



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

February 3, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Approve the Fiscal Year 2009 first quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy (Citywide)

## DISCUSSION

On September 9, 2008, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2009 (FY 09). 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 quarterly to the City Council for consideration. Please see Attachment A for a Fund Balance Analysis of impacted City funds and Attachment B for a recap of FY 09 General Fund Budget Adjustments.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on January 13, 2009.

## TIMING CONSIDERATIONS

The following requests for adjustments to FY 09 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on February 3, 2009 to enable the timely processing of payments.

## FISCAL IMPACT

### **Community Development**

In an effort to create efficiencies from combining the efforts of similar functions, the City Manager has directed the following organizational changes.

The Human Dignity program will move from the City Manager Department to the Neighborhood Services Bureau in the Department of Community Development.

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- Increase appropriations in the General Fund (GP) in the Department of Community Development (CD) by \$133,152.
- Decrease appropriations in the General Fund (GP) in the City Manager's Office (CM) by \$133,152.

The Neighborhood Improvement Program will now administer the Long Beach Gang Reduction grant awarded by the State. This budget adjustment is to transfer the grant budget from the City Manager Department to the Department of Community Development. There is no impact to the General Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Community Development (CD) by \$400,000.
- Decrease appropriations in the General Grants Fund (SR 120) in the City Manager's Office (CM) by \$400,000.

The Department of Public Works will now administer the Graffiti Abatement Program, which is being transferred from the Department of Community Development.

- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$252,727.
- Decrease appropriations in the General Fund (GP) in the Department of Community Development (CD) by \$252,727.

On June 10, 2008, the City Council approved an increase in appropriation equivalent to the good-faith deposit of \$10,000 received to reimburse the City for all costs incurred in connection with the execution of the Exclusive Negotiating Agreement involving the development of an Alamitos Bay Marina Restaurant Pad. However, no eligible costs were incurred in FY 08; therefore, the amount must be reappropriated for FY 09 to support current expenses.

- Increase appropriations in the General Fund (GP) in the Department of Community Development (CD) by \$10,000.

### **Gas & Oil**

Long Beach Gas & Oil (LBGO) plans to purchase and install 4,062 residential meters, as part of the second year of a four-year Meter Replacement Program. LBGO plans to replace approximately 16,500 aged residential meters during the four-year period. There is no impact to the General Fund. Sufficient fund balance exists to support the requested increase.

- Increase appropriations in the Gas Fund (EF 301) in the Department of Gas and Oil (EN) by \$750,000.

### **Library Services**

The Long Beach Public Library Foundation and Friends of the Long Beach Public Library, both nonprofit organizations, have provided donations to the Library Services Department totaling \$95,700 for the purchase of books and material resources. A budget adjustment is required to allow the Department to expend these funds. There will be no impact to the General Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Library Services (LS) by \$95,700.

The Department of Library Services is entering into a contract for an Integrated Library System. As part of a three-year Technology Plan, Federal E-Rate funding in the amount of \$386,671 was reserved to cover the majority of the initial costs. This action appropriates these reserved funds to support anticipated expenditures.

- Increase appropriations in the General Fund (GP) in the Department of Library Services (LS) by \$386,671.

### **Long Beach Development Services**

Development Services received a one-time budget enhancement to purchase equipment to automate the CityPlace Parking Structures A, B and C. However, due to the current economic crisis, this \$762,372 expenditure has been placed on hold and centralized in the Citywide Activities Department until the fiscal situation improves.

- Decrease appropriation in the General Fund (GP) in the Department of Development Services (DV) by \$762,372.
- Increase appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$762,372.

On June 10, 2008, the City Council authorized the City Manager to enter into a Reimbursement Agreement with the developer for costs related to master planning for the Queen Mary development. The costs covered include City staff time and consultant services for urban design, engineering, financial consulting and land use counsel services. The reimbursement agreement was not executed in time to be included in the FY 09 budget. This budget adjustment will cover initial costs that will be fully reimbursed by the developer per the agreement. The agreement stipulates the developer shall reimburse the City on a monthly basis based on receipts submitted by the City as costs are incurred.

- Increase both expense and revenue appropriations in the Tidelands Fund (TF) in the Department of Development Services (DV) by \$750,000.

### **Parks, Recreation and Marine**

As part of an effort to more efficiently deliver filming security services, two full-time Park Rangers and part-time Park Ranger-NC's (2.0 FTE) were deployed to the Office of Special Events and Filming in PRM. At this time, PRM is requesting to appropriate the funding to support this service which is fully revenue offset. The total cost for this service is \$368,696 which includes staffing, and the related fleet and operating expenses.

- Increase appropriation in the Special Advertising and Promotions Fund (SR 133) in the Department of Parks, Recreation and Marine (PR) by \$368,696.

On March 9, 2004, City Council accepted \$5 million in grant funding from the Rivers and Mountains Conservancy to acquire land for a park project in the Wrigley Heights area. Negotiations were held with multiple landowners, but due to escalating land values, a purchase agreement was not reached. As land values remained high, the initial grant amount was insufficient to purchase the property, then subsequently the grant funds expired. A budget adjustment is requested to eliminate the funding from the Capital Projects Fund.

- Decrease appropriation in the Capital Projects Fund (CP) in the Department of Public Works (PW) by \$5,000,000.

### **Public Works**

An appropriation increase is necessary to fully expend the actual Proposition A funds received by the City from the Metropolitan Transportation Authority (MTA). As of September 30, 2008, the additional revenue received totals \$3,223,839.

- Increase appropriations in the Transportation Fund (SR 182) and in the Department of Public Works (PW) by \$3,223,839.

An appropriation increase is necessary to fully expend the actual Proposition C funds received by the City from the Metropolitan Transportation Authority (MTA). As of September 30, 2008, the additional revenue received totals \$4,581,320.

- Increase appropriations in the Transportation Fund (SR 182) and in the Department of Public Works (PW) by \$4,581,320.

### **Technology Services**

On November 13, 2007, the City Council authorized the City Manager to receive and expend Department of Homeland Security grant funding for the 2006 Urban Area Security Initiative (UASI) at an amount of \$6,367,040. A portion of the award was budgeted in the Department of Technology Services for the purchase of police and fire radio communication equipment. However, final costs exceeded the amount allocated by \$14,833. To cover the overage and correctly align each Department's share of the grant funds, a shift of UASI grant funding from the Fire Department to the Technology

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Services Department is necessary. There is no net impact to the grant or to the General Grants Fund.

- Decrease appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$14,833.
- Increase appropriations in the General Grants Fund (SR 120) in the Technology Services Department (TS) by \$14,833.

A project reserve was created in the General Service Fund in the Department of Technology Services to pay annual Zoll Ambulance Billing system debt service costs of \$34,858. Actual debt service payments are made from the General Fund by the Department of Financial Management. The FY 09 budget anticipates a transfer from the General Services Fund into the General Fund to support this payment. However, this transfer is not currently appropriated, hence an appropriation increase is necessary. There is no impact on the General Fund.

- Increase appropriations in the General Services Fund (IS 385) in the Technology Services Department (TS) by \$34,858.

**Citywide**

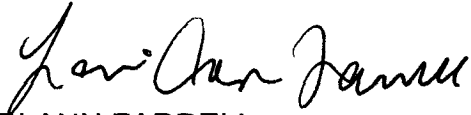
On October 7, 2008, the City Council adopted a Memorandum of Understanding (MOU) with the City Attorneys' Association and the City Prosecutors' Association. The General Fund portion is fully supported by \$135,911 that had been set aside in the Citywide Activities Department in the FY 09 budget in anticipation of the new agreements. An appropriation increase to the FY 09 City Attorney and City Prosecutor budgets is necessary to align the appropriations with the Departments where the expenditures will occur for a neutral General Fund impact.

- Increase appropriations in the General Fund (GP) in the City Prosecutor Department (CP) by \$79,924.
- Increase appropriations in the General Fund (GP) in the City Attorney Department (LW) by \$55,987.
- Decrease appropriations in the General Fund (GP) in Citywide Activities (XC) by \$135,911.
- Increase appropriations in the Insurance Fund (IS 390) in the City Attorney Department (LW) by \$78,870.
- Increase appropriations in the Employee Benefits Fund (IS 391) in the City Attorney Department (LW) by \$10,000.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:DW:VB:RAG  
K:\BUDGET\FY 09\BUDGET ADJUSTMENTS\Q1 BUDGET ADJUSTMENTS\2009 Q1 MEMO

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER

## Effect of 1st Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<b><u>General Fund (GP)</u></b>			
Beginning Fund Balance			\$ 4,083,849
<i>Does not include the \$36.1 million Emergency Fund Balance Reserve</i>			
Unreserving/(Reserving) of Restricted Fund Balance			(662,172)
FY 09 Adopted Budget	403,978,750	405,069,112	1,090,362
Carryover Appropriations/Encumbrances	740,590	-	(740,590)
Proposed 1st Quarter Adjustments:			
Human Dignity Program	-	-	-
Graffiti Abatement Program	-	-	-
CityPlace Parking Garage	-	-	-
City Attorney and City Prosecutor MOUs	-	-	-
Good faith deposit for Alamos Bay Marina Restaurant Pad	10,000	10,000	-
Federal E-Rate funding for new Integrated Library System	386,671	386,671	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 405,116,010</b>	<b>\$ 405,465,783</b>	<b>\$ 3,771,450</b>
<b><u>Gas Fund (EF 301)</u></b>			
Beginning Fund Balance			\$ 4,299,701
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	144,834,502	146,248,993	1,414,491
Estimated All-years Carryover Budget	3,736,684	1	(3,736,683)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date	79,869	-	(79,869)
Proposed 1st Quarter Adjustments:			
Meter Replacement Program	750,000	-	(750,000)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 149,401,055</b>	<b>\$ 146,248,994</b>	<b>\$ 1,147,640</b>
<b><u>Capital Projects (CP)</u></b>			
Beginning Fund Balance			\$ 41,084,405
Unreserving/(Reserving) of Restricted Fund Balance			(580,661)
FY 09 Adopted Budget	10,790,141	6,301,309	(4,488,832)
Estimated All-years Carryover Budget	53,652,719	26,992,488	(26,660,231)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date	4,000,000	4,000,000	-
Proposed 1st Quarter Adjustments:			
Rivers and Mountains Conservancy Grant	(5,000,000)	(5,000,000)	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 63,442,860</b>	<b>\$ 32,293,797</b>	<b>\$ 9,354,681</b>

## Effect of 1st Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<b><u>General Grants (SR 120)</u></b>			
Beginning Fund Balance			\$ 31,134
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	6,657,583	6,657,583	(0)
Estimated All-years Carryover Budget	10,880,124	10,870,136	(9,987)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date	521,720	521,720	-
Proposed 1st Quarter Adjustments:			
Library Donations	95,700	95,700	-
UASI Grant Transfer	-	-	-
Long Beach Gang Reduction Grant Transfer	-	-	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 18,155,127</b>	<b>\$ 18,145,140</b>	<b>\$ 21,146</b>
<b><u>Special Advertising and Promotions (SR 133)</u></b>			
Beginning Fund Balance			\$ 2,532,078
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	6,938,289	6,975,045	\$ 36,756
City Council Approved Adjustments to Date	58,919	-	\$ (58,919)
Proposed 1st Quarter Adjustments:			
Two Park Rangers Funded by Special Events & Filming	368,696	368,696	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>7,365,905</b>	<b>7,343,741</b>	<b>2,509,915</b>
<b><u>Transportation (SR 182)</u></b>			
Beginning Fund Balance			\$ 21,831,189
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	16,922,674	16,954,866	\$ 32,192
Estimated All-years Carryover Budget	17,318,712	1,895,567	\$ (15,423,146)
All-Years Carryover Budget Adjustments			
City Council Approved Adjustments to Date	7,478,092	7,477,345	\$ (747)
Proposed 1st Quarter Adjustments:			
Additional Proposition A monies	3,223,839	3,223,839	-
Additional Proposition B monies	4,581,320	4,581,320	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>49,524,637</b>	<b>34,132,937</b>	<b>6,439,489</b>



## Effect of 1st Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<b><u>General Services (IS 385)</u></b>			
Beginning Fund Balance			\$ 2,720,384
Unreserving/(Reserving) of Restricted Fund Balance			(133,498)
FY 09 Adopted Budget	36,876,801	35,957,029	(919,772)
Estimated All-years Carryover Budget	2,138,513	812,702	(1,325,811)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date	99,278	-	(99,278)
Proposed 1st Quarter Adjustments:			
Zoll Ambulance Billing system debt service payments	34,858		(34,858)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 39,149,451</b>	<b>\$ 36,769,731</b>	<b>\$ 207,167</b>
<b><u>Insurance Fund (IS 390)</u></b>			
Beginning Fund Balance (Per Adopted Budget)			\$ (1,735,405)
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	36,371,584	37,749,299	1,377,715
City Council Approved Adjustments to Date	27,193	-	(27,193)
Proposed 1st Quarter Adjustments:			
City Attorney MOU costs	78,870	-	(78,870)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 36,477,647</b>	<b>\$ 37,749,299</b>	<b>\$ (463,753)</b>
<b><u>Employee Benefits Fund (IS 391)</u></b>			
Beginning Fund Balance			\$ 6,045,239
Unreserving/(Reserving) of Restricted Fund Balance			(76,127)
FY 09 Adopted Budget	227,098,045	226,361,574	(736,471)
City Council Approved Adjustments to Date	33,526	-	(33,526)
Proposed 1st Quarter Adjustments:			
City Attorney MOU costs	10,000	-	(10,000)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 227,141,571</b>	<b>\$ 226,361,574</b>	<b>\$ 5,189,114</b>
<b><u>Tidelands Fund (TF)</u></b>			
Beginning Fund Balance			\$ 37,679,036
Unreserving/(Reserving) of Restricted Fund Balance			5,105,873
FY 09 Adopted Budget	134,673,877	122,172,834	(12,501,042)
Estimated All-Years Carryover Budget	19,850,396	9,489,851	(10,360,545)
All-Years Carryover Budget Adjustments	-	-	-
City Council Approved Adjustments to Date	374,972	-	(374,972)
Proposed 1st Quarter Adjustments:			
Reimbursement of Master Planning Costs for the Queen Mary	750,000	750,000	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 155,649,245</b>	<b>\$ 131,662,685</b>	<b>\$ 19,548,349</b>

**General Fund  
FY 09 Budget Adjustment Recap**

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<b><u>Previous City Council Actions</u></b>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	740,590	-	(740,590)
Revenue Adjustments	-	-	-
<b>Subtotal - Ad Hoc Council Action</b>	<b>740,590</b>	<b>-</b>	<b>(740,590)</b>
<b><u>1st Quarter Approved Budget Adjustments (Pending)</u></b>			
Human Dignity Program	-	-	-
Graffiti Abatement Program	-	-	-
Reimbursement from Boeing Realty Corporation	-	-	-
CityPlace Parking Garage	-	-	-
City Attorney and City Prosecutor MOUs	-	-	-
Good faith deposit for Alamitos Bay Marina Restaurant Pad	10,000	10,000	-
Federal E-Rate funding for new Integrated Library System	386,671	386,671	-
<b>Subtotal - 1st Quarter</b>	<b>396,671</b>	<b>396,671</b>	<b>-</b>
<b>Total FY 09 Budget Adjustments to Date</b>	<b>1,137,261</b>	<b>396,671</b>	<b>(740,590)</b>
<b>General Fund Adjusted Budget</b>	<b>\$ 405,116,010</b>	<b>\$ 405,465,783</b>	<b>\$ 349,773</b>