



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

August 29, 2018

TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE MEMBERS

City of Long Beach
California

RECOMMENDATION:

Receive and file an update on Fiscal Year 2018 Measure A expenditures and revenues, and confirm that the actual Measure A FY 18 expenditures conform with the intent of Resolution No. RES-16-0018 prioritizing spending on public safety and infrastructure and with the language contained in the ballot measure expressed in Resolution No. RES-16-0017.

DISCUSSION

Pursuant to the June 7, 2016 Measure A ballot initiative, on January 1, 2017, businesses in the City of Long Beach began to collect an additional one percent in sales tax on all tangible personal property sold at retail in the City. As part of the FY 18 Adopted Budget, the City Council committed \$47,698,200 in anticipated FY 18 Measure A revenues to fund priority public safety maintenance and restorations, as well as capital improvement projects to help rebuild Long Beach's infrastructure projects, and to fund the Measure B contribution and administration of the Measure A tax. The FY 18 budget was adjusted on March 13, 2018 by \$3.1 million to mitigate cost over runs in previously approved projects, offset by surplus Measure A revenue from FY 17. The FY 18 budget was adjusted again on May 22, 2018 by 1.0 million for additional parks projects, offset by higher than projected Measure A revenues in FY 18. Projects receiving funding through budget adjustments are denoted in Attachment A. The Citizens' Advisory Committee (CAC) reviewed the original and adjusted Measure A spending plan at previous meetings. This report provides details of actual revenue received and expenditures incurred as of May 31, 2017.

As of May 31, 2018, Measure A revenues for the year were \$39.1 million, and it is anticipated that revenues at year end will be \$53.1 million, or \$5.4 million more than originally budgeted. Of the \$5.4 million surplus, \$1.0 million was budgeted on May 22, 2018 for parks projects. The recommended uses of the remaining anticipated surplus, along with other unallocated Measure A revenue through FY 23, has been included in the FY 19 Proposed Budget for one-time public safety and infrastructure purposes from FY 19 through FY 23. Approximately \$2.4 million of this surplus has been allocated for FY 19 uses with the remainder planned for FY 20 and beyond. Staff continues to monitor Measure A revenues as it is challenging to project due to the timing of revenue receipts and, as it is a relatively new revenue source, without an established history or pattern.

TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE MEMBERS

August 29, 2018

Page 2

The charts show the current Measure A revenues and uses for FY 18, as revised by City Council action in March and May 2018. As of May 31, 2018, \$9.0 million has been expended or moved to the Measure A subfund and \$8.3 million has been encumbered, or obligated, for ongoing and one-time public safety and infrastructure purposes. To facilitate reporting on Measure A revenue and expense, Measure A is budgeted and tracked in a unique subfund of the General Fund. Personnel costs, which are primarily public safety maintenance and restorations, are budgeted in the General Fund operating budgets of the respective departments. At year-end, expenditures and personnel costs for public safety maintenance and restorations will reflect the budgeted levels.

**Summary of FY 18 Measure A Revenue and Expenditures
As of May 31, 2018**

| | FY 18 Adopted | Structural Portion¹ | One-time Portion | Actuals as of 05/31/18 | ETC as of 05/31/18 | Outstanding as of 05/31/18 |
|---|-----------------------------------|---|-----------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| Total Measure A Revenue | \$ 47,698,200 | \$ 23,849,100 | \$ 23,849,100 | \$ 39,070,573 | \$ 53,107,251 | \$ 14,036,678 |
| <i>Estimate Net of State Board of Equalization Fees</i> | | | | | | |
| | FY 18 Adjusted² | Structural Uses | One-time Uses | Actuals as of 05/31/18 | Encumbrances as of 5/31/18 | Remaining as of 5/31/18 |
| Total Uses of Measure A | \$ 52,070,904 | \$ 15,387,250 | \$ 36,683,654 | \$ 9,038,062 | \$ 8,389,476 | \$ 34,643,366 |
| <i>Invest in Infrastructure</i> | <i>30,488,654</i> | <i>-</i> | <i>30,488,654</i> | <i>5,207,983</i> | <i>8,310,430</i> | <i>16,970,241</i> |
| <i>Enhance and Maintain Public Safety</i> | <i>20,697,721</i> | <i>14,647,721</i> | <i>6,050,000</i> | <i>3,769,950</i> | <i>66,926</i> | <i>16,860,844</i> |
| Advanced, Maximized Police Academy | 4,300,000 | - | 4,300,000 | - | - | 4,300,000 |
| Neighborhood Safe Streets | 1,000,000 | - | 1,000,000 | | | 1,000,000 |
| Upgrade and New Camera Technology | 750,000 | - | 750,000 | 391,440 | 66,926 | 358,560 |
| Reestablish Police's South Division | 1,538,272 | 1,538,272 | - | | | 1,538,272 |
| Restore Fire Engine 8 | 2,296,881 | 2,296,881 | - | 1,221,775 | - | 1,075,106 |
| Restore Policy Academy Staffing | 1,408,805 | 1,408,805 | - | - | - | 1,408,805 |
| Restore Paramedic Rescue 12 | 1,110,176 | 1,110,176 | - | 647,603 | - | 462,573 |
| Maintain Police Services | 5,908,912 | 5,908,912 | - | - | - | 5,908,912 |
| Maintain Fire Services | 2,384,675 | 2,384,675 | - | 1,509,132 | - | 875,543 |
| <i>Contribute to Rainy Day Fund (Measure B)</i> | <i>531,073</i> | <i>531,073</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>531,073</i> |
| <i>Administer Measure A Tax</i> | <i>353,458</i> | <i>208,458</i> | <i>145,000</i> | <i>60,128</i> | <i>12,120</i> | <i>281,210</i> |

¹ Structural portion is available for either ongoing operations or one-time purposes.

² FY 18 Adjusted Budget includes carryover revenue from FY 17 surplus of \$3.3 million and FY 18 mid-year enhancement of \$1.0 million from additional FY 18 revenue.

Attachment A provides an overview of the status of Measure A funds spent on projects in FY 18. As capital projects may extend beyond one fiscal year, the list of FY 17 Measure A projects is also included along with any funds spent or encumbered on those projects in FY 18. Additionally, since the CAC last met, there have been a few changes to the scope of some of the projects, which are included in Attachment B.

SUGGESTED ACTION:

Approve recommendation.

Summary of FY 18 Measure A Infrastructure Project Expenditures

| Measure A Project List (FY 17 & FY 18) | FY 17 Adjusted | FY 18 Adjusted | FY 18 Actuals as of 5/31/18 | Encumbrances as of 5/31/18 |
|--|----------------------|----------------------|--------------------------------|-------------------------------|
| Mobility | \$ 16,520,000 | \$ 16,333,239 | \$ 2,353,535 | \$ 4,481,022 |
| Residential Street Repair (Slurry) ² | 11,080,000 | 2,920,000 | 315,375 | (177,952) |
| Arterial Street Improvements ² | 4,840,000 | 7,652,739 | 249,652 | 3,471,890 |
| Alley Improvements | 300,000 | 1,800,000 | 113,453 | 1,082,088 |
| Curbs & Sidewalks ¹ | - | 3,700,000 | 1,618,007 | 95,694 |
| Naples Bridge | 100,000 | - | (9,468) | - |
| Smart Street Light Technology | 150,000 | 210,500 | 8,933 | (5,245) |
| Street Signage | 50,000 | 50,000 | 57,582 | 14,547 |
| Parks & Recreation | \$ 6,098,000 | \$ 9,306,415 | \$ 1,602,666 | \$ 4,038,900 |
| Admiral Kidd Field Turf Improvements | - | 160,000 | | |
| 4th Street Senior Center Improvements ² | 250,000 | 350,000 | 23,896 | (8,824) |
| Bixby Park Community Center ² | 200,000 | 250,000 | 165,029 | 136,648 |
| Citywide Park Irrigation | 350,000 | 357,500 | 10,717 | - |
| Community Center Restrooms | 170,000 | - | 113,756 | 69,808 |
| Drake Park Playground ³ | 700,000 | 239,000 | 183,870 | 1,888 |
| Heartwell Field Turf | 320,000 | - | 206 | - |
| Houghton Park Community Center ² | - | 4,500,000 | 10,774 | 3,913,140 |
| Hudson Field Turf | - | 160,000 | | |
| Jackson Park Playground ² | 50,000 | 100,000 | 54,642 | 1,429 |
| Jenni Rivera Park Playground ² | - | 250,000 | 4,800 | 11,400 |
| Los Cerritos Park ³ | 700,000 | 300,000 | 94,264 | 11,683 |
| MacArthur Park | 56,000 | - | 43,551 | (41,205) |
| Martin Luther King Jr. Park | 42,000 | - | 33,914 | (31,875) |
| Pan American Roof Replacement ² | 100,000 | 60,000 | 131,813 | 1,061 |
| Rancho Los Alamitos | 500,000 | 500,000 | 592,902 | - |
| Rancho Los Cerritos | 500,000 | 500,000 | (4) | - |
| Red Car Greenbelt (P.E. Right-of-Way) ² | 150,000 | 150,000 | 54,742 | (48,055) |
| Silverado Field Turf | 160,000 | - | 11,391 | (8,122) |
| Silverado Park Improvements | 100,000 | - | 43,973 | 1,952 |
| Stearns Park Community Center Roof Repair ² | - | 800,915 | - | 24,334 |
| Urban Forest Investment | 350,000 | - | (478) | (136) |
| Veterans Field Turf | - | 160,000 | 13,816 | 1,888 |
| Veterans Park Playground ³ | 700,000 | 263,000 | | |
| Whaley Park Playground ³ | 700,000 | 206,000 | 15,092 | 1,888 |
| Public Facilities | \$ 3,121,000 | \$ 3,299,000 | \$ 1,252,149 | \$ (209,493) |
| Animal Care Facility | 150,000 | - | (32) | - |
| Bach Library | - | 67,000 | 1,018 | - |
| Brewitt Branch Library | 62,000 | - | 39,376 | (23,634) |
| Burnett Branch Library | 172,000 | - | 8,766 | 32,774 |
| City Place Parking Garage ² | 1,200,000 | 250,000 | 448,198 | (73,940) |
| Convention Center ¹ | - | - | | |
| Dana Branch Library | 103,000 | - | 28,150 | (12,792) |
| Emergency Communications & Operations Center | - | 290,000 | | |
| Expo Building | 200,000 | - | 179,818 | (150,034) |
| Facility Condition Assessment | - | 200,000 | 16,417 | 155,000 |
| Fire Station 7 | - | 120,000 | 98,623 | - |
| Fire Station 10 | 125,000 | 125,000 | 695 | - |
| Fire Station 17 | - | 35,000 | | |
| Fire Station Roofs | 650,000 | - | 73,663 | (198,694) |
| Fire Training Center | - | 325,000 | 267,039 | 21,822 |
| Harte Branch Library | 62,000 | 40,000 | 58,335 | (47,483) |
| Library Roof Improvements | - | 250,000 | 2,970 | - |
| Los Altos Library | 47,000 | - | 4,964 | 30,586 |
| Main Health Facilities Center | - | 650,000 | | |
| Mark Twain Library | - | 47,000 | 991 | - |
| PD Academy Building | - | 900,000 | 8,310 | 18,110 |
| Public Safety Building | 350,000 | - | 14,850 | 38,792 |
| Utilities | \$ - | \$ 1,550,000 | \$ - | \$ - |
| Stormwater Protection (Pump Stations) | - | 1,550,000 | | |
| Grand Total | \$ 25,739,000 | \$ 30,488,654 | 5,208,349 | 8,310,430 |

Notes:

¹ The first available additional FY 17 Year-End Tidelands Operations Fund surplus up to \$1,000,000 was automatically appropriated in the Public Works Department for one-time improvements to the Convention Center. The \$1,000,000 in Measure A Funds originally appropriated for Convention Center improvements was reallocated to Sidewalk Replacement, Repair, and Rapid Response to be used Citywide based on need..

² Surplus FY 17 Year-End Measure A funds were appropriated as part a Budget Adjustments approved by the City Council on March 13, 2018.

³ Additional Measure A funds projected mid-year in FY 18 were appropriated in the Budget Adjustments approved by City Council on May 22, 2018.



Project Adjustments

August 29, 2018

| PROJECT | ADJUSTMENT | EXPLANATION |
|--------------------------|---|---|
| City Place Garage | Scope Change: Added improvements to stair access to Harvey Milk Park | By eliminating “nooks” behind stairs, construction of a new staircase to Harvey Milk Park is necessary and was not included in previous scope. |
| Ruth Bach Library | Scope Change: Removal of HVAC improvements and hand dryers | The estimates for construction were higher than anticipated, therefore HVAC improvements and hand dryers are no longer feasible. |
| Arterial Streets | Budget Adjustment: \$750,000 | Funds for FY 17 surplus were previously reported on the Year 1/FY 17 project sheet. However, as these were approved in FY 18, adjustment has been made to report the additional \$750,000 with the Year 2/ FY 18 project sheet. |
| Fire Training Center | Scope Change: Removal of perimeter fence and gate at parking entrances | The estimates for construction were higher than anticipated, therefore a perimeter fence and gate at parking entrances are no longer feasible. |
| 4th Street Senior Center | Scope Change: Removal of hallway painting and ceiling tile replacement | The estimates for construction were higher than anticipated, therefore painting the hallway and replacing the ceiling tiles are no longer feasible. |