



CITY OF LONG BEACH

R-22

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

July 21, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2015 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 2, 2014, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2015 (FY 15). 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 15 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on July 7, 2015.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 15 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on July 21, 2015 to enable the timely processing of payments.

FISCAL IMPACT

Citywide Activities

Increase appropriations in the Marina Fund (TF 403) in the Citywide Activities Department (XC) by \$59,892,719 for the issuance of Marina Revenue Bonds Series 2015, offset by bond proceeds.

Increase appropriations in the Tidelands Operations Fund (TF 401) in the Citywide Activities Department (XC) by \$570,302 for early repayment of State Department of Boating and Waterways loans, offset by bond proceeds.

On May 5, 2015, the City Council authorized the issuance of Marina Revenue Bonds Series 2015 for waterside improvements to the Alamitos Bay Marina, and to prepay existing State Department of Boating and Waterways loans. The requested increase is necessary to align appropriations to actual expenditures and revenues related to the completed Series 2015 Bonds issuance.

City Manager

Increase appropriations in the Special Advertising and Promotion Fund (SR 133) in the City Manager Department (CM) by \$750,000 to reallocate funds from the Tidelands Operating Fund for realignment of Special Events and Filming costs and increase City marketing and public affairs activities; and decrease appropriations in the Tidelands Operations Fund (TF 401) in the City Manager Department (CM) by \$556,696.

During FY 15, the City Manager realigned special events and filming operations revenue and expense between the Tidelands Operating Fund and the Special Advertising and Promotion (SAP) Fund so that all Special Events filming expenses and revenues are accounted for in the SAP fund. In addition, the City Manager engaged a firm to support the marketing of projects in the City and increase public affairs communications. An appropriation increase of \$750,000 in the SAP Fund, mostly offset by \$556,696 in the Tidelands Operational Fund, is requested to realign expense and fund these additional promotional efforts, and will be fully offset by increased revenue in SAP.

Increase appropriations in the General Grants Fund (SR 120) in the City Manager Department (CM) by \$1,000,000 for the Bloomberg Innovation Team grant match supported by a transfer from FY 14 General Fund year-end surplus.

HONORABLE MAYOR AND CITY COUNCIL

July 21, 2015

Page 3

On February 3, 2015, the City Council approved grant funding from Bloomberg Philanthropies for up to \$3 million over a three-year period through December 31, 2017 and authorized a required cash match of \$1 million from FY 14 General Fund year-end surplus for a total project budget of \$4 million. This item increases appropriation in the General Grants Fund for the \$1 million grant match from the General Fund.

Increase appropriations in the Tidelands Operations Fund (TF 401) in the City Manager Department (CM) by \$20,280,781 for capital project prioritization supported by available funding.

Decrease appropriations in the Tidelands Operations Fund (TF 401) in the Parks, Recreation and Marine Department (PR) by \$1,610,681 for capital project prioritization.

On June 16, 2015, the City Council approved the Tidelands 5-Year Capital Plan and Prioritization of Projects. Appropriation adjustments are needed to align the project budgets to the reassigned funding priorities approved by the City Council.

Development Services

Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$10,000 for the Neighborhood Leadership Program from grant revenue.

The Tesoro Foundation, in support of its mission to create cleaner, safer, well-educated communities, awarded a \$10,000 grant to underwrite the Department's Neighborhood Leadership Program Class of 2015. Funds will support Neighborhood Leadership Program activities including four class projects in West Long Beach, a Weekend Retreat, Graduation Ceremony, the 2016 Neighborhood Leaders Achievement Report, and a Recruitment Dinner.

Increase appropriations in the General Grants Fund (SR 120) in the Development Services Department (DV) by \$4,650 for sustainability efforts from award revenue.

The City participated in the CoolCalifornia City Challenge (Challenge), a collaboration between the California Air Resources Board, the University of California, Berkeley and the Energy Upgrade California initiative, to encourage and reward sustainability efforts in local cities. As part of the Challenge, the Office of Sustainability encouraged Long Beach residents to participate in the program by tracking household energy and motor vehicle emissions. This participation led to a \$4,650 Challenge award that can be used to further fund sustainability projects and programs in the City.

Disaster Preparedness and Emergency Communications

Increase appropriations in the General Grants Fund (SR 120) in the Disaster Preparedness and Emergency Communications Department (DC) by \$25,222 for Homeland Security Projects from other department grant funding savings;

Increase appropriations in the General Grants Fund (SR 120) in the Health and Human Services Department (HE) by \$27,986 for Homeland Security Projects from other department grant funding savings;

Decrease appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$7,401 to offset other department grant expenditures;

Decrease appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$45,807 to offset other department grant expenditures.

In March 2014, the City Council approved the City's federal 2013 Urban Area Security Initiative (UASI 2013) grant award for \$3,588,899. Projects in that amount were executed by various departments through the grant term of May 2015. Since the actual costs of the projects varied from original cost estimates, the Department of Homeland Security approved a reallocation of grant awards between projects within the City to fully maximize the total grant award. Therefore, appropriation adjustments are requested between the Disaster Preparedness and Emergency Communications, Fire, Health and Human Services and Police departments to match the actual grant-funded expenditures made by each department.

Financial Management

Increase appropriations in the Fleet Fund (IS 386) in the Financial Management Department (FM) by \$2,500,000 for litigation settlement offset by Fleet replacement fund cash.

The City must pay the suspended penalty fee in the matter of the State Water Resources Control Board vs. City of Long Beach, per stipulation in 2010 Consent Judgment filed in the Los Angeles Superior Court, Case No. BC430178, section 4.4b. The payment will be temporarily funded through Fleet replacement fund cash. Expenditures are projected to be reimbursed by the State of California Underground Storage Tank (UST) Clean Up Fund program for previously expended UST improvements during the period covering 2005 – 2014, if approved by the State. In addition, the City is appealing the penalty fee and may be reimbursed if the City wins the appeal.

Fire

Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$282,389 for settlement of reinstated employee, offset by release of reservation.

On January 6, 2016, the City Council authorized the City Attorney to pay back-pay and interest in full final resolution of the involuntary disability retirement of an employee. As these are unbudgeted costs that hit the General Fund in the Fire Department, an appropriation increase is requested. The appropriation increase will be offset by funds from a reserve previously created from departmental savings for employee lawsuits.

Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$227,972 for funding of three peak-load Basic Life Support transport units, and decrease appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$227,972.

Since 2005, the Long Beach Fire Department (LBFD) has utilized both Advanced Life Support (ALS) and Basic Life Support (BLS) resources to handle the transport of over 47,000 patients requiring emergency medical services each year. With the recent change in paramedic service delivery, it is still necessary to maintain a small number of BLS resources to handle the less critical calls during peak volume hours to ensure that ALS resources are available to handle the more critical incidents. Therefore, in FY 15, the LBFD has deployed three peak-load BLS units at an unbudgeted cost of \$227,972 to ensure optimum program effectiveness. The appropriation increase will be fully offset by an appropriation decrease in the Citywide Activities Department (XC). Funding is available in the General Fund in the Citywide Activities Department due to lower than projected contractual obligations in other programs.

Library

Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$744,561 for book purchases, digital preservation, senior and reading programs from donation revenue from various entities, as well as to transfer North Library technology set-up costs from non-recurring funds.

The Long Beach Public Library (LBPL) has received revenue totaling \$644,561 from the following sources: JetBlue payments in lieu of fines in the amount of \$396,000 to enhance collection purchases; \$3,818 and \$1,269 from the Slaybaugh and Burcham endowments, respectively, to purchase children's and preschool books; \$6,148 from the Gutenberg Endowment for general book purchases; \$102,360 from the Ebell Club to digitally preserve materials in the Library's historical archive; \$84,966 and \$50,000 from the Patricia Andrews Estate for programs and services that benefit seniors and to fund the Homebound Readers Program.

HONORABLE MAYOR AND CITY COUNCIL

July 21, 2015

Page 6

In addition, \$100,000 from the General Fund was included in the FY 15 Adopted Budget to cover non-recurring technology set-up costs for the new North Library. The funds are needed for AWID security badge readers, security cameras, internet network drops, overhead projectors, a public address system, WiFi and network routers/switches. These funds will be transferred to the General Grants Fund so they are available for when the expenditures occur after the completion of the North library in FY 16.

Police

Increase appropriations in the General Grants Fund (SR 120) in the Police Department (PD) by \$244,615 for front-line law enforcement efforts offset by the State COPS grant.

The Police Department received a grant award of \$244,615 for grant year 2015 from the State of California Citizens Option for Public Safety Program funding from the County of Los Angeles Supplemental Law Enforcement Services Fund (State COPS). These State COPS funds will be used for front-line law enforcement efforts, including overtime hours and equipment, to support a Deputy Probation Officer assigned by the County of Los Angeles.

Public Works

Increase appropriations in the General Fund (GF) in the Public Works Department (PW) by \$50,000 for the Midtown Property and Business Improvement District, offset by a transfer from the 6th Council District's non-recurring funds.

The \$50,000 will be used to initiate the process to establish the Midtown PBID along the East Anaheim corridor, from Junipero Avenue to Alamitos Avenue.

Increase appropriations in the Rainbow Harbor Fund (TF 411) in the Public Works Department (PW) by \$1,143,658 for Pike Parking management partially offset by \$619,000 in increased parking revenues.

In 2002, the City and Developers Diversified Realty (DDR) entered into an operating agreement and a City Sublease for the construction and operation of the Pike Parking garage facilities and structure. The City's cost includes the operating agreement to reimburse DDR for parking management and the City's portion of the City sublease agreement. The total increase requested is a technical adjustment needed to align appropriation to actual expenditures and revenues.

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$7,452 for Pine Avenue off-site improvements from Shannon's on Pine, Inc., cost-sharing revenue.

The Public Works Department received cost-sharing revenue of \$7,452 from Shannon's on Pine, Inc., to fund the relocation of an existing street light in order to gain additional sidewalk use along Pine Avenue.

HONORABLE MAYOR AND CITY COUNCIL

July 21, 2015

Page 7

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$254,130 to complete traffic mitigation measures in East Long Beach offset by grant revenue.

On November 9, 2010, the City Council authorized the City Manager to execute a cooperative agreement with the Orange County Transportation Authority (OCTA) for the construction of certain traffic mitigation measures in East Long Beach related to the OCTA's West County Connectors project. This is a technical adjustment to reinstate the remaining budget of \$254,130 to complete the project.

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$553,050 for MacArthur Park improvements offset by grant revenue from the California Department of Housing and Community Development.

On August 19, 2014, the City Council authorized the City Manager to accept \$553,050 in Housing-Related Parks Program grant funds from the California Department of Housing and Community Development, for the replacement of the playground and park rehabilitation at MacArthur Park. The grant has no match requirement. This is a technical adjustment to appropriate the grant award as approved in FY 14.

Increase appropriations in the Gas Tax Fund (SR 181) in the Public Works Department (PW) by \$70,000 for bridge projects offset by grant revenue from the California Department of Transportation for bridge projects.

On July 10, 2007, the City Council authorized the City Manager to execute funding agreements with the California Department of Transportation (Caltrans) for various projects. The City has received approval for \$70,000 in funding from Caltrans to scope three bridge projects: Ravenna Drive over Rivo Alto Canal, Neapolitan Lane East over Rivo Alto Canal and Neapolitan Lane West over Naples Canal. The grant has no match requirement.

Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$992,893 to deploy Metro Blue Line signal and bus priority along Atlantic Avenue offset by grant revenue from Los Angeles County Metropolitan Transportation Authority (LACMTA).

On January 8, 2013, the City Council approved the submission of a Los Angeles County Metropolitan Transportation Authority (LACMTA) Call for Projects application for grant funding to deploy Metro Blue Line signal and bus priority along Atlantic Avenue. The project includes upgrades to the transit signal, Intelligent Transportation System (ITS), physical safety features, and pedestrian improvements. The grant has a match requirement of \$575,357, which is funded by Proposition A funds appropriated in the Transportation Fund in the Public Works Department.

HONORABLE MAYOR AND CITY COUNCIL
July 21, 2015
Page 8

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:LE/JT
K:\BUDGET\FY 15\BUDGET ADJUSTMENTS\FY 15 2ND\2ND FY 15 BA MEMO_FINAL FOR CM.DOCX

ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

Second Budget Adjustment for FY 15

	USES:	SOURCES:	
	<u>Budgeted</u>	<u>Budgeted</u>	<u>Other</u>
	<u>Expenditure</u>	<u>Revenue</u>	<u>Sources</u>
<u>General Fund (GF)</u>			
Proposed 2nd FY 15 Adjustments:			
Establish the Midtown PBID from 6th District non-recurring funds	50,000	50,000	-
Fire staff settlement	282,389		282,389
Basic Life Support transport units	-		-
Total Adjustments - General Fund	\$ 332,389	\$ 50,000	\$ 282,389
<u>Capital Projects Fund (CP)</u>			
Proposed 2nd FY 15 Adjustments:			
Pine Ave off-site improvements	7,452	7,452	-
OCTA West County Connectors Project	254,130	254,130	-
CA. Dept of Housing & Comm. Dev for playground improvements at MacArthur Park	553,050	553,050	-
Metro Blue Line signal and bus priority along Atlantic Ave	992,893	992,893	-
Total Adjustments - Capital Projects Fund	\$ 1,807,525	\$ 1,807,525	\$ -
<u>Community Development Grants Fund (SR 150)</u>			
Proposed 2nd FY 15 Adjustments:			
Neighborhood Leadership Program	10,000	10,000	-
Total Adjustments - Community Development Grants Fund	\$ 10,000	\$ 10,000	\$ -
<u>Fleet Services Fund (IS 386)</u>			
Proposed 2nd FY 15 Adjustments:			
State Water Resources Control Board penalty fee	2,500,000	-	2,500,000
Total Adjustments - Fleet Services Fund	\$ 2,500,000	\$ -	\$ 2,500,000
<u>Gas Tax Fund (SR 181)</u>			
Proposed 2nd FY 15 Adjustments:			
CalTrans Bridge Projects	70,000	70,000	-
Total Adjustments - Gas Tax Fund	\$ 70,000	\$ 70,000	\$ -
<u>General Grants Fund (SR 120)</u>			
Proposed 2nd FY 15 Adjustments:			
Bloomberg Innovation Team grant match	1,000,000	1,000,000	-
CoolCalifornia City Challenge award for sustainability efforts	4,650	4,650	-
UASI 13 Reallocation to match expenditures between departments	-	-	-
Donation for Library Materials & Technology	744,561	744,561	-
State COPS grant for front-line law enforcement	244,615	244,615	-
Total Adjustments - General Grants Fund	\$ 1,993,826	\$ 1,993,826	\$ -
<u>Special Advertising and Promotion Fund (SR 133)</u>			
Proposed 2nd FY 15 Adjustments:			
Reallocation of Special Events Costs/City marketing and public affairs activities	750,000	-	750,000
Total Adjustments - Special Advertising and Promotion Fund	\$ 750,000	\$ -	\$ 750,000

Second Budget Adjustment for FY 15

	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>
<u>Marina Fund (TF 403)</u>			
Proposed 2nd FY 15 Adjustments:			
Marina Revenue Bond Series	59,892,719	59,892,719	-
Total Adjustments - Marina Fund	\$ 59,892,719	\$ 59,892,719	\$ -
<u>Rainbow Harbor Area Fund (TF 411)</u>			
Proposed 2nd FY 15 Adjustments:			
Pike place parking garage operations	1,143,658	619,000	524,658
Total Adjustments - Rainbow Harbor Fund	\$ 1,143,658	\$ 619,000	\$ 524,658
<u>Tidelands Operations Fund (TF 401)</u>			
Proposed 2nd FY 15 Adjustments:			
State Department of Boating and Waterways loan	570,302	570,302	-
Reallocation of Special Events Costs/City marketing and public affairs activities	(556,696)	-	(556,696)
Capital Project Prioritization	18,670,100	-	18,670,100
Total Adjustments - Tidelands Operations Fund	\$ 18,683,706	\$ 570,302	\$ 18,113,404

**General Fund
FY 15 Budget Adjustment Recap**

	USES: Budgeted Expenditure	SOURCES: Budgeted Revenue	Other Sources
<u>Previous City Council Actions</u>			
FY 15 Adopted Budget	419,084,757	412,569,358	6,515,398
Carryover of Prior Year Encumbrances	432,938	-	432,938
Contingent Appropriation for CalPERS Stabilization Fund	2,000,000	-	2,000,000
Downtown Meters	348,134	348,134	-
Schroeder Hall	660,000	660,000	-
Winter Shelter	21,000	21,000	-
Chittick Field	590,580	-	590,580
Homeless MHA	18,000	18,000	-
Residential Burglary	350,000	-	350,000
Subtotal - Previous City Council Actions	4,420,652	1,047,134	3,373,518
<u>First FY 15 Approved Budget Adjustments</u>			
Reappropriate FY 14 Savings for CP	37,500	-	37,500
First Council District's FY 14 Savings for DV	45,184	-	45,184
Second Council District's FY 14 Savings for DV/PR	4,229	-	4,229
Third Council District's FY 14 Savings for DV/PR/PW	10,167	-	10,167
Fourth Council District's FY 14 Savings for PW	47,801	-	47,801
Fifth Council District's FY 14 Savings for PW	56,831	-	56,831
Sixth Council District's FY 14 Savings for PR	4,363	-	4,363
Eighth Council District's FY 14 Savings for PR	27,996	-	27,996
City Council non-recurring funds in the Third Council District for LS	30,000	30,000	-
Reappropriation for Uptown PBID early action community services	100,000	-	100,000
Indirect Cost Plan Adjustment	-	-	-
CalPERS Stabilization Fund	3,455,350	-	3,455,350
City Attorney and City Prosecutor MOU Adjustment	-	-	-
Fourth Council District special election using FY 14 savings - CC	200,000	200,000	-
Election Systems License using FY 14 savings - CC	100,000	100,000	-
CPCC Investigator using FY 14 savings - CM	125,000	125,000	-
Innovation Team Grant Match using FY 14 savings - CM	400,000	400,000	-
Staffing needs for recruitment and testing using FY 14 savings - CS	220,000	220,000	-
PD Academy recruitment and testing using FY 14 savings - CS	83,000	83,000	-
Homeless Services Augmentation using FY 14 savings - HE	100,000	100,000	-
PD overtime using FY 14 savings - PD	275,000	-	275,000
Pavement Management Plan Implementation using FY 14 savings - PW	1,000,000	1,000,000	-
5% to unfunded liability using FY 14 savings - XC	158,581	-	158,581
Legal costs for labor negotiations using FY 14 savings - XC	200,000	200,000	-
Innovation & Efficiency Initiatives using FY 14 savings - XC	600,000	-	600,000
CERT Program using FY 14 savings - FD	300,000	-	300,000
Non-Recurring funds for infrastructure to Capital Projects using FY savings - XC	1,400,000	-	1,400,000
Reappropriation of FY 14 non-recurring funds	251,653	-	251,653
Subtotal - First Budget Adjustments Letter	9,232,655	2,458,000	6,774,655
<u>Second FY 15 Approved Budget Adjustments (Pending)</u>			
Establish the Midtown PBID from 6th District non-recurring funds	50,000	50,000	-
Fire staff settlement	282,389	-	282,389
Basic Life Support transport units	-	-	-
Subtotal - Second Budget Adjustments Letter	332,389	50,000	282,389
Total FY 15 Budget Adjustments to Date	13,985,696	3,555,134	10,430,562
General Fund FY 15 Adjusted Budget	433,070,453	416,124,492	16,945,960