



## Legislation Text

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**File #:** 09-0456, **Version:** 1

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Recommendation to approve Fiscal Year 2009 second quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 9, 2008, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2009 (FY 09). 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 09 General Fund Budget Adjustments.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on April 13, 2009.

The following requests for adjustments to FY 09 departmental and fund appropriations are necessary to reflect changes in operating conditions. . City Council action is requested on May 19, 2009 to enable the timely processing of payments.

### **Community Development**

In an effort to create efficiencies and to reduce the impact on vital services as a result of the reorganization in the Health and Human Services Department (HE), the Neighborhood Services Bureau in the Department of Community Development (CD) will now administer the Social Services Grant Program. This budget adjustment request is to transfer the budget from HE to CD.

- Increase appropriations in the General Fund (GP) in the Department of Community Development (CD) by \$200,000.

- Decrease appropriations in the General Fund (GP) in the Health and Human Services Department (HE) by \$200,000.

### **Development Services**

On August 5, 2008, the City Council authorized the City Manager to enter into a cost reimbursement agreement with the Boeing Realty Corporation (BRC) for costs related to redesign 100-acres of the master plan located on Carson Street between Lakewood Boulevard and Paramount Boulevard. This budget adjustment will cover the initial costs that will be fully reimbursed by the developer per the agreement. The agreement stipulates BRC shall reimburse the City on a monthly basis based on receipts submitted by the City as costs are incurred.

· Increase appropriations in the General Fund (GP) in the Development Services Department (DV) by \$280,500.

One of the critical goals of the Long Beach Redevelopment Agency (Agency) is the development of affordable housing within each redevelopment project area. To accomplish this goal, the Agency partners with the Long Beach Housing Development Company (LBHDC). On October 20, 2008, the Agency approved a Memorandum of Understanding (MOU) with the LBHDC that provides blanket approval to acquire real property for the development of affordable housing. The cost of five initial property acquisitions is \$2,857,500 and will be fully offset by a transfer of bond proceeds from the LBHDC to the RDA. There is no impact to the General Fund.

· Increase appropriations in the Redevelopment Fund (RD) in the Development Services Department (DV) for the Central Project Area by \$2,857,500.

On September 2, 2008, the City Council authorized the City Manager to enter into a Lease-Purchase Agreement for parking automation equipment at the Civic Center garage. The purchase price of the automation equipment is \$421,000. It is expected that with a five-year lease term, the total lease cost with principal and interest is \$476,572. For FY 09 the lease cost is \$87,371. Ongoing parking operation revenues will fully cover the annual lease costs.

· Increase appropriations in the Civic Center Fund (IS 380) in the Development Services Department (DV) by \$87,371.

## Fire

The Long Beach Fire Department provided staffing assistance for numerous California wildland fire events during October and November 2008 throughout various areas in southern California. The City is being reimbursed for all unbudgeted costs associated with this support effort. The requested appropriation increase will be offset by reimbursement revenue from the California Emergency Management Agency, formally known as the State Office of Emergency Services. There is no net impact to the General Fund.

· Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$677,000.

The annual MOU between the Fire and Harbor departments for the provision of fire services was not finalized until after the FY 09 Budget was adopted. An appropriation increase is necessary to align budgeted expenditures with the final MOU amount. The requested Budget Adjustment will be offset in full by revenue from the Harbor Department. There is no impact to the General Fund.

· Increase appropriations in the Tidelands Operations Fund (TF 401) in the Fire Department (FD) by \$1,484,037.

On November 13, 2007, the City Council authorized the City Manager to receive and expend Department of Homeland Security grant funding for the 2006 Urban Area Security Initiative grant at an amount not to exceed \$6,367,040. Unspent funds originally allocated to the Health & Human Services and Police departments will be shifted to the Department of Technology Services to cover purchase costs for Police radio equipment. There is no net impact to the grant nor to the General Grants Fund.

- Decrease appropriations in the General Grants Fund (SR 120) in the Health & Human Services Department (HE) by \$1,784.

- Decrease appropriations in the General Grants Fund (SR 120) in the Police Department (PO) by \$61,938.

- Increase appropriations in the General Grants Fund (SR 120) in the Technology Services Department (TS) by \$63,722.

## **Library Services**

The Long Beach Public Library Foundation and Friends of the Long Beach Public Library, both nonprofit organizations, have provided donations to the Library Services Department totaling \$284,196 for the purchase of books and material resources. A budget adjustment is required to allow the Department to expend these funds. There will be no impact to the General Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Library Services (LS) by \$284,196.

The Department of Library Services has received cash bequests over the years that have been reserved in City trust accounts. A budget adjustment is needed to allow the Department to expend these funds for library books and materials.

- Increase appropriations in the General Fund (GP 103) in the Department of Library Services (LS) by \$35,255.

On February 3, 2009, City Council approved the appropriation of reserved funds for the Department of Library Services to contract for an Integrated Library System. The initial costs will be funded from the federal E-Rate grant in the amount of \$386,671. The budget was placed in the General Fund, however, it has been determined that it would be more appropriate for the project costs to be recorded in the General Grants Fund, and a budget adjustment is necessary to shift the project budget. There is no net fiscal impact as a result of this action.

- Decrease appropriations in the General Fund (GP) in the Department of Library Services (LS) by \$386,671.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Library Services (LS) by \$386,671.

## **Parks, Recreation and Marine**

In May 2005, the City Council accepted a grant award from the State of California, Department of Boating and Waterways (DBAW) for the purchase of beach maintenance equipment in the amount of \$466,000. The grant award amount was subsequently reduced by DBAW to \$266,000, and the project was completed within the lower amount. Therefore, an appropriation decrease is necessary to reflect the actual expenditures and grant funding received.

- Decrease appropriations in the Tidelands Operating Fund (TF) in the Department of Parks, Recreation and Marine (PR) by \$200,000.

## **Police**

The Police Department has received \$140,129 in unbudgeted revenue for reimbursement of actual overtime costs for Police security at the filming of commercials, movies and television shows. The Police Department requests an appropriation increase to its overtime budget, supported in full by new reimbursement revenue.

- Increase appropriations in the General Fund (GP) in the Police Department (PO) by \$140,129.

## **Public Works**

Transportation Improvement fees are collected from land developers to mitigate cumulative traffic impacts. These fees are collected to support the Traffic Mitigation Program goals to relieve congestion, accommodate planned growth and implement traffic related programs such as street widening and creating left turn pockets. A budget adjustment is requested to appropriate the unspent fee revenue of \$2,366,371 for transportation improvement projects.

- Increase appropriations in the Traffic Mitigation Program Fund (CP 201) and in the Department of Public Works (PW) by \$2,366,371.

## **Tidelands**

To proactively address declines and fluctuations in the average oil price per barrel that provides a significant funding source for the Tidelands Fund, discretionary capital projects managed by Public Works and the Parks, Recreation and Marine departments have been placed on hold until it is clear that sufficient funding is available to support them. These include the Alamitos Bay Dredging Study and improvements to the Belmont Pool parking lot, Belmont Pier beach restrooms, the portable lifeguard towers and the Rainbow Harbor TransPac dock. A budget adjustment is necessary to reduce the appropriations for the projects that have been deferred.

- Decrease appropriations in the Tidelands Operating Fund (TF) in the Department of Public Works (PW) by \$1,533,860.

- Decrease appropriations in the Tidelands Operating Fund (TF) in the Department of Parks, Recreation and Marine (PR) by \$3,769,961.

## **Multi-Year Funds Carry-over**

Each fiscal year, appropriation increases and decreases are necessary to make technical corrections related to grants and capital projects. Budget amounts not spent by the end of a fiscal year for multi-year grants are carried forward and reappropriated in the existing fiscal year. The FY 09 Adopted Budget contained estimated amounts of carry-over balance from FY 08. The necessary corrections represent the difference between the estimate and the actual carry-over amount. Attachment C lists the corrections that require City Council approval by fund and by department for FY 09. The net

adjustment for the affected funds and departments is an appropriation increase of \$28,334,395. All of the funds are grant or bond proceeds and, therefore, restricted to their related projects and do not impact the General Fund.

### Citywide Furlough Savings

The City of Long Beach, along with much of our country, is facing serious financial challenges. The City is currently projecting up to a \$19.2 million General Fund deficit in the current fiscal year. In addition, other funds are facing serious challenges as a result of declining revenues. Revenue shortfalls for critical revenue streams such as Oil; Sales Tax; Vehicle License Fees, and Transient Occupancy Tax, among others, are well below expected levels, creating a critical budget shortfall. To help address this deficit, City management was directed to enter into discussions with the City's nine labor organizations regarding employee-generated cost saving options, including a potential mandatory work furlough.

Implementation of a mandatory unpaid work furlough equivalent to 1.92 percent of annual salaries (40 hours for regular, full-time employees and 20 hours for part-time) for permanent non-sworn employees will provide for the continuation of critical programs and services for the public while minimizing service level impacts and mitigating the need for significant workforce reductions at this time. Per the City Council's action on May 5, 2009, a budget adjustment is included to capture the associated cost savings of the mandatory employee work furlough or equivalent savings in an estimated amount of \$4 million in the General Fund, and approximately \$7 million Citywide, within the current fiscal year.

. Decrease appropriations in the Funds and Departments listed in Attachment D.

Approve recommendation.

LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

NAME  
TITLE

APPROVED:

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PATRICK H. WEST  
CITY MANAGER