



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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December 6, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2016 fourth 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. By the City's practice, these adjustments are presented to the City Council periodically throughout the year for consideration. Please see Attachment A for a Summary of Proposed Adjustments of impacted City funds and Attachment B for a recapitulation of FY 16 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 17, 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 December 6, 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 \$230,000 as a technical correction to align budget with actual expenses, offset by higher revenues received than budgeted.

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Increase appropriations in the Housing Development Fund (SR 135) in the Development Services Department (DV) by \$756,000 as a technical correction to align budget with actual expenses, offset by higher revenues received than budgeted.

The Development Services Department is making technical corrections to align budget with actuals in grants or projects funds for projects that have been completed.

Economic and Property Development

Increase appropriations in the General Fund (GF) in the Economic and Property Development Department (EP) by \$377,271 for administrative costs associated with the disposition of former Redevelopment properties, fully offset by fees collected during property sales.

The Economic and Property Development Department receives a 5 percent administrative recovery fee for the sale of each former Redevelopment property. The costs incurred by the Department in managing and maintaining the properties until they are sold are offset from the fee revenue.

Increase appropriations in the General Fund (GF) in the Economic and Property Development Department (EP), Workforce Development Bureau by \$128,401 for the transfer of funds to balance prior years' allowable pooled costs associated with the Workforce Investment Act, offset by funds available in the General Fund.

The Economic and Property Development Department, Workforce Development Bureau pools shared costs that cannot be readily assigned to a specific grant. Throughout the year these pooled costs are allocated to grants proportionate to the costs incurred by each grant. It has been determined that \$128,401 in prior year costs (2005-2010) for the Workforce Investment Act (WIA) grants were not allocated during the appropriate grant appropriation period. It is not allowable to charge prior year costs to new federal Workforce Innovation Opportunity Act (WIOA) grants. Under federal guidelines these grants are highly restrictive and audited in specific areas, such as allowable Cost Pool Allocations. In order to balance the unallocated expenses in the cost pool, an appropriation increase for a transfer of funds from the General Fund to the Community Development Grants Fund is necessary and offset by funds available in the General Fund.

Fire

Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$1,115,021 for overtime expenses related to staffing assistance for California wild land fires, offset by reimbursement revenue from the State of California.

The Fire Department provided staffing assistance for California wild land fire events during FY 16. As the overtime expense for backfilling the employees who provided support for fighting these wild land fires is unbudgeted, an appropriation increase is necessary and will be offset by reimbursement revenue from the State of California.

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Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$1,098,031 for additional costs incurred by the Department for the unbudgeted termination of the Rapid Medical Deployment (RMD) model in FY 16, offset by First Responder Fee revenues.

On August 26, 2015, the Los Angeles County Emergency Medical Services Agency notified the Long Beach Fire Department that they were terminating the RMD Pilot Project and that by October 1, 2015, the Department must return to the previous staffing model of two Paramedics on all Advanced Life Support (ALS) ambulances. In response to this notification, the Fire Chief presented a plan to the City Council on how it would address the anticipated \$1.4 million budget impact to the Department. The plan included steps to reduce annual operating costs, identify potential First Responder Fee revenues above what was budgeted in FY 16, and set-aside FY 15 year-end savings to cover any remaining shortfalls. As of FY 16 year-end, the Department was able to achieve operational savings and apply that towards the unbudgeted cost of the RMD termination. The remaining cost of \$1,098,031 will be offset by First Responder Fee revenues.

Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$164,000 for special events staffing, offset by reimbursement from production companies and event promoters.

The Fire Department provides staffing at various special events throughout the year, including movie and television filming, the Grand Prix and Formula E. In FY 16, larger events and a higher number of events were staffed than what was budgeted and, therefore, an appropriation increase is needed for the unbudgeted staffing costs. The increase in appropriation is fully offset by reimbursement revenues received from production companies and event promoters.

Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$18,000 for the training center, offset by reimbursement from outside agencies.

The Fire Department's training center is used by outside agencies for a variety of training purposes. Costs incurred for providing the training center to these agencies is unbudgeted. The appropriation increase is fully reimbursed by revenue received from outside agencies.

Legislative

Increase appropriations in the General Fund (GF) in the Legislative Department (LD) by \$10,660 for the Conference of Mayors' Membership fee, offset by the Mayor's Office FY 15 office budget surplus.

In FY 16, two annual membership payments for the Conference of Mayors (one for FY 16 and one for FY 17) were paid. To help offset the cost of this double payment, the Legislative Department is requesting an appropriation increase in the amount of \$10,660, which was the FY 15 year-end surplus from the Mayor's Office. Due to this FY 15 surplus from the Mayor there is no impact to General Fund Funds Available.

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Parks, Recreation and Marine

Increase appropriations in the Special Advertising and Promotion Fund (SR 133) in the Parks, Recreation and Marine Department (PR) by \$42,730 for the Municipal Band, offset by sponsorship and private donation revenues.

Increase appropriations in the Tidelands Operating Fund (TF 401) in the Parks, Recreation and Marine Department (PR) by \$47,500, for the Municipal Band, offset by sponsorship and private donation revenues.

The Parks, Recreation and Marine Department is requesting an appropriation increase in the amount of \$42,730 in the General Fund and \$47,500 in the Tidelands Operating Fund to pay for activities associated with the 2016 Municipal Band Summer Concert Season. These increases in appropriation are fully offset by revenues generated from sponsorship and private donations.

Public Works

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$28,000,000 for the Long Beach Municipal Urban Stormwater Treatment Facility (LB-MUST), offset by reimbursement revenue from the California Department of Transportation (CalTrans).

On April 19, 2016, the City Council authorized the City Manager to execute a Cooperative Implementation Agreement (CIA) with CalTrans to provide up to \$28 million in reimbursement funding for the design and construction of the LB-MUST. This project will result in the creation of a facility that will provide treatment of urban runoff prior to going into the Los Angeles River. As the development of the LB-MUST project moves forward, additional funding will need to be identified and brought forward to the City Council for review and approval in order to complete and operate the project.

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$13,274 for a parklet project on Artesia Boulevard, offset by revenue from the Long Beach Gas and Oil Department.

In FY 16, the Public Works and Long Beach Gas and Oil Departments coordinated to complete a parklet project on Artesia Blvd. The total project cost was \$39,821, with Long Beach Gas and Oil funding one-third of the project. An appropriation increase of \$13,274 is requested for the portion of the project offset by revenue from the Long Beach Gas and Oil Department. The remaining project cost is supported by a combination of Los Angeles County Measure R funds and City Council District 9 discretionary funds, which were previously appropriated.

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Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$531,868 for increased operational expenses at the City Place Garage and various City lots, offset by parking revenues.

Increase appropriations in the Rainbow Harbor Area Fund (TF 411) in the Public Works Department (PW) by \$277,681 for operational expenses at meters and garages in Rainbow Harbor Area, offset by parking revenues.

Over the years, the operational expenses for City Place Garage and various City lots have increased due to the annual CPI increase for the parking management contractor, equipment and software upgrades, higher than anticipated credit card fees and added maintenance service agreements. An appropriation increase of \$531,868 in the General Fund and \$277,681 in the Rainbow Harbor Area Fund is requested for the unbudgeted costs related to lots, meters and garages in Rainbow Harbor and City Place. The increase is fully offset from higher than budgeted parking revenues from these areas.

Increase appropriations in the Rainbow Harbor Area Fund (TF 411) in the Public Works Department (PW) by \$788,143, offset by parking revenues from the Pike Garage.

In 2005, the City and the Aquarium of the Pacific entered into an implementation agreement to share net parking revenues to fund the debt service for public capital improvements to the Aquarium facility. The implementation agreement ended in 2012. Since then, the City has entered into an agreement with the trustee and is directly paying the bond payments from net revenues. An increase of \$788,143 is requested to align appropriations to actual expenditures and is fully offset by Pike Garage parking revenues.

Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$281,200 for hazardous waste spills on Public Works-controlled streets, alleys and infrastructure, offset by funds available in the General Fund.

For several years, the Health and Human Services Department (Health Department) Environmental Health Bureau, Hazardous Materials (HazMat) Division, has been providing Emergency Response program activities for the City. These activities involve response at the request of a department, such as Public Works, to oversee cleanups of incidents of spilled, illegally disposed of, or abandoned hazardous chemicals. Since 2008, 100 percent of these program costs have been absorbed by the Health Fund. An appropriation increase of \$281,200 is requested in the Public Works Department for the transfer of funds to the Health Department to reimburse the cost of responding to HazMat spills that occur on Public Works-controlled streets, alleys and infrastructure. This aligns the funding source and department responsibility. In FY 17 and beyond, this will be a Public Works expense.

Decrease appropriations in the General Fund (GF) in the Public Works Department (PW) by \$960 to correct a transfer between funds for tree well irrigation installation.

On September 20, 2016, the City Council approved an appropriation increase request of \$960 in the General Fund in the Public Works Department for installation of tree well

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irrigation, offset by a transfer of one-time Divide by Nine Funds from the Capital Projects Fund. The request was an error as the project expense should reside in the Capital Projects Fund. The requested appropriation decrease will correct the error.

Citywide

Increase appropriations in the Rainbow Harbor Area Fund (TF 411) in Citywide Activities Department (XC) by \$25,822,668 for Rainbow Harbor bond refinancing, offset by the 2016 bond proceeds and unused 2006 bond proceeds for reserve requirement.

On July 19, 2016, the City Council approved the issuance of the Rainbow Harbor Lease Revenue Refunding Bonds (RHLRRB) Series 2016B to refund the Long Beach Bond Finance Authority RHLRRB 2006 Series A, in order to take advantage of an estimated savings of \$3,000,000 in present value for the life of the loan. This bond refunding reduced the annual debt service payment by an estimated amount of \$500,000. A budget adjustment is necessary to increase budgeted revenue and appropriations for the proceeds and cost of issuance of RHLRRB Series 2016B and payment of RHLRRB Series 2006A Bonds.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:


PATRICK H. WEST
CITY MANAGER

Fourth Budget Adjustment for FY 16

	USES:	SOURCES:	
	Budgeted Expenditure	Budgeted Revenue	Other Sources
<u>General Fund (GF)</u>			
Proposed 4th FY 16 Adjustments:			
Administrative Costs for the Sale of Former RDA Properties	377,271	377,271	-
Prior Year Allowable Pooled Costs - Workforce Investment Act	128,401	-	128,401
California Wild Land Fires	1,115,021	1,115,021	-
RMD Termination	1,098,031	1,098,031	-
Special Events Staffing for Fire Department	164,000	164,000	-
Training Center Reimbursement	18,000	18,000	-
Conference of Mayors	10,660	-	10,660
City Place Parking	531,868	531,868	-
HazMat Cleanup Costs	281,200	-	281,200
Adjust Tree Well Irrigation	(960)	-	(960)
Total Adjustments - General Fund	\$ 3,723,492	\$ 3,304,191	\$ 419,301
<u>Capital Projects Fund (CP 201)</u>			
Proposed 4th FY 16 Adjustments:			
LB MUST from CalTrans Reimbursement	28,000,000	28,000,000	-
Parklet Project on Artesia Blvd	13,274	13,274	-
Total Adjustments - Capital Projects Fund	\$ 28,013,274	\$ 28,013,274	\$ -
<u>Community Development Grants Fund (SR 150)</u>			
Proposed 4th FY 16 Adjustments:			
Prior Year Allowable Pooled Costs - Workforce Investment Act	-	128,401	-
Total Adjustments - Community Development Grants Fund	\$ -	\$ 128,401	\$ -
<u>General Grants Fund (SR 120)</u>			
Proposed 4th FY 16 Adjustments:			
Carryover Cleanup	230,000	230,000	-
Total Adjustments - General Grants Fund	\$ 230,000	\$ 230,000	\$ -
<u>Health Fund (SR 130)</u>			
Proposed 4th FY 16 Adjustments:			
HazMat Cleanup	-	281,200	-
Total Adjustments - General Grants Fund	\$ -	\$ 281,200	\$ -
<u>Housing Development Fund (SR 135)</u>			
Proposed 4th FY 16 Adjustments:			
Carryover Cleanup	756,000	756,000	-
Total Adjustments - Housing Development Fund	\$ 756,000	\$ 756,000	\$ -
<u>Rainbow Harbor Area Fund (TF 411)</u>			
Proposed 4th FY 16 Adjustments:			
Operational Expenses at Rainbow Harbor Garages	277,681	277,681	-
Operation and Management of Pike Parking Garage	788,143	788,143	-
Rainbow Harbor Bond Refinancing	25,822,668	21,789,136	4,033,532
Total Adjustments - Rainbow Harbor Area Fund	\$ 26,888,492	\$ 22,854,960	\$ 4,033,532
<u>Special Advertising and Promotions Fund (SR 133)</u>			
Proposed 4th FY 16 Adjustments:			
Municipal Band	42,730	42,730	-
Total Adjustments - Special Advertising and Promotions Fund	\$ 42,730	\$ 42,730	\$ -
<u>Tidelands Operations Fund (TF 401)</u>			
Proposed 4th FY 16 Adjustments:			
Municipal Band	47,500	47,500	-
Total Adjustments - Tidelands Operations Fund	\$ 47,500	\$ 47,500	\$ -

General Fund
FY 16 Budget Adjustment Recap

	USES: Budgeted Expenditure	SOURCES: Budgeted Revenue	Other Sources
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Previous City Council Actions

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, MacAuthur Community Garden, Houghton Latin Jazz/Blues Fest and Village Fest, Sherer Peace League (CD 1,2,6,8,9)	95,000	95,000	-
Grant Application to the ASPCA for Portable Pet Tagging Machine and Pet Tags	5,400	5,400	
Parking Meter Collections, Credit Card Transaction Costs and Net Revenue Transfers to the Fourth Street Parking and Business Improvement Area (FSPBIA) (CD 2)	25,000	25,000	
Participatory Budgeting Process (CD 9)	10,000	10,000	
Veterans Parade and Festival Support (CD 9)	5,000	5,000	
Council District 3 FY 15 Budget Carryover	9,928	9,928	
Colorado Lagoon Trash Receptacles (CD 3)	15,500	15,500	
LA River Study	250,000		250,000
Youth Summer Swim Program	15,834	15,834	
Outdoor Office at Harvey Milk Park	40,000	40,000	
Tree Stump Removal, Sign at PCH Bridge, Signage and Lights on Naples Island, Tree Removal, Neighborhood Watch Signs (CD 3,5,8)	78,332	78,332	
Latin Jazz & Blues Festival (CD 9)	4,000	4,000	
Neighborhood Partners Program (CD 6)	10,000	10,000	
Subtotal - Previous City Council Actions	24,129,908	467,744	23,662,164

First FY 16 Budget Adjustments

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

Tidelands Operations Fund (TF 401)

General Fund
FY 16 Budget Adjustment Recap

	Budgeted Expenditure	Budgeted Revenue	Other Sources
<u>Second FY 16 Approved Budget Adjustments</u>			
Council Districts' FY 16 Projects	117,582	-	117,582
Total 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
<u>Third FY 16 Approved Budget Adjustments</u>			
Winter Shelter Program at 6845 Atlantic Avenue	3,250	3,250	-
Technology and Facility Needs	370,886	370,886	-
At-Risk Youth Programs and Overtime for Youth Explorer Advisor	25,000	25,000	-
Open Space Bonds	2,651,115	2,651,115	-
Asian American Drug Abuse Program	5,642	-	5,642
Long Beach Animal Shelter improvements	7,700	7,700	-
Medical supplies and Veterinary Care	15,000	15,000	-
Spay/Neuter Voucher Program	35,000	35,000	-
Summer Swim Program at Cabrillo High School	25,000	25,000	-
Building Lease at Miracle Park	12,180	12,180	-
Movies in the Park	24,750	24,750	-
Poly High School Sign Replacement	11,000	-	11,000
Subtotal - Third Budget Adjustments Letter	3,186,523	3,169,881	16,642
<u>Fourth FY 16 Approved Budget Adjustments (pending)</u>			
Administrative Costs for the Sale of Former RDA Properties	377,271	377,271	-
Prior Year Allowable Pooled Costs - Workforce Investment Act	128,401	-	128,401
California Wild Land Fires	1,115,021	1,115,021	-
RMD Termination	1,098,031	1,098,031	-
Special Events Staffing for Fire Department	164,000	164,000	-
Training Center Reimbursement	18,000	18,000	-
Conference of Mayors	10,660	-	10,660
City Place Parking	531,868	531,868	-
HazMat Cleanup Costs	281,200	-	281,200
Adjust Tree Well Irrigation	(960)	-	(960)
Subtotal - Fourth Budget Adjustments Letter	3,723,492	3,304,191	419,301
Total FY 16 Budget Adjustments to Date	37,280,157	7,821,587	29,458,570
General Fund FY 16 Adjusted Budget	467,122,704	421,024,965	46,099,570