

# R-25

June 6, 2023

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt a Resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2023 (FY 23) gross operating revenue, from the Harbor Fund Group to the Tidelands Operating Fund Group, with a true-up adjustment, if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 23 audited financial statements. (Districts 1, 2, 3)

## DISCUSSION

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor Department gross operating revenue. The Charter provides that the City Council, by a two-thirds (2/3) vote expressed by Resolution, may request the transfer in order to meet the lawful obligations of the Tidelands Operating Fund Group. The provision requires a majority vote of the Board of Harbor Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department Proposed FY 24 Budget, approved by the Board of Harbor Commissioners, will include a transfer amount calculated on 5 percent of FY 23 operating revenue, which is currently estimated at \$24,122,500. This amount is approximately a 5 percent increase from the transfer amount to be received for the previous fiscal year. Approval of the transfer to the Tidelands Operating Fund Group will be considered by the Board of Harbor Commissioners 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 oil revenue are insufficient to fund Tidelands operations. The Harbor revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and annual debt service payments on City bonds issued for the Aquarium.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita and Budget Analysis Officer Greg Sorensen on May 3, 2023.

TIMING CONSIDERATIONS

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 24 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 24 Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 6, 2023 to allow time for the FY 23 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 24 Budget.

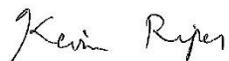
FISCAL IMPACT

The transfer of 5 percent of FY 23 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 24 Budget to support Tidelands operations and debt service. The transfer amount will be paid quarterly and will be based on the actual operating revenues reported in the Harbor Department's FY 23 audited financial statements. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER  
DIRECTOR  
FINANCIAL MANAGEMENT

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH REQUESTING THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH TO APPROVE A TRANSFER FROM THE HARBOR FUND GROUP TO THE TIDELANDS OPERATIONS FUND GROUP PURSUANT TO THE PROVISIONS OF CITY CHARTER SECTION 1209(C)(4)

WHEREAS, City Charter Section 1209(c)(4) authorizes the transfer of monies deposited to the credit of the Harbor Fund Group to the Tidelands Operations Fund Group under certain conditions; and

WHEREAS, the City Council finds and determines that a transfer of funds from the Harbor Fund Group to the Tidelands Operations Fund Group is required to meet the lawful obligations of the Tidelands Operations Fund Group; and

WHEREAS, City Charter Section 1209(c)(4) provides for the transfer of a maximum of five percent (5%) of the gross operating revenues of the Harbor Department;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. A transfer of funds from the Harbor Fund Group to the Tidelands Operations Fund Group is required to meet the lawful obligations of the Tidelands Operations Fund Group.

Section 2. That five percent (5%) of the gross operating revenues of the Harbor Department be transferred to the Tidelands Operations Fund Group.

Section 3. The transfer is being requested quarterly with a reconciliation, as necessary, to reflect the actual operating revenues reported in the Harbor Department's Fiscal Year 2023 audited financial statements.

