

R-19

January 19, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2020 third departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 3, 2019, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2020 (FY 20). Periodically, changes in revenue or operating conditions require mid-year 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. Other instances involve a department spending over the appropriation authority toward a contractual obligation or a City Council-initiated project or general operations that require appropriation adjustments to be made. In accordance with the City's practice, these adjustments are presented periodically throughout the year 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 summary of appropriation adjustments within departments to implement City Council-approved Memoranda of Understanding (MOUs) with the Long Beach Lifeguards Association, Long Beach Management Association, Association of Confidential Employees, City Prosecutors Association, and City Attorneys Association.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on December 14, 2020.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 20 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on January 19, 2021, to enable the timely processing of budget adjustments.

FISCAL IMPACT

FY 20 Appropriation Adjustments

City Clerk

1. *Increase appropriations in the General Fund Group in the City Clerk Department by \$413,436 for one-time election activities, offset by reimbursement revenue received from the Long Beach Unified School District (LBUSD) for the March 3, 2020 Primary Nominating Election (PNE).*

On March 3, 2020, a PNE was held and consolidated with the County of Los Angeles. The PNE was for citywide election and City Council Districts 2, 4, 6, and 8. The PNE also included a race for LBUSD Governing Board Districts 2 and 4. Total election costs for the PNE were \$1,720,189, which included \$413,436 of LBUSD elections costs paid upfront by the City based on an agreement between the City and LBUSD. The upfront costs for the LBUSD election were reimbursed to the City. City Clerk received one-time funds in FY 20 of \$1,225,000 for the March 3, 2020 PNE and the November 3, 2019 Special Election. As the final costs were higher than anticipated, the appropriation increase of \$413,436 will help cover the costs of actual election expenditures including LBUSD, offset by reimbursement revenue received from LBUSD.

City Manager

2. *Increase appropriations in the General Grants Fund Group in the City Manager Department by \$20,059 for the Office of Sustainability Cool California Cities Challenge Grant Program (Program), offset by an operating transfer of funds from the General Grants Fund Group in the Development Services Department.*

Increase appropriations in the General Grants Fund Group in the Development Services Department by \$20,059 to transfer funding previously received by the Department for the Program, offset by grant funds.

Decrease appropriations in the General Grants Fund Group in the Citywide Activities Department by \$21,460, as a technical budget adjustment to resolve carryover budget.

In FY 19, the Office of Sustainability moved from the Development Services Department to the City Manager Department. This move happened as the City was implementing Phase 1-Financials of Munis. Prior to these transitions, the Office of Sustainability received funding for the Program, which is designated to encourage and reward sustainability efforts in local cities. Revenue received by the Office of Sustainability was purposely left in the Development Services Department during the Munis Phase 1 transition. A small carryover balance for the Program was transferred to the Citywide Activities Department to be addressed during the current stabilization period. The requested adjustments in appropriation would allow for unspent funds to be moved from the Development Services Department to the City Manager Department where the Office of Sustainability can complete the work of the Program.

Economic Development

3. *Increase appropriations in the General Fund Group in the Economic Development Department by \$39,000 for The LAB-related costs, offset by the release of Successor Agency Sale proceeds.*

On April 18, 2017, the City Council authorized a \$350,000 reimbursement for tenant and façade improvements for the properties along Atlantic Avenue between 55th Street and South Street, and 620 and 635 South Street, known as The LAB. The City Council authorized funding from 75 percent of the North Redevelopment Project Area allocation of one-time sale proceeds, with an allowance for temporary internal borrowing from other project areas, if necessary, due to timing of cash receipts. On December 17, 2019, the City Council authorized an appropriation increase for \$311,000 for work and expenses associated with this project in FY 19. An appropriation increase for the \$39,000 is now requested for the remaining costs of the project incurred in FY 20, offset by the release of sale proceeds designated by City Council policy for this purpose.

4. *Increase appropriations in the General Fund Group in the Economic Development Department by \$340,000 for unfunded costs associated with the roof replacement and asbestos remediation at 309 Pine Avenue, offset by drawing down from General Fund Group reserves.*

On December 5, 2017, the City Council authorized the release of \$250,000 in funds received from the sale of former Redevelopment Agency-owned parcels, and an additional \$51,000 of Capital Projects Funds were authorized through a previously approved Adopted Budget for improvements at the 309 Pine Avenue property as part of the development of the Shaun R. Lumachi Innovation Center, which provides a Downtown learning and working center supporting business workers and entrepreneurs. On December 17, 2019, the City Council authorized an additional \$809,000 in the General Fund Group to cover unforeseen repairs incurred in FY 19 for core, shell, and tenant improvements at the property, including elevator shaft repairs. During FY 20, additional costs of \$340,000 were incurred due to water damage to the roof, leading to roof replacement and full asbestos remediation. These repairs were deemed necessary to bring the site up to code and crucial to the safety of clients, staff, and visitors at the building. An increase in appropriations is requested for the cost of the FY 20 unforeseen repairs. There is no identified offset for these costs and as the General Fund is anticipated to end FY 20 in a shortfall, these costs will add to this shortfall and the likely draw-down from General Fund Group reserves to balance the year.

5. *Increase appropriations in the General Fund Group in the Economic Development Department by \$1,625,844 for a transfer of ineligible grant-related expenses in the Community Development Grants Fund Group, offset by drawing down from General Fund Group reserves.*

The Economic Development Department requests an appropriation increase in the General Fund Group in the amount of \$1,625,844, to offset expense transfers from the Community Grants Fund Group for its Workforce Development grant programs. The transfers are attributed to a variety of factors, including persistent reconciliation

challenges due to the conversion to the City's new financial system, the loss of key financial staff in FY 19 and FY 20 resulting in insufficient coordination between programmatic and financial staff, and COVID-19 impacts to some performance-based programs that resulted in lower than anticipated revenues. While the department makes every effort to maximize available funding, the transferred expenses generally exceeded the period of availability for any active program. The department has already implemented several process improvements related to the programmatic and financial management of its grant programs. These improvements should minimize the need to transfer expenses to the General Fund Group in FY 21 and beyond. An increase in appropriations is requested for these unbudgeted costs. There is no identified offset for these costs and as the General Fund Group is anticipated to end FY 20 in a shortfall, these costs will add to this shortfall and the likely draw-down from General Fund Group reserves to balance the year.

6. *Increase appropriations in the Community Development Grant Fund Group in the Economic Development Department by \$260,761 for costs associated with the continuation of oversight of the Cannabis Equity Hire Program, offset by a transfer of revenue from a release of reserves in the General Fund Group.*

On October 9, 2018, the City Council authorized one-time funds in the amount of \$200,000 for the Pacific Gateway Workforce Innovation Network (PGWIN) to establish the start-up Cannabis Equity Hire Program. This program facilitates pathways to employment with the cannabis industry for eligible applicants to achieve a 40 percent equity hire requirement for all adult-use cannabis businesses in Long Beach. Costs to date have exceeded the previously approved \$200,000 by about \$84,100. In addition to costs incurred to date, it is anticipated that an extra \$176,661 will be needed for the ongoing program. Therefore, an appropriation increase is requested in the amount of \$260,761 for costs incurred to date and to fund the continuation of the program. These costs are offset by previously reserved revenues from an Equity Hire fee charged to adult-use cannabis businesses and intended for this purpose.

7. *Increase appropriations in the Tidelands Operating Fund Group in the Economic Development Department by \$2,319,000 for operating losses due to COVID-19 impacts at the Long Beach Convention and Entertainment Center (Convention Center) owed under Management Agreement, offset by funds available and may require a draw down from General Fund Group reserves.*

Due to COVID-19-related economic impacts and State and local operating restrictions, the Convention Center has experienced a major reduction in events and operations. Under the Management Agreement, when operating expenses exceed operating revenue for the fiscal year, the City must reimburse the operator of the Convention Center, ASM Global (formally SMG) (ASM), for this operational deficiency. In FY 20, the amount anticipated to be owed to ASM is \$3.46 million in the Tidelands Operating Fund Group based on preliminary financial losses reported by ASM. The final amount due will be determined upon receipt of ASM's audited financial records. An increase in appropriations in the amount of \$2,319,000 is requested in the Tidelands Operating Fund Group in the Economic Development Department to cover overages caused by the payment due to ASM beyond what could be absorbed within current

appropriations. The Tidelands Operating Fund Group has been impacted by the pandemic with heavy losses in oil revenues in FY 20, and it is anticipated that the combination of revenue losses and additional expenses such as the one described in this item will require draw down from funds available and/or reserves in FY 20 and/or in FY 21.

Energy Resources

8. *Increase appropriations in the Gas Fund Group in the Energy Resources Department by \$2,485,507 to transfer funds to the General Fund Group, offset by additional revenue.*

In FY 20, due to better than expected revenue performance, the Gas Fund Group is able to increase the FY 20 transfer to the General Fund Group from the expected \$9,630,736 to \$11,835,736. Of the total requested appropriation increase, \$280,507 is a technical correction to align the transfer appropriation that was erroneously budgeted too low and \$2,205,000 is for the one-time additional transfer made possible due to better than expected revenue performance. The total transfer to the General Fund Group including the one-time additional transfer is within the City Charter-authorized level of 12 percent.

Fire

9. *Increase appropriations in the General Fund Group in the Fire Department by \$2,853,860 for overtime expenses related to staffing assistance for California wildland fires, offset by deferred reimbursement revenue from the State of California to be received during FY 21.*

The Fire Department provided staffing assistance for California wildland fire events during FY 20. The overtime expense for backfilling the employees who provided support for fighting these wildland fires is unbudgeted, and an appropriation increase is necessary, to be offset by reimbursement revenue from the State of California. The reimbursements are expected to be received during FY 21 but will be accounted for when balancing FY 20 books as deferred reimbursement revenues.

10. *Increase appropriations in the General Fund Group in the Fire Department by \$424,028 for Ground Emergency Medical Transportation Quality Assurance Fee payments to the State of California, offset by State Ground Emergency Medical Transportation revenue.*

In accordance with Senate Bill 523, the State Department of Health Care Services (DHCS) established the Ground Emergency Medical Transportation (GEMT) Quality Assurance Fee (QAF) Program to provide supplemental Medi-Cal payments to GEMT providers, increasing the amount of reimbursement for ambulance transportation of individuals covered by Medi-Cal beginning in FY 19. DHCS calculates the annual GEMT QAF rate imposed on each emergency medical transport provided by the Fire Department. Since these payments to the State are unbudgeted, an appropriation increase is necessary. These costs were more than offset by revenues received from the State for ambulance transportation of individuals covered by Medi-Cal.

11. *Increase appropriations in the Tidelands Operating Fund Group in the Fire Department by \$369,132 for expenses related to fire services provided to the Harbor Department, offset by associated revenue for this purpose.*

Decrease appropriations in the General Fund Group in the Fire Department by \$1,539,449 for expenses related to fire services provided to the Harbor and Airport Departments as outlined by the FY 20 Memorandum of Understanding (MOU) for each.

The FY 20 MOU for services provided by the Fire Department to the Harbor and Airport Departments were finalized after the FY 20 Budget was adopted. To align budgets for these MOUs in the Tidelands Operating Fund Group and General Fund Group, appropriation adjustments are necessary. The requested budget adjustments match the reimbursements received from the Harbor and Airport Departments as part of the monthly MOU service charges.

Human Resources

12. *Increase appropriations in the Insurance Fund Group in the Human Resources Department by \$3,339,525 to cover additional insurance premium costs, offset by funds available.*

The costs associated with procuring General Liability, Specialty Coverage (Helicopter, K-9, Hull, Boat), Property Insurance, and Workers' Compensation Insurance have increased dramatically over the last couple of years. The market for these types of insurance for public agencies have been decreasing at the national level due in part to the growing number of claims against public entities. Expenses in the Insurance Fund Group exceeded budget by \$3,339,525 to cover the additional premium costs. A budget adjustment is needed to align budget with actuals, offset by funds available. Additional premiums will be collected as revenues recouped from charges to user departments in FY 21.

Parks, Recreation and Marine

13. *Increase appropriations in the Capital Projects Fund Group in the Parks, Recreation and Marine Department by \$68,265 for Calsense irrigation controller upgrades, offset by rebate revenue.*

On April 16, 2019, the City Council authorized a contract for the purchase and installation of Calsense irrigation controllers to replace the antiquated irrigation controllers throughout the City's parks. As part of this project, the Parks, Recreation and Marine Department also participated in a rebate program with the Metropolitan Water District of Southern California's SoCal WaterSmart program. An appropriation increase is requested to continue the project, fully offset by \$68,625 in rebate revenue received through the WaterSmart program.

14. *Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$62,375 for landscape services provided to various departments, offset by revenue received through MOU service charges.*

The Parks, Recreation and Marine Department has MOU agreements with various City departments for landscape services. An appropriation increase of \$62,375 is requested to align the budget to the actual cost of service provided to the Health and Human Services, Library Services, Police, Public Works, and Technology and Innovation Departments. The appropriation increase will be offset by revenue received from these departments through MOU service charges.

- 15. Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$8,000 for the Promenade Area Park Shading project, offset by donation revenue received.*

On March 17, 2020, the City Council approved an appropriation increase in the amount of \$9,688 for the Promenade Area Park Shading, offset by the Second Council District One-Time District Priority funds. The total project cost was \$17,688, with the remaining \$8,000 funded by donation revenue. The Parks, Recreation and Marine Department received \$5,000 from the Promenade Area Residents Association of Long Beach (PARA) and \$3,000 from the JAG Molina Family Foundation. An appropriation increase in the amount of \$8,000 is requested, offset by donation revenue.

- 16. Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$15,665 for unbudgeted accident repair expenses, offset by revenue received from insurance claims for damages to City property.*

The Parks, Recreation and Marine Department incurred unbudgeted expenses to repair and replace damaged City property and has since received revenue from insurance claims to offset these costs. The Department received \$9,913 for Houghton Park fencing and electrical pump repairs, \$3,550 for Chavez Park sign repairs, and \$2,202 for repairs at the Redcar Greenbelt. An appropriation increase in the amount of \$15,665 is requested, offset by revenue received from insurance claims for damages.

- 17. Increase appropriations in the Parks, Recreation and Marine Department in the General Fund Group by \$69,375 to reimburse First Serve, Inc., for improvements to the El Dorado Park Tennis Center, offset by funds reserved for this purpose.*

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 into the City's Tennis Reserve account. All expenditures from this reserve must be expended for the purchase, maintenance, operation, or improvement of grounds, buildings, structures, equipment, or facilities for public tennis. Pursuant to reserve requirements, a resurfacing project was completed at the El Dorado Park Tennis Center, improving the playing surface of all 15 courts, at a cost of \$69,375. An appropriation increase in the amount of \$69,375 is requested to reimburse First Serve, Inc., for the improvements, offset by funds from the reserve.

Police

- 18. Increase appropriations in the General Grants Fund Group in the Police Department by \$717,784 for front-line enforcement, offset by State of California Citizens Option for Public Safety (COPS) 2018 grant revenue.*

The Long Beach Police Department received an additional \$717,784 for grant year 2018 from the COPS Program funding from the County of Los Angeles Supplemental Law Enforcement Services Account. These State COPS funds will be used for front-line law enforcement efforts.

- 19. Increase appropriations in the General Grants Fund Group in the Police Department by \$1,128,272 for front-line enforcement, offset by State of California Citizens Option for Public Safety (COPS) 2019 grant revenue.*

The Long Beach Police Department received an additional \$1,128,272 for grant year 2019 from the COPS Program funding from the County of Los Angeles Supplemental Law Enforcement Services Account. These State COPS funds will be used for front-line law enforcement efforts.

- 20. Increase appropriations in the Tidelands Operating Fund Group in the Police Department by \$974,321 offset by MOU revenue for Harbor security services.*

The Police and Harbor Departments negotiated for Harbor to capitalize (make monthly pre-payments toward future replacement) their fleet of vessels and vehicles after the FY 20 budget was adopted. This reflects a \$974,321 appropriation increase for the MOU, which is offset by revenue from the Harbor Department.

- 21. Increase appropriations in the General Grants Fund Group in the Police Department by \$252,206 as a technical budget adjustment to reflect prior year carryover budget for the State of California Citizens Option for Public Safety (COPS) grants.*

The Police Department has recognized carryover budget that is needed but was inadvertently reduced as part of Munis Conversion Technical Corrections in the Second Budget Adjustment letter that was approved by the City Council on October 13, 2020. The carryover budget amounts requested to be reinstated are as follows: \$40,381 for State COPS 15, \$142,766 for State COPS 16, and \$69,059 for State COPS 17.

Public Works

- 22. Decrease appropriations in the Debt Service Fund Group in the Public Works Department by \$762,441 for the City, Light and Power (CLP) budget.*

Increase appropriations in the Debt Service Fund Group in the Citywide Activities Department by \$762,441 for the CLP budget.

A technical correction is needed to reflect that CLP Debt Service payment of \$762,441 will be paid from the Citywide Activities Department in the Debt Service Fund Group, not the Public Works Department where the costs had been budgeted. As part of the Second

Budget Adjustment Letter on October 13, 2020, the wrong department was stated in the transaction. This budget adjustment will allow the budget to align with actuals in both the Public Works and Citywide Activities Departments.

- 23. Increase appropriations in the General Fund Group in the Public Works Department by \$452,466 as a technical cleanup to zero out negative appropriation.*

On April 15, 2019, the City went live with Phase 1 of the Munis system. During implementation, the General Fund Cap/Operating Grants Fund in the General Fund Group was setup as a "multi-year budget life-to-date" fund when it should have been set as an annual fund. Multi-year funds roll-over unspent appropriation into subsequent fiscal years. The General Fund Group is designed to be an annual fund. Since the fund was initially setup as multi-year fund, the cleanup of the previous years' unspent appropriation, or carryforward balances, requires a technical adjustment. A negative carryover budget of \$452,466 was rolled over from the previous fiscal year. To zero out this carryover, an increase in appropriation of the same amount is necessary. A technical adjustment is also required for the revenue in the General Fund Group, increasing budgeted revenue in the Public Works Department by \$757,328. Both increases will zero-out both revenue and expense budget in the impacted fund.

- 24. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$220,000, offset by rebates and incentives from Southern California Edison (SCE) ChargeReady program.*

On December 4, 2018, the City Council approved participation in the SCE ChargeReady program and awarded a contract to ChargePoint, of Campbell, CA, to install and maintain electric vehicle (EV) charging stations. In addition to the SCE rebates and incentives available to assist with funding of purchase, installation, and maintenance of EV charging stations, the California Electric Vehicle Incentive Project (CALeVIP), of Sacramento, CA, offers incentives for EV charger installations. At the time, total project costs net of SCE rebates and incentives were estimated at \$4.4 million. The City Council approved \$3.3 million in appropriation, where revenue to offset project costs were available and \$977,780 in project costs remained unfunded. The Public Works Department indicated that it would return to request the remaining appropriation once additional funding was identified. The requested appropriation increase of \$220,000, offset by rebates and incentives revenue received from SCE's ChargeReady program and CALeVIP, will fund a portion of the \$977,780 in unbudgeted project costs. The appropriation increase of \$107,790 approved by the City Council on October 13, 2020, combined with the current request of \$220,000 will result in a remaining unfunded balance of \$649,990 for the EV charger program.

- 25. Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$973,898 for repairs to the Belmont Pier, offset by a transfer from the Insurance Fund Group in the Human Resources Department.*

Increase appropriations in the Insurance Fund Group in the Human Resources Department by \$973,898 for a transfer to the Tidelands Operating Fund Group in the Public Works Department, offset by insurance claim revenue for damage to the Belmont Pier.

On February 17, 2017, the Belmont Pier suffered significant storm damage. The damage is covered under the City's property insurance policy, subject to a \$100,000 deductible. A claim was submitted, and the City received an initial payment of \$401,557 from Lexington Insurance Company and it was appropriated in the Belmont Pier project as part of the FY 18 Quarterly Budget Adjustment Council Letter. Upon conclusion of the negotiation process and the settlement of the claim, additional payments totaling \$973,898 were received to fund upcoming repairs to Belmont Pier. Total payments of \$1,375,455 will conclude and close the claim, with an appropriation increase in the Tidelands Capital Projects Fund within the Tidelands Operating Fund Group in the Public Works Department.

- 26. Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$35,000 for mold remediation to PierPoint Landing Project, offset by previous appropriation in the Parks, Recreation and Marine Department allocated for this purpose.*

The PierPoint Landing building is a City-owned facility that has a public restroom, Parks, Recreation and Marine office, and concession shop at 200 Aquarium Way. The project includes replacing the leaking roof membrane and necessary flashing to minimize future damage as well as remediate and repair all mold damage in the facility. The increase in appropriations will address the mold remediation and is in the Tidelands Capital Projects Fund within the Tidelands Operating Fund Group in the Public Works Department, offset by a transfer from the Tidelands Operating Fund Group in the Parks, Recreation and Marine Department.

- 27. Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$989,425 to support project management, construction management, and inspection-related costs for Tidelands projects, offset by a transfer from the Tidelands Operating Fund.*

Decrease appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$989,425 in the Tidelands Operating Fund, offset by a transfer to Tidelands Capital Project Fund.

The City has historically budgeted its project management, construction management, and inspection costs within the Capital Improvement Program (CIP) budget, to capture the complete cost of delivering CIP projects. For Tidelands CIP projects, however, City staff costs related to project and construction management and inspection have been budgeted within the Tidelands Operating budget rather than in the Tidelands CIP project budget. This recommendation will move budget related to project management costs in the Tidelands Operating budget into the associated Tidelands Capital Project budget to be consistent with all other CIP project budgets citywide, and appropriately capture complete costs of Tidelands area CIP projects within each project.

- 28. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$54,239 for improvements on Third Street between Alamitos Avenue and Junipero Avenue, offset by reimbursement revenue.*

In FY 17, GHD, Inc. (GHD), provided engineering design services for the improvements of Broadway between Alamitos Avenue and Redondo Avenue. The project was reviewed at the time of completion and it was determined that duplicate payments were made by the City to GHD. GHD reimbursed the funds, which were received as revenue. The Public Works Department requests to appropriate the reimbursed funds to offset unforeseen expenditures in the Third Street between Alamitos Avenue and Junipero Avenue project.

29. *Decrease appropriations in the General Fund Group in the Fire Department by \$246,400 as a technical correction to move appropriation to the Public Works Department for managing the temporary Fire Station 9 project.*

Increase appropriations in the Capital Project Fund Group in the Public Works Department by \$246,400, as a technical cleanup to align budget to actuals.

This is a technical correction of the Measure A supported appropriation approved by the City Council on July 14, 2020, which approved a lease with GCC Long Beach, LLC, for the temporary location of Fire Station 9 at 2019 East Wardlow Road. At the time of the Council letter, it was assumed that the Fire Department would be making the payments for tenant improvements of the site. To better support the management of the improvements, the work was handled by the Public Works Project Manager for Fire Station 9. As such, payments for tenant improvements will be approved and paid for by the Public Works Department. This request will align the budget with the department handling the work and making the project payments by increasing appropriation of \$246,400 in the Capital Project Fund Group in the Public Works Department and decreasing appropriation by \$246,400 in the General Fund Group in the Fire Department.

30. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$2,350,000, as a technical cleanup to align budget to actuals.*

This is a technical correction of the Measure A supported appropriation decrease approved by the City Council on August 11, 2020, which authorized the purchase of real property for the permanent location of Fire Station 9 at 4101-4107 Long Beach Boulevard. After the approval by the City Council, it was determined that the process of tracking costs for the Fire Station 9 project would be better supported by transferring the funds from the Capital Projects Fund Group to the General Fund Group, a process which was incompatible with the decrease in appropriation. This request will align the budget with the correct budget and accounting transaction by restoring the appropriation of \$2,350,000 in the Capital Project Fund Group in the Public Works Department to make the transfer to the Economic Development Department.

31. *Increase appropriations in the General Fund Group in the Public Works Department by \$7,500 for Second Council District flashing crosswalk beacons.*

Increase appropriations in the General Fund Group in the Public Works Department by \$10,000 for Third Council District flashing crosswalk beacons.

Increase appropriations in the General Fund Group in the Public Works Department by \$17,843 for Fifth Council District Los Coyotes Diagonal crosswalk upgrades.

Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by \$35,343 as a technical correction.

Decrease appropriations in the General Fund Group in the Citywide Activities Department by \$35,343, to offset a transfer to the Public Works Department.

On February 18, 2020, the City Council approved the use of \$7,500 of the Second Council District One-time District Priority Fund to support flashing crosswalk beacons upgrades, \$10,000 of the Third Council District One-time District Priority Fund to support flashing crosswalk beacons upgrades, and \$17,843 of the Fifth Council District One-time District Priority Fund to support Los Coyotes Diagonal crosswalk upgrades. An appropriation increase in the Capital Projects Fund Group in the Public Works Department was approved. This recommendation provides a technical correction to move appropriation to the correct fund group where the expenditure will be realized. A decrease in appropriations in the General Fund Group in the Citywide Activities Department is necessary to facilitate a transfer to the Public Works Department.

Citywide Activities

32. Increase appropriations in the Debt Service Fund Group in the Citywide Activities Department by \$8,077,758 to align budget to actuals incurred for the construction of the Police Parking Garage, offset by funds received from previously issued lease revenue bonds in a prior year.

On April 2, 2019, the City Council authorized the issuance of the Lease Revenue Bonds to pay for the Police Parking Garage construction project. The lease bond proceeds were deposited into the Debt Service Fund Group in the Citywide Activities Department. As project costs incur in the Civic Center Fund Group they are transferred to the Debt Service Fund Group where the revenue to offset those expenses is held. This appropriation increase will align actuals to the budget in Citywide Activities Department.

33. Increase appropriations in the General Fund Group in the Citywide Activities Department by \$306,334 to align with actual payments to recipient organizations, offset by Measure B revenues received in FY 20.

On July 1, 2020, the City began collecting Measure B Transient Occupancy Tax (TOT) revenue from hotel operators. The Long Beach Convention and Visitors Bureau and various arts organizations will receive payments on a portion of the 1 percent TOT increase based on actual revenues received by the City. In FY 20, payments covering the first quarter (July, August, and September) totaled \$306,334. An appropriation increase is requested to align with actual payments to organizations, offset by TOT revenues.

Munis Conversion Technical Corrections/Adjustments

On April 15, 2019, the City went live with Phase 1 of Munis. The implementation included approximately 100,000 converted lines of the FY 19 Adopted and Adjusted Budget, utilizing the newly developed Chart of Accounts, as well as over 2,800 lines of Projects and Grants budget from the converted Project Ledger data. By design during implementation, some of the FY 18 carryover budget balances were transferred to the Citywide Activities Department to be addressed during the current stabilization period.

The following are technical budget adjustments to resolve carryover budget balances that were included in the transition to Munis and were previously held in an all years' subfund in the previous financial system, FAMIS. These increases and decreases are clean-up items and have no impact to the various funds but does clear out the appropriation and revenue budget held in Citywide Activities Department.

- 34. Decrease appropriations in the Capital Projects Fund Group in the Citywide Activities Department by \$25,750,129 as a technical budget adjustment to resolve carryover budget.*
- 35. Decrease appropriations in the Civic Center Fund Group in the Citywide Activities Department by \$126,831 as a technical budget adjustment to resolve carryover budget.*
- 36. Decrease appropriations in the Fleet Services Fund Group in the Citywide Activities Department by \$807,360 as a technical budget adjustment to resolve carryover budget.*
- 37. Decrease appropriations in the Gasoline Tax Street Improvement Fund Group in the Citywide Activities Department by \$878,866 as a technical budget adjustment to resolve carryover budget.*
- 38. Increase appropriations in the General Grants Fund Group in the Citywide Activities Department by \$9,973 as a technical budget adjustment to resolve carryover budget.*
- 39. Decrease appropriations in the Refuse/Recycling Fund Group in the Citywide Activities Department by \$19,164 as a technical budget adjustment to resolve carryover budget.*
- 40. Decrease appropriations in the Tidelands Operating Fund Group in the Citywide Activities Department by \$692,963 as a technical budget adjustment to resolve carryover budget.*
- 41. Decrease appropriations in the Business Assistance Fund Group in the Citywide Activities Department by \$184,630 as a technical budget adjustment to resolve carryover budget.*
- 42. Increase appropriations in the Community Development Grants Fund Group in the Citywide Activities Department by \$5,939,038 as a technical budget adjustment to resolve carryover budget.*

43. Decrease appropriations in the Development Services Fund Group in the Citywide Activities Department by \$571,734 as a technical budget adjustment to resolve carryover budget.

44. Decrease appropriations in the Successor Agency Operations in the Citywide Activities Department by \$2,918 as a technical budget adjustment to resolve carryover budget.

Various Employee Memoranda of Understanding (MOUs)

45. Increase appropriations by \$4,837,584 in the relevant departments and funds as shown on Attachment B to implement the City Council-approved MOUs.

On August 25, 2020, the City Council approved MOUs with the Long Beach Lifeguards Association, Long Beach Management Association (LBMA), Association of Confidential Employees, City Prosecutors Association, and City Attorneys Association. Terms in the LBMA MOU are extended to unrepresented management employees.

On September 8, 2020, the City Council approved an MOU with the Long Beach Engineers Association.

On September 15, 2020, the City Council approved MOUs with the International Association of Machinists and Aerospace Workers (IAM) and the Long Beach Supervisors Employees Association. Terms in the IAM MOU are extended to unrepresented non-management employees.

On November 17, 2020, the City Council approved an MOU with the Service Employees International Union, Local 721.

Due to the timing of these City Council approvals, the increased salaries were not incorporated into the Adopted FY 20 budgets of the affected departments and funds and, at the time of the adoption of the FY 20 budget, were intended to be funded from any FY 20 surplus on a one-time basis or, if necessary, from reserves. As these are unbudgeted costs to departments, appropriation increases are requested to fund the increased labor costs for FY 20. Attachment B lists the requested department and fund appropriation increases. The total requested net appropriation increase for all funds is \$4,837,584 of which \$2,310,567 is for the General Fund Group. The net appropriation increases will be funded from the relevant funds' available fund balances. The General Fund Group cost is anticipated to be funded from a draw-down of reserves, most likely emergency reserves, as the General Fund Group is facing financial challenges exacerbated by the pandemic and the anticipated surplus that would have funded these costs did not occur. The Harbor and Water Departments' increased costs total \$1,484,590. As both departments have sufficient appropriation for these increases, they are not included in the requested appropriations request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENT A – SUMMARY OF PROPOSED BUDGET ADJUSTMENTS
ATTACHMENT B – SUMMARY OF APPROPRIATION ADJUSTMENTS - MOU'S

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APPROVED:



THOMAS B. MODICA
CITY MANAGER

	<u>USES:</u> <u>Budgeted</u> <u>Expenditure</u>	<u>SOURCES:</u> <u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>
<u>General Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
PNE Election Activities reimbursed by LBUSD	413,436	413,436	-
The LAB Tenant and Façade Improvement Costs	39,000	-	39,000
309 Pine Roof Replacement and Asbestos Remediation	340,000	-	340,000
Workforce Grant Related Expenses	1,625,844	-	1,625,844
California Wildland Fire Reimbursements	2,853,860	-	2,853,860
GEMT QAF Payments	424,028	424,028	-
Fire Department MOU Adjustments	(1,539,449)	-	-
Landscape Services	62,375	62,375	-
Promenade Area Park Shading Project	8,000	8,000	-
Insurance Reimbursements for Accident Repairs	15,665	15,665	-
El Dorado Park Tennis Center	69,375	69,375	-
Technical Correction in Public Works	452,466	757,328	-
Technical Correction for Measure A Funded Station 9	(246,400)	(246,400)	-
Technical Correction in PW for Council District Projects	-	-	-
Measure B - TOT for Art Organizations	306,334	306,334	-
Total Adjustments - General Fund Group	\$ 4,824,534	\$ 1,810,141	\$ 4,858,704
<u>Business Assistance Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(184,630)	150,000	-
Total Adjustments - Business Assistance Fund Group	\$ (184,630)	\$ 150,000	\$ -
<u>Capital Projects Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Calsense Irrigation Controller Upgrades	68,265	68,265	-
SCE Charge Ready Program	220,000	220,000	-
3rd Street Improvements	54,239	54,239	-
Technical Correction for Measure A Funded Station 9	246,400	246,400	-
Station 9 Technical Correction	2,350,000	2,350,000	-
Munis Conversion Technical Correction	(25,750,129)	34,999,302	-
Technical Correction in PW for Council District Projects	(35,343)	(35,343)	-
Total Adjustments - Capital Projects Fund Group	\$ (22,846,568)	\$ 37,902,863	\$ -
<u>Civic Center Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(126,831)	7,375,000	-
Total Adjustments - Civic Center Fund Group	\$ (126,831)	\$ 7,375,000	\$ -
<u>Community Development Grants Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Cannabis Equity Hire Program	260,761	260,761	-
Munis Conversion Technical Correction	5,939,038	-	-
Total Adjustments - Community Development Grants Fund Group	\$ 6,199,799	\$ 260,761	\$ -
<u>Debt Service Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Technical Correction for City, Light and Power Contract	-	-	-
Police Parking Garage Construction Costs Aligned to Budget	8,077,758	-	8,077,758
Total Adjustments - Debt Service Fund Group	\$ 8,077,758	\$ -	\$ 8,077,758

Third Budget Adjustment for FY 20

Attachment A

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>
<u>Development Services Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(571,734)	-	-
Total Adjustments - Development Services Fund Group	\$ (571,734)	\$ -	\$ -
<u>Fleet Service Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(807,360)	-	-
Total Adjustments - Fleet Service Fund Group	\$ (807,360)	\$ -	\$ -
<u>Gas Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Gas Fund Transfer	2,485,507	2,485,507	-
Total Adjustments - Gas Fund Group	\$ 2,485,507	\$ 2,485,507	\$ -
<u>Gasoline Tax Street Improvement Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(878,866)	121,827	-
Total Adjustments - Gasoline Tax Street Improvement Fund Group	\$ (878,866)	\$ 121,827	\$ -
<u>General Grants Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Cool California Cities Challenge	20,059	(1,401)	-
Technical Adjustment for State COPS Grants	252,206	252,206	-
State COPS 18 Grant	717,784	717,784	-
State COPS 19 Grant	1,128,272	1,128,272	-
Munis Conversion Technical Correction	9,973	-	-
Total Adjustments - General Grants Fund Group	\$ 2,128,294	\$ 2,096,861	\$ -
<u>Insurance Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Additional Insurance Premium Costs	3,339,525	-	3,339,525
Belmont Pier Repairs	973,898	973,898	-
Total Adjustments - Insurance Fund Group	\$ 4,313,423	\$ 973,898	\$ 3,339,525
<u>Refuse/Recycling Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(19,164)	4,502	-
Total Adjustments - Refuse/Recycling Fund Group	\$ (19,164)	\$ 4,502	\$ -
<u>Successor Agency Operations Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Munis Conversion Technical Correction	(2,918)	1,255,761	-
Total Adjustments - Successor Agency Operations Fund Group	\$ (2,918)	\$ 1,255,761	\$ -

Third Budget Adjustment for FY 20

Attachment A

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>
<u>Tidelands Operating Fund Group</u>			
Proposed 3rd FY 20 Adjustments:			
Long Beach Convention and Entertainment Center	2,319,000	-	2,319,000
Fire Department MOU Adjustments	369,132	369,132	-
Belmont Pier Repairs	973,898	973,898	-
PierPoint Landing Project	35,000	35,000	-
Tidelands CIP Project Management	-	-	-
Harbor Security Services Fleet Pre-payments	974,321	974,321	-
Munis Conversion Technical Correction	(692,963)	(5,985,492)	-
Total Adjustments - Tidelands Operations Fund Group	\$ 3,978,388	\$ (3,633,141)	\$ 2,319,000
	\$ 6,569,632	\$ 50,803,980	\$ 18,594,987

**FY 20 Impact By Department and Fund
Memorandum of Understanding with various labor groups**

DEPARTMENT, Fund Group	AMOUNT	DEPARTMENT, Fund Group	AMOUNT
AIRPORT	131,623	FINANCIAL MANAGEMENT	349,137
AIRPORT GROUP	131,623	EMPLOYEE BENEFITS GROUP	27,942
CITY ATTORNEY	168,445	FLEET SERVICES GROUP	78,061
EMPLOYEE BENEFITS GROUP	5,690	GENERAL FUND GROUP	199,737
GENERAL FUND GROUP	65,794	GENERAL SERVICES GROUP	126
INSURANCE GROUP	96,961	INSURANCE GROUP	566
CITY AUDITOR	32,233	TIDELANDS AREA GROUP	392
GENERAL FUND GROUP	26,310	TIDELANDS OPERATING GROUP	10,736
TIDELANDS OPERATING GROUP	5,923	TOWING GROUP	31,578
CITY CLERK	28,828	FIRE	326,578
GENERAL FUND GROUP	28,828	CUPA GROUP	14,236
CITY MANAGER	106,547	GENERAL FUND GROUP	173,323
GENERAL FUND GROUP	66,365	TIDELANDS AREA GROUP	19,638
SPECIAL ADVERTISING & PROMOTION GROUP	39,624	TIDELANDS OPERATING GROUP	119,381
TIDELANDS OPERATING GROUP	557	HEALTH & HUMAN SERVICES	605,076
CITY PROSECUTOR	91,778	CUPA GROUP	10,881
GENERAL FUND GROUP	88,984	GENERAL FUND GROUP	32,351
GENERAL GRANTS GROUP	2,794	HEALTH GROUP	492,153
CIVIL SERVICE	45,355	HOUSING AUTHORITY GROUP	69,692
EMPLOYEE BENEFITS GROUP	148	HUMAN RESOURCES	108,223
GENERAL FUND GROUP	45,207	EMPLOYEE BENEFITS GROUP	74,383
DEVELOPMENT SERVICES	338,010	GENERAL SERVICES GROUP	386
COMMUNITY DEVELOPMENT GRANTS GROUP	30,696	INSURANCE GROUP	33,454
DEVELOPMENT SERVICES GROUP	204,783	LEGISLATIVE	56,733
GENERAL FUND GROUP	95,055	GENERAL FUND GROUP	56,733
HOUSING DEVELOPMENT GROUP	6,602	LIBRARY SERVICES	151,018
SUCCESSOR AGENCY OPERATIONS GROUP	875	GENERAL FUND GROUP	143,974
DISASTER PREP & EMERGENCY COMM	172,287	GENERAL GRANTS GROUP	7,045
GENERAL FUND GROUP	172,287	PARKS, RECREATION AND MARINE	367,857
ECONOMIC DEVELOPMENT	61,158	GENERAL FUND GROUP	258,655
CIVIC CENTER GROUP	492	GENERAL GRANTS GROUP	149
COMMUNITY DEVELOPMENT GRANTS GROUP	16,446	TIDELANDS AREA GROUP	62,457
GENERAL FUND GROUP	31,787	TIDELANDS OPERATING GROUP	46,596
TIDELANDS AREA GROUP	1,571	POLICE	614,537
TIDELANDS OPERATING GROUP	10,862	GENERAL FUND GROUP	566,164
ENERGY RESOURCES	275,984	TIDELANDS AREA GROUP	40,673
GAS GROUP	213,123	TIDELANDS OPERATING GROUP	7,700
SERRF GROUP	9,288	PUBLIC WORKS	459,262
TIDELANDS OIL REVENUE GROUP	53,573	CAPITAL PROJECTS GROUP	5,419
		CIVIC CENTER GROUP	7,065
		GENERAL FUND GROUP	259,014
		REFUSE/RECYCLING GROUP	167,885
		TIDELANDS OPERATING GROUP	19,879
		TECHNOLOGY & INNOVATION	346,915
		GENERAL SERVICES GROUP	345,119
		SPECIAL ADVERTISING & PROMOTION GROUP	1,796
GRAND TOTAL (does not include Harbor or Water Departments)			4,837,584
Note 1: All funds total (including Harbor and Water Departments) is \$6,430,832			
Note 2: General Fund Group total is \$2,310,567			