

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

June 19, 2012

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

**RECOMMENDATION:**

Adopt the attached Resolution requesting that the Board of Harbor Commissioners approve the FY 2012 estimated transfer of \$16,825,000 based on five percent of FY 2012 estimated gross operating revenue, with a true-up adjustment as necessary to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 2012 audited financial statements, from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF). (Citywide)

**DISCUSSION**

City Charter Section 1209(c)(4) provides for the transfer of a maximum of five percent of Harbor gross operating revenue. The Charter provides that the City Council, by a 2/3 vote expressed by resolution, may request the transfer in order to meet the lawful obligations of the Tidelands Operating Fund. The provision requires a majority vote of the Harbor Board of Commissioners, expressed by resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department FY 13 Proposed Budget approved by the Harbor Commission on June 4, 2012 includes a transfer amount of \$16.8 million, calculated on five percent of estimated FY 12 operating revenue of \$336.5 million. Approval of the transfer to Tidelands will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

**Tidelands Fund Requirements**

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands base oil revenue are insufficient to fund Tidelands operations. The Harbor revenue transfer to Tidelands is a critical funding source supporting Tidelands operations, and is necessary to support lifeguards, waterfront maintenance, the Convention Center, and Aquarium debt payments.

The passage of Measure D in 2010 clarified the City Charter with regard to the City Council's complete jurisdictional oversight over all City owned or controlled oil operations and oil revenue. The Measure D oil funds are best used for one-time

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infrastructure projects, as opposed to operations, given the volatility and unpredictable nature of oil prices. The Measure D oil funds were budgeted in FY 11 and FY 12 for infrastructure projects, and the FY 13 Proposed Budget will reflect the same use.

This matter was reviewed by Assistant City Attorney Charles Parkin and Budget Management Officer Victoria Bell on June 8, 2012.

#### TIMING CONSIDERATIONS

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 13 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt resolutions prior to the City Council's adoption of the FY 13 Proposed Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 19, 2012 to allow time for the FY 12 transfer amount to be approved by the Board of Harbor Commissioners for the FY 13 Proposed Budget.

#### FISCAL IMPACT

The estimated FY 12 transfer of five percent of gross operating revenue in the amount of \$16,825,000 from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) will be included in the City Manager's FY 13 Proposed Budget to support Tidelands operations. The final transfer amount will be based on the actual operating revenues reported in the Harbor Department's FY 2012 audited financial statements.

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

JG:VB  
K:\Exec\Council Letters\Budget\06-19-12 ccl - Port Transfer FY 13.doc

ATTACHMENT

APPROVED:



PATRICK H. WEST  
CITY MANAGER

1 RESOLUTION NO.  
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH MAKING CERTAIN FINDINGS AND  
5 DETERMINATIONS AND REQUESTING THE BOARD OF  
6 HARBOR COMMISSIONERS OF THE CITY OF LONG  
7 BEACH TO APPROVE A TRANSFER FROM THE HARBOR  
8 REVENUE FUND TO THE TIDELAND OPERATING FUND  
9 PURSUANT TO THE PROVISIONS OF CITY CHARTER  
10 SECTION 1209(C)(4)  
11

12 WHEREAS, City Charter Section 1209(c)(4) authorizes the transfer of  
13 monies deposited to the credit of the Harbor Revenue Fund to the Tideland Operating  
14 Fund under certain conditions; and

15 WHEREAS, the City Council finds and determines that a transfer of funds  
16 from the Harbor Revenue Fund to the Tideland Operating Fund is required to meet the  
17 lawful obligations of the Tideland Operating Fund; and

18 WHEREAS, the estimated gross operating revenues of the Harbor  
19 Department for the fiscal year commencing October 1, 2011 and ending September 30,  
20 2012, as shown is the sum of \$336,500,000 and five percent (5%) thereof is the sum of  
21 \$16,825,000;

22 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
23 follows:

24 Section 1. A transfer of funds from the Harbor Revenue Fund to the  
25 Tideland Operating Fund is required to meet the lawful obligations of the Tideland  
26 Operating Fund.

27 Section 2. That five percent (5%) of the estimated gross operating  
28 revenues of the Harbor Department for the fiscal year commencing October 1, 2011 and

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1 ending September 30, 2012 is the sum of \$16,825,000.

2 Section 3. A transfer is being requested of this amount on October 1,  
3 2012, with a reconciliation, as necessary, to reflect the final audited gross operating  
4 revenues as shown on the Harbor Department's independently audited financial  
5 statements for the period ending September 30, 2012.

6 Section 4. The City Council by a vote of two-thirds (2/3) of all its  
7 members requests that the Board of Harbor Commissioners approve the transfer of the  
8 sum of \$16,825,000 from the Harbor Revenue Fund to the Tideland Operating Fund,  
9 which transfer shall be made by journal entry on the books of the City of Long Beach.

10 Section 5. This resolution shall take effect immediately upon its adoption  
11 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

12 I hereby certify that the foregoing resolution was adopted by the City  
13 Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2012, by the  
14 following vote:

15 Ayes: Councilmembers: \_\_\_\_\_

16 \_\_\_\_\_

17 \_\_\_\_\_

18 \_\_\_\_\_

19 Noes: Councilmembers: \_\_\_\_\_

20 \_\_\_\_\_

21 \_\_\_\_\_

22 Absent: Councilmembers: \_\_\_\_\_

23 \_\_\_\_\_

24 \_\_\_\_\_

25 City Clerk

26  
27  
28