



R-33

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

September 22, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2009 fourth quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy (Citywide)

DISCUSSION

On September 9, 2008, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2009 (FY 09). 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 appropriation in line with final grant/project award amounts. In accordance with the City's practice, these adjustments are presented quarterly to the City Council for consideration. Please see Attachment A for a Fund Balance Analysis of impacted City funds and Attachment B for a recap of FY 09 General Fund Budget Adjustments.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on September 2, 2009.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 09 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on September 22, 2009 as it is the last opportunity to adjust appropriations to process payments before the end of the fiscal year on September 30, 2009.

FISCAL IMPACT

Community Development

The FY 09 MOU covering service agreements between the Health Department and the CD-Code Enforcement Division under the Multi-Family Housing Program provided an expenditure limit up to, but not to exceed, the amount of \$552,133. This budget adjustment will align the FY 09 appropriation with the amounts approved in the MOU. There is no impact to the General Fund.

- Increase appropriations in the Health Fund (SR 130) in the Department of Community Development (CD) by \$106,008.

The year-to-date Enterprise Zone Program (EZ) revenue currently posted an increase of 42 percent over and above budget. Based on current activity, the Economic Development and Cultural Affairs Bureau indicated an increased revenue projection through September 2009 by a total of \$116,600. The effort exerted to increase revenue came with an increase in operating cost. This budget adjustment requesting an increase in the EZ voucher expense appropriation will be offset in full by the increase in revenue.

- Increase appropriations in the General Fund (GP) in the Economic Development and Cultural Affairs Bureau in the Department of Community Development (CD) by \$116,600.

The FY 09 MOU covering real estate service agreements between CD and Development Services-Redevelopment provided an expenditure budget of \$379,189. This budget will align the FY 09 appropriation with the amounts approved in the MOU. There is no impact to the General Fund.

- Increase appropriations in the Redevelopment Agency Fund (RD) in the Department of Community Development (CD) by \$197,499.

Fire Department

In November 1999, the City of Long Beach entered into a Joint Powers Agreement with the City of Avalon and the City of Signal Hill, known as the Los Angeles County Disaster Management Area F (Area F), for the purpose of coordinating disaster management preparedness with the County of Los Angeles. In June 2009, the City received \$40,199 in Emergency Management Program Grant (EMPG) funds for grant year 2007 from the Los Angeles County Office of Emergency Management. These funds will be utilized for the purpose of disaster management efforts in Area F including planning, training and equipment as approved by the Area F Governing Board. As this grant amount of \$40,199 is currently unbudgeted an appropriation adjustment is necessary. There is no impact to the General Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$40,199.

The Long Beach Fire Department provided staffing assistance for California wildland fire events during May 2009 in Southern California. As the overtime expense for backfilling the employees who left fire stations to provide staffing at the wildland fires is unbudgeted, an appropriation increase is necessary. The appropriation increase will be offset by reimbursement revenue from the California Emergency Management Agency formerly known as the State Office of Emergency Services. There is a neutral impact to the General Fund.

- Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$300,000.

Unbudgeted overtime staffing provided to support television and movie production and other special events is reimbursed by revenue from fees for service charged to television and movie producers as well as event promoters. There is no net impact to the General Fund.

- Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$82,000.

Long Beach Gas & Oil

On October 18, 2007, the Long Beach Bond Finance Authority (LBBFA) issued bonds to enable the City to facilitate a gas-prepay transaction, whereby a long-term gas supply contract is funded. Debt proceeds are paid upfront to the gas supplier in exchange for future gas deliveries at a discounted price, potentially saving the Gas Enterprise up to \$7 million annually. The proceeds of this transaction will be used to meet capital needs in the Gas Fund. An appropriation increase is needed to support this transaction.

- Increase appropriations in the Gas Prepay Fund (EF 303) in citywide organization (XC) by \$28,011,000.

Police

The Chief of Police authorized the use of the State Asset Forfeiture Fund - Youth Intervention/Prevention for a Police Department Cadet program for college students and donations to community programs targeting at-risk youth. By law, these funds can only be used for youth programs. The requested increase in appropriation will be fully offset by Asset Forfeiture Funds.

- Increase appropriations in the General Fund (GP) and in the Police Department (PD) by \$110,860.

The Chief of Police authorized the use of Asset Forfeiture Funds to fund forensic video services used in investigations, a membership with a national crime lab accreditation organization, and to fund a triennial external inspection of the police crime lab required to maintain professional accreditation. The requested increase in appropriation will be fully offset by Asset Forfeiture Funds.

- Increase appropriations in the General Fund (GP) and in the Police Department (PD) by \$42,214.

The Chief of Police authorized the use of Asset Forfeiture Funds to fund overtime to perform two Violent Crime Task Forces during FY 09 to reduce gang violent crime. The requested increase in appropriation will be fully offset by Asset Forfeiture Funds.

- Increase appropriations in the General Fund (GP 100) and in the Police Department (PD) by \$495,158.

The Police Department has received \$295,522 in revenue for reimbursement of unbudgeted Police security overtime for the filming of commercials, movies and television shows. The requested appropriation increase is fully offset by revenue received to date.

- Increase appropriations in the General Fund (GP 100) and in the Police Department (PD) by \$295,522.

For FY 09, the operating budget for the North Long Beach PAL facility at 2311 South Street was reduced in anticipation that the City would find a Sub-Lessee for the remaining lease obligation. While a long term sub-lessee was not found, in its stead, Workforce Development is temporarily subleasing a portion of the facility for five months, May 2009 through September 2009, with the use of grant funds. Revenue reserved from bus shelter advertising that was originally pledged to support the operating expense for the North PAL facility will offset a portion of the remaining unbudgeted lease expense.

- Increase appropriations in the General Fund (GP) and in the Police Department (PD) by \$226,200.

Public Works

The existing street tree inventory was professionally conducted over eight years ago. The City has lost many trees to age, disease, and weather, and has planted many new trees, which are not reflected in the inventory. By updating the street tree inventory, the City will have a complete analysis of the urban forest, its population and overall health.

The Urban Forestry Inventory Grant in the amount of \$162,500 was approved by City Council on April 15, 2008 (R-41). The term of the grant is April 1, 2008 through March 31, 2010. The estimated cost for the updated inventory is \$325,000. The grant will reimburse 50 percent of the cost from the State of California, Department of Forestry and Fire Protection (CAL FIRE) and 50 percent will be contributions from Harbor, Redevelopment and Refuse funds.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Public Works (PW) by \$325,000.

On May 20, 2008, City Council approved adoption of plans and specifications for the installation of approximately 45 Light Emitting Diode (LED) streetlight fixtures along California State University at Long Beach's (CSULB) frontage on Bellflower Boulevard and Palo Verde Avenue. The City Council was advised that the project cost was to be shared between the City, CSULB and Los Angeles County. After project inception a change order was processed to reflect additional project costs. Additional funding to support these costs includes \$14,000 from CSULB and \$14,000 from the County.

- Increase appropriations in the Capital Projects Fund (CP 201) in the Department of Public Works (PW) by \$28,000.

The Community Development Department has allocated an additional \$30,000 to supplement the CIP Sidewalk Program in the Department of Public Works, specifically, in the areas of trip hazard elimination through a new sidewalk saw cutting process and sidewalk repair. This \$30,000 must be appropriated in the CIP.

- Increase appropriations in the Capital Projects Fund (CP 201) in the Department of Public Works (PW) by \$30,000.

The Atherton Storm Drain Project, Phase II, will enclose an existing open culvert and provide landscape covering and enhancement on Atherton Street. The City has been designated to receive a total of \$1,079,880 in federal aid from the Demonstration/High Priority Project funding under SAFETEA-LU. Prop C funding will provide the grant match requirement.

- Increase appropriations in the Gas Tax Street Improvement Fund (SR 181) in the Department of Public Works (PW) by \$1,079,880.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:DWBWB
K:\BUDGET\FY 09\BUDGET ADJUSTMENTS\Q4 BUDGET ADJUSTMENTS\Q4 MEMO

APPROVED:



PATRICK H. WEST
CITY MANAGER

Effect of 4th Quarter Budget Adjustments on Fund Balance

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Budgeted</u> <u>Fund Balance</u>
General Fund (GP)			
Beginning Fund Balance			\$ 4,083,849
<i>Does not include the \$36.6 million Emergency Fund Balance Reserve</i>			
Unreserving/(Reserving) of Restricted Fund Balance			(662,172)
FY 09 Adopted Budget	403,978,750	405,069,112	1,090,362
Carryover Appropriations/Encumbrances	(2,031,382)	1,142,884	3,174,266
Proposed 4th Quarter Adjustments:			
Enterprise Zone Revenue	116,600	116,600	-
Wildland Fire OT Reimbursement	300,000	300,000	-
Special Events FD OT	82,000	82,000	-
PD Cadet Program	110,860	110,860	-
Forensic Video Services	42,214	42,214	-
Violent Crime Task Forces (OT)	495,158	495,158	-
Special Events PD OT	295,522	295,522	-
North PAL Lease	226,200	226,200	-
Adjusted Budget Including 4th Quarter Adjustments	\$ 403,615,922	\$ 407,880,550	\$ 7,686,305
Capital Projects (CP)			
Beginning Fund Balance			\$ 41,084,405
Unreserving/(Reserving) of Restricted Fund Balance			1,774,042
FY 09 Adopted Budget	10,790,141	6,301,309	(4,488,832)
Estimated All-years Carryover Budget	53,652,719	26,992,488	(26,660,231)
All-Years Carryover Budget Adjustments	21,607,821	32,017,104	10,409,283
City Council Approved Adjustments to Date	1,855,182	(509,565)	(2,364,747)
Proposed 4th Quarter Adjustments:			
LED Streetlight Fixtures - CSULB	28,000	28,000	-
CIP Sidewalk Program	30,000	30,000	-
Adjusted Budget Including 4th Quarter Adjustments	\$ 87,963,863	\$ 64,859,336	\$ 19,753,920

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

Effect of 4th Quarter Budget Adjustments on Fund Balance

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Budgeted</u> <u>Fund Balance</u>
<u>Gasoline Tax Street Improvement (SR 181)</u>			
Beginning Fund Balance			\$ 5,371,513
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	16,218,563	16,960,667	742,104
Prior Year Adjustment to Actuals			-
Estimated All-years Carryover Budget	16,352,885	10,371,859	(5,981,025)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date (521/522 and 511)	256,084	256,084	-
Proposed 4th Quarter Adjustments:			
Atherton Storm Drain Project	1,079,880	1,079,880	-
Adjusted Budget Including 4th Quarter Adjustments	\$ 33,907,412	\$ 28,668,490	\$ 132,591
<u>General Grants (SR 120)</u>			
Beginning Fund Balance			\$ 31,134
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	6,657,583	6,657,583	(0)
Estimated All-years Carryover Budget	10,880,124	10,870,136	(9,987)
All-Years Carryover Budget Adjustments	6,555,477	17,331,984	10,776,507
City Council Approved Adjustments to Date	3,722,379	3,728,869	6,490
Proposed 4th Quarter Adjustments:			
EMPG Funds for Area F	40,199	40,199	-
Urban Forestry Inventory Grant	325,000	325,000	-
Adjusted Budget Including 4th Quarter Adjustments	\$ 28,180,762	\$ 38,953,771	\$ 10,804,144
<u>Health Fund (SR 130)</u>			
Beginning Fund Balance			\$ 333,805
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	44,918,181	45,001,379	83,198
Estimated All-years Carryover Budget	36,281,335	36,281,335	-
All-Years Carryover Budget Adjustments	35,453,043	35,453,043	-
City Council Approved Adjustments to Date	4,352,590	4,672,762	320,172
Proposed 4th Quarter Adjustments:			
MOU Multi-Family Housing Program	106,008	106,008	-
Adjusted Budget Including 4th Quarter Adjustments	\$ 121,111,156	\$ 121,514,526	\$ 737,175

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

Effect of 4th Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>Redevelopment Agency (RD)</u>			
Beginning Fund Balance			\$ 117,755,572
Unreserving/(Reserving) of Restricted Fund Balance			(2,471,412)
FY 09 Adopted Budget	142,465,986	94,303,833	(48,162,153)
Estimated All-years Carryover Budget	61,506,361	61,506,361	-
All-Years Carryover Budget Adjustments	(43,846,707)	(93,316,682)	(49,469,975)
City Council Approved Adjustments to Date	2,797,279	2,857,500	60,221
Proposed 4th Quarter Adjustments:			
CD/RD Real Estate Services MOU	197,499		(197,499)
Adjusted Budget Including 4th Quarter Adjustments	\$ 163,120,419	\$ 65,351,012	\$ 17,514,754

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.