



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

May 7, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2013 second quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 4, 2012, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2013 (FY 13). 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 practice, these adjustments are presented quarterly 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 13 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Assistant City Attorney Charles Parkin on April 11, 2013.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 13 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on May 7, 2013 to enable the timely processing of payments.

FISCAL IMPACT

City Manager

The Citizen Police Complaint Commission (CPCC) was established to provide an independent investigative commission to receive, administer and investigate allegations of misconduct against Long Beach Police Officers. The CPCC was among 93 charities and public service organizations named as eligible beneficiaries of the Louis C. Mirabile Revocable Trust and received a donation of \$4,316. The CPCC will use the funds to help support its work as an independent investigative agency.

- Increase appropriations in the General Fund (GP) in the City Manager Department (CM) by \$4,316 from donation revenue.

Library Services

The Long Beach Public Library has received revenue totaling \$458,268, which is comprised of JetBlue payments in lieu of fines in the amount of \$432,302, from the estate of John Crews to enhance the collection in the Main Library in the amount of \$25,000, and from the Slaybaugh Endowment to enhance the collections in the main and branch libraries in the amount of \$966. A budget adjustment is requested and is fully offset by a corresponding increase in revenue in the General Grants Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$458,268 from donation revenue.

Parks, Recreation and Marine

The Department of Parks, Recreation and Marine (PR) has two trusts for the Animal Care Services (ACS) Bureau: the Teresa Trust Fund for Cats and the Derrickson Living Trust. In provision with the trust requirements, ACS recently purchased cat and puppy housing in the amount of \$67,786 to help prevent the spread of disease and promote a healthier living environment for animals in the care of ACS.

- Increase appropriation in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$67,786 from the Teresa Trust Fund for Cats and the Derrickson Living Trust.

Police

City Council previously authorized the City Manager to receive, expend and increase the award amount for an existing Department of Homeland Security FY 09 Urban Area Security Initiative (UASI) Grant. An adjustment to the first amendment to the Police Department's current allocations is necessary to align their share of the increased UASI 09 grant allocations. This adjustment is necessary to receive a larger grant in the future. This additional funding is not budgeted and an appropriation change is necessary and will be offset by grant revenue.

- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$3,336 from grant reallocation.

Public Works

In FY 12, the Utility Call Center was moved from the Financial Management Department (FM) to the Long Beach Gas and Oil Department (LBGO). Previous to FY 12, Call Center charges were part of the Billings and Collections MOU in FM. When LBGO took over the Call Center, there were no appropriations made for Call Center expenses in the Environmental Services Bureau. To correct this oversight for FY 13, an appropriation increase is requested. The Environmental Services Bureau's FY 13 portion for this operation is \$558,793.

- Increase appropriations in the Refuse Fund (EF 330) in the Public Works Department (PW) by \$558,793 from fund balance.

On November 1, 2011, the City Council approved and adopted a resolution authorizing the City Manager to submit a grant application to the California Strategic Growth Council (SGC), through the Urban Greening Grant Program (Program), for the Wilmore Courts and Ways Demonstration Project located at La Reina Way and Del Rey Court. The project includes closing a portion of La Reina Way between Chestnut Avenue and Del Rey Court to vehicular traffic and incorporating stormwater management features, native plants, removing pavement and replacing with permeable pavers and sustainable enhancements. On December 20, 2012, the SGC announced awards for the Program with \$170,000 to Public Works for the Demonstration Project. The City's estimated match requirement is \$48,112. Matching funds are budgeted in the Community Development Block Grant Fund (SR 150) in the Development Services Department (DV).

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$170,000 from grant revenues.

Three years ago, in order to implement traffic calming measures in Downtown, the City initiated a pilot program of separated bikeways along 3rd Street and Broadway. The installation of the bikeways involved removing a travel lane on each street, constructing medians, modifying traffic signals and installing streetscape amenities. Due to the unique measures of the bikeways, the City received both State and Federal approval for experimentation of a variety of traffic control elements. This pilot is now coming to a conclusion. The Federal government has provided the City with \$1,600,000 in SAFETEA-LU funding to finalize the implementation of traffic calming measures in Downtown, with a \$320,000 match requirement from the City. Caltrans, the administrator of the Federal grant, has authorized the City to move forward with the evaluation and design phase of the project. During this phase, City staff will seek public input and will return to City Council to seek concurrence on the final project elements before proceeding to construction of any changes.

This request is to appropriate \$307,200 of SAFETEA-LU grant funds for the evaluation and design of the final traffic calming project. \$76,800 in Measure R funds will be used to for the City's matching requirement. Measure R funds are appropriated in the Transportation Fund (SR 182) in the Public Works Department (PW).

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$307,200 from grant revenues.

Council District 9 is working with stakeholders in North Long Beach to establish the Uptown PBID. Civitas Advisors was awarded the contract to establish the PBID and \$50,000 in one-time Uplands Oil Funds was appropriated in FY 12 for this activity. A transfer of an additional \$18,000 from Council District 9's Discretionary Funds in the Capital Projects Fund (CP) to the General Fund (GP) is requested as a result of unanticipated costs associated with the complexities of creating this PBID.

- Decrease appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$18,000 from One-Time Uplands Oil Funds.
- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$18,000 from One-Time Uplands Oil Funds.

Citywide Activities

On April 2, 2013, the City Council allocated \$5.4 million for one-time projects consisting of \$3.6 million for Public Works street and sidewalk repairs, and \$1.8 million for temporary Parks youth programs and/or Parks capital projects. The one-time allocation is funded by \$4.4 million of FY 12 Uplands Oil revenue and \$1 million from a previously budgeted FY 11 interfund transfer to the General Fund from the Towing Fund (EF 340) that was deferred for future action. Appropriation increases are needed to implement the transfers from the designated funding sources and to budget the expenditures for the Public Works street and sidewalk repairs. An appropriation increase is also needed for the Parks youth programs and/or capital projects. A spending plan for specific programs and capital projects will be established in consultation with each City Council District.

- Increase appropriations in the Uplands Oil Fund (SR 134) in the Long Beach Gas and Oil Department (GO) by \$4,400,000 from FY 12 oil revenue.
- Increase appropriations in the Towing Fund (EF 340) in the Public Works Department (PW) by \$1,000,000 from fund balance.
- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$2,600,000 for street repaving and slurry seal.
- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$1,000,000 for sidewalks.
- Increase appropriations in the Capital Projects Fund (CP) in the Parks, Recreation and Marine Department (PR) by \$1,800,000 for temporary youth programs and/or capital projects.

Multi-Year Funds Carry-over

Each fiscal year, appropriation increases and decreases are necessary to make technical corrections related to grants and capital projects Citywide. Budget amounts not spent by the end of a fiscal year for multi-year grants are carried forward and re-appropriated in the ensuing fiscal year. The FY 13 Adopted Budget contained estimated amounts of carry-over balance from FY 12. The necessary corrections represent the difference between the estimate and the actual carry-over amount. Attachment C lists the corrections that require City Council approval by fund and by department for FY 13. The net adjustment for the affected funds and departments is an appropriation increase of \$246,684,879. The single largest adjustment of \$213.5 million is related to the establishment of the Successor Agency, which was done after the FY 13 budget was adopted. All of the funds are grant or bond proceeds and, therefore, restricted to their related projects and do not impact the General Fund. Please see Attachment C for department detail.

IAM Agreement PERS Savings

On January 15, 2013, the City Council approved an amendment to the Memorandum of Understanding with the International Association of Machinists and Aerospace Workers (IAM). As part of this amendment, the IAM agreed to pay an additional 6 percent of their employee contribution rate to CalPERS, for a total of 8 percent, which represents 100 percent of the employee's share to CalPERS. This additional CalPERS payment was effective January 26, 2013, and is estimated to save the City's General Fund approximately \$2.5 million (\$6.3 million in All Funds) in FY 13. In order to capture these savings, appropriations across all funds and Departments with IAM employees will be reduced to reflect the lower PERS contribution requirements. The Water Department and Harbor Department have indicated that each would reduce appropriations equal to their PERS savings through their own Board of Commissioners. Please see Attachment D for all reduced appropriations by department and fund.

- Decrease appropriations by \$6,330,885 in amounts equal to the IAM PERS savings in the relevant departments and funds.

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 2nd Quarter Budget Adjustments

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
General Fund (GP)			
FY 13 Adopted Budget	396,831,241	396,831,241	-
City Council Approved Adjustments to Date*	2,410,171	2,840,086	429,916
Proposed 2nd Quarter Adjustments:			
CPCD Donation from Louise Mirabile Trust	4,316	4,316	-
Animal Care Bureau Donations	67,786	67,786	-
Ninth Council District Uptown PBID	18,000	-	(18,000)
Adjusted Budget Including 2nd Quarter Adjustments	\$ 399,331,514	\$ 399,743,430	\$ 411,916
* Includes the unreserving of restricted funds to offset expense increases			
Capital Projects Fund (CP)			
FY 13 Adopted Budget	15,244,166	15,371,150	126,984
City Council Approved Adjustments to Date	5,726,431	10,016,431	4,290,000
Proposed 2nd Quarter Adjustments:			
SGC Grant for Demonstration Project	170,000	170,000	-
Traffic Calming Measures	307,200	307,200	-
Ninth Council District Uptown PBID	(18,000)	-	18,000
Street Repaving and Slurry Seal	2,600,000	2,600,000	-
Sidewalks	1,000,000	1,000,000	-
Youth Programming and Capital Projects	1,800,000	1,800,000	-
Adjusted Budget Including 2nd Quarter Adjustments	\$ 26,829,797	\$ 31,264,781	\$ 4,434,984
General Grants Fund (SR 120)			
FY 13 Adopted Budget	6,479,428	6,479,428	-
City Council Approved Adjustments to Date	8,747,755	8,747,755	-
Proposed 2nd Quarter Adjustments:			
Donations for Library Materials	458,268	458,268	-
UASI 09 Funding for Police	3,336	3,336	-
Adjusted Budget Including 2nd Quarter Adjustments	\$ 15,688,787	\$ 15,688,787	\$ -
Refuse Fund (EF 330)			
FY 13 Adopted Budget	10,465,959	10,825,960	\$ 360,001
City Council Approved Adjustments to Date	1,149	-	\$ (1,149)
Proposed 2nd Quarter Adjustments:			
Utility Call Center MOU	558,793	-	(558,793)
Adjusted Budget Including 2nd Quarter Adjustments	\$ 11,025,901	\$ 10,825,960	\$ (199,941)
Towing Fund (EF 340)			
FY 13 Adopted Budget	7,007,184	6,989,387	\$ (17,796)
City Council Approved Adjustments to Date	11,312	-	\$ (11,312)
Proposed 2nd Quarter Adjustments:			
Funding for One-Time Parks and Public Works Projects	1,000,000	-	(1,000,000)
Adjusted Budget Including 2nd Quarter Adjustments	\$ 8,018,496	\$ 6,989,387	\$ (1,029,108)

Net Impact of 2nd Quarter Budget Adjustments

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<u>Uplands Oil Fund (SR 134)</u>			
FY 13 Adopted Budget	33,721,740	23,072,580 \$	(10,649,160)
City Council Approved Adjustments to Date	136,735	- \$	(136,735)
Proposed 2nd Quarter Adjustments:			
Funding for One-Time Parks and Public Works Projects	4,400,000	-	(4,400,000)
<u>Adjusted Budget Including 2nd Quarter Adjustments</u>	<u>\$ 38,258,475</u>	<u>\$ 23,072,580</u>	<u>\$ (15,185,895)</u>

**General Fund
FY 13 Budget Adjustment Recap**

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<u>Previous City Council Actions</u>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	416,232	-	(416,232)
Temporary Winter Shelter	21,000	21,000	-
	15,000	15,000	-
California Benchmarking Study Group	111,000	111,000	-
Revenue Adjustments	-	2,598,072	2,598,072
5th District Reducton to pay FY 12 Overage	(3,544)	-	3,544
Subtotal - Ad Hoc Council Action	559,688	2,745,072	2,185,384
<u>1st Quarter Approved Budget Adjustments</u>			
Second Council District's FY 12 Savings for DV	2,000	-	(2,000)
Ninth Council District's FY 12 Savings for DV	19,210	-	(19,210)
Facility Maintenance Services for Civic Center provided by PR	47,000	47,000	-
Second Council District's FY 12 Savings for PR	8,154	-	(8,154)
Graffiti Abatement Services	583,495	583,495	-
Third Council District's FY 12 Savings for PW	16,826	-	(16,826)
First Council District's FY 12 Savings for TS	16,591	-	(16,591)
Sixth Council District's FY 12 Savings for TS	13,179	-	(13,179)
Eliminate Double Budget for Debt Service	(1,378,085)	(1,378,085)	-
Reappropriate Uplands Oil one-time funds from FY 12	662,113	-	(662,113)
Update the Police and Harbor MOU	-	842,604	842,604
Repayment to LA County for Sports Park	1,859,999	-	(1,859,999)
Subtotal - 1st Quarter	1,850,482	95,014	(1,755,468)
<u>2nd Quarter Approved Budget Adjustments (Pending)</u>			
CPCC donation from Louis C Mirabile Trust	4,316	4,316	-
Animal Care Services donations	67,786	67,786	-
Ninth Council District Uptown PBID	18,000	-	(18,000)
Subtotal - 2nd Quarter	90,102	72,102	(18,000)
Total FY 13 Budget Adjustments to Date	2,500,272	2,912,188	411,916
General Fund Adjusted Budget	399,331,514	399,743,430	\$ 411,916

**City of Long Beach
FY 13
Carry-over Budget Adjustments
Grants and Capital Projects Multi-Year Funds**

BY DEPARTMENT

<u>DEPARTMENT</u>	<u>CODE</u>	<u>APPROPRIATION INCREASE/(DECREASE)</u>
Airport	AP	10,461,961
City Manager	CM	(629,271)
City Prosecutor	CP	\$ 35,000
Development services	DV	221,440,519
Financial Management	FM or XC	(1,016,670)
Fire Department	FD	710,477
Health	HE	(5,903,898)
Human Resources	HR	2,859,770
Long Beach Gas and Oil	GO	(6,256,697)
Parks, Recreation & Marine	PR	10,484,127
Police Department	PD	9,347,268
Public Works	PW	4,503,778
Technology Services	TS	648,515
		<hr/>
TOTAL		\$ 246,684,879

BY FUND

<u>FUND</u>	<u>FUND</u>	<u>APPROPRIATION INCREASE/(DECREASE)</u>
Capital Projects	CP	6,169,842
Successor Agency	SA	213,500,049
Gas	EF 301	(6,028,877)
Airport	EF 320	8,700,740
Refuse/Recycling	EF 330	(2,560)
Civic Center	IS 380	758,750
General Services	IS 385	648,515
Fleet Services	IS 386	232,691
General Grants	SR 120	11,058,541
Health	SR 130	(5,859,597)
Housing Development	SR 135	(2,087,404)
Business Assistance	SR 149	90,370
Community Development Grants	SR 150	13,861,476
Housing Authority	SR 151	(4,211)
Gasoline Tax Street Improvement	SR 181	4,743,663
Transportation	SR182	(816,965)
Tidelands	TF	1,719,857
		<hr/>
TOTAL		\$ 246,684,879

PERS Savings Budget Adjustments by Department and Fund

DEPARTMENT, <i>Fund</i>	AMOUNT	DEPARTMENT, <i>Fund</i>	AMOUNT
LB GAS & OIL	(510,903)	TECHNOLOGY SERVICES	(449,833)
EF 301	(450,715)	IS 385	(449,833)
EF 331	(3,535)		
NX 420	(56,654)	AIRPORT	(236,135)
		CP 201	(7,355)
HEALTH AND HUMAN SERVICES	(822,159)	EF 320	(228,780)
GP 100	(13,188)		
SR 130	(628,877)	AUDITOR	(51,359)
SR 131	(17,582)	GP 100	(32,346)
SR 151	(162,512)	IS 391	(4,279)
		TF 401	(14,735)
HUMAN RESOURCES	(207,215)		
GP 100	(2,318)	CITY CLERK	(39,780)
IS 390	(29,854)	GP 100	(39,780)
SR 150	(175,043)		
		CITY MANAGER'S OFFICE	(25,126)
LEGISLATIVE DEPARTMENT	(81,495)	GP 100	(1,884)
GP 100	(81,495)	SR 133	(15,354)
		TF 401	(7,887)
LIBRARY SERVICES	(233,558)		
GP 103	(229,913)	CITY PROSECUTOR	(53,838)
IS 380	(3,645)	GP 100	(53,838)
LAW DEPARTMENT	(70,637)	CIVIL SERVICE	(12,779)
GP 100	(19,430)	GP 100	(12,779)
IS 390	(51,206)		
		DEVELOPMENT SERVICES	(314,653)
POLICE DEPARTMENT	(970,740)	GP 100	(19,641)
GP 100	(906,038)	SR 135	(41,889)
TF 403	(64,702)	SR 137	(126,263)
		SR 150	(99,448)
PARKS, RECREATION AND MARINE	(578,778)	SA 270	(27,412)
GP 105	(283,553)		
SR 120	(34,791)	FIRE DEPARTMENT	(186,104)
TF 401	(97,291)	GP 100	(175,201)
TF 403	(143,130)	SR 131	(7,369)
TF 411	(20,013)	TF 401	(3,535)
PUBLIC WORKS DEPARTMENT	(1,209,328)	FINANCIAL MANAGEMENT	(276,465)
CP 201	(93,782)	GP 100	(228,032)
EF 330	(307,291)	IS 385	(9,344)
EF 340	(69,980)	IS 390	(3,356)
GP 100	(422,034)	IS 391	(9,252)
IS 380	(61,724)	SR 130	(112)
IS 386	(225,202)	SR 135	(1,963)
TF 401	(18,662)	SR 150	(10,689)
TF 403	(3,056)	SR 151	(149)
TF 411	(7,596)	SA 270	(6,627)
		TF 401	(4,349)
		TF 403	(1,188)
		TF 411	(1,405)
TOTAL SAVINGS			\$ (6,330,885)