



CITY OF LONG BEACH

R-15

DEPARTMENT OF FINANCIAL MANAGEMENT

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May 17, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2016 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy.
(Citywide)

DISCUSSION

On September 15, 2015, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2016 (FY 16). Periodically, changes in revenue or operating conditions require 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 16 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 27, 2016.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 16 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on May 17, 2016 to enable the timely processing of payments.

FISCAL IMPACT

Development Services

Increase appropriations in the General Grants Fund (SR 120) in the Development Services Department (DV) by \$75,000, offset by the Looff Roof mitigation payment by Camden Development for consulting services related to the City's historic resources.

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 revenue from a mitigation payment made by Camden Development. As part of the environmental review process, Camden Development was required to make a mitigation payment to offset the impact of removing the historic Loeff Roof from the development site at 250 West Ocean Boulevard. The annual revenue and expense of \$75,000 were not budgeted for FY 16; therefore, an appropriation increase, offset by revenue, is requested at this time. Revenue and expense budget for future years will be requested during the FY 17 budget development process.

Disaster Preparedness and Emergency Communications

Increase appropriations in the General Grants Fund (SR 120) in the Disaster Preparedness and Emergency Communications Department (DC) by \$113,353, offset by additional Homeland Security grant funding and reallocation from other department grant funding savings to implement Deaflink, an Accessible Hazard Alert System;

Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$174,520, offset by additional Homeland Security grant funding and reallocation from other department grant funding savings for the purchase of various emergency generator cables;

Decrease appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$70,000 to offset other department grant expenditures; and,

Decrease appropriations in the General Grants Fund (SR 120) in the Health and Human Services Department (HE) by \$13,853 to offset other department grant expenditures.

In March 2015, the City Council approved the City's federal 2014 Urban Area Security Initiative (UASI 2014) grant award for \$5,489,507. Additionally, \$200,000 in grant funds were added for the City and appropriated on December 1, 2015, for a total grant award of \$5,689,507. Subsequently, additional funds in the amount of \$204,020 have been made available to Long Beach to implement Deaflink, an Accessible Hazard Alert System (AHAS), which provides emergency notifications through computers, tablets, video capable phones, web capable refresh braille readers and other devices to the deaf, hard of hearing, and blind that sign-up with AlertLongBeach. The funds also authorize the purchase of various cables, which can be used in conjunction with emergency generators to energize various facilities during a disaster or pre-planned event and triage kits for response to multi-casualty incidents by the Fire Department. Therefore, appropriation adjustments are requested for the Disaster Preparedness and Emergency Communications, Fire, Police and Health and Human Services Departments to offset grant eligible expenditures made by the Departments within the grant performance period.

Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$7,003,348, offset by additional Homeland Security grant funding for replacement of the radio dispatch system and a fire training program.

On March 22, 2016, the City Council approved the City's federal 2015 Urban Area Security Initiative (UASI 2015) grant award for \$5,377,994. Subsequently, \$7,003,348 of additional UASI 2015 grant funds are now available for the City to fund two projects. The first is to replace the City's aged radio dispatch system, which will improve the City's interoperability within the Los Angeles/Long Beach region, and has been authorized at a cost estimate of \$6,787,370. Second, is a region-wide Los Angeles Area Fire Chiefs Association training program, which has been authorized for \$215,978. Therefore, an appropriation increase of \$7,003,348 is requested for the Fire Department.

Decrease appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$475,000 to offset other department expenditures.

Also as part of the UASI 2015 grant funds, \$475,000 for maintenance and sustainment ear-marked for the Harbor Department will be reduced from the Police Department budget. Therefore, an appropriation decrease of \$475,000 is requested for the Police Department. No appropriation increase is necessary for the Harbor Department's portion of the UASI 2015 grant change. These additional grant funds will offset grant eligible expenditures made by each department within the grant period.

Fire

Increase appropriations in the Capital Projects Fund (CP) in the Fire Department (FD) by \$52,468, offset by Fire Facilities Impact Fee revenues for equipment, furnishing and new construction at Fire Stations 1 and 20 to accommodate additional staff.

In April 2007, the City Council established the Fire Facilities Impact Fee, which is imposed on new development and is to mitigate the impact of new development on fire facilities. New development increases the demand for public safety facilities and impact fees help defray the cost for these facilities. In FY 16, the Fire Department anticipates using some of the fee revenue to support a portion of the cost of equipment, furnishing and new construction at Fire Stations 1 and 20 to accommodate additional staff.

Human Resources

Increase appropriations in the Insurance Fund (IS 390) in the Human Resources Department (HR) by \$97,550, offset by claim reimbursement revenue for a transfer to the Public Works and Technology and Innovation Departments.

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Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$92,272; and increase appropriations in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) by \$5,278 for water damage costs incurred at City Hall.

On June 25, 2015 and September 6, 2015, City Hall experienced two water damage incidents that impacted the Technology and Innovation and Public Works Departments. The Human Resources Department received \$97,550, after deductibles, from two insurance claims, filed on behalf of both Departments. Appropriation increases are needed to transfer the reimbursement funds to the respective Departments to cover the cost of repairing the water damage.

Increase appropriations in the Employee Benefits Fund (IS 391) in the Human Resources Department (HR) by \$108,355, offset by reimbursement from the City's previous Flexible Spending Account (FSA) program vendor to initiate the FSA program with WageWorks.

Effective in FY 16, the Human Resources Department contracted with a new vendor, WageWorks, to administer the City's FSA program. The FSA program is funded through participating employee contributions. The previous vendor, Anthem, has reimbursed the City for unclaimed contributions totaling \$108,355 that were forfeited by employees. Employee contributions that are not used are forfeited and returned to the plan administrator. Because the forfeitures could not be reimbursed to employees per IRS regulations as they were set aside on a pre-tax basis, the funds will be used to initiate the program with WageWorks.

Increase appropriations in the Employee Benefits Fund (IS 391) in the Human Resources Department (HR) by \$14,120, offset by a payment from Anthem to implement and administer the Wellness Program for City employees.

The Human Resources Department contracts with Anthem to administer the Wellness Program for City employees. Previously, Anthem provided an annual incentive in the form of materials and supplies to the City for the Wellness Program for City employees, worth up to \$25,000. Effective in FY 16, the Human Resources Benefits and Administration Division took over this program from Anthem. As a result, Anthem gave the City \$14,120, which is the remaining amount of the unused incentive in FY 15. An appropriation increase is necessary, in the amount of \$14,120, for the City to use these funds to implement and administer the Wellness Program for City employees.

Legislative

Increase appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$117,582 for a transfer to the Capital Projects Fund (CP), offset by Council District FY 15 office budget surplus as listed below; and increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$117,582 for Council District infrastructure projects and programs.

City Council District	Budget Surplus
District 2	\$ 3,974
District 3	\$ 9,928
District 4	\$ 90,428
District 6	\$ 11,364
District 8	\$ 1,888
FY 2015 Budget Surplus Carryover	\$ 117,582

Individual Council District office budget surpluses are now allocated in the following fiscal year to supplement each respective Council District's Divide by Nine funding for infrastructure projects and existing City programs. In some cases, individual Council Districts have already appropriated their FY 15 budget surplus to their FY 16 District office budget. Budget adjustments for the remaining Council Districts are necessary to appropriate the FY 15 Council District office budget surpluses to supplement FY 16 Divide by Nine funding in the Public Works Department (PW) for infrastructure projects and existing City programs.

Increase appropriations in the General Fund (GF) in the Legislative Department (LD) by \$29,102, offset by First Council District's carry-over funds from FY 15, to be used for community and neighborhood events and meetings.

On February 16, 2016, the City Council authorized the First Council District's FY 15 budget savings of \$29,102 to be directed back to the District office budget. This appropriation increase will acknowledge the prior budget action with the formal Department and Fund designations.

Library

Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$334,000, offset by donated revenue received from various sources for book purchases, senior programming, and to supplement the Information Center for People with Disabilities.

Increase appropriations in the General Fund (GF) in the Library Services Department (LS) by \$9,900, offset by the Estate of Charla Wallace Expendable Trust Fund for a landscape beautification project at the Los Altos Branch Library.

The Long Beach Public Library (LBPL) has received revenue totaling \$334,000 from the following sources: JetBlue payments in lieu of fines in the amount of \$228,000 in FY 16 for book purchases to benefit all branches equally; \$76,500 from the Patricia Andrews Endowment to fund a Community Programs Specialist III to provide senior programming at the libraries; and \$29,500 from the Patricia Andrews Endowment to supplement the Department's funding for the Information Center for People with Disabilities (ICPD).

In addition, the LBPL is utilizing \$9,900 from funds held in the Estate of Charla Wallace Expendable Trust Fund to upgrade the irrigation system in conjunction with a landscape beautification project at the Los Altos Branch Library. In accordance with the stipulations of the Trust, 100 percent of these funds will be used for purchases for the Los Altos Branch Library.

Parks, Recreation & Marine

Increase appropriations in the General Fund (GF) in the Parks, Recreation & Marine Department (PR) by \$50,000, offset by a transfer from the Ninth Council District's one-time infrastructure funds for the Creative Corridor Challenge.

The Ninth Council District has allocated \$50,000 from FY 13 one-time infrastructure funds for the Creative Corridor Challenge, a civic engagement initiative to unite artists, residents, and stakeholders to collaborate on projects that will beautify the corridors of North Long Beach. This effort is underway, and is coordinated with the Parks, Recreation and Marine Department.

Public Works

Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$151,216, offset by smart parking meter revenue for a transfer to the Capital Projects Fund (CP).

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$151,216, offset by a transfer from the General Fund (GF) for parking-related improvement projects in the downtown area.

The Downtown Long Beach Business Association (DLBA) participates in a revenue sharing agreement with the City and receives half of the net revenue generated by downtown area parking meters. On December 2, 2014, the City Council approved the purchase and installation of new smart parking meters throughout the City, including the downtown area. Included in this action was a recommendation from City staff that new net revenue collected during the first two years of smart meter operations be dedicated to downtown area parking improvements. Thus far in FY 16, an additional \$151,216 in new net revenue has been collected, inclusive of both the City's and DLBA's share. The requested appropriation increases are necessary to facilitate the transfer of revenue to the Capital Projects Fund for implementation of parking-related improvements in the downtown area.

Decrease appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$1,383,146 for estimated consultant costs during the Long Beach Civic Center (LBCC) project Exclusive Negotiation Agreement (ENA) period and for Port contract management during construction.

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On December 15, 2015, the City Council approved a \$3,143,205 increase in appropriations in the Civic Center Fund (IS 380) to cover the estimated total cost of the Port's legal and financial advisors expenses during the ENA period. The ENA phase is complete and the remaining appropriation in the amount of \$1,373,146 for Port costs is no longer needed. In addition, the December 15, 2015 Council letter included a typo that resulted in an over appropriation of \$10,000; the City Council approved \$662,996, instead of \$652,996, for Port contract management during construction, offset by Port reimbursements. An appropriation decrease in the amount of \$10,000 corrects this over appropriation.

Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$2,263,000, offset almost entirely by reimbursement revenue from Plenary Edgemoor Civic Partners, LLC (PECP), for a net City cost of \$48,100, to utilize the Early Works Agreement (EWA) to continue design work and avoid construction increases in other non-financing costs for the Civic Center.

On February 2, 2016, the City Council approved the City to expend approximately \$2,263,000 (through May 1, 2016) to utilize the EWA to continue design work and avoid construction escalation or increases in other non-financing costs for the Civic Center. Available Civic Center appropriation was used to cover that disbursement. All but \$48,100 of that money was expected to be repaid to the City during the financial close for the Civic Center. However, the appropriation that was used needs to be restored to pay for the previously stated costs associated with the Civic Center in the original December 15, 2015 City Council authorization. Therefore, an appropriation increase of \$2,263,000 is needed for the EWA. Of this amount, \$2,214,900 is offset by reimbursement from PECP and the remaining \$48,100 will be funded by Civic Center Funds Available.

Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$7,375,000, fully offset by reimbursement revenue by Plenary Edgemoor Civic Partners, LLC (PECP), for construction costs for the new Civic Center to realize approximately \$1,000,000 in long-term savings through reduced annual payments.

As part of the ongoing financial analysis for the new Civic Center project, it was determined that by the City temporarily paying for certain expected allowance and contingency construction costs totaling \$7,375,000 at financial close, it was possible to create significant long-term savings to the City by reducing the annual payment to PECP by approximately \$30,000 a year (in FY 16 dollars), or a little over \$1,000,000 during the term. The \$7,375,000 will be reimbursed to the City upon occupancy of the new City Hall, expected in June 2019. The ongoing cost reduction is the result of interest cost savings during the construction period.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

Second Budget Adjustment for FY 16

	USES:		SOURCES:	
	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>	
<u>General Fund (GF)</u>				
Proposed 2nd FY 16 Adjustments:				
Council Districts' FY 16 Projects	117,582	-	117,582	
Council District 1 FY 15 Budget Carryover	29,102	-	29,102	
Landscape Beautification Project at Los Altos Branch Library	9,900	9,900	-	
Creative Corridor Challenge	50,000	50,000	-	
Parking Related Improvement Project in Downtown	151,216	-	151,216	
Total Adjustments - General Fund	\$ 357,800	\$ 59,900	\$ 297,900	
<u>Capital Projects Fund (CP)</u>				
Proposed 2nd FY 16 Adjustments:				
Equipment, Furnishing and New Construction at Fire Stations 1 and 20	52,468	-	52,468	
Council Districts' FY 16 Projects	117,582	117,582	-	
Parking Related Improvement Project in Downtown	151,216	151,216	-	
Total Adjustments - Capital Projects Fund	\$ 321,266	\$ 268,798	\$ 52,468	
<u>Civic Center Fund (IS 380)</u>				
Proposed 2nd FY 16 Adjustments:				
Water Damage Reimbursement	92,272	92,272	-	
Legal and Financial Advisors Adjustment - Civic Center ENA Period	(1,383,146)	(10,000)	(1,373,146)	
Civic Center Design Work	2,263,000	2,214,900	48,100	
Civic Center Construction Cost	7,375,000	7,375,000	-	
Total Adjustments - Civic Center Fund	\$ 8,347,126	\$ 9,672,172	\$ (1,325,046)	
<u>Employee Benefits Fund (IS 391)</u>				
Proposed 2nd FY 16 Adjustments:				
Flexible Spending Account	108,355	108,355	-	
Wellness Program	14,120	14,120	-	
Total Adjustments - Employee Benefits Fund	\$ 122,475	\$ 122,475	\$ -	
<u>General Grants Fund (SR 120)</u>				
Proposed 2nd FY 16 Adjustments:				
Historic Resources Consulting	75,000	75,000	-	
UASI 2014 Deaflink and Cables for Emergency Generators	204,020	204,020	-	
UASI 2015 Dispatch System and Fire Chiefs Training	7,003,348	7,003,348	-	
UASI 2015 Reallocate Funds from Police Dept for Harbor Dept	(475,000)	(475,000)	-	
Library Books, Senior Programming, Info Center for People with Disabilities	334,000	334,000	-	
Total Adjustments - General Grants Fund	\$ 7,141,368	\$ 7,141,368	\$ -	
<u>General Services Fund (IS 385)</u>				
Proposed 2nd FY 16 Adjustments:				
Water Damage Reimbursement	5,278	5,278	-	
Total Adjustments - General Services Fund	\$ 5,278	\$ 5,278	\$ -	
<u>Insurance Fund (IS 390)</u>				
Proposed 2nd FY 16 Adjustments:				
Water Damage Reimbursement	97,550	97,550	-	
Total Adjustments - Insurance Fund	\$ 97,550	\$ 97,550	\$ -	

**General Fund
FY 16 Budget Adjustment Recap**

	USES:	SOURCES:	
	Budgeted Expenditure	Budgeted Revenue	Other Sources
<u>Previous City Council Actions</u>			
FY 16 Adopted Budget	429,842,547	413,203,378	16,641,000
Carryover of Prior Year Encumbrances	1,056,535	-	1,056,535
Winter Shelter	29,250	29,250	-
Auditor FY 15 Carryover	45,000	-	45,000
Storm Drain Relocation	1,703,653	-	1,703,653
Courthouse Demolition	1,373,000	-	1,373,000
Civic Center Project	16,000,000	-	16,000,000
2016 Lease Revenue Bonds Debt	400,000	-	400,000
Council District 7 FY 15 Budget Carryover	40,793	-	40,793
Countywide Parks Needs Assessment	12,500	12,500	-
Uptown PBID Creative Consultant and Relocation Assistance	45,000	45,000	-
Council District 5 FY 15 Budget Carryover	28,283	-	28,283
Courthouse Demolition	2,756,400	-	2,756,400
Council District 9 FY 15 Budget Carryover	8,500	-	8,500
Banner Program and Signage for Uptown Business District (CD 9)	65,000	65,000	-
National Library Month at Los Altos and Brewitt Libraries (CD 4)	2,000	2,000	-
Vet Clinic, MacAthur Community Garden, Houghton Latin Jazz/Blues Fest and Village Fest, Sherer Peace League (CD 1,2,6,8,9)	95,000	95,000	-
Subtotal - Previous City Council Actions	23,660,914	248,750	23,412,164
<u>First FY 16 Budget Adjustments</u>			
Promenade Maintenance District	46,365	46,365	-
Successor Agency Shortfalls	1,417,753	-	1,417,753
Health facilities repair	154,277	154,277	-
PPA II from PD to DC	-	-	-
Police and Port MOU	-	(199,219)	199,219
Second Police Academy	3,300,000	800,000	2,500,000
Additional Police Helicopter Hours	200,000	-	200,000
5% to Unfunded Liability	210,251	-	210,251
ECOC Computer & Telephone Infrastructure	48,000	-	48,000
LAEDC Minimum Wage Study	75,000	-	75,000
Alliance for Housing and Healing	22,500	18,448	4,052
Body Cameras	210,000	-	210,000
Community Improvement Efforts in the 6th Council District	40,378	-	40,378
New Chip Credit Card Technology for PRM Registration	20,000	-	20,000
North Library Security Alarm System	32,936	-	32,936
Review and Revise Testing Materials and Processes	60,000	-	60,000
LA River Cleanup	44,974	-	44,974
Subtotal - First Budget Adjustments Letter	5,882,434	819,871	5,062,563
<u>Second FY 16 Approved Budget Adjustments (Pending)</u>			
Council Districts' FY 16 Projects	117,582	-	117,582
Council District 1 FY 15 Budget Carryover	29,102	-	29,102
Landscape Beautification Project at Los Altos Branch Library	9,900	9,900	-
Creative Corridor Challenge	50,000	50,000	-
Parking Related Improvement Project in Downtown	151,216	-	151,216
Subtotal - Second Budget Adjustments Letter	357,800	59,900	297,900
Total FY 16 Budget Adjustments to Date	29,901,148	1,128,521	28,772,627
General Fund FY 16 Adjusted Budget	459,743,695	414,331,899	45,413,627