



Legislation Details (With Text)

File #:	17-1162	Version:	1	Name:	FM - 4th Budget Adjustment
Type:	Agenda Item	Status:		Status:	Approved
File created:	11/30/2017	In control:		In control:	City Council
On agenda:	12/19/2017	Final action:		Final action:	12/19/2017
Title:	Recommendation to approve the Fiscal Year 2017 fourth departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)				
Sponsors:	Financial Management				
Indexes:					
Code sections:					
Attachments:	1. 121917-R-18sr&att.pdf				

Date	Ver.	Action By	Action	Result
12/19/2017	1	City Council	approve recommendation	Pass

Recommendation to approve the Fiscal Year 2017 fourth departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 13, 2016, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2017 (FY 17). Periodically, changes in revenue or operating conditions require mid-year 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 periodically throughout the year to the City Council for consideration. Please see Attachment A for a Summary of Proposed Adjustments of impacted City funds, Attachment B for a recap of FY 17 General Fund Expenditure Budget Adjustments and Attachment C for approved City Council Negotiated Agreements by department and fund.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 29, 2017.

The following requests for adjustments to FY 17 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on December 19, 2017, to enable the timely processing of payments.

FY 17 Appropriation Adjustments

City Clerk

- 1. Increase appropriations in the General Fund (GF) in the City Clerk Department (CC) by \$62,440, for Medical Marijuana Initiative election costs, offset by the release of funds set aside for this purpose in FY 17.*

Measure MA is a Business License Tax on Marijuana Businesses that the residents of Long Beach approved on November 8, 2016. The City Clerk Department conducted the election and had sufficient appropriation to absorb most of the cost, except for \$62,440. These expenses were unbudgeted and an appropriation increase of \$62,440 is requested, offset by a release of funds set aside in FY 17 for this purpose.

Economic Development

- 2. Increase appropriations in the Parking and Business Improvement Area Fund (SR 132) in the Economic*

Development Department (ED) by \$1,064,098, for parking and retail trade improvements, offset by revenue collected from the ten business districts.

The ten Business Improvement Districts (Districts) throughout the City collect assessments and special fees to improve parking, economic and retail activities in those Districts. The Economic Development Department incurred expenses in the amount of \$1,064,098 related to the expenses passed-through to various Districts across the City. Expenditures are offset by revenues received from the Districts.

Financial Management

- 3. Increase appropriations in the Towing Fund (EF 340) in the Financial Management Department (FM) by \$79,286, for unbudgeted facility repairs and maintenance, offset by funds available.*

In FY 17, the Towing facility required unplanned repairs and maintenance for lighting, electrical and security systems, and perimeter fencing of the impound lot. As a result, an appropriation increase of \$79,286 is needed, offset by funds available in the Towing Fund.

Fire

- 4. Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$1,866,236, for overtime expenses related to staffing assistance for California wild land fires, offset by reimbursement revenue from the State of California.*

The Fire Department provided staffing assistance for California wild land fire events during FY 17. As the overtime expense for backfilling the employees who provided support for fighting these fires is unbudgeted, an appropriation increase is needed, offset by reimbursement revenue from the State of California.

- 5. Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$193,273, for overtime expenses related to providing staffing at special events, offset by revenue from production companies and event promoters.*

The Fire Department provides staffing at various special events throughout the year including the Grand Prix, and filming for various movies, commercials, and television programs. In FY 17, additional larger events were staffed than what was budgeted; therefore, an appropriation increase of \$193,273 is needed for the unbudgeted staffing costs, offset by reimbursement revenue from production companies and event promoters.

- 6. Increase appropriations in the Tidelands Operations Fund (TF 401) in the Fire Department (FD) by \$342,261, for enhanced fire boat staffing in the Port of Long Beach, offset by reimbursement revenue from the Harbor Department.*

Effective June 17, 2017, Fire Boat 15 "Vigilance" was placed into service. Two additional firefighting staff are required to operate the new fire boat daily due to its size and complexity. These additional costs, which were not budgeted in FY 17, were fully offset by a revenue transfer from the Harbor Department, through the Memorandum of Understanding between the Harbor Department and the Fire Department.

Health and Human Services

- 7. Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$924,331, offset by grant revenue for the Tobacco Education Program.*

Funding from California State Proposition 56 (Prop 56) augments existing California State Proposition 99 funds to support the City's Tobacco Education Program. Prop 56 is administered by the California Tobacco Control Program, which has allocated additional Prop 56 funding to the City in the amount of \$924,331, for the period of July 2017 to June 2018. An appropriation increase is needed for the Tobacco Education Program, offset by Proposition 56 revenue.

- 8. Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$89,265, for the Violence Prevention Program, offset by reimbursement grant revenue.*

Decrease appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$89,265, to move appropriation to the Health and Human Services Department (HE).

On July 5, 2016, the City Council requested the City Manager to explore the feasibility of realigning the City's Safe Long Beach Violence Prevention Plan (Safe LB Plan) and Language Access Program into the Health and Human Services Department (Health Department). On February 21, 2017, the Health Department provided a memorandum to the Mayor and City Council announcing the realignment of the Safe LB Plan, which was transferred from the Development Services Department (DV) to the Health Department. Although the program was transferred, DV continued to manage a grant from the Department of Justice (DOJ) that supports the Safe LB Plan for the remainder of the grant term, which was to end on September 30, 2017. The DOJ authorized an extension of this grant through September 30, 2018 to continue the work. The remainder of the grant funds need to move from DV to the Health Department.

Library

9. Increase appropriations in the General Fund (GF) in the Library Services Department (LS) by \$110,926 for books and database service fees, offset by refund revenue.

Upon completion of an internal audit of payments and receivables from a book supply vendor, the Long Beach Public Library (LBPL) identified an overage of payments for books paid to this vendor over the past few fiscal years. The vendor has since provided the LBPL with a refund in the amount of \$110,926 for these overpayments. An appropriation increase is needed to apply these funds towards the purchase of books and database service fees related to direct services provided to LBPL patrons.

10. Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$8,893 for special projects, offset by parking meter revenue for the Bay Shore Neighborhood Library.

The LBPL has received \$8,893 from parking meter revenue at the Bay Shore Neighborhood Library. The parking meter revenue will be used for projects that will improve the Bay Shore Neighborhood Library.

Long Beach Gas and Oil

11. Increase appropriations in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO) by \$1,136,541, offset by funds available.

On June 20, 2017, the City Council authorized an appropriations increase in the Gas Fund in the amount of \$1,136,541 for transfer to the Capital Projects Fund in the Public Works Department to support the conversion of City streetlights to LED. The recommendation erroneously identified the Gas Fund as EF 330, not EF 301. This action is a technical correction of that error.

12. Increase appropriations in the Tidelands Oil Revenue Fund (NX 420) in the Long Beach Gas and Oil Department (GO) by \$5,407,666 to align budget to actuals, offset by higher than expected oil revenue.

Increase appropriations in the Uplands Oil Fund (SR 134) in the Long Beach Gas and Oil Department (GO) by \$1,340,567 to align budget to actuals, offset by higher than expected oil revenue.

In FY 17, expenses in the Uplands Oil Fund and the Tidelands Oil Revenue Fund exceeded budget. Appropriation increases are requested in both funds to align budget to actuals. The FY 17 Adopted Budget oil projections were based on \$35 per barrel; however, actual oil prices trended around \$50 per barrel throughout the fiscal year. In the Uplands Oil Fund, higher than anticipated prices lead to increased remittance payments to oil operators such as THUMS Long Beach.

In the Tidelands Oil Revenue Fund, higher than anticipated prices led to increased remittance payments to the State of California for Tidelands Oil. In the Tidelands Fund, any year end surplus up to a \$1 million will be used for the contingent appropriation for the Convention Center improvements approved by the City Council. If there is any additional surplus beyond the \$1 million, staff will return with recommended capital investments that are fair and balanced and consistent with the reprioritization criteria established by the City Council in 2015.

Parks, Recreation and Marine

13. *Increase appropriations in the Special Advertising and Promotions Fund (SR 133) in the Parks, Recreation and Marine Department (PR) by \$31,880, for the 2017 Municipal Band Summer Concert Season, offset by sponsorship and private donation revenue.*

Increase appropriations in the Tidelands Operations Fund (TF 401) in the Parks, Recreation and Marine Department (PR) by \$40,000, for the 2017 Municipal Band Summer Concert Season, offset by sponsorship.

The Parks, Recreation and Marine Department needs an appropriation increase in the amount of \$31,880 in the Special Advertising and Promotion Fund and \$40,000 in the Tidelands Operations Fund to pay for activities associated with the 2017 Municipal Band Summer Concert Season. These increases in appropriation are fully offset by revenues generated from sponsorship and private donations.

Police

14. *Increase appropriations in the General Fund (GF) in the Police Department (PD) by \$328,424, for investigations training, investigative technology, and law enforcement equipment, offset by Asset Forfeiture funds.*

The Chief of Police is authorizing the use of \$328,424 in State and Federal Asset Forfeiture funds for the purchase of unbudgeted investigations training, investigative technology, law enforcement equipment, and miscellaneous facility repair.

Public Works

15. *Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$334,762, for increased operational expenses at the City Place Garage and various City parking lots, offset by parking revenues.*

Increase appropriations in the Rainbow Harbor Area Fund (TF 411) in the Public Works Department (PW) by \$617,545, for operational expenses at meters and garages in the Rainbow Harbor Area, offset by parking revenues.

Over the years, the operational expenses for City Place Garage and various City parking lots have increased due to the annual CPI increase for the parking management contractor, equipment and software upgrades, higher than anticipated credit card fees, and added maintenance service agreements. An appropriation increase of \$334,762 in the General Fund and \$617,545 in the Rainbow Harbor Area Fund is needed for the unbudgeted costs related to the City Place Garage and various parking lots, and meters and garages in Rainbow Harbor. The increase is fully offset from higher than anticipated parking revenues from these areas.

16. *Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$314,697, for hazardous waste spills on Public Works-controlled streets, alleys and infrastructure, offset by funds available.*

Hazardous Materials (HazMat) Emergency cleanup is handled by the Health and Human Services Department (Health Department). The Health Department is among the first responders onsite when there is a HazMat spill, and coordinates with the City's on-call HazMat contractor to ensure proper cleanup. The cleanup cost in the public right-of-way is charged to the Public Works Department, which did not have a budget for this expense in FY 17.

17. *Increase appropriations in the Capital Projects Fund (CP 201) in the Public Works Department (PW) by \$41,141, for power washing of the residual rubber residue from the Long Beach Grand Prix, offset by a transfer from the Special Advertising and Promotions Fund (SR 133).*

Increase appropriations in the Special Advertising and Promotions Fund (SR 133) in the City Manager Department (CM) by \$41,141, for transfer to the Public Works Department (PW), offset by funds available.

The removal of residual rubber remaining on the concrete portions of the Long Beach Grand Prix Race track on Shoreline Avenue between Ocean Boulevard and Pine Avenue is necessary to improve the aesthetics of the Downtown and Shoreline areas. To complete this, power washing has taken place in the areas where the residual rubber residue still remained. Funding for the power washing is being provided by the Special Advertising and Promotion Fund in the

amount of \$41,141.

- 18. Increase appropriations in the Capital Projects Fund (CP 201) in the Public Works Department (PW) by \$170,000, for the improvements of Locust Avenue between East 6th Street and East 7th Street, offset by revenue received from a Standby Letter of Credit.*

The 6th and Pine Development, LLC, failed to perform obligations to improve East 6th Street, East 7th Street and Locust Avenue, also referred to as Phase 2 Offsite Improvements for Mill-Works. The City, therefore, received \$170,000 from the Standby Letter of Credit for 6th and Pine Development, LLC. The Public Works Department performed the Phase 2 improvements, which included: reconstructing the street curb and gutter, constructing sidewalks and access ramps for compliance with the Americans with Disability Act, repaving the street with asphalt concrete, restriping, and reconstructing driveways.

- 19. Increase appropriations in the Transportation Fund (SR 182) in the Public Works Department (PW) by \$500,000, for the design and construction of new bus stop facilities, offset by Proposition A funds available.*

An appropriation increase is needed to implement the Citywide Bus Stop Facility Improvements project, in partnership with Long Beach Transit (LBT). The project will consist of installing new bus pads, extending existing bus pads, improvements to sidewalks and curb ramps to comply with ADA requirements, tree canopy and root pruning, removal and or relocation of existing trees, and relocation of an existing catch basin and lateral to accommodate a new ADA ramp. The cost of this project is fully offset by Los Angeles County Proposition A (Prop A) funds available.

- 20. Increase appropriations in the Capital Projects Fund (CP 201) in the Public Works Department (PW) by \$10,000, for playground equipment replacement at Jenni Rivera Memorial Park, offset by a transfer of Sixth Council District one-time infrastructure funds from the General Fund (GF) in the Parks, Recreation and Marine Department (PR).*

On May 23, 2017, the City Council approved the use of \$10,000 of the Sixth Council District's one-time infrastructure funds in the Parks, Recreation and Marine Department for the purchase of playground equipment for the Jenni Rivera Memorial Park. An appropriation increase in the Capital Projects Fund in the Public Works Department is a technical correction as the Public Works Department will be managing the project on behalf of the Parks, Recreation and Marine Department.

- 21. Increase appropriations in the Capital Projects Fund (CP 201) in the Public Works Department (PW) by \$350,000, for administrative costs related to the construction of the Los Cerritos Channel Sub-Basin 4 Stormwater Capture Facility Project, offset by reimbursement revenue.*

The City of Signal Hill (Signal Hill) and the City of Long Beach (City) are currently engaged in a Cooperative Agreement (Agreement) for the construction of the Los Cerritos Channel (LCC) Sub-Basin 4 Stormwater Capture Facility. A stormwater capture facility is to provide subterranean capture and treatment of stormwater runoff to reduce stormwater and non-stormwater metals and bacteria pollution discharges from both cities prior to outflow into the LCC and ultimately the Pacific Ocean. Under the Agreement, the Signal Hill Public Works Department has been taking the lead in providing project oversight and funding. The City has been participating in the design and construction review process and providing coordination with right-of-way permits and general project support.

On October 3, 2017, the City Council approved an amendment to the Agreement, increasing the reimbursement amount from \$50,000 to \$350,000 for City administrative costs. This request increases appropriation for these costs, offset by reimbursement revenue received from Signal Hill.

Citywide Activities

Lawsuit Settlements

- 22. Increase appropriations in the Insurance Fund (IS 390) in the Citywide Activities Department (XC) by \$2,000,000, to fund City settlements of prior lawsuits, offset by funds available.*

On June 20, 2017, July 11, 2017 and September 12, 2017, the City Council authorized the City Attorney to pay the full settlements of the lawsuits entitled Anthony Del Real v. City of Long Beach, et al., Miguel Vazquez v. City of Long Beach, et al., and Wendy Starbird v. City of Long Beach, et al., respectively.

Open Space Bond

23. *Increase appropriations in the Capital Projects Fund (CP 201) in the Citywide Activities Department (XC) by \$505,613, to transfer the earned interest income on the unspent bond proceeds to the Debt Service Fund (DS 600) in the Citywide Activities Department (XC), offset by interest income revenue.*

The balance of the Open Space Bonds has accumulated earned interest income in the amount of \$505,613. This income has been designated to pay the General Fund portion of the debt service for the Open Space Bonds. This transaction is an operating transfer from the Capital Projects Fund in the Citywide Activities Department into the Debt Service Fund in the Citywide Activities Department, to make the General Fund portion of the debt service payments.

LBAEE, LBCAA, and ALBE Memorandums of Understanding (MOUs)

24. *Increase appropriation by \$1,363,756 in the relevant departments and funds as shown on Attachment C to implement the City Council-approved MOUs, which is partially offset by revenues and various budget actions.*

On October 3, 2017, the City Council approved new MOUs with the Long Beach Association of Engineering Employees (LBAEE), Long Beach City Attorney's Association (LBCAA), and a new Terms and Conditions of Employment with the Association of Long Beach Employees (ALBE). For all groups, the FY 17 provisions include a 2 percent salary adjustment, and minor skill pay adjustments for LBAEE and ALBE.

The FY 17 cost of these agreements is \$365,427 in the General Fund and \$2,071,428 in All Funds including Harbor and Water Departments. These costs will be covered by savings in FY 17 achieved from taking budgetary actions, such as reducing collection charges for Worker's Compensation, General Liability, and Health Care, and better than expected revenues.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER