requests an appropriation increase to fund the building lease at Miracle Park in the amount of \$11,700. Revenue collected in the Cingular Trust will offset this expenditure.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$11,700 from the Cingular Trust.

On October 8, 2013, the City Council approved and adopted a resolution establishing the Uptown Property and Business Improvement District (UPBID), a benefit assessment district to improve uptown through services such as security, graffiti removal, maintenance, promotions, and economic development. The establishment of the UPBID is for an initial term of five years (January 1, 2014 through December 31, 2018). The City is a property owner (Houghton Park) in the UPBID and, therefore, is a participant in the assessment. In FY 14, the assessment charge is \$22,782 and is currently unbudgeted. PRM is requesting an appropriation increase for the unbudgeted cost. The FY 15 Proposed Budget builds this structurally into the budget.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$22,782 from funds available.

The Parks, Recreation and Marine Department has two tennis centers, Billie Jean King (BJK) and El Dorado Park. First Serve, Inc., has a permit for the operation and management of both tennis centers. All revenue derived from the tennis concession is deposited in the Tennis Trust Account. All expenditures from the Tennis Trust Account must be for the purchase, maintenance, operation or improvement of grounds, buildings, structures, equipment or facilities for public tennis. The El Dorado Tennis Center has significant lighting deficiencies and the total cost of this one-time improvement is \$135,000. PRM is requesting that \$117,100 of the Tennis Trust Account be used to address these issues, with the remaining cost of \$17,900 funded from the Fifth Council District's one-time infrastructure funds for which no appropriation adjustment is needed. The project is being coordinated by the Public Works Department.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$117,100 from the Tennis Trust Account.
- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$117,100 offset by revenue from the General Fund.

In 2006, PRM received approximately \$260,000 for improvements to the El Dorado Nature Center from the Center for Natural Land Management. The advance payment was maintained in a specifically identified account and has generated \$30,702 in interest earnings that must be expended for the same purpose as the grant award. Current improvements to the El Dorado Nature Center are funded in the Public Works Department. In 2008, \$36,500 was received from community groups for improvements to the Livingston Park Tot Lot, and has subsequently generated \$506 in interest earnings. An appropriation increase is needed for these unbudgeted funds in the El Dorado Nature Center and Livingston Park Tot Lot.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$31,208 from interest earnings.

On April 2, 2013, the City Council authorized the execution of a lease with Verizon for the installation of a cell tower in the El Dorado Park Golf Course. The revenue received from the monthly collocation payments made by Verizon is used to offset costs of the Contract Management Insurance Clerk who is responsible for the coordination and collection of insurance documents. An appropriation increase in the amount of \$35,736 is needed for this unbudgeted expense and is fully offset by cell tower revenue. The FY 15 Proposed Budget builds this structurally into the budget.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) in the amount of \$35,736 offset from cell tower revenue.

Police

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, which the City Council accepted during its meeting of July 24, 2012. Additional funding of \$295,240 was approved by City Council during its meeting of September 17, 2013, bringing the total award for UASI 2011 to \$3,701,381. Since that time, \$176,676 of existing funds have been made available to the Police Department due to a reallocation of existing funding from other City departments, including \$18,214 from the Fire Department, \$45,867 from the Health & Human Services Department and \$112,595 from the Harbor Department. The Police Department is utilizing these additional funds for training activities and to support the purchase of public safety mobile computers. Appropriation adjustments are requested in various departments to align budgets to the grant award.

- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$176,676 from grant reallocation.
- Decrease appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$18,214 from grant reallocation.
- Decrease appropriations in the General Grants Fund (SR 120) in the Health & Human Services by Department (HE) by \$45,867 from grant reallocation.

In October 2012, the Department of Homeland Security approved the City of Long Beach's 2012 Urban Area Security Initiative (UASI 2012) grant proposals for \$2,585,251, which the City Council accepted during its meeting of February 5, 2013. Since that time, \$342,796 of existing funds have been made available to the Police Department due to funds reallocated from City departments, as well as from other agencies, including \$288,597 from the Fire Department, \$14,199 from Health & Human Services Department and an additional \$40,000 from UASI partner jurisdictions. The Police Department will utilize these additional funds to support the purchase of public safety mobile computers, a mobile surveillance trailer, a camera

system support vehicle and training activities. With the receipt of these additional funds, the total award to the City is increased to \$2,625,251. Appropriation adjustments are requested in various departments to align budgets to the grant award.

- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$342,796 from grant reallocation.
- Decrease appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$288,597 from grant reallocation.
- Decrease appropriations in the General Grants Fund (SR 120) in the Health & Human Services Department (HE) by \$14,199 from grant reallocation.

Public Works

In August 2008, the City Council approved and adopted the formation of Community Facilities District 2007-2 (CFD 2007-2) in Belmont Shore. CFD 2007-2 replaced CFD 1 to allow for bond issuance, acquisition of property and to reflect revisions to district boundaries. In December 2009, the City issued bonds under CFD 2007-2. This bond was issued to pay for capital improvement projects in the Belmont Shore Parking and Business Improvement Area. During the FY 14 Budget process, the appropriation to fund the annual debt payment was inadvertently omitted. This appropriation request is offset with parking meter revenue from the Belmont Shore area. The FY 15 Proposed Budget builds this structurally into the budget.

- Increase appropriations in the Belmont Shore Parking Meter Revenue Fund (SR 136) in the Public Works Department (PW) by \$200,000 from parking meter revenue.

On October 8, 2013, the City Council approved and adopted a resolution establishing the Uptown Property and Business Improvement District (UPBID), a benefit assessment district to improve uptown through such services as security, graffiti removal, maintenance, promotions, and economic development. The establishment of the UPBID is for an initial term of five years (January 1, 2014 through December 31, 2018). An appropriation increase of \$199,769 is requested for a pass-thru payment to the UPBID for program expenditures, funded by the assessment revenues received from property owners.

- Increase appropriations in the Parking and Business Area Improvement Fund (SR 132) in the Public Works Department (PW) by \$199,769 offset by assessment revenue.

The Library Services Department will provide additional multiple public computer work stations and electrical upgrades for nine branch libraries. Upgrades include installation of a new 100 AMP electrical sub-panel including all hardware, circuit breakers,

conduit, wiring and multiple duplex receptacle outlets to work station locations. Project costs will be supported by \$50,000 from FY 14 one-time funds currently appropriated in the General Fund in the Library Services Department and \$50,000 from the Public Works Department General Fund.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$100,000 offset by revenue from the General Fund.

On March 12, 2013, the City Council authorized the application for the Clean Beaches Initiative (CBI) grant. The State Water Resources Control Board has awarded \$4,470,626 in Prop 84 CBI grant funds for the construction of three Low Flow Diversion Systems and two Vortex Separation System pre-filter devices for the reduction and elimination of bacteria as required by the Long Beach Beaches and Los Angeles River Estuary Bacteria Total Maximum Daily Load (TMDL). In order to proceed with the projects, an appropriation increase is requested and is offset by grant revenue. The required City match is \$496,736, of which \$250,000 is currently budgeted in the Tidelands Operations Fund (TF 401) capital improvement program in the Public Works Department and the remaining will be provided by in-kind staff services.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$4,470,626 offset by grant revenue.

The Successor Agency (SA) will fund the design and construction of Atlantic Avenue median improvements with North RDA 2010 bond proceeds. Median improvements will include construction, repairs, landscaping, irrigation, stamped concrete, and ornamental design for beautification purposes. As the Public Works Department completes project design and construction, SA will support project costs on a reimbursement basis. An appropriation increase is requested for the project, offset from SA.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$1,191,315 offset by reimbursement from the Successor Agency Fund.

On November 15, 2011, the City Council authorized the application for the Rubberized Pavement Grant Program (TRPI) from the California Department of Resources, Recycling and Recovery (CalRecycle). Under the grant program, City resurfacing projects using rubberized asphalt and completed between February 2012 and April 2014, were eligible for reimbursement equal to the cost differential between conventional asphalt and asphalt made with recycled rubber tires. The City has received \$249,200 in reimbursement funds. An appropriation increase is requested to align the budget with actual expense and revenue.

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- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$249,200 from grant revenue.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

Net Impact of Second Budget Adjustments of FY 14

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
General Fund (GP)			
FY 14 Adopted Budget	\$ 441,534,914	\$ 408,670,855	\$ (32,864,058)
City Council Approved Adjustments to Date*	11,427,246	43,145,293	31,718,046
Proposed 2nd FY 14 Adjustments:			
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	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 453,149,478	\$ 451,980,684	\$ (1,168,794)
* Includes the unreserving of restricted funds to offset expense increases			
Airport Fund (EF 320)			
FY 14 Adopted Budget	42,404,709	42,964,976	560,267
City Council Approved Adjustments to Date	18,472,765	24,267,654	5,794,889
Proposed 2nd FY 14 Adjustments:			
Airport Revenue Bond proceeds interest earnings	330,639	330,639	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 61,208,113	\$ 67,563,269	\$ 6,355,157
Capital Projects Fund (CP)			
FY 14 Adopted Budget	33,425,698	35,459,200	2,033,502
City Council Approved Adjustments to Date	1,473,750	1,473,750	-
Proposed 2nd FY 14 Adjustments:			
El Dorado Nature Center/Livingston Tot Lot interest earnings	31,208	31,208	-
Lighting for El Dorado Tennis Center	117,100	117,100	-
Library Technology and Electrical Upgrades	100,000	100,000	-
Clean Beaches Initiatives grant	4,470,626	4,470,626	-
Atlantic Avenue Median Improvements	1,191,315	1,191,315	-
Rubberized Asphalt Resurfacing project reimbursement	249,200	249,200	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 41,058,897	\$ 43,092,399	\$ 2,033,502
General Grants Fund (SR 120)			
FY 14 Adopted Budget	6,741,136	6,714,199	(26,937)
City Council Approved Adjustments to Date	5,066,694	5,066,694	-
Proposed 2nd FY 14 Adjustments:			
Donations for Library materials	924,705	924,705	-
Reallocate UASI Grant 11 from other departments to Police Department	176,676	176,676	-
Reallocate UASI Grant 11 from Fire Department to Police Department	(18,214)	(18,214)	-
Reallocate UASI Grant 11 from Health Department to Police Department	(45,867)	(45,867)	-
Reallocate UASI Grant 12 from other departments to Police Department	342,796	342,796	-
Reallocate UASI Grant 12 from Fire Department to Police Department	(288,597)	(288,597)	-
Reallocate UASI Grant 12 from Health Department to Police Department	(14,199)	(14,199)	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 12,885,130	\$ 12,858,193	\$ (26,937)
Belmont Shore Parking Meter Fund (SR 136)			
FY 14 Adopted Budget	458,589	327,000	(131,589)
City Council Approved Adjustments to Date	-	-	-
Proposed 2nd FY 14 Adjustments:			
CFD 2007-2 Debt Service Payment	200,000	200,000	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 658,589	\$ 527,000	(131,589)

Net Impact of Second Budget Adjustments of FY 14

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<u>Parking and Business Area Improvement Fund (SR 132)</u>			
FY 14 Adopted Budget	6,687,060	6,568,630	(118,430)
City Council Approved Adjustments to Date	244,200	755,000	510,800
Proposed 2nd FY 14 Adjustments:			
Pass-thru Payment for the UPBID	199,769	199,769	-
Adjusted Budget Including 2nd FY 14 Adjustments	\$ 7,131,029	\$ 7,523,399	\$ 392,370

**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 PRM 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	43,145,293	37,209,714
<u>First 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 Approved Budget Adjustments (Pending)</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 Adjustments Letter	187,318	164,536	(22,782)
Total FY 14 Budget Adjustments to Date	11,614,563	43,309,829	31,695,266
General Fund Adjusted Budget	453,149,478	451,980,684	\$ (1,168,794)