

April 9, 2021

TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE MEMBERS  
City of Long Beach  
California

**RECOMMENDATION:**

Receive and file an update on Fiscal Year 2020 Measure A expenditures and revenues.

**DISCUSSION**

**Summary**

As part of the Adopted FY 20 Budget, the City Council initially budgeted \$57.8 million in Measure A expenditures to fund priority public safety maintenance and restorations, capital improvement projects, and funds for the administration of the Measure A tax, and later adjusted the budget to \$63.3 million to account for FY 19 surplus funds that were allocated to projects as approved by City Council on February 18, 2020 in the FY 19 Year End Performance Report. The FY 20 budgeted revenue was \$59.7 million. The Measure A Citizens' Advisory Committee (CAC) reviewed the original and adjusted Measure A spending plan at previous meetings and determined all projects listed to be in compliance with the Measure A resolution of intent prioritizing spending. The actual expenditures are within the approved categories of spending.

This report provides details of actual revenue received and expenditures incurred as of September 30, 2020. Attachment A-1 summarizes FY 20 Measure A sources and uses, and overall year-end impact for FY 20. Attachment A-2 shows the Adjusted FY 17- 20 Measure A Infrastructure list with actual expenditures as of September 30, 2020.

**FY 20 Budget Performance**

*Sales and Use Tax & Measure A Revenues*

Prior to the pandemic, staff was projecting that FY 20 revenues for both Sales Tax and Measure A would perform potentially significantly better than what was initially included in the FY 20 budget due to strong FY 19 year-end revenue performance. This was quickly revised once it became apparent that the City and the world was in a pandemic situation which would negatively impact revenues. However, while Sales Tax and Measure A did experience a loss from pre-pandemic projections, they performed much better than expected under the pandemic conditions. Due to the pandemic, it was anticipated that the City would experience significant losses in major industry groups including restaurant,

## TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE

April 9, 2021

Page 2

hotels, and general consumer goods. While this was the case, losses in these categories were mitigated by relatively steady performance in comparison to prior year in areas such as Autos and Transportation, as well as gains in other areas including Food and Drugs, which includes much higher cannabis sales. Finally, increased online sales tax continued to be generated following the 2018 Supreme Court Wayfair decision (mandating additional collection), which was implemented in California with AB 147 in 2019.

FY 20 Measure A revenues showed similar patterns compared to sales tax as the taxes are similar in nature. This includes stable performance in Autos and Transportation, as well as gains in Food and Drugs similar to the experience in Sales and Use Tax. Measure A revenues ended the year at \$62.2 million, which is \$2.5 million higher than budgeted. As a relatively new revenue source, part of the reason for the variance in the budget to actuals is that the FY 20 revenue budget was set at a lower point, before it became evident that Measure A revenue was performing well (based on FY 19 actuals). There was also little available history on which to project Measure A. As with Sales and Use Tax, Measure A actuals include an estimated \$2.8 million in new revenues received through AB 147, which ensures that online retailers collect and remit Measure A along with Sales and Use Tax.

### *Measure A Expenditures*

Attachment A-1 provides FY 20 Measure A expenditure detail including a breakdown of budget and actuals. In FY 20, Measure A actuals/uses totaled \$68.04 million which includes \$26.36 million for infrastructure, \$36.28 million to enhance and maintain public safety, \$122,190 for administration, \$2.79 million for outyears set-aside per the approved ten-year Measure A plan, and \$2.49 million for approved funds which were not fully expended in FY 20 but planned for re-appropriation in FY 21.

Attachment A-2 provides a four-year (FY17 to FY 20) Measure A Infrastructure (CIP) Update. A total of \$114.5 million has been allocated to infrastructure. As of September 30, 2020, \$65.0 million has been expended. Due to the length of time necessary to complete some capital projects, \$49.5 million in approved projects are still in progress at the close of FY 20 and will be carried over to complete the projects.

### *Measure A Surplus*

As shown in Table A below, the Measure A program ended the year with a \$5.28 million surplus. This is the result of higher than anticipated revenue, expenditure savings in the Police Department associated with the Body-Worn Camera program, and the release of the \$1.8 million allocation for the savings from the delayed Police Academy. As part of the FY 20 Year-end Performance Report presented to City Council on February 16, 2021, the City Manager proposed to allocate these dollars toward critical infrastructure projects, and the appropriations for these projects were approved in the FY 21 First Budget Adjustment Report, contingent upon the confirmation by the Measure A Citizens Advisory Committee that the proposed uses are in conformance with the intent of Resolutions No.

## TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE

April 9, 2021

Page 3

RES-16-0018 and RES-16-0017 prioritizing spending. These surplus funds have been reserved for appropriation in FY 21.

Table A: FY 20 Measure A Performance		
		(In millions)
		Actuals
<b>Sources</b>		
Measure A Revenue	\$	62.23
Other Sources (Additional Releases to balance <sup>1</sup> )		8.74
Other Sources (Tranferred Back to Measure A from CIP <sup>2</sup> )		2.35
<b>Total Sources</b>		<b>73.32</b>
<b>Uses</b>		
Expenditures	\$	(62.76)
Other Uses: Measure B Reservation <sup>3</sup>		-
Other Uses: Including Station 9 for use in FY 21 <sup>4</sup>		(2.49)
Other Uses: Reserve for approved Measure A plan out-years <sup>5</sup>		(2.79)
<b>Total Uses</b>		<b>(68.04)</b>
<b>FY 20 Year-End Status</b>	<b>\$</b>	<b>5.28</b>

<sup>1</sup> Planned Releases represent funding set aside/ released as per the approved ten-year Measure A plan. This allocation accounts for the timing of projected revenues and the project funding needs in the plan and the City Council approved release of \$7.3 million in carryover revenue from FY 19 surplus.

<sup>2</sup> Reflects the City Council approved transfer back to the Measure A fund of cash previously set aside for Station 9 in the CP Fund Group.

<sup>3</sup> Based on the decline in General Fund revenues due to the pandemic no Measure B Stabilization funds will be reserved in FY 20.

<sup>4</sup> As part of FY 20 adjusted budgeted funds were approved for the purchase of land to house the new Station 9, jail clinician, magnolia tree removal and irrigation pumps. The funds were not fully expended in FY 20 but are planned to be set aside to be reappropriated for these purposed and spent in FY 21

<sup>5</sup> Reflects the planned reservation of funds set aside as per the approved ten-year Measure A plan. This allocation accounts for the timing of projected revenues and the project funding needs in the plan.

## SUGGESTED ACTION:

Approve recommendation.

## Measure A

### Summary of FY 20 Revenue and Expenditures

Attachment A-1

#### Total FY 20 Year-End Unallocated Surplus Calculation

	FY 20 Adopted	Actuals as of 09/30/20	Net Impact to Fund
Total Measure A Revenue	\$ 59,724,959	\$ 62,233,157	\$ 2,508,198
Transfer Back from CIP for Station 9 <sup>1</sup>		2,350,000	2,350,000
Release of Reserves <sup>2</sup>	1,438,866	1,438,866	-
Release of FY 19 YE Surplus <sup>3</sup>	-	7,297,438	7,297,438
<b>Total Sources</b>	<b>61,163,825</b>	<b>73,319,461</b>	<b>12,155,636</b>
Total Measure A Expenditures & Measure B	(58,377,124)	(62,758,316)	(4,381,192)
Planned Reservations <sup>2</sup>	(2,786,701)	(2,786,701)	
Reservation for Station 9 Purchase <sup>1</sup>		(2,250,000)	(2,250,000)
Addl. Reserve for FY 20 one-times <sup>4</sup>	-	(241,255)	(241,255)
<b>Total Uses</b>	<b>(61,163,825)</b>	<b>(68,036,272)</b>	<b>(6,872,447)</b>
<b>FY 20 Year-End Surplus / (Shortfall)</b>	<b>\$ 0</b>	<b>\$ 5,283,189</b>	<b>\$ 5,283,189</b>

#### Measure A Expenditure Detail

	FY 20 Adjusted Budget/Uses <sup>5</sup>	Budget Allocation		Actuals/Uses as of 09/30/20
		Structural Uses	One-time Uses	
<b>Total Uses of Measure A</b>	<b>\$ 66,663,825</b>	<b>\$ 29,862,479</b>	<b>36,801,346</b>	<b>\$ 68,036,272</b>
<b>Set aside for Out-Year Measure A Plan<sup>2</sup></b>	<b>\$ 2,786,701</b>	<b>\$ -</b>	<b>2,786,701</b>	<b>\$ 2,786,701</b>
<b>Additional Reservations<sup>6</sup></b>				<b>\$ 2,491,255</b>
<b>Invest in Infrastructure</b>	<b>26,356,541</b>	<b>-</b>	<b>26,356,541</b>	<b>26,356,453</b>
<b>Enhance and Maintain Public Safety</b>	<b>36,714,876</b>	<b>29,056,772</b>	<b>7,658,104</b>	<b>36,279,674</b>
Maintain Police Services	15,599,826	15,599,826	-	15,599,826
Maintain Fire Services	6,295,663	6,295,663	-	6,295,663
Reestablish Police's South Division	1,538,272	1,538,272	-	1,538,272
Restore Fire Engine 8	2,296,881	2,296,881	-	2,296,881
Restore Policy Academy Staffing	1,408,805	1,408,805	-	1,408,805
Restore Paramedic Rescue 12	1,110,176	1,110,176	-	1,110,176
Quality of Life Officers - Enhancement	371,917	371,917	-	371,917
HEART Team - Enhancement	435,232	435,232	-	435,232
Police Academy (Recruit)	1,400,000	-	1,400,000	1,397,438
Neighborhood Safe Streets	2,200,000	-	2,200,000	2,200,000
Body Worn Camera Program	1,358,104		1,358,104	1,166,719
Jail Clinician Program	100,000		100,000	50,000

# Measure A

## Summary of FY 20 Revenue and Expenditures

Attachment A-1

### Measure A Expenditure Detail

		Budget Allocation		
	FY 20 Adjusted Budget/Uses <sup>5</sup>	Structural Uses	One-time Uses	Actuals/Uses as of 09/30/20
Magnolia and Other Tree Program and Removal	200,000		200,000	108,745
Irrigation Pumps	100,000		100,000	-
Set aside funds for Engine 17	2,300,000		2,300,000	2,300,000
<b>Contribute to Measure B<sup>7</sup></b>				
	<b>\$ 597,250</b>	597,250	-	
<b>Administer Measure A Tax</b>				
	<b>208,458</b>	208,458	-	122,190
<sup>1</sup> Reflects the City Council approved transfer back to the Measure A fund of cash previously set aside for Station 9 in the CIP Funds. <sup>2</sup> Planned Releases represent funding set aside/ released as per the approved ten-year Measure A plan. <sup>3</sup> \$7.3 million of FY 19 year-end surplus was reserved and released in FY 21 for City Council approved uses - the purchase of land to house the new Station 9 (\$3m), magnolia tree and other tree stump removal (\$200K), Davenport (\$800K), Artificial Turf (\$1.5m) and Police Recruit Academy (\$1.8m). <sup>4</sup> Approved funds for jail clinician, magnolia tree removal and irrigation pumps were not fully expended in FY 20 are being reserved to be reappropriated for these purposes in FY 21. <sup>5</sup> Total adjusted budget shown here is a difference of \$5.5m above adopted budget. These adjustments include all the items listed in footnote 3 above except for the \$1.8 million for the Police Recruit Academy to be conducted in FY 20 as this was delayed. The \$1.8 million was no longer needed and the adjusted budget decreased during the year. <sup>6</sup> This accounts for the funds transferred back from the CIP to the General Fund for Station 9 as well as the approved funds for jail clinician, magnolia tree removal and irrigation pumps that were not fully expended in FY 20 but are planned to be set aside to be reappropriated for these purposes in FY 21. <sup>7</sup> Although Measure B is always projected and netted out as a use of structural Measure A revenue allocations it is not technically appropriated. Due to the overall decline in revenue in the General Fund there will be no Measure B set aside in FY 20.				

**Measure A Infrastructure (CIP) Update  
FY 17 - FY 20**

**Attachment A-2**

<b>Measure A Infrastructure Project</b>	<b>Adjusted FY 17- FY 20 Budget</b>	<b>Actuals as of 9/30/2020</b>	<b>Remaining as of 9/30/2020</b>
<b>Mobility</b>	<b>\$ 53,697,478</b>	<b>\$ 35,078,971</b>	<b>\$ 18,618,507</b>
Alley Improvements	5,304,739	5,037,272	267,467
Arterial Street Improvements	13,492,739	5,755,963	7,736,776
Curbs and Sidewalks	11,700,000	7,267,445	4,432,555
Naples Bridge	250,000	63,830	186,170
Residential Street Repair (Overlay)	7,500,000	2,666,421	4,833,579
Residential Street Repair (Slurry)	14,000,000	14,003,274	(3,274)
Smart Street Light Technology	500,000	150,126	349,874
Street Signage	200,000	58,687	141,313
Traffic Circle Improvements	750,000	75,953	674,047
<b>Parks &amp; Recreation</b>	<b>31,222,811</b>	<b>19,025,956</b>	<b>12,196,855</b>
4th St. Senior Center	820,000	810,505	9,495
Admiral Kidd Field Turf Improvements	-	-	-
Bixby Park Community Center	450,000	458,693	(8,693)
Bixby Park Parcel 1	350,000	579,151	(229,151)
Cherry Park Playground	400,000	36,313	363,687
Citywide Park Irrigation	1,065,000	777,736	287,264
Community Center Restrooms	170,000	166,066	3,934
Davenport Park Phase II	2,550,000	143,639	2,406,361
Drake Park - Park to Field Connection	500,000	90,667	409,333
Drake Park Playground	939,000	862,554	76,446
Drake Park - Restroom Replacement	630,000	39,332	590,668
Drake/Chavez Greenbelt 4-acre Wetland - Expansion	1,000,000	-	1,000,000
Rehabilitate El Dorado Duck Pond	1,754,000	105,976	1,648,024
El Dorado Golden Grove Event Area	500,000	96,189	403,811
EL Dorado Golden Grove Playground	400,000	60,125	339,875
El Dorado Park - Restroom #40 Rehabilitation	180,000	167,553	12,447
El Dorado Park - Restroom #41 Rehabilitation	180,000	80,412	99,588
El Dorado Park Artificial Turf	2,350,000	-	2,350,000
El Dorado Restroom Replacement #38 & 43	110,000	406,476	(296,476)
El Dorado Tennis Courts	150,000	150,000	-
Heartwell Field Turf	320,000	2,287	317,713
Houghton Park Community Center	5,741,896	5,596,565	145,331
Hudson Field Turf	-	-	-
Jackson Park Playground	150,000	134,140	15,860
Jenni Rivera Park Playground	250,000	260,610	(10,610)
Los Cerritos Park	1,000,000	969,423	30,577
Los Cerritos Park Sports Courts	100,000	84,028	15,972
MacArthur Park	56,000	53,611	2,389
MacArthur Park - Restroom Replacement	750,000	104,354	645,646
Martin Luther King Jr. Park	42,000	42,117	(117)
Pan American Park	160,000	144,367	15,633
Rancho Los Alamitos	1,000,000	1,019,526	(19,526)
Rancho Los Cerritos	1,000,000	998,591	1,409
Recreation Park Playground	1,000,000	37,352	962,648
Red Car Greenbelt (P.E. Right-of-Way)	300,000	253,914	46,086
Restoration Work at Los Cerritos Wetlands	500,000	-	500,000

**Measure A Infrastructure (CIP) Update  
FY 17 - FY 20**

**Attachment A-2**

<b>Measure A Infrastructure Project</b>	<b>Adjusted FY 17- FY 20 Budget</b>	<b>Actuals as of 9/30/2020</b>	<b>Remaining as of 9/30/2020</b>
Silverado Field Turf	480,000	496,393	(16,393)
Silverado Park	100,000	198,825	(98,825)
Silverado Park Sports Courts	100,000	105,675	(5,675)
Stearns Community Center	800,915	800,915	-
Urban Forest Investment	845,000	833,129	11,871
Veterans Park Community Center	160,000	148,550	11,450
Veterans Park Playground	963,000	875,476	87,524
Whaley Park Playground	906,000	834,721	71,279
<b>Public Facilities</b>	<b>24,398,645</b>	<b>10,378,423</b>	<b>14,020,222</b>
Alamitos Branch Improvements	941,000	36,143	904,857
Animal Care Facility	450,000	63,868	386,132
Bayshore Library Improvements	750,000	158,770	591,230
Brewitt Branch Library	62,000	55,005	6,995
Burnett Branch Library	160,500	147,430	13,070
City Place Parking Garage	1,450,000	1,436,137	13,863
Dana Branch Library	103,000	112,030	(9,030)
El Dorado Branch Improvements	1,024,000	56,036	967,964
Emergency Communications and Operations Center	830,000	18,676	811,324
Expo Building	288,000	288,000	-
Facility Condition Assessment and Improvements	5,949,000	1,125,789	4,823,211
Fire Station 1 Improvements	495,000	4,979	490,021
Fire Station 7	105,000	103,534	1,466
Fire Station 9	4,514,645	2,775,127	1,739,518
Fire Station 10	177,000	169,876	7,124
Fire Station 14 Improvements	295,000	78,415	216,585
Fire Station 17	35,000	-	35,000
Fire Station Roofs (FS 2, 4, 7, 10 Gender Separation)	650,000	356,087	293,913
Fire Training Center	525,000	434,084	90,916
Harte Branch Library	102,000	72,033	29,967
Library Roof Improvements	280,000	412,984	(132,984)
Los Altos Library	58,500	57,314	1,186
Main Health Facilities Center	1,250,000	738,686	511,314
Mark Twain Library	47,000	48,784	(1,784)
North Health Facility Improvements	890,000	-	890,000
PD Academy Building	1,400,000	293,638	1,106,362
Police Crime Lab	-	-	-
Public Safety Building	1,000,000	957,023	42,977
Ruth Bach Library	67,000	67,000	-
West Police Station Building Improvements	500,000	310,975	189,025
Critical Infrastructure Reserve	-	-	-
<b>Beaches</b>	<b>150,000</b>	<b>7,330</b>	<b>142,670</b>
Colorado Lagoon Improvements	150,000	7,330	142,670
<b>Utilities</b>	<b>5,000,000</b>	<b>470,044</b>	<b>4,529,956</b>
Stormwater Protection (Pump Stations)	5,000,000	470,044	4,529,956
<b>Grand Total</b>	<b>\$ 114,468,934</b>	<b>\$ 64,960,724</b>	<b>\$ 49,508,210</b>

(\*) Indicates project scope changes have occurred since the project was initially funded in response to increased project expense needs or budget savings.