



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

August 23, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2011 third quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 14, 2010, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2011 (FY 11). 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 11 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Assistant City Attorney Heather A. Mahood on August 9, 2011.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 11 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on August 23, 2011 to enable the timely processing of payments.

FISCAL IMPACT

Airport

On October 19, 2010, City Council authorized the City Manager to execute documents for the sale of Senior Airport Revenue Bonds Series A and B to finance Phase 1 Terminal Improvements. An appropriation increase of \$17,082,000 is needed for the remaining portion of the Airport's 2010 bond sale proceeds not previously

appropriated by City Council action. Also, final debt service schedules reflected higher interest due than was budgeted, and thus an appropriation increase of \$1,270,596 is needed for the underestimated portion of the debt service and the unbudgeted cost of issuance expense, both funded with bond proceeds.

- Increase appropriations in the Airport Enterprise Fund (EF 320) in the Long Beach Airport Department (AP) by \$18,352,596.

On October 19, 2010, prior to the Airport's 2010 bond sale, City Council approved an appropriation of \$37,313,000 of bond funding for the Phase I Terminal Improvement project. The actual cash deposited in the project account was \$37,760,431, and an appropriation increase of \$447,431 is needed for the unbudgeted portion of the funds received. Lastly, the 2009 Senior Airport Revenue Bond sale for financing of the Airport Parking Structure resulted in excess funds of \$154,982 that must be used for the project, and an appropriation increase in this amount is requested.

- Increase appropriations in the Airport Enterprise Fund (EF 320) in the Long Beach Airport Department (AP) by \$602,413.

Development Services

In March 2011, the Long Beach Housing Development Company was awarded a California Department of Housing and Community Development Prop 1C CalHome Program Homeownership Project Development Grant in the amount of \$1,500,000. The funds will be used to finance silent second mortgage assistance loans of up to \$60,000 for income-qualified first-time homebuyers who purchase a home in a redevelopment project area.

- Increase appropriations in the Housing Development Fund (SR 135) in the Development Services Department (DV) by \$1,500,000.

Fire

City Council has previously authorized the City Manager to receive and expend Department of Homeland Security grant funds for the 2006 and 2007 Urban Area Security Initiative grants totaling \$17,804,473. The City has been notified that it will receive an additional supplemental award of \$134,614 for the 2006 grant. In addition, adjustments to departments' current allocations are necessary to align each department's share of the modified grant allocations. These additional funds will primarily be used for interoperable radio equipment. As these additional funds are not budgeted an appropriation increase is necessary and will be offset by grant revenue. There is no net impact to the grant or to the General Grants Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$29,998.

- Decrease appropriations in the General Grants Fund (SR 120) in the Health and Human Services Department (HE) by \$26,023.
- Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$107,605.
- Increase appropriations in the General Grants Fund (SR 120) in the Technology Services Department (TS) by \$23,034.

Library Services

The Long Beach Public Library has received \$5,000 in the form of a Library Services and Technology Act grant administered by the California State Library. These funds are designated for a special program that will provide teaching tools and hands-on instruction for ESL adults wanting to learn about computers. Additional funds have been received through the Long Beach Public Library Foundation as follows: \$72,608 from Jet Blue as payment in-lieu of City fines; and \$377 from the John Crews Estate. The funds are designated for purchase of Library materials; 60 percent of these funds will be used to obtain materials for branch libraries and 40 percent will be used to obtain materials for the Main Library. An appropriation increase is requested in order to expend the donations in FY 11. This increase in expense appropriation is offset by a corresponding increase in revenue in the General Grants Fund (SR 120).

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Library Services (LS) by \$77,985.

Parks, Recreation and Marine

On July 12, 2011, the City Council Authorized the approval of the After School Education and Safety Program at Burbank, Edison, Garfield, Grant, King, Lafayette, and Lee Elementary and Hudson K-8 school sites for the grant year July 1, 2011 through June 30, 2012. This grant, funded by the California Department of Education and operated through Long Beach Unified School District (LBUSD), provides after school literacy, academic enrichment, and safe constructive alternatives for K-9 students. LBUSD has allocated \$1,383,268 of its grant funding to the City. The Department of Parks, Recreation and Marine (PRM) currently has appropriation for \$385,692 within the FY 11 Adjusted Budget and FY 12 Proposed Budget. PRM is requesting an increase in appropriation for the remaining \$997,576 in order to operate the program, which crosses Fiscal Years, without interruption.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Parks, Recreation and Marine (PR) by \$997,576.

Public Works

In January 2011, the City received \$2,254,650 from the Boeing Company under the terms of the Douglas Park Development Agreement and the Pacific Gateway project in the City of Seal Beach. During the City Council meeting on January 18, 2011, \$1,298,960 of this amount was appropriated for the Pacific Coast Highway at 2nd Street Improvement Project. The remaining \$955,690 needs to be appropriated for the following projects, per the terms of the Douglas Park Development Agreement:

1. Transportation improvements in the Douglas Park area	\$389,000
2. Two traffic signals within Douglas Park	\$350,000
3. Computer controllers for six intersections	\$ 12,000
4. Grading at the southwest corner of Lakewood and Carson	\$ 79,690
5. Infrastructure payment under Development Agreement	<u>\$125,000</u>
	\$955,690

The \$125,000 for Infrastructure payment under the Development Agreement will be allotted equally to each City Council district.

- Increase appropriations in the Capital Projects Fund (CP 201) in the Department of Public Works (PW) by \$955,690.

The new courthouse is scheduled for completion in 2015. An operational component to be determined is how the Police Department will transport detainees to and from the courthouse. A feasibility study is necessary to determine infrastructure and cost considerations.

- Increase appropriations in the Capital Projects Fund (CP 201) in the Department of Public Works (PW) by \$80,000.
- Increase appropriations in the General Fund (GP) in the Department of Citywide Activities (XC) by \$80,000.

The Airport Area Assessment District (AAAD) was established to provide traffic flow improvements around the airport. The AAAD fund balance needs to be appropriated so the construction of street lighting in the medians on Spring Street between Temple Avenue and Lakewood Tunnel can be initiated.

- Increase appropriations in the Special Assessment District Capital Projects Fund (CP 202) and in the Department of Public Works (PW) by \$700,000.

In 2009, the City issued a Special Tax Bond in the amount of \$3,650,000 for the express purpose of parking improvements in Belmont Shore. The proceeds of the bonds were to be used to finance certain land improvements. An appropriation increase is requested to budget the cash balance of the bond to cover future expenses allowed in the bond document and current work encountered in the field.

- Increase appropriations in the Special Assessment District Capital Projects Fund (CP 202) in the Department of Public Works (PW) by \$813,405.

In 2007, the City, through the Department of Public Works, successfully applied for and secured \$270,000 of grant funding from the Los Angeles County Metropolitan Transportation Authority (MTA) to develop a Citywide bicycle safety education and awareness program. Total costs for the program are estimated at \$386,000. Transportation Development Act (TDA) funds of \$116,000 are currently budgeted in the Capital Projects Fund (CP 201) in the Department of Public Works (PW). Therefore, a \$270,000 appropriation increase is requested.

- Increase appropriations in the General Grants Fund (SR 120) in the Department of Public Works (PW) by \$270,000.

Technology Services

On May 3, 2011, the City Council approved an equal three-way split of the City's Public, Education and Government (PEG) revenues across all three access television categories. The fee, enabled by State law and local ordinance, is derived from quarterly payments received from cable operators. The PEG funds received in calendar year 2010 total \$832,812. Each access category (P, E and G) will receive \$277,604, with the educational access, or E category, split another three ways (LBUSD, LBCC and CSULB).

An appropriation increase of \$555,208 is necessary in order to disburse these funds to both the "E" and "G" providers. The Department will request, at a later date, City Council approval to appropriate the remaining \$277,604 in "P" funds, once a Public Access operator has been selected. The increase is fully offset by revenue. There is no impact to the General Fund.

- Increase appropriations in the General Services fund (IS 385) in the Department of Technology Services (TS) by \$555,208.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

Effect of 3rd Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>General Fund (GP)</u>			
Beginning Fund Balance			\$ 683,955
<i>Does not include the Emergency Fund Balance Reserve</i>			
Unreserving/(Reserving) of Restricted Fund Balance			5,333,262
FY 11 Adopted Budget	380,406,912	380,561,692	154,781
City Council Approved Adjustments to Date	8,725,234	5,675,352	(3,049,882)
Proposed 3rd Quarter Adjustments:			
Tunnel Feasibility Study	80,000	-	(80,000)
Budgeted Ending Fund Balance			3,042,115
Adjusted Budget Including 3rd Quarter Adjustments	\$ 389,212,145	\$ 386,237,044	
<u>Airport Fund (EF 320)</u>			
Beginning Fund Balance			\$ 27,877,053
Unreserving/(Reserving) of Restricted Fund Balance			12,540,792
FY 11 Adopted Budget	37,242,806	36,143,510	(1,099,296)
Estimated All-years Carryover Budget	68,583,244	50,704,938	(17,878,307)
All-Years Carryover Budget Adjustments	(20,106,171)	(37,659,318)	(17,553,147)
City Council Approved Adjustments to Date	59,315,518	58,664,251	(651,267)
Proposed 3rd Quarter Adjustments:			
Senior Airport Revenue Bonds Series A and B	18,352,596	21,498,470	3,145,874
Airport 2010 Bond Sale	602,413	602,413	-
Budgeted Ending Fund Balance			6,381,703
Adjusted Budget Including 3rd Quarter Adjustments	\$ 163,990,406	\$ 129,954,263	
<u>Capital Projects (CP)</u>			
Beginning Fund Balance			\$ 22,576,688
Unreserving/(Reserving) of Restricted Fund Balance			6,115,190
FY 11 Adopted Budget	4,352,833	5,144,206	791,373
Estimated All-years Carryover Budget	45,088,339	10,974,554	(34,113,785)
All-Years Carryover Budget Adjustments	10,348,745	44,462,530	34,113,786
City Council Approved Adjustments to Date	109,471,004	109,471,004	-
Proposed 3rd Quarter Adjustments:			
Douglas Park Development Agreement	955,690	955,690	-
Feasibility Study for underground tunnel	80,000	-	(80,000)
Airport Area Assessment District Street Light Construction	700,000	700,000	-
Parking Improvements in Belmont Shore	813,405	813,405	-
Budgeted Ending Fund Balance			29,403,251
Adjusted Budget Including 3rd Quarter Adjustments	\$ 171,810,015	\$ 172,521,388	

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

Effect of 3rd Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>General Grants (SR 120)</u>			
Beginning Fund Balance			\$ 147,512
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 11 Adopted Budget	6,095,256	6,145,659	50,402
Estimated All-years Carryover Budget	11,740,589	11,844,017	103,428
All-Years Carryover Budget Adjustments	4,930,445	4,827,017	(103,428)
City Council Approved Adjustments to Date	5,174,398	5,174,398	-
Proposed 3rd Quarter Adjustments:			
Homeland Security Grant (FD,HE, PD and TS)	134,614	134,614	-
Donations made to the Library	77,985	77,985	-
After School Education and Safety Program	997,576	997,576	-
Citywide Bicycle Safety Education and Awareness Program	270,000	270,000	-
Budgeted Ending Fund Balance			197,914
Adjusted Budget Including 3rd Quarter Adjustments	\$ 29,420,863	\$ 29,471,266	
<u>Housing Development Fund (SR 135)</u>			
Beginning Fund Balance			\$ 28,051,791
Unreserving/(Reserving) of Restricted Fund Balance			11,177
FY 11 Adopted Budget	27,126,131	26,331,415	\$ (794,716)
Estimated All-years Carryover Budget	64,077,094	69,449,561	\$ 5,372,468
All-Years Carryover Budget Adjustments	(391,237)	(5,763,704)	(5,372,467)
City Council Approved Adjustments to Date	7,824,536	10,281,019	\$ 2,456,483
Proposed 3rd Quarter Adjustments:			
CalHome Program Ownership Grant	1,500,000	1,500,000	-
Budgeted Ending Fund Balance			29,724,736
Adjusted Budget Including 3rd Quarter Adjustments	\$ 100,136,524	\$ 101,798,292	
<u>General Services (IS 385)</u>			
Beginning Fund Balance			\$ 4,301,077
Unreserving/(Reserving) of Restricted Fund Balance			(480,393)
FY 11 Adopted Budget	37,640,419	37,168,605	(471,814)
Estimated All-years Carryover Budget	189,233	1,303,399	1,114,166
All-Years Carryover Budget Adjustments	(378,466)	23	378,490
City Council Approved Adjustments to Date	9,599	-	(9,599)
Proposed 3rd Quarter Adjustments:			
PEG Disbursement	555,208	-	(555,208)
Budgeted Ending Fund Balance			4,276,719
Adjusted Budget Including 3rd Quarter Adjustments	\$ 38,015,993	\$ 38,472,027	

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

**General Fund
FY 11 Budget Adjustment Recap**

	Budgeted Expenditure	Budgeted Revenue	Net Impact
<u>Previous City Council Actions</u>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	329,102	-	(329,102)
PD Communications Center	106,262	106,262	-
License Agreement with SHP	12,000	12,000	-
Helicopter Purchase (offset by reserve)	3,521,150	-	(3,521,150)
Mayor's Homeless Fund Program	50,000	50,000	-
Oil Increased From \$45/bbl to \$55/bbl		5,100,000	
Revenue Adjustments	-	(2,700,550)	(2,700,550)
Subtotal - Ad Hoc Council Action	4,018,514	2,567,712	(1,450,802)
<u>1st Quarter Approved Budget Adjustments</u>			
Acquisition of Five Rescue Ambulances (offset by reserve)	987,205	-	(987,205)
Daisy Lane Parade Repairs	7,350	-	(7,350)
PR Salary Corrections	61,921	-	(61,921)
PD Position Correction	134,204	-	(134,204)
Subtotal - 1st Quarter	1,190,680	-	(1,190,680)
<u>2nd Quarter Approved Budget Adjustments</u>			
Fourth Council District designated funds for Snow Day	8,000	-	(8,000)
Fourth Council District designated funds for Police Bicycle	2,400	-	(2,400)
Fourth Council District designated funds for Sidewalk Repairs	23,000	-	(23,000)
DLBA Reimbursement for parking revenues	375,000	-	(375,000)
EMS Rebate Payments	3,107,640	3,107,640	-
Subtotal - 2nd Quarter	3,516,040	3,107,640	(408,400)
<u>3rd Quarter Approved Budget Adjustments</u>			
Tunnel Feasibility Study	80,000	-	-
Subtotal - 3rd Quarter	80,000	-	(80,000)
Total FY 11 Budget Adjustments to Date	8,805,234	5,675,352	(3,129,882)
General Fund Adjusted Budget	\$ 389,212,146	\$ 386,237,044	\$ (2,975,101)