



Legislation Text

File #: 12-0488, **Version:** 1

Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the FY 2012 estimated transfer of \$16,825,000 based on five percent of FY 2012 estimated gross operating revenue, with a true-up adjustment as necessary to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 2012 audited financial statements, from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF). (Citywide)

City Charter Section 1209(c)(4) provides for the transfer of a maximum of five percent of Harbor gross operating revenue. The Charter provides that the City Council, by a 2/3 vote expressed by resolution, may request the transfer in order to meet the lawful obligations of the Tidelands Operating Fund. The provision requires a majority vote of the Harbor Board of Commissioners, expressed by resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department FY 13 Proposed Budget approved by the Harbor Commission on June 4, 2012 includes a transfer amount of \$16.8 million, calculated on five percent of estimated FY 12 operating revenue of \$336.5 million. Approval of the transfer to Tidelands will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

Tidelands Fund Requirements

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands base oil revenue are insufficient to fund Tidelands operations. The Harbor revenue transfer to Tidelands is a critical funding source supporting Tidelands operations, and is necessary to support lifeguards, waterfront maintenance, the Convention Center, and Aquarium debt payments.

The passage of Measure D in 2010 clarified the City Charter with regard to the City Council's complete jurisdictional oversight over all City owned or controlled oil operations and oil revenue. The Measure D oil funds are best used for one-time infrastructure projects, as opposed to operations, given the volatility and unpredictable nature of oil prices. The Measure D oil funds were budgeted in FY 11 and FY 12 for infrastructure projects, and the FY 13 Proposed Budget will reflect the same use.

This matter was reviewed by Assistant City Attorney Charles Parkin and Budget Management Officer Victoria Bell on June 8, 2012.

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 13 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt resolutions prior to the City Council's adoption of the FY 13 Proposed Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 19, 2012 to allow time for the FY 12 transfer amount to be approved by the Board of Harbor Commissioners for the FY 13 Proposed Budget.

The estimated FY 12 transfer of five percent of gross operating revenue in the amount of \$16,825,000 from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) will be included in the City Manager's FY 13 Proposed Budget to support Tidelands operations. The final transfer amount will be based on the actual operating revenues reported in the Harbor Department's FY 2012 audited financial statements.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH MAKING CERTAIN FINDINGS AND DETERMINATIONS AND REQUESTING THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH TO APPROVE A TRANSFER FROM THE HARBOR REVENUE FUND TO THE TIDELAND OPERATING FUND PURSUANT TO THE PROVISIONS OF CITY CHARTER SECTION 1209(C)(4)

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER