



Legislation Text

File #: 13-0155, **Version:** 1

Recommendation to approve the Fiscal Year 2013 first quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 4, 2012, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2013 (FY 13). 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 Summary of Proposed Adjustments of impacted City funds and Attachment B for a recap of FY 13 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Assistant City Attorney Charles Parkin on January 28, 2013.

The following requests for adjustments to FY 13 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on February 19, 2013 to enable the timely processing of payments.

Development Services

On November 21, 2011, the Harbor Department released a solicitation for application under the Greenhouse Gas Emissions Reduction Mitigation Grant Program (GHG Grant Program). On August 20, 2012, the Long Beach Board of Harbor Commissioners approved two Port Community Mitigation Grants. One for a native garden at the Civic Center. Implementation of this project will facilitate landscaping, irrigation and planting of native plants throughout the Civic Center, through the Sustainability Office. The second grant was approved to plant 6,000 trees over seven years (2013-2020) in the community adjacent to the Port in the amount of \$671,200. There is no match of funds required, and no impact to the General Fund associated with this request.

- Increase appropriations in the Development Services Fund (SR 137) in the Development Services Department (DV) by \$40,948 from grant revenue.
- Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$671,200 from grant revenue.

The Development Services Department was allocated \$2,000 from FY 12 General Fund budget savings from the Second Council District and \$19,210 from the Ninth Council District. These funds are intended for Neighborhood Services to conduct neighborhood events and projects in the Second and Ninth Districts. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Development Services Department (DV) by \$21,210 from the associated fund balance reservation.

Health and Human Services Department

On September 20, 2011, City Council approved financing of a new Digital X-Ray System to be used jointly by the Tuberculosis Control Division in the Health and Human Services Department (HE) and Occupational Health Division in the Human Resources Department (HR). This lease-purchase, financed over a seven-year period, provides a cost-effective alternative for replacement of capital assets. Pursuant to recently established guidelines by the Governmental

Accounting Standards Board (GASB) to standardize financial reporting, a technical correction to pay the debt service out of the correct fund is required. Therefore, a budget adjustment is necessary to establish appropriations in the Debt Service Fund in HE. Funding comes from revenues transferred from the Health Fund and Insurance Fund as noted in the original Council letter. There is no impact to the General Fund.

- Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$23,833 offset by revenue from the Insurance Fund.
- Increase appropriations in the Debt Service Fund (DS 600) in the Health and Human Services Department (HE) by \$47,665 offset by revenue from the Debt Service Fund.

On July 24, 2012, the City Council approved the first amendment to the current agreement between the City of Long Beach and the State Department of Health Services to provide HIV/AIDS surveillance and clinical services in the amount of \$4,528,768. The State has since increased the funding to \$5,173,800. The grant is partially budgeted in the Health Fund. However, an appropriation increase of \$277,363 is necessary to match the budget to the total grant award.

- Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$277,363 from additional grant revenues.

Library Services

The Long Beach Public Library has received revenue totaling \$449,080, which is comprised of Jet Blue payments in lieu of fines in the amount of \$445,177 and \$3,903 remaining from a Cal Humanities grant received in FY 12 for materials and special events in support of the *California Reads* program. A budget adjustment is requested and is fully offset by a corresponding increase in revenue in the General Grants Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$449,080 from donation revenue.

Parks, Recreation and Marine

The Parks, Recreation and Marine Department (PR) provides year-round grounds and facility maintenance services for the Civic Center and adjacent Lincoln Park areas. In prior years, costs associated with maintaining these areas were charged directly to the Civic Center Fund. In FY 13, PR entered into an MOU with Public Works Department (PW) to provide these services on a reimbursement basis. A budget increase is requested for these services and will be offset by revenue from the Civic Center Fund.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$47,000 offset by MOU revenue.

PR was allocated \$8,154 in additional funds from the Second District's FY 12 budget savings. These funds will be used for upgrades and improvements at Bixby Park. The increase in appropriations is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$8,154 from the associated fund balance reservation.

The City is required to reimburse the County of Los Angeles the amount of \$1,859,999 for a grant received for development of the Sports Park because the park was not constructed. The increase in appropriation is offset by the associated General Fund balance fund reservation.

- Increase appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$1,859,999 from the associated fund balance reservation.
- Increase appropriations in the General Grants Fund (SR 120) in the Parks, Recreation and Marine Department (PR) by \$1,859,999 offset by revenue from General Fund.

Police

The Police and Harbor Departments have signed an FY 13 MOU for policing services to the Port area. The Harbor Department has agreed to increase reimbursement for the Police Port Security Unit, administrative overhead and related support by \$1,250,582, which includes the \$665,111 in the Tidelands Operating Fund. The MOU was not completed in time for the adopted FY 13 Budget and, therefore, a budget adjustment is necessary and will be fully offset by revenue received from the Harbor Department. The administrative overhead is budgeted as General Fund revenue and will be increased to equal the signed MOU.

- Increase appropriations in the Tidelands Operations Fund (TF 401) in the Police Department (PD) by \$665,111, offset by revenue.

Public Works

In August 2008, the City Council approved and adopted the formation of Community Facilities District 2007-2 (CFD 2007-2) in Belmont Shore. CFD 2007-2 replaced CFD 1 to allow for bond issuance, acquisition of property and to reflect revisions to district boundaries. In December 2009, the City issued bonds under CFD 2007-2. This bond was issued to pay for capital improvement projects in the Belmont Shore Parking and Business Improvement Area. During the FY 13 Budget process, the appropriation to fund the annual debt payment was inadvertently omitted. This appropriation request is offset with parking meter revenue from the Belmont Shore area.

- Increase appropriations in the Belmont Shore Parking Meter Fund (SR 136) in the Public Works Department (PW) by \$254,623 from parking meter revenue.

The Successor Agency (SA) has allocated \$583,495 to the Public Works Department (PW) for graffiti abatement to maintain graffiti abatement at the current level. This is an increase in expense appropriation of \$583,495 for the FY 13 graffiti painting contract that is offset with a revenue increase from SA.

- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$583,495 offset with revenue from SA.

On November 21, 2011, the Harbor Department released a solicitation for application under the Greenhouse Gas Emissions Reduction Mitigation Grant Program (GHG Grant Program). Public Works submitted a proposal to upgrade City safety lights at traffic signals to LED technology Citywide. On August 20, 2012, the Board of Harbor Commissioners announced awards for the GHG Grant Program, including \$659,605 to PW for the Safety Light upgrades. There is no match of funds required.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$659,605 from grant revenue.

The Public Works Department was allocated \$16,826 in additional funds from the Third Council District's FY 12 General Fund budget savings. The desired use of these funds are for general infrastructure projects in the Third Council District. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in Citywide Activities Department (XC) by \$16,826 to reflect a transfer to the Capital Projects Fund from the associated fund balance reservation.
- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$16,826 from General Fund revenue.

The City is responsible for the maintenance of the fuel Underground Storage Tank (UST) program, which includes ground water monitoring and reporting of four fuel sites per the State Water Board requirement. This is tracked in the Capital Improvement Program (CIP) budget. During the FY 13 Budget process, appropriation to fund the program was inadvertently omitted. To continue performing these duties, the Fleet Services Bureau requires an appropriations increase and will be offset by program fees in the Fleet Services Fund.

- Increase appropriations in the Fleet Services Fund (IS 386) in the Public Works Department (PW) by \$145,000 offset from program fees.

Technology Services

The Technology Services Department (TS) was allocated \$16,591 from the First Council District and \$13,179 from the Sixth Council District FY 12 budget savings. The desired use of these funds are for reprographics needs for various FY 13 projects and events in the First and Sixth Council Districts. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$29,770 to reflect a transfer to the General Services Fund from the associated fund balance reservation.
- Increase appropriations in the General Services Fund (IS 385) in the Technology Services Department (TS) by \$29,770 from General Fund revenue.

Citywide Activities

In FY 11, per GASB guidelines, the Debt Service Fund was created to pay for debt from governmental funds. Historically, the debt service payments for the Parks Open Space Bond and the Skylinks Bond were paid out of the General Fund. With the creation of the Debt Service Fund, the General Fund no longer has to serve as a pass-through for those payments. This budget adjustment will align the budget to reflect the actual expense and revenue for these debt service activities. This action has no impact on fund balance.

- Decrease appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$1,378,085 with a corresponding revenue decrease.

On October 4, 2011, the City Council authorized the allocation of \$18.4 million in one-time oil revenues in the Uplands Oil Fund to be used for various projects and equipment purchases. The funds were appropriated in multiple departments and funds, and the majority of the projects were completed during FY 12. However, several projects and anticipated equipment purchases could not be finalized during FY 12. The City Council is requested to reappropriate \$662,113 in remaining funds in the Departments listed, in order to complete the City Council authorized projects. The increase in appropriation is offset by the associated General Fund balance reservations.

- Increase appropriations in the General Fund (GP) in the Development Services Department (DV) by \$97,628 for various neighborhood projects directed by City Council;
- Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$56,366 for Automatic Vehicle Locator equipment purchase;
- Increase appropriations in the General Fund (GP) in the Police Department (PD) by \$7,570 for technology in cars and security cameras and \$350,000 originally for the Shotspotter gunshot detection. Per City Council direction on November 13, 2012, the unspent \$350,000 will be allocated to Police overtime;
- Increase appropriations in the General Fund (GP) in the Library Services Department (LS) by \$111,639 for technology, books and supplies; and
- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$38,910 for the creation of a Business Improvement District in the Ninth Council District.

On November 13, 2012, the City Council approved the issuance of the 2012 Refunding Bonds. On December 13, 2012, six lease revenue bonds were refunded to achieve a debt service reduction of \$16.5 million over 20 years. The bond proceeds, existing debt service reserve funds, and escrow interest earnings will be used to pay off the outstanding 1998 Series B Temple Willow, 2001 Plaza Parking, 2002 Public Safety, 2003 Skylinks, 2004 Towne Center Site Acquisition, and 2005 Series A Temple Willow bond issues, and to pay the cost debt issuance. A budget adjustment of \$86,870,885 is necessary to budget for the pay-off of the six previous series of bonds. The requested budget increase is offset by proceeds from the 2012 Refunding Bonds.

- Increase appropriations in the Debt Service Fund (DS 600) in the Citywide Activities Department (XC) by \$58,462,231 from bond proceeds.

- Increase appropriations in the Fleet Services Fund (IS 386) in the Public Works Department (PW) by \$28,408,654 from bond proceeds.

Appropriation increases are required for high priority capital projects and project support costs funded by additional FY 12 revenue from the Tidelands Oil Revenue Fund. Staff has identified projects in the Tidelands areas that address infrastructure, facility improvements, and community access needs. The projects include Convention Center improvements, parking automation upgrades, Cherry Beach playground equipment, public deck replacements, and a set-aside for the Belmont Pool. Please see Attachment C for a detailed list of the proposed projects.

- Increase appropriations in the Tidelands Operations Fund (TF 401) in the City Manager Department (CM) by \$22,774,000 from Tidelands oil revenue.
- Increase appropriations in the Tidelands Operations Fund (TF 401) in the Citywide Activities Department (XC) by \$250,000 from Tidelands oil revenue.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER