



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

# R-25

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December 1, 2015

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Approve the Fiscal Year 2015 fourth 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 November 16, 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 December 1, 2015 to enable the timely processing of payments.

## FISCAL IMPACT

### **Development Services**

*Increase appropriations in the Successor Agency Debt Service Fund (SA 277) in the Development Services Department (DV) by \$191,082,462, offset by bond proceeds.*

On March 17, 2015, the City Council, as Successor Agency to the Redevelopment Agency of the City of Long Beach, authorized refunding of various tax allocation bonds issued by the former Redevelopment Agency to reduce the cost of debt service payments. The bond refunding occurred in June 2015, requiring accounting transactions to record the receipt of the bond proceeds and the corresponding expense for refunding the previous bonds. A technical correction is necessary to record these transactions that were not previously budgeted; therefore, an appropriation increase is requested, offset by bond proceeds.

*Increase appropriations in the General Grants Fund (SR 120) in the Development Services Department (DV) by \$40,948; decrease appropriations in the Development Services Fund (SR 137) in the Development Services Department (DV) by \$40,948, for a transfer of the Port Community Mitigation Grant.*

On February 19, 2013, the City Council authorized increased appropriations totaling \$40,948 in the Development Services Fund to expend a Port Community Mitigation Grant for a native garden at the Civic Center. The implementation of this project, through the Sustainability Office, facilitates landscaping, irrigation, and planting of native plants throughout the Civic Center. While the daily operations of the Sustainability Office are funded through the Development Services Fund, the appropriation of these grant funds should be in the General Grants Fund; therefore, the transfer of appropriation from the Development Services Fund to the General Grants Fund is requested.

### **Disaster Management and Emergency Communications**

*Increase appropriations in the General Grants Fund (SR 120) in the Disaster Preparedness and Emergency Communications Department (DC) by \$923; increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$2,476, offset by Homeland Security grant funding.*

On November 11, 2014, the City Council approved the City's federal 2013 State Homeland Security Grant Program (SHSGP 2013) grant award of \$543,089. Additional SHSGP 2013 grant funding of \$3,399 is available for eligible expenditures made during the grant period. Appropriation increases totaling \$3,399 are requested for the Disaster Preparedness and Emergency Communications and Fire Departments to reflect the total grant award of \$546,488.

## **Fire**

*Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$1,364,604, from the State of California for overtime expenses related to staffing assistance for California wild land fires, offset by reimbursement revenue.*

The Fire Department provided staffing assistance for California wild land fire events during the summer 2015. As the overtime expense for backfilling the employees who left fire stations to provide staffing at the wild land fires is unbudgeted, an appropriation increase is necessary.

*Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$506,776, for settlement of former employees' lawsuits, offset by release of reservation.*

On September 15, 2015, the City Council authorized the City Attorney to settle in full, final resolution of the termination of two employees. As these are unbudgeted costs in 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 this purpose.

*Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$387,949, for increased Fire Academy costs, and decrease appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$387,949.*

In FY 15, the Fire Department had a larger than budgeted Fire Academy class due to a large number of vacancies. Additionally, the Academy was extended by two weeks for training requirements mandated by Occupational Safety & Health Administration and the Department of Motor Vehicles. The appropriation increase will be fully offset by an appropriation decrease in the Citywide Activities Department. Funding is available in the General Fund in the Citywide Activities Department due to lower than projected contractual obligations in other programs.

*Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$182,827, for increased facility costs, offset by release of reservation.*

The Fire Department's appropriation for facility costs has not kept pace with actual costs. A portion of the costs are unbudgeted and the requested appropriation increase will be fully offset by the release of reservation that was set aside for expected facility costs.

*Increase appropriations in the General Fund (GF) in the Fire Department (FD) by \$5,000, for hazardous materials program training equipment, fully offset by grant revenue from the Union Pacific Railroad Company.*

The Union Pacific Railroad Company awarded the Fire Department \$5,000 for railroad safety initiatives. These funds were utilized for purchasing training equipment for the Department's Hazardous Materials team. The equipment allows for better training of personnel who provide emergency hazardous materials services related to rail transportation.

*Increase appropriations in the General Grants Fund (SR 120) in the Fire Department (FD) by \$200,000, for additional Urban Area Security Initiative (UASI) expenses, offset by Homeland Security grant funding.*

On March 17, 2015, the City Council approved the federal UASI 2014 grant award for \$5,489,507. To date, additional UASI 2014 grant funds have become available for the City to fund additional grant-eligible training and exercise expenses. Therefore, an appropriation increase of \$200,000 is requested for the Fire Department to increase the total grant award to \$5,689,507. These additional grant funds will offset grant-eligible expenditures made by the department within the grant period of May 31, 2016.

### **Parks, Recreation & Marine**

*Increase appropriations in the General Fund (GF) in the Parks, Recreation and Marine Department (PR) by \$85,000 and decrease appropriations in the General Fund (GF) in the Citywide Activities Department (XC) by \$85,000, offset by FY 15 one-time funds set aside to pay for park irrigation needs.*

During the FY 15 Budget process, the City Council dedicated \$2,450,000 in one-time funds for park irrigation system and water needs, which was fully budgeted in the Citywide Activities Department. While the majority of these funds were set aside for replacing the irrigation system at Heartwell Park, a portion of the funds were identified for funding FY 15 water needs. An appropriation of \$85,000 is requested in the Parks, Recreation and Marine Department, offset by a reduction of the same amount in the Citywide Activities Department, and will have no impact on the General Fund balance.

### **Public Works**

*Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$500,000 to pay the stipend to the non-selected Project Team for the proposed new Civic Center, offset from funds available.*

On October 22, 2013, the City Council authorized the payment of a stipend to the non-selected Project Team on the new Civic Center project, Long Beach CiviCore Alliance (LBCCA). Eligibility for a stipend was determined based on compliance with the elements and criteria described in the RFP. The Public Works Department made the payment to LBCCA from the Civic Center Fund and has been reimbursed by the Harbor Department for half of the stipend costs. An appropriation increase is requested to cover this unbudgeted expense, offset by funds available in the Civic Center Fund. The Exclusive

Negotiation Agreement (ENA) with Plenary Edgemoor Civic Partners (PECP) provides that the City will be reimbursed for the stipend cost if the Civic Center project moves forward.

*Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$98,000, for the increased operational expenses from the parking management contractor, offset by funds available.*

Over the years, the operational expenses for the Civic Center and Broadway Parking Garage have increased due to the annual CPI increase for the parking management contractor, equipment and software upgrades, and added maintenance service agreements. An appropriation increase is requested for the unbudgeted costs and is offset from funds available.

*Increase appropriations in the General Grants Fund (SR 120) in the Public Works Department (PW) by \$260,800, for costs of the North Long Beach "Beach Streets Event," fully offset by grant revenue from the Los Angeles County Metropolitan Transportation Authority Open Streets Program. Decrease appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$260,800 to remove redundant appropriation.*

On April 7, 2015, the City Council approved an appropriations increase in the Capital Projects Fund in the Public Works Department by \$260,800, for the "Beach Streets Uptown" event held on June 6, 2015. This event was funded by a grant award from the Los Angeles County Metropolitan Transportation Authority Open Streets Program. A technical correction is necessary to transfer the expenditures of this grant-funded program to the General Grants Fund. An appropriation decrease in the same amount from the Capital Projects Fund in the Public Works Department is also requested to remove unnecessary appropriation.

### **Citywide Activities**

#### **3 percent one-time payment for IAM represented employees**

*Increase appropriations in the General Fund (GF) in the Citywide Allocations Department (XI) by \$1,961,512 for a one-time payment, offset by General Fund surplus.*

On September 1, 2015, the City Council approved the Third Amendment to the 2007-2014 Memorandum of Understanding (MOU) with the International Association of Machinists and Aerospace Workers (IAM). The MOU's Amendment provided a one-time ad hoc lump sum payment of 3 percent of annual base pay to IAM represented employees. A total of \$4.4 million (all funds) was paid in the FY 15. An appropriation increase is needed since the General Fund portion of \$1,961,512 is unbudgeted. The appropriation increase will be offset by funds from General Fund surplus. All other affected funds have sufficient appropriation; therefore, no appropriation increases are necessary for those funds.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

JG:LE/RAG  
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ATTACHMENTS

APPROVED:



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PATRICK H. WEST  
CITY MANAGER

## Fourth Budget Adjustment for FY 15

	USES:		SOURCES:	
	<u>Budgeted</u> <u>Expenditure</u>	<u>Budgeted</u> <u>Revenue</u>	<u>Other</u> <u>Sources</u>	
<b><u>General Fund (GF)</u></b>				
Proposed 4th FY 15 Adjustments:				
Reimbursement for California wild land fires	1,364,604	1,364,604	-	
Settlement of former employee lawsuits	506,776	-	506,776	
Fire Department academy class and extended training	-	-	-	
Fire Department facility costs	182,827	-	182,827	
Union Pacific Railroad Grant	5,000	5,000	-	
Park irrigation needs	-	-	-	
IAM 3% one-time payment	1,961,512	-	1,961,512	
<b>Total Adjustments - General Fund</b>	<b>\$ 4,020,719</b>	<b>\$ 1,369,604</b>	<b>\$ 2,651,115</b>	
<b><u>Capital Projects Fund (CP)</u></b>				
Proposed 4th FY 15 Adjustments:				
Beach Streets Uptown - Metro grant	(260,800)	(260,800)	-	
<b>Total Adjustments - Capital Projects Fund</b>	<b>\$ (260,800)</b>	<b>\$ (260,800)</b>		
<b><u>General Grants Fund (SR 120)</u></b>				
Proposed 4th FY 15 Adjustments:				
Additional Homeland Security grant funds	3,399	3,399	-	
UASI 14 additional funds for FD	200,000	200,000	-	
Port Community Mitigation Grant for native garden	40,948	40,948	-	
Beach Streets Uptown - Metro grant	260,800	260,800	-	
<b>Total Adjustments - General Grants Fund</b>	<b>\$ 505,147</b>	<b>\$ 505,147</b>		
<b><u>Successor Agency Debt Service Fund (SA 277)</u></b>				
Proposed 4th FY 15 Adjustments:				
Recording transaction of bond proceeds	191,082,462	191,082,462	-	
<b>Total Adjustments - Successor Agency Debt Service Fund</b>	<b>\$ 191,082,462</b>	<b>\$ 191,082,462</b>		
<b><u>Civic Center Fund (IS 380)</u></b>				
Proposed 4th FY 15 Adjustments:				
Pay stipend to the non-selected Project Team for new Civic Center project	500,000	-	500,000	
Increased costs for parking management contractor	98,000	-	98,000	
<b>Total Adjustments - Civic Center Fund</b>	<b>\$ 598,000</b>	<b>\$ -</b>	<b>\$ 598,000</b>	
<b><u>Development Services Fund (SR 137)</u></b>				
Proposed 4th FY 15 Adjustments:				
Port Community Mitigation Grant for native garden	(40,948)	(40,948)	-	
<b>Total Adjustments - Development Services Fund</b>	<b>\$ (40,948)</b>	<b>\$ (40,948)</b>		

**General Fund  
FY 15 Budget Adjustment Recap**

	<b>USES: Budgeted Expenditure</b>	<b>SOURCES: Budgeted Revenue</b>	<b>Other Sources</b>
<b><u>Previous City Council Actions</u></b>			
<b>FY 15 Adopted Budget</b>	<b>419,084,757</b>	<b>412,569,358</b>	<b>6,515,398</b>
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
Cabrillo Pool Summer Swim Program	22,402	22,402	-
Miracle Park Lease	11,820	11,820	-
Community Improvement and Engagement Activities in Sixth Council District	56,000	56,000	-
Homeless Services	22,500	22,500	-
<b>Subtotal - Previous City Council Actions</b>	<b>4,533,374</b>	<b>1,159,856</b>	<b>3,373,518</b>
<b><u>First FY 15 Approved Budget Adjustments</u></b>			
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	-
CPCIC 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
<b>Subtotal - First Budget Adjustments Letter</b>	<b>9,232,655</b>	<b>2,458,000</b>	<b>6,774,655</b>
<b><u>Second FY 15 Approved Budget Adjustments</u></b>			
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	-	-	-
<b>Subtotal - Second Budget Adjustments Letter</b>	<b>332,389</b>	<b>50,000</b>	<b>282,389</b>



**General Fund  
FY 15 Budget Adjustment Recap**

	Budgeted Expenditure	Budgeted Revenue	Other Sources
<b><u>Third FY 15 Approved Budget Adjustments</u></b>			
Maintenance of Promenade Maintenance District	57,000	57,000	-
Fire services offered at Long Beach Grand Prix	70,587	70,587	-
Derrickson Living Trust	10,000	10,000	-
Medical/Veterinary Care Trust	30,000	30,000	-
Spay and Neuter Voucher Program	65,000	65,000	-
Tennis Centers	21,633	21,633	-
Improvements at Los Altos Plaza Park	23,302	23,302	-
Movies in the Park	24,750	24,750	-
Parks, Recreation and Marine summer programs	72,702	72,702	-
Police technology and capital improvements	216,225	216,225	-
Youth Intervention/Prevention	42,000	42,000	-
Prisoner Welfare Fund	4,640	4,640	-
Repayment of furlough days taken in 2009	2,870,628	-	2,870,628
Unbudgeted gas charges to departments	-	-	-
<b>Subtotal - Third Budget Adjustments Letter</b>	<b>3,508,467</b>	<b>637,839</b>	<b>2,870,628</b>
<b><u>Fourth FY 15 Approved Budget Adjustments (Pending)</u></b>			
Reimbursement for California wild land fires	1,364,604	1,364,604	-
Settlement of former employee lawsuits	506,776	-	506,776
Fire Department academy class and extended training	-	-	-
Fire Department facility costs	182,827	-	182,827
Union Pacific Railroad Grant	5,000	5,000	-
Park irrigation needs	-	-	-
IAM 3% one-time payment	1,961,512	-	1,961,512
<b>Subtotal - Fourth Budget Adjustments Letter</b>	<b>4,020,719</b>	<b>1,369,604</b>	<b>2,651,115</b>
<b>Total FY 15 Budget Adjustments to Date</b>	<b>21,627,604</b>	<b>5,675,299</b>	<b>15,952,305</b>
<b>General Fund FY 15 Adjusted Budget</b>	<b>440,712,361</b>	<b>418,244,657</b>	<b>22,467,703</b>