



Legislation Details (With Text)

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| Title: | Recommendation to approve the Fiscal Year 2020 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide) | | | | |
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| 10/13/2020 | 1 | City Council | approve recommendation | Pass |

Recommendation to approve the Fiscal Year 2020 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 3, 2019, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2020 (FY 20). 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. See Attachment A for a summary of proposed adjustments of impacted City funds, Attachment B for a summary of appropriation adjustments within relevant departments to implement the City Council-approved 2019-2023 MOU for the Association of Long Beach Employees (ALBE), and Attachment C for the Summary of High Priority Public Safety Classifications.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on September 25, 2020.

The following requests for adjustments to FY 20 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on October 13, 2020, to enable the timely processing of budget adjustments.

City Prosecutor

- 1. Decrease appropriations in the General Grants Fund Group in the Citywide Activities Department by \$138,909 as a technical correction.*

Increase appropriations in the General Grants Fund Group in the City Prosecutor Department by \$173,909 as a technical correction, offset by funds available.

Increase appropriations in the General Fund Group in the City Prosecutor Department by \$173,909, to support the City Prosecutor's Digital Paperless Project and Gang Prevention Strategy programs, offset by an interfund revenue transfer from the General Grants Fund Group.

On April 15, 2019, the City went live with Phase 1 of the Munis Financials system (Munis). By design during implementation, some of the FY 8 carryover budget balances were transferred to the Citywide Activities Department to be addressed during the current stabilization period. A total of \$173,909 for two City Prosecutor programs, Digital Paperless Project and Gang Prevention Strategy, should have been transferred to the General Grants Fund Group in Citywide Activities Department during the transition to Munis. Moving forward, as part of the new Munis system set up and accounting structure, these projects and programs should be budgeted and tracked in the General Fund Group. This request will provide the correct appropriation to transfer \$173,909 from the General Grants Fund Group in the Citywide Activities Department to the General Fund Group in the City Prosecutor Department. The increase of appropriation in the General Fund Group will be offset by an interfund transfer from the General Grants Fund Group and will align appropriation to the correct Munis funds and Department.

Economic Development

2. *Increase appropriations in the General Fund Group in the Economic Development Department by \$25,000 as a technical correction for the District Restart Grant Program to Fourth District businesses damaged by the events of May 31, 2020, offset by a transfer of appropriation from the Fourth Council District One-time District Priority Funds.*

On June 16, 2020, the City Council approved the transfer of one-time funds for the Small Business Restart Grant Program, which is designed to provide emergency relief to help small businesses impacted by property damages related to the events that occurred on May 31, 2020, within specific Council Districts. As part of the June 16, 2020 approved recommendation, \$25,000 of the Fourth Council District One-time District Priority Funds were allocated to support the District Restart Grant Program but the necessary appropriation increase in the Economic Development Department was erroneously not included in the recommendation. This request is a technical correction to increase appropriation in the Economic Development Department by \$25,000 in the General Fund Group, offset by a reduction in the Fourth Council District one-time priority funds previously approved.

Health and Human Services

3. *Increase appropriations in the Housing Authority Fund Group in the Health and Human Services Department by \$12,800,000, offset by Department of Housing and Urban Development (HUD) Funding.*

In FY 20, the Housing Choice Voucher Program is experiencing higher expenses due to increases in assistance payments and voucher use. Payment standards have changed and have increased the maximum monthly assistance payments provided to participants in the voucher program. In addition, as a result of the economic impact of COVID-19, many at-risk Long Beach residents are left without income. This has led to more voucher adjustments necessary to provide additional assistance. Finally, monetary incentives for owners to lease to voucher program participants have been made available through Los Angeles County (County) Measure H grants and is resulting in higher voucher use. Incentives are funded by County Measure H grants for persons facing homelessness. The appropriation increase of \$12,800,000, offset by HUD funding, will be used to support FY 20 Housing Assistance Payment (HAP) expenditures projected at \$94.7 million by year-end.

Library

4. *Increase appropriations in the General Grants Fund Group in the Library Services Department by \$955,025 for programming and materials, offset by contributions from the Public Library Foundation and from other agencies.*

The Long Beach Public Library (LBPL) received funds totaling \$955,025 from the Long Beach Public Library Foundation, including \$836,400 from the Jet Blue consent decree, which is earmarked for materials purchases. In addition, the LBPL received \$1,000 from California Humanities and \$117,625 from the California State Library to support adult and child literacy programs. Funding from the California State Library will dedicate \$82,625 for adult literacy programs and \$35,000 to child literacy programs.

Public Works

5. *Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$5,239,524 as a technical cleanup, offset by a transfer from the Citywide Activities Department to correct the fund designation the financial systems.*

Decrease appropriations in the Tidelands Operating Fund Group in the Citywide Activities Department by \$5,239,524 as a technical cleanup to transfer to the Public Works Department.

On

April 15, 2019, the City went live with Phase 1 of Munis. By design during implementation, the Tidelands Parking Fund in the Tidelands Operating Fund Group was set-up as a “multi-year budget life-to-date” fund. As of October 1, 2019, the Public Works Department requested to change the fund to a “multi-year budget

annual” fund so their remaining available budgets at fiscal year-end do not roll from one year to the next year. Since these funds were initially set-up as multi-year funds, the cleanup of the previous years’ unspent appropriation, or carryforward balances, requires a technical adjustment to the Tidelands Parking Fund in both the Citywide Activities and Public Works Departments to correct the budget in Munis. A technical adjustment is also required for the revenue in the Tidelands Parking Fund, increasing budgeted revenue in the Public Works Department by \$6,085,694 and decreasing by the same amount in the Citywide Activities Department.

6. *Decrease appropriations in the Refuse/Recycling Fund Group in the Public Works Department by \$186,832 to align expense budget to actual grant revenues received.*

The Environmental Services Bureau receives the CalRecycle Oil Payment Program Grant (Grant) budgeted in the Public Works Department operations budget. This Grant provides funding for activities that reduce the amount of illegally disposed used oil, recycle used oil/used oil filters, and reclaim used oil. This reduction in appropriation and in budgeted revenue will align the budget with actual revenues received from the Grant.

7. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$469,500, offset by reimbursements from various organizations and agencies.*

The City Council approved appropriation increases in the Capital Projects Fund Group in the Public Works Department for the following projects to be offset by grant revenues: \$127,000 for the Orange Avenue Backbone Bikeway and Complete Streets from CalTrans on January 7, 2020; \$216,000 for the Beach Streets University from Metro on March 10, 2020; and, \$126,500 for the Go Human Event on Artesia Boulevard from Southern California Association of Governments (SCAG) on May 19, 2020. In Munis, capital grant funds are budgeted in separate funds than where the capital project expenses accrue, and as a result, the projects must be budgeted in two different funds. A technical adjustment to increase appropriation in the amount of \$469,500 is requested to allow for the transfer of grant reimbursement funds from the Capital Grants Fund within the Capital Projects Fund Group to the Capital Projects Fund for the projects listed.

8. *Increase appropriations in the Civic Center Fund Group in the Citywide Activities Department by \$10,414,636 for Fixed Growth Debt, offset by revenues generated by the Civic Center MOU for this purpose.*

Decrease appropriations in the Civic Center Fund Group in the Public Works Department by \$10,414,636 to transfer appropriation to the Citywide Activities Department.

On July 16, 2019, the City Council approved the Second Amendment to Contract No. 34242 with Plenary Properties Long Beach, LLC (Plenary), for amending the Capital

(Service) Fee in Appendix 18 of the Project Agreement for the new Civic Center and Main Library. The Service Fee includes capital costs, facilities operations and maintenance costs (variable growth fees), and principal and interest (fixed growth fees). Costs for both the variable growth and fixed growth fees were budgeted in the Public Works Department. Under the new accounting structure in Munis, the fixed growth fees portion of these costs should have been budgeted in the Citywide Activities Department. An appropriation adjustment is requested to move the budget to the correct department to align with the proper accounting structure for these costs.

9. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$107,790, offset by rebates and incentives from Southern California Edison's ChargeReady program.*

On December 4, 2018, the City Council approved participation in Southern California Edison's (SCE) *ChargeReady* program and awarded a contract with ChargePoint, of Campbell, CA, to install and maintain electric vehicle charging stations. Per the agreement with SCE, rebates and incentives are available to assist with funding of purchase, installation, and maintenance of electric vehicle charging stations. At the time, total project costs net of SCE rebates and incentives were estimated at \$4.4 million. The City Council approved \$3.3 million in appropriation, where revenue to offset project costs were available and \$977,780 in project costs remained unfunded. The Public Works Department indicated that it would return to request the remaining appropriation once additional funding was identified. The requested appropriation increase of \$107,790, offset by rebates and incentives revenue received from the from SCE's *ChargeReady* program, will fund a portion of the \$977,780 in unbudgeted project costs.

10. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by \$211,661 to reflect actual spending for the completed Alamitos Park project.*

In FY 13, the City Council approved in the Third Quarter Budget Adjustments, \$2,833,281 from the State of California, Department of Parks and Recreation, 2006 Parks Bond Act for statewide park development and community revitalization (Safe Drinking Water Coastal Protection Fund of 2006) for the Alamitos Park project (formerly Armory Park). The project has been completed and a decrease in appropriation is requested to align budget with actuals and to reconcile the project budget with grant funding reimbursement received.

11. *Decrease appropriations in the Debt Service Fund in the Citywide Activities Department by \$762,441 for the City, Light and Power (CLP) budget, which is no longer considered a debt service transaction for accounting purposes.*

Decrease appropriations in the General Fund Group in Citywide Activities Department by \$762,441 for the CLP debt service transfer to the Debt Service Fund Group and move

the appropriation to the Public Works Department.

Increase appropriations in the General Fund Group in the Public Works Department by \$2,131,580 for the total CLP contract costs, offset by reducing appropriation in Citywide Activities Department and utilizing General Fund Group funds available or reserves as needed.

The CLP contract has included debt service payments for the installation of lights throughout the City. The City recorded the full interest and principal debt payments over 23 years in the Debt Service Fund Group, resulting in the debt being paid in full by FY 19. The remaining two years of the CLP contract needs are to be budgeted in the General Fund Group as part of the regular electrical contract with CLP that expires in April 2021. The \$762,441 was erroneously budgeted in the Debt Service Fund Group and this action transfers the appropriation to the General Fund Group in the Public Works Department, which is the department making the CLP contract payments. An additional \$1,369,139 of appropriation is needed to pay the remaining amount of the CLP contract for FY 20, for a total of \$2,131,580.

Citywide

12. *Increase appropriations in the General Fund Group in the City Manager Department by \$350,000 for citywide census efforts.*

Increase appropriations in the General Fund Group in the City Clerk Department by \$250,000 for citywide redistricting efforts.

Decrease appropriations in the General Fund Group in the Citywide Activities Department by \$600,000 to transfer the funds set aside for census and redistricting.

The Adopted FY 20 Budget included \$600,000 in one-time funds set aside for the City's census and redistricting efforts during the fiscal year. The funding is requested to be transferred from the Citywide Activities Department where it was temporarily placed, to the City Manager Department and the City Clerk Department where the expenses for these efforts have been incurred. The City Manager Department, responsible for census activities, will receive \$350,000, and the City Clerk Department, responsible for citywide redistricting efforts, will receive \$250,000, of the total \$600,000 of appropriation.

13. *Increase appropriations in the General Fund Group in the Citywide Activities Department by \$85,700 for a transfer to the Development Services Fund Group in the Development Services Department for the Parking Solution Implementation Fund, offset by revenue received for the sale of two former Successor Agency properties in the Downtown Long Beach Area at 127-135 East Broadway and Third Street and Pacific Avenue.*

The settlement agreement between the City and the Long Beach Transportation and

Parking Solutions (LBTAPS), a citizens group, agreed to have the City conduct a Parking Study of the Downtown and Alamitos Beach areas and established a Parking Solution Implementation Fund using 5 percent of the 75 percent that is retained for non-recurring economic programs in the Downtown Long Beach area of the City's share of the net sale proceeds from the sale of certain City-owned properties within the Downtown Long Beach area, as specified in the settlement agreement. The Parking Solution Implementation Fund is used to address parking issues in Downtown and to implement recommendations and suggestions identified in the Parking Study. Escrow for the sale of the 127-135 East Broadway as well as the Third Street and Pacific Avenue properties have closed, and funds have been remitted to the County for disbursement to affected taxing entities. An appropriation increase is needed to transfer revenues, approximately \$52,013 for the 127-135 East Broadway property and \$33,688 for the Third Street and Pacific Avenue property, to the Development Services Department for the Parking Solution Implementation Fund per the LBTAPS settlement agreement.

Munis Conversion Technical Corrections/Adjustments

On April 15, 2019, the City went live with Phase 1 of Munis. The implementation included approximately 100,000 converted lines of the FY 19 Adopted and Adjusted Budget, utilizing the newly developed Chart of Accounts, as well as over 2,800 lines of Projects and Grants budget from the converted Project Ledger data. By design during implementation, some of the FY 18 carryover budget balances were transferred to the Citywide Activities Department to be addressed during the current stabilization period. The following are technical budget adjustments to resolve carryover budget balances that were included in the transition to Munis and were previously held in an all years' subfund in the previous financial system, FAMIS. This increase is a clean-up item and has no impact to the various funds but does clear out the appropriation and revenue budget held in Citywide Activities Department.

14. *Decrease appropriations in the Airport Fund Group in the Citywide Activities Department by \$587,608 as a technical budget adjustment to resolve carryover budget.*
15. *Decrease appropriations in the Business Assistance Fund Group in the Citywide Activities Department by \$1,684,657 as a technical budget adjustment to resolve carryover budget.*
16. *Decrease appropriations in the Capital Projects Fund Group in the Citywide Activities Department by \$1,191,684 as a technical budget adjustment to resolve carryover budget.*
17. *Decrease appropriations in the Community Development Grants Fund Group in the Citywide Activities Department by \$221,818 as a technical budget adjustment to resolve carryover budget.*
18. *Increase appropriations in the Fleet Services Fund Group in the Citywide Activities Department by \$325,000 as a technical budget adjustment to resolve carryover budget.*

19. *Decrease appropriations in the Gas Fund Group in the Citywide Activities Department by \$6,935 as a technical budget adjustment to resolve carryover budget.*
20. *Decrease appropriations in the General Grants Fund Group in the Citywide Activities Department by \$5,654,255 as a technical budget adjustment to resolve carryover budget.*
21. *Decrease appropriations in the Health Fund Group in the Citywide Activities Department by \$3,660,355 as a technical budget adjustment to resolve carryover budget.*
22. *Increase appropriations in the Housing Authority Fund Group in the Citywide Activities Department by \$667,457 as a technical budget adjustment to resolve carryover budget.*
23. *Decrease appropriations in the Insurance Fund Group in the Citywide Activities Department by \$1,445,419 as a technical budget adjustment to resolve carryover budget.*
24. *Decrease appropriations in the Tidelands Area Fund Group in the Citywide Activities Department by \$469,282 as a technical budget adjustment to resolve carryover budget.*
25. *Increase appropriations in the Tidelands Operating Fund Group in the Citywide Activities Department by \$6,431,624 as a technical budget adjustment to resolve carryover budget.*

ALBE Memorandum of Understanding (MOU)

26. *Increase appropriations in the relevant departments and fund by \$1,053,599, as shown in Attachment B, to implement the City Council-approved MOU for the Association of Long Beach Employees (ALBE) bargaining group. Costs will be offset from a combination of various funds' funds available, one-time surplus funds to be generated in FY 20, and/or draw down from reserves.*

On March 17, 2020, the City Council approved the 2019-2023 MOU for the ALBE bargaining group. As these are unbudgeted costs to departments, appropriation increases are requested to fund the ongoing labor costs. Attachment B lists the requested department and fund appropriation increases. The total requested net appropriation increase for all funds is \$1,053,599, of which \$356,251 is for the General Fund Group. The net appropriation increases will be funded from the relevant funds' available fund balances and may increase future interdepartmental and inter-fund charges. The FY 20 General Fund costs are anticipated to be funded from a draw down from operating reserves as it is unlikely that there will be a year-end surplus, but this will be closely monitored and evaluated as part of the budget year-end close process. The Harbor and Water Departments' increased costs total \$794,133. As both departments have sufficient appropriation for these increases, they are not included in the requested appropriation increases.

FY 20 Salary Resolution Amendment for high priority public safety classifications

27. *Increase appropriations in the relevant departments and fund by \$246,128, as shown in Attachment C, to implement the City Council-approved salary range and skill pay amendments. Costs will be offset from a combination of various funds' funds available, one-time surplus funds to be generated in FY 20, and/or draw down from reserves.*

On April 14, 2020, the City Council approved amendments to the FY 20 Salary Resolution for multiple high-priority public safety classifications to address recruitment and retention issues. As these are unbudgeted costs to departments, appropriation increases are requested to fund the ongoing labor costs. Attachment C lists the requested department and fund appropriation increases. The total requested net appropriation increase for all funds is \$246,128, of which \$52,275 is for the General Fund Group. The net appropriation increases will be funded from the relevant funds' available fund balances and may increase future interdepartmental and inter-fund charges. The FY 20 General Fund costs are anticipated to be funded from a draw down from operating reserves as it is unlikely that there will be a year-end surplus, but this will be closely monitored and evaluated as part of the budget year-end close process.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER