**R-11**

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

February 8, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2011 first quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy (Citywide)

DISCUSSION

On September 14, 2010, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2011 (FY 11). 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 Fund Balance Analysis of impacted City funds and Attachment B for a recap of FY 11 General Fund Expenditure Budget Adjustments.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on January 18, 2011.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 11 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on February 8, 2011 to enable the timely processing of payments.

FISCAL IMPACT

Fire

On February 9, 2010, the City Council approved a contract with Emergency Vehicle Group, Inc., of Anaheim, CA, for the purchase of five Advanced Life Support Ambulances and authorized the City Manager to execute a master lease-purchase agreement with Chase Equipment Finance, Inc., of Phoenix, AZ. The funds to cover the ambulance purchases were received from Chase Equipment Finance in

September 2010, at which time the funds were reserved. An appropriations increase is necessary to release the funds to purchase the vehicles. Funds received in FY10 through the lease financing will offset the appropriation increase. There is no net impact to the General Fund. The annual lease payments of \$180,561 are included in the FY 11 Adopted Budget.

- Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$987,205.

On July 8, 2008, the City Council authorized the City Manager to execute a contract with the City of Los Angeles to receive and expend Department of Homeland Security grant funding for the 2007 Urban Area Security Initiative (UASI) Grant, at an amount not to exceed \$6,671,216. In September 2010, a supplemental award of \$2,586,343 was appropriated, bringing the total grant to \$9,257,559. Since that time, an additional \$175,000 in supplemental funds has been allocated to the City. The additional funds will be utilized to fund a strategic plan, which will be used to identify and coordinate regional homeland security needs, including training and regional cooperation enhancement, and coordinated service delivery issues. As these additional funds are not budgeted, an appropriations increase is necessary and will be offset by grant revenue. There is no net impact to the General Fund nor to the General Grants Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$175,000.

Long Beach Airport

On September 14, 2010, the City Council approved the Airport's operating budget for a Memorandum of Understanding (MOU) between the Police Department and the Long Beach Airport of \$2,633,111 for police airport security support. Due to updated billable rates, and an increase to their indirect costs, the Police Department services are estimated at \$3,274,140, requiring an increase of \$641,029 to the Airport's FY 11 budget.

- Increase appropriations in the Airport Enterprise Fund (EF 320) in the Long Beach Airport Department (AP) by \$641,029.

Parks, Recreation and Marine

The Department of Parks, Recreation and Marine (PRM) has replaced plastic conduits with rigid metal conduits on all 24 of the Daisy Lane trees that will help prevent vandalism against the trees. The total cost for the repairs was \$7,350. A budget adjustment to increase the appropriation in this amount is requested.

- Increase appropriations in the General Fund (GP) in the Department of Parks, Recreation and Marine (PR) by \$7,350.

During the FY 11 Budget Adoption process, general increases were not included for some non-career classifications specific to the Department of Parks, Recreation and

Marine. To appropriately fund the fully loaded costs of these approved positions, it is necessary to increase appropriations in the Department. Sufficient funds are available in the General Fund to support this appropriations increase.

- Increase appropriations in the General Fund (GP) in the Department of Parks, Recreation and Marine by \$61,921.

Police

During the FY 11 Budget Adoption process, the funding for a Police Sergeant was inadvertently removed from the Patrol Bureau. This appropriation request is a technical correction to better align the budget with actual staffing. Sufficient funds are available in the General Fund to support this appropriations increase.

- Increase appropriations in the General Fund (GP) in the Police Department (PD) by \$134,204.

SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



WILLIAM YEOMANS
INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



PATRICK H. WEST
CITY MANAGER

Effect of 1st Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>General Fund (GP)</u>			
Beginning Fund Balance			\$ 859,464
<i>Does not include the \$36.6 million Emergency Fund Balance Reserve</i>			
Unreserving/(Reserving) of Restricted Fund Balance			329,102
FY 11 Adopted Budget	380,406,912	380,561,692	154,781
Carryover Appropriations/Encumbrances	329,102	-	(329,102)
Proposed 1st Quarter Adjustments:			
Acquisition of Five Rescue Ambulances	987,205	987,205	-
Daisy Lane Parade Repairs	7,350	-	(7,350)
PR Salary Corrections	61,921	-	(61,921)
PD Position Correction	134,204	-	(134,204)
Adjusted Budget Including 1st Quarter Adjustments	\$ 381,926,694	\$ 381,548,897	\$ 810,770
<u>Airport Fund (EF 320)</u>			
Beginning Fund Balance			\$ 34,586,522
Unreserving/(Reserving) of Restricted Fund Balance			10,238
FY 11 Adopted Budget	37,242,806	36,143,510	(1,099,296)
Estimated All-years Carryover Budget	68,583,244	50,704,938	(17,878,307)
City Council Approved Adjustments to Date	58,674,489	58,664,251	(10,238)
Proposed 1st Quarter Adjustments:			
Airport Security Increase with the Police Department	641,029	0	(641,029)
Adjusted Budget Including 1st Quarter Adjustments	\$ 165,141,568	\$ 145,512,699	\$ 14,967,890
<u>General Grants (SR 120)</u>			
Beginning Fund Balance			\$ 147,512
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 11 Adopted Budget	6,095,256	6,145,659	50,402
Estimated All-years Carryover Budget	11,740,589	11,844,017	103,428
City Council Approved Adjustments to Date	2,613,316	2,613,316	-
Proposed 1st Quarter Adjustments:			
UASI Supplemental Award for Strategic Plan Funding	175,000	175,000	-
Adjusted Budget Including 1st Quarter Adjustments	\$ 20,624,161	\$ 20,777,992	\$ 301,342

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

**General Fund
FY 11 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)	329,102	-	(329,102)
Revenue Adjustments	-	-	-
Subtotal - Ad Hoc Council Action	329,102	-	(329,102)
<u>1st Quarter Approved Budget Adjustments (Pending)</u>			
Acquisition of Five Rescue Ambulances	-	-	-
Daisy Lane Parade Repairs	7,350	-	(7,350)
PR Salary Corrections	61,921	-	(61,921)
PD Position Correction	134,204	-	(134,204)
Subtotal - 1st Quarter	203,475	-	(203,475)
Total FY 11 Budget Adjustments to Date	532,577	-	(532,577)
General Fund Adjusted Budget	\$ 380,939,489	\$ 380,561,692	\$ (377,796)