



Legislation Text

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Recommendation to approve the Fiscal Year 2018 third departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 5, 2017, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2018 (FY 18). 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, and Attachment B for a recap of FY 18 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 24, 2018.

The following requests for adjustments to FY 18 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on October 9, 2018, to enable the timely processing of budget adjustments.

FY 18 Appropriation Adjustments

Airport

1. *Increase appropriations in the Airport Fund (EF 320) in the Airport Department (AP) by \$2,100,000 for the rehabilitation of Runway 12-30, offset by Airport operating revenues in funds available.*
In November 2017, the Federal Aviation Administration and the Long Beach Airport (LGB) identified a critical need for resurfacing repair to a portion of the center of the main runway 12-30. All American Asphalt completed the majority of the work in May 2018, through the City's annual asphalt contract. Project completion is anticipated in November 2018. The total cost of the project is estimated at \$2,100,000, which is funded by Airport operating revenues.

City Manager

2. *Increase appropriations in the General Fund (GF) in the City Manager Department (CM) by \$50,000 to make a payment for Art Murals to the Arts Council for Long Beach, offset by the Seventh Council District's one-time infrastructure funds transferred from the Legislative Department (LD).*

Decrease appropriations in the General Fund (GF) in the Legislative Department (LD) by \$50,000 to transfer the one-time infrastructure funds to the City Manager Department (CM).

On April 3, 2018, the City Council approved the use of the Seventh Council District's one-time infrastructure funds for art mural projects throughout the District. As a technical correction, the funds will be transferred to the City Manager Department to administer the contract and payments for these projects with the Arts Council for Long

Beach.

Development Services

3. *Increase appropriations in the General Grants Fund (SR 120) in the Development Services Department (DV) by \$38,000 for consulting services related to the City's historic resources, offset by revenues.*

The Development Services Department incurs costs for consulting services related to the City's historic resources, including the ongoing evaluation of existing and potential Historic Districts and Landmarks, analysis of existing and proposed historic preservation programs (e.g., Mills Act designations), and documentation of existing resources. These expenses are offset by the revenues set aside for these purposes from a mitigation payment made by Camden Development related to the removal of the former Loeff's structure at 250 West Ocean Boulevard.

4. *Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$1,260,633 for the I Dig Long Beach - 10,000 Trees by 2022 program, offset by grant revenue.*

On May 15, 2018, the City Council adopted a resolution authorizing submission of a grant application to the State Department of Forestry and Fire Protection, Urban and Community Forestry California Climate Investments Grant Program, acceptance of the funds, if awarded, and the execution of all documents necessary to implement the programs. The Development Services Department has been awarded \$1,260,633 for urban and community forestry programs in the City. Grant award will support the I Dig Long Beach - 10,000 Trees by 2022 program, which plants urban trees on City streets to beautify the City while reducing greenhouse gases.

5. *Increase appropriations in the General Fund (GF) in the Development Services Department (DV) by \$79,000 to fund the operation of the Promenade Maintenance District, offset by revenue.*

The Promenade Maintenance District, administered by the Development Services Department, is responsible for maintaining The Promenade between Ocean Boulevard and Broadway. The District's activities are funded by its members, which include the residential developments on The Promenade and the Psychic Temple. During FY 18, the District incurred maintenance costs of \$79,000. An increase in appropriations, offset by revenue, is requested to pay the maintenance expenditures.

6. *Increase appropriations in the Development Services Fund (EF 337) in the Development Services Department (DV) by \$36,190 for consulting services related to developing a Short-Term Rental Ordinance, offset by funds available.*

The Development Services Department is leading the effort to prepare an Ordinance to regulate short-term rentals. As part of the FY 18 Adopted Budget, \$75,000 was appropriated to hire a consultant to assist with this effort. The Department has since hired Lisa Wise Consulting to prepare an Ordinance, but the services requested in the final scope of work has exceeded the original estimated budget by \$36,190. An appropriation increase of \$36,190 is requested to cover the expenditures related to the expanded scope of work.

Library

7. *Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$91,800 for Family Learning Centers, offset by grant revenue.*

The Long Beach Public Library (LBPL) has received grant revenue totaling \$490,135 from the Long Beach Public Library Foundation (Foundation) for support of the Family Learning Centers of which \$398,335 is currently budgeted. The LBPL is requesting an additional increase in appropriations of \$91,800 to utilize the full amount of revenue received from the Foundation in FY 18 for the Family Learning Centers.

8. *Increase appropriations in the General Fund (GF) in the Library Services Department (LS) by \$12,815 for reimbursement of program material purchases for the Dive into Reading program in Youth Services, offset by grant reimbursement revenue.*

The Dive Into Reading program is a year-round program designed to support early literacy by encouraging young children, with their parent or other family members, to read 1,000 books before age five. The program is being run at the Main Library, Los Altos Library, and Michelle Obama Library. Patron participation is supported through programming, information and coaching on encouraging early literacy for parents and caretakers, book trackers, and prizes. The Foundation has agreed to reimburse the LBPL in the amount of \$12,815 for materials purchased for the Youth Services' Dive into Reading program.

Parks, Recreation and Marine

9. *Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$95,000 to address and mitigate facility safety concerns.*

Decrease appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$95,000 to transfer the funds, set aside for facility safety concerns, to the Parks, Recreation and Marine Department (PR).

The FY 18 Adopted Budget included \$95,000 to address and mitigate facility safety concerns as a one-time enhancement. The funding is requested to be transferred from the Citywide Activities Department where it was temporarily placed, to Parks, Recreation and Marine Department where the expenses have been incurred for various facility safety improvements.

10. *Increase appropriations in the Marina Fund (TF 403) in the Parks, Recreation and Marine Department (PR) by \$107,480 for the Long Beach Shoreline Marina Breaker/Outlet Replacement Project, offset by funds available.*

The Parks, Recreation and Marine Department is requesting an increase in appropriations in the amount of \$107,480 in the Marina Fund for the Long Beach Shoreline Marina Breaker/Outlet Replacement Project. The Breaker Replacement Project aims to repair or replace 1,565 electrical outlets or breakers that experience higher corrosion due to their proximity to salt water. Funding for this purpose is reserved in the Marina Division of Boating and Waterways (DBW) Non-Recurring Repair Reserve Fund. DBW has approved the request to draw \$107,480 from the Reserve Fund for this project.

11. *Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$34,200 for Movies in the Park, offset by sponsorship from Signal Hill Petroleum.*

Since 2005, Signal Hill Petroleum has sponsored Movies in the Park, and is providing Partner of Parks with \$38,000 for movies shown at various park sites in the City. Partners of Parks retains 10 percent of the sponsorship as an operational fee. The remaining amount of \$34,200 has been deposited in the General Fund in support of program staffing.

12. *Increase appropriations in the Capital Projects Fund (CP) in the Parks, Recreation and Marine Department (PR) by \$477,850 for funding of previously approved projects, offset by Park Impact Fees.*

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$1,100,000 for funding of previously approved projects, offset by Park Impact Fees.

In February 1989, the City Council established the Parks and Recreation Facilities Fee (PRFF) imposed on new residential development to mitigate the impact of increased population on parks and park facilities. Funds derived from park impact fees are used solely and exclusively for the purpose of funding park land acquisition and recreation improvements or to reimburse the City for expenditures, advances or indebtedness incurred for the acquisition of park land or construction of recreation improvements. The City is required to commit and/or expend collected park fees within five years from the date of deposit, which is accomplished through the City's annual budget with reporting provided to the City Council each spring. This budget adjustment will provide the funding of projects that were previously approved for use of Park Impact Fee revenues. These projects include the 14th Street Park Expansion, Willow Springs Trailhead, Wrigley Greenbelt, and Davenport Park Expansion. These projects were noted in the Impact Fee Annual Report that was approved by City Council on March 13, 2018.

13. *Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$44,335, for unbudgeted FY 18 program expenses, offset by program participation fees.*

The Parks, Recreation and Marine Department incurs expenses related to Youth Recreational and Sports programming including field trips, t-shirts and participation trophies, and various classes held at the Nature Center including Bird Identification, Butterfly Walks, Astronomy, and Gardening classes. The Department has received reimbursement revenues to offset these expenses.

14. *Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$70,258, for the Animal Care Services' spay and neuter voucher program, offset by revenues from the Dr. Eslinger Memorial Trust and Teresa Trust Fund for Cats.*

Animal Care Services (ACS) issues vouchers to the public to reduce the cost of a spay/neuter procedure at participating veterinary clinics. The ACS spay/neuter voucher program, is funded by the Dr. Eslinger Memorial Trust and Teresa Trust Fund for Cats, which was established specifically for the purpose of spay and neutering of animals.

15. *Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$107,371 to purchase medical supplies and veterinary care, offset by revenues from the Medication/Veterinary Care Trust.*

The Parks, Recreation and Marine Department maintains the Medication/Veterinary Care Trust, which was established specifically for the purchase of medical supplies and veterinary care for animals. In provision with the trust requirements, ACS purchased medical supplies and other contractual services in the amount of \$107,371.

16. *Increase appropriations in the Capital Projects Fund (CP) in the Parks, Recreation and Marine Department (PR) by \$352,180, offset by a transfer from the Public Works Department (PW) for the Willow Springs Trailhead Project.*

Decrease appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$352,180 to transfer insurance claim settlement funds to the Parks, Recreation and Marine Department (PR).

In FY 16, the Public Works Department received an insurance claim settlement in the amount of \$365,000 for the fire of the historic Southern Pacific Railroad Company depot. The management of the clean up of the damage caused by the fire was assigned to the Public Works Department and cost \$12,820. The management of the Willow Springs Trailhead project has since been assigned to the Parks, Recreation and Marine Department. A budget transfer in the amount of \$352,180 is requested to move the funding to the Parks, Recreation and Marine Department for this project.

17. *Increase appropriations in the Capital Projects Fund (CP) in the Parks, Recreation and Marine Department (PR) by \$148,000, offset by a transfer from the Public Works Department (PW) for the Willow Springs Wetlands Project.*

Decrease appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$148,000 to transfer Construction and Demolition funds to the Parks, Recreation and Marine Department (PR).

Construction and Demolition funding identified for completion of the Willow Springs Wetlands project was placed in the Public Works Department. As a technical correction, the funds will be transferred to the Parks, Recreation and Marine Department to allow staff to administer charges to the project. A budget transfer in the amount of \$148,000 moving the funding from the Public Works Department to the Parks, Recreation and Marine Department is requested.

Public Works

18. *Increase appropriations in the Transportation Fund (SR 182) in the Public Works Department (PW) by \$500,000 for street median improvements, offset by funds available.*

The Public Works Department receives Measure R funds from the Metropolitan Transportation Authority (Metro) annually. These funds are appropriated in the Capital Improvement Program through the annual budget process. The amount included in the budget is based on revenue projections from Metro based on sales tax. Public Works is requesting to increase appropriations for funds that were received in excess of the amount budgeted.

19. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$100,000 to reimburse the Public Works Department for median landscape costs, offset by a transfer from the Belmont Shore Parking Meter Fund.*

In February 2017, the Belmont Shore Parking and Business Improvement Area Advisory Commission recommended the use of \$911,728 in the Belmont Shore Parking Meter Fund in the Economic Development Department to partially fund the Belmont Shore Median Landscape Project, which totaled \$1,200,000, with the Public Works Department paying the difference of \$288,272 for the project as a temporary loan. The project improved the Second Street medians from Livingston Drive to Bay Shore Avenue with new irrigation, hardscape, landscaping, and lighting improvements. The Economic Development Department has agreed, via a Memorandum of Understanding, to reimburse the Public Works Department with monies available in the Belmont Shore Parking Meter Fund on the following schedule: \$100,000 in FY 18, \$100,000 in FY 19, and \$88,272 in FY 20. This request is offset by an operating transfer from the Belmont Shore Parking Meter Fund in the Economic Development Department.

20. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$488,671 for the purchase of a Project Portfolio Management Software, and Master Subscription Agreement, offset by transfers from the Airport Department (AP), Energy Resources Department (ER), and Water Department (WA).*

Increase appropriations in the Gas Fund (EF 301) in the Energy Resources Department (ER) by \$162,890 for a transfer to the Capital Projects Fund (CP) in the Public Works Department (PW), offset by funds available.

On October 17, 2017, the City Council awarded a contract to Arcadis U.S., Inc., for the purchase of a Project Portfolio Management Application (Application), Master Subscription Agreement, in the amount of \$561,561, and a separate Service Level Agreement, not to exceed \$90,000, for a total contract cost of \$651,561. This Application will allow the Departments of Airport, Energy Resources, Public Works, and Water to manage their capital improvement projects. The four Departments will split the costs evenly: \$140,390 each for the procurement of the software and \$22,500 each for the service agreement for ongoing maintenance of the system. The Service Level Agreement is to be renewed annually. The Airport Fund, the Gas Fund, and the Water and Sewer Funds will transfer \$162,890 to the Capital Projects Fund in the Public Works Department. The Public Works Department portion of \$162,890 is already appropriated in the Capital Projects Fund; therefore, an appropriation increase is requested in the amount of \$488,671 in the Capital Projects Fund in the Public Works Department. In addition, an appropriation increase in the amount of \$162,890 is requested in the Gas Fund in the Energy Resources Department, offset by funds available. The Airport Department has sufficient funds appropriated for their portion, in the amount of \$162,890, in the Airport Fund. The Water Department also has sufficient funds appropriated for their portion, \$114,023 in the Water Fund and \$48,867 in the Sewer Fund.

21. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$303,300 to fully fund the installation of a generator at the Fire Department Headquarters, offset by transfers from the Fire Department (FD) and the Police Department (PD).*

The Fire Department Headquarters at 3205 Lakewood Blvd., which is also used by the Long Beach Police Department, is in need of a backup power generator to avoid loss of power during scheduled or unscheduled power outages. The estimated cost of \$303,300 to furnish and install a generator will be funded by a transfer of \$151,650 from the General Fund in the Fire Department in FY 18. The Police Department will transfer \$151,650 in FY 19 to Public Works Department.

22. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$15,279 for plan check and compliance monitoring of the Oregon Park Development Agreement, offset by developer*

contributions.

On November 10, 2015, the City Council approved an application for a Development Agreement with The Long Beach Project Owner, LLC, and DEM Investment Company, LLC (the Developer). The Development Agreement includes the development of Oregon Park. On September 13, 2016, the City Council approved the appropriation increase for plan check and compliance monitoring of the Oregon Park Development Agreement, offset by developer contributions by \$10,000. Since then, the Developer has provided an additional \$15,279 in contributions to the Public Works Department for the facilitation and coordination of the plan check and project entitlements for Oregon Park, as well as for staff time to monitor the compliance with the Development Agreement.

23. *Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$1,138,783, offset by a transfer from Employee Benefits Fund (IS 391).*

Increase appropriations in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC) by \$1,138,783 for transfer to the Civic Center Fund, offset by funds available.

During the new Civic Center design-build period, the Civic Center project has had certain design changes. The City has determined that it is a best practice to provide employees with ergonomic height-adjustable workstations. The costs for the new workstations will be offset by funds available in the Employee Benefits Fund for these employee health-related costs. Additional requested changes will be funded by transfers from various departments to the Civic Center fund.

24. *Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$1,898,473, offset by transfers from various City departments and Civic Center Fund funds available.*

During the new Civic Center design-build period, the Civic Center project has had certain design changes. Design changes include furniture, fixtures, floor plan layouts, and equipment upgrades to the preliminary floor and furniture design. City departments initiated requests for these additional design requirements and agreed to fund those costs with department savings. Departments will transfer funds to the Civic Center Fund to cover their respective requests from current year appropriation or from anticipated future year savings.

25. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$11,165,000, offset by settlement funds from the Orange County Transportation Authority (OCTA) and California Department of Transportation (CalTrans).*

OCTA and CalTrans reached a settlement agreement with the City resulting from a violation of the California Environmental Quality Act (CEQA) regarding the construction of improvements on Interstate 405 between State Route 73 and Interstate 605. In litigation, the City contended that OCTA and CalTrans failed to adequately analyze and mitigate the project's traffic impacts in Long Beach. OCTA and CalTrans denied the allegation but agreed on a settlement to make payments to mitigate the project's traffic impacts throughout Long Beach. The settlement funds must be spent on traffic improvements in the affected area, which is at the end of the 22 Freeway and includes E. 7th Street and Studebaker Road.

26. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$170,000 for the reconfiguration of existing center median on Lakewood Boulevard, offset by a transfer from the Fire Department (FD).*

The Fire Department has requested the Public Works Department for a northbound, left-turn pocket on Lakewood Boulevard and reconfiguration of the existing center median to facilitate the route for northbound vehicles to enter the parking lot next to the Fire Department headquarters. This project is being funded by a transfer from the General Fund in the Fire Department to the Capital Projects Fund in the Public Works Department.

27. *Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$4,612, to do a clean-up transfer of funds to the Police Department (PD), offset by additional Asset Seizure funds received.*

On December 9, 2014, City Council authorized the transfer of Asset Seizure funds from the Police Department to the Capital Projects Fund (CP) in the Public Works Department (PW) for the rehabilitation of the former Schroeder Hall to become the new Police Department East Substation. Additional revenues in the amount of \$4,612 were received due to interest earned. At the end of the project, the remaining balance of unused Asset Seizure funds were transferred back to the Police Department. As a technical clean up item, it is necessary to increase appropriation in the Capital Projects Fund (CP) in the Public Works Department (PW), offset by the additional revenue received to align budget to actuals and to facilitate the transfer of funds.

Citywide Activities

28. *Increase appropriations in the General Grants Fund (SR 120) in the Economic Development Department (ED) by \$200,000 for oversight of the cannabis Equity Hire Program, offset by a transfer from the General Fund (GF).*

Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$16,000 for coordination of cannabis Fresh Start Clinics, offset by a transfer from the General Fund (GF).

Increase appropriations in the Development Services Fund (EF 337) in the Development Services Department (DV) by \$50,000 for expedited plan check approval for cannabis Equity program applicants, offset by a transfer from the General Fund (GF).

On July 10, 2018, the City Council approved a cannabis social equity program (Equity Program). The Equity Program is designed to support equal opportunity in the cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to disadvantaged communities. Prior to adoption, staff identified a one-time startup cost of \$266,000 to implement the Equity Program. This one-time cost includes \$200,000 for the Pacific Gateway Workforce Innovation Network to establish the 40 percent Equity Hire Program, \$50,000 for the Development Services Department to offset the cost to provide automatic expedited facility plan checks to Equity Program applicants, and \$16,000 for the Equity Office in Health and Human Services Department to coordinate Fresh Start Clinics for individuals eligible for criminal expungements under Proposition 64.

The one-time cost of \$266,000 will be offset by Citywide budget savings in excess of Department General Fund savings targets in FY 18. Ongoing costs related to the Equity Program will be offset through the Equity Hire fee charged to adult-use cannabis businesses.

29. *Increase appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$5,702,859 for debt service payments on the Open Space Bonds, offset by State-approved loan repayment revenue.*

In 2006, the City sold bonds secured by the General Fund for the development of open space in the City's underserved areas. Originally, revenue from the Downtown Redevelopment Project Area was to be one of the funding sources for the bond payments. Although the dissolution of redevelopment agencies statewide put an end to the original repayment plan, amendments to the Redevelopment Dissolution Act now allows redevelopment loan repayments to the City to be used for debt service on the Open Space Bonds. Redevelopment loan payments were made by the State to the City for this purpose in FY 16, 17 and 18. Funds received are transferred from the General Fund to the Debt Service Fund for scheduled repayments of the Open Space Bonds debt service. For FY 18, an appropriation increase of \$5,702,859 is requested to transfer these funds to the Debt Service Fund.

30. *Increase appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$900,000 for class action administrative costs, offset by reserves set-aside for this purpose.*

A class action lawsuit alleged that Telephone Utility Users Tax (UUT) was improperly collected by the City. The case was settled and the City agreed to pay refunds for Telephone UUT collected between August 11, 2005 and December 19, 2008. The requested appropriation increase of \$900,000 will cover administrative costs associated with facilitating the settlement including public notification, offset from funds reserved for this purpose.

31. *Increase appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$110,000 to fund a City settlement, offset by reserves set-aside for this purpose.*

In 2015, a lawsuit alleged that that the City's gas utility transfer violated Proposition 26. This case was recently settled. Per the settlement agreement, the City will pay \$110,000. The requested appropriation increase will fund the settlement payment, offset by funds reserved for this purpose.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER